

MONTENEGRO

MINISTRY OF ENERGY and CEDIS



Montenegro Energy Sector Decarbonization Project (MESDP)
P505964

ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK (ESMF)

October 2024.

The Montenegro Energy Sector Decarbonization Project (MESDP), financed by the World Bank, aims to *Improve energy efficiency of public buildings and enable the integration of additional renewable energy capacity into the power distribution grid in Montenegro*

To support the environmental and social due diligence provisions across all project activities, this Environmental and Social Management Framework (ESMF) consolidates two Environmental and Social Management Frameworks (ESMFs) for the project's key components:

- Component 1: Improving Energy Efficiency of Public Buildings
- Component 2: Enhancing Operational Efficiency of the Electricity Distribution Grid

The ESMF sets out the principles, rules, guidelines and procedures to assess the environmental and social risks and impacts and gives measures and provides measures and plans to reduce, mitigate and/or neutralize them.

Contents

COMPONENT 1

List of Tables	9
Abbreviations and Acronyms	10
Executive Summary	11
1. Introduction	14
2. Project Description	16
2.1. Project development objective	16
2.2. Project components	16
2.3. Project beneficiaries	19
2.4. Results Chain	20
2.5. E&S risks rating	20
2.6. Implementation institutions	21
2.7. World Bank Group (IFC) Exclusion List	21
3. Environmental and Social Policies, Regulations, and Laws	22
3.1. National environmental and social legislation and institutions relevant for the Project implementation	22
3.1.1. National environmental legislation.....	22
3.1.2. National social legislation.....	30
3.1.3. Overview of the institutional framework.....	41
3.2. Overview of the World Bank Environmental and Social Standards	45
3.2.1. Environmental, Health and safety Guidelines (ESHG).....	45
3.2.2. Environmental and Social Standards (ESS).....	46
3.2.3. Results of the preliminary assessment of Environmental and Social Standards (ESS)	51
3.3. Gap analyses of ESS and national legislation compliance	54
4. Environmental and Social Baseline Information	59
4.1. Environmental baseline and relevant potential issues	59
4.1.1. Air emission and air quality	59
4.1.2. Water quality.....	60
4.1.3. Waste management.....	62
4.1.4. Noise.....	63
4.1.5. Nature protection	65
4.1.6. Climate change.....	67
4.1.7. Cultural heritage.....	69
4.2. Social baseline and relevant potential issues	71
4.2.1. Socio-cultural, institutional, historical and political context.....	71
4.2.2. Demography.....	71
4.2.3. Economy & employment.....	72
4.2.4. Land & livelihood.....	72

4.2.5.	Infrastructure	72
5.	<i>Potential Environmental and Social Risk and Impacts and Standard Mitigation Measures</i>	74
5.1.	Environmental impacts and mitigation measures	74
5.1.1.	Air pollution.....	74
5.1.2.	Waste generation and management	74
5.1.3.	Surface / ground water pollution.....	76
5.1.4.	Noise.....	77
5.1.5.	Soil pollution or erosion	78
5.1.6.	Cultural and historical heritage	78
5.1.7.	Biodiversity.....	78
5.1.8.	Traffic disturbance	79
5.1.9.	Community health and safety	79
5.1.10.	Overview of environmental risks and mitigation measures in pre-construction, construction and use phase	82
5.2.	Social impacts and mitigation measures	84
6.	<i>Environmental and Social Risk Management</i>	89
6.1.	Methodology E&S impacts screening and assessment	89
6.2.	ESS due diligence documents	93
7.	<i>ESMF Implementation Procedure.....</i>	95
7.1.	Implementation arrangements.....	95
7.2.	Monitoring and reporting.....	97
8.	<i>Feedback And Grievance Redress Mechanism, Stakeholder Engagement, Disclosure, and Consultations.....</i>	99
9.	<i>Public consultation process</i>	103
10.	<i>Annexes.....</i>	105
10.1.	Annex 1. ESMP Checklist template.....	105
10.2.	Annex 2. ESMP template	118
10.3.	Annex 3. Contractors- ESMP content	141
10.4.	Annex 4. Incident notification report.....	142
10.5.	Annex 5 Grievance log.....	147
10.6.	Annex 6. Labor Management Procedure (LMP)	148
10.6.1.	<i>OVERVIEW OF LABOR USE ON THE PROJECT</i>	148
10.6.2.	<i>ASSESSMENT OF KEY POTENTIAL LABOR RISKS.....</i>	150
10.6.3.	<i>BRIEF OVERVIEW OF LABOR LEGISLATION: TERMS AND CONDITIONS</i>	152
10.6.4.	<i>LABOR PROTECTION.....</i>	158
10.6.5.	<i>GRIEVANCE MECHANISM</i>	158

10.6.6.	OVERVIEW OF LABOR LEGISLATION: OCCUPATIONAL HEALTH AND SAFETY	159
10.6.7.	RESPONSIBLE STAFF	163
10.6.7.1.	Contractors' Responsibilities:	164
10.6.8.	POLICIES AND PROCEDURES	165
10.6.8.1.	8.1. Employment and Non-Discrimination Measures.....	165
10.6.9.	AGE LIMIT FOR EMPLOYMENT.....	169
10.6.10.	CONDITIONS.....	170
10.6.11.	GRIEVANCE REDRESS MECHANISM	170
10.6.12.	COMMUNITY WORKERS.....	171
10.6.13.	MANAGEMENT OF CONTRACTORS.....	171
10.6.14.	PRIMARY SUPPLY WORKERS.....	172
	Annex I - Code of Conduct for Contractor's Personnel	173
	ANNEX 2 – REPORT ON RESPECT OF WORK AND WORKING CONDITIONS (used by third parties who hire contract workers)	177
	ANNEX 3 - STATEMENT OF THIRD PARTIES ON THE OBLIGATION TO COMPLY WITH THE PROVISIONS OF WORK REGULATIONS and PROJECT WORK MANAGEMENT PROCEDURES (LMP)	179

COMPONENT 2

List of Tables 181

	Abbreviations and Acronyms.....	182
	Executive Summary.....	183
1.	Introduction.....	185
2.	Project Description.....	186
2.1.	Project development objective.....	186
2.2.	Project components	186
2.3.	Results Chain	191
2.4.	Project beneficiaries	191
2.5.	E&S risks rating.....	192
2.6.	Implementation institutions.....	192
3.	Environmental and Social Policies, Regulations, and Laws.....	193
3.1.	National environmental and social legislation and institutions relevant for the Project implementation.....	193
3.1.1.	National environmental legislation.....	193
3.1.2.	National social legislation.....	196
3.1.3.	Overview of environmental and social legislation	201
3.1.4.	Overview of the institutional framework.....	206

3.2.	Overview of the World Bank Environmental and Social Standards.....	210
3.2.1.	Environmental, Health and safety Guidelines (ESHG).....	210
3.2.2.	Environmental and Social Standards (ESS).....	211
3.2.3.	Results of the preliminary assessment of Environmental and Social Standards (ESS)	216
3.3.	Gap analyses of ESS and national legislation compliance.....	219
4.	<i>Environmental and Social Baseline Information</i>	224
4.1.	Environmental baseline and relevant potential issues.....	224
4.1.1.	Air emission and air quality.....	224
4.1.2.	Water quality.....	225
4.1.3.	Waste management.....	227
4.1.4.	Noise.....	230
4.1.5.	Nature protection	231
4.1.6.	Climate change.....	233
4.2.	Social baseline and relevant potential issues	237
4.2.1.	Socio-cultural, institutional, historical and political context.....	237
4.2.2.	Demography.....	237
4.2.3.	Economy & employment.....	238
4.2.4.	Land & livelihood.....	238
4.2.5.	Infrastructure	238
5.	<i>Potential Environmental and Social Risk and Impacts and Standard Mitigation Measures</i>	240
5.1.	Environmental impacts and mitigation measures.....	240
5.1.1.	Air pollution.....	240
5.1.2.	Waste generation and management	240
5.1.3.	Surface / ground water pollution.....	242
5.1.4.	Noise.....	243
5.1.5.	Soil pollution or erosion	243
5.1.6.	Cultural and historical heritage	244
5.1.7.	Biodiversity.....	244
5.1.8.	Community health and safety	244
5.1.9.	Overview of environmental risks and mitigation measures in pre-construction, construction and use phase.....	247
5.2.	Social impacts and mitigation measures	248
6.	<i>Environmental and Social Risk Management</i>	254
6.1.	Methodology E&S impacts screening and assessment	254
6.2.	ESS due diligence documents	256
7.	<i>ESMF Implementation Procedure.....</i>	258
7.1.	Implementation arrangements.....	258
7.2.	Monitoring and reporting.....	259
8.	<i>Feedback And Grievance Redress Mechanism, Stakeholder Engagement, Disclosure, and Consultations.....</i>	261

9.	<i>Public consultation process</i>	265
10.	<i>Annexes</i>	267
10.1.	Annex 1. ESMP Checklist template	267
	Waste generated from decommissioning of the Transformers (E-waste, PCB)	276
10.2.	Annex 2. C-ESMP content	278
10.3.	Annex 3. Metrics for reporting (environmental and social monitoring plan for Supervising Engineer to submit to PIU)	279
10.4.	Annex 4. Incident notification report	285
10.5.	Annex 5. Grievance log	290
10.6.	Annex 6. Labor Management Procedure (LMP)	291
10.6.1.	<i>OVERVIEW OF LABOR USE ON THE PROJECT</i>	291
10.6.2.	<i>ASSESSMENT OF KEY POTENTIAL LABOR RISKS</i>	293
10.6.3.	<i>BRIEF OVERVIEW OF LABOR LEGISLATION: TERMS AND CONDITIONS</i>	295
10.6.4.	<i>LABOR PROTECTION</i>	301
10.6.5.	<i>GRIEVANCE MECHANISM</i>	301
10.6.6.	<i>OVERVIEW OF LABOR LEGISLATION: OCCUPATIONAL HEALTH AND SAFETY</i>	302
10.6.7.	<i>RESPONSIBLE STAFF</i>	306
	10.6.7.1. Contractors' Responsibilities:	307
10.6.8.	<i>POLICIES AND PROCEDURES</i>	308
	10.6.8.1. 8.1. Employment and Non-Discrimination Measures.....	308
10.6.9.	<i>AGE LIMIT FOR EMPLOYMENT</i>	312
10.6.10.	<i>CONDITIONS</i>	313
10.6.11.	<i>GRIEVANCE REDRESS MECHANISM</i>	313
10.6.12.	<i>COMMUNITY WORKERS</i>	314
10.6.13.	<i>MANAGEMENT OF CONTRACTORS</i>	314
10.6.14.	<i>PRIMARY SUPPLY WORKERS</i>	315
	<i>Annex I - Code of Conduct for Contractor's Personnel</i>	316
	<i>ANNEX 2 – REPORT ON RESPECT OF WORK AND WORKING CONDITIONS (used by third parties who hire contract workers)</i>	320
	<i>ANNEX 3 - STATEMENT OF THIRD PARTIES ON THE OBLIGATION TO COMPLY WITH THE PROVISIONS OF WORK REGULATIONS and PROJECT WORK MANAGEMENT PROCEDURES (LMP)</i>	322

MONTENEGRO

MINISTRY OF ENERGY



Montenegro Energy Sector Decarbonization Project (MESDP)
for Component 1

P505964

ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK (ESMF)

October 2024.

List of Tables

Table 1. Project components	16
Table 2. Buildings of the University of Montenegro selected for renovation under Component 1	17
Table 3. Public buildings in Montenegro selected for renovation under Component 1	17
Table 4. Montenegro 's relevant environmental legal framework.....	35
Table 5. Preliminary assessment of ESS.....	51
Table 6. Compliance analysis of ESS and national legislation.....	55
<i>Table 7. Environmental Risks and Mitigation Measures - preconstruction (design) phase</i>	<i>82</i>
<i>Table 8. Environmental Risks and Mitigation Measures – construction phase</i>	<i>83</i>
<i>Table 9. Environmental Risks and Mitigation Measures – operational phase.....</i>	<i>83</i>
<i>Table 10. Social Risks and Mitigation Measures</i>	<i>86</i>
<i>Table 11. Matrics of risk clasification.....</i>	<i>91</i>
<i>Table 12. Project implementation responsibilities</i>	<i>95</i>
<i>Table 13. Project monitoring and reporting responsibilities.....</i>	<i>97</i>
Table 14. Part I - General project and site information	106
Table 15. Part II - Environmental/Social screening	107
Table 16. Part III - Environmental and social mitigation measures	108
Table 17. Environmental and social mitigation plan template - Civil Works Preparation / Implementation phase.....	120
Table 18. Cultural heritage management plan (CHMP) for the PIU and for the Contractor	133
<i>Table 19. Metrics for reporting (environmental and social monitoring plan for Supervision Engineer to submit to PIU)</i>	<i>134</i>

Abbreviations and Acronyms

CHMP	Cultural Heritage Management Plan
EE	Energy Efficiency
EIA	Environmental Impact Assessment
EPA	Environmental Protection Agency
ESCO	European Skills, Competences, and Occupations
ESCP	Environmental and Social Commitment Plan
ESF	Environmental and Social Framework
ESHG	Environmental, Health and safety Guidelines
ESMF	Environmental and Social Management Framework
ESS	Environmental and Social Standards
ESSQ	Environmental and Social Screening Questionnaire
GHG	Greenhouse Gas
GIIP	Good International Industry Practice
LMP	Labor Management Procedures
MoE	Ministry of Energy
M&V	Measurement & Verification
NZEBs	Near-Zero Energy Buildings
PSC	Project Steering Committee
PV	Photovoltaic
SEP	Stakeholder Engagement Plan
WB	World Bank

Executive Summary

The World Bank will be supporting the Ministry of Energy of Montenegro in implementing the Montenegro Energy Sector Decarbonization Project (P505964). The objective of the project is Improve energy efficiency of public buildings and enable the integration of additional renewable energy capacity into the power distribution grid in Montenegro

The project will support the following activities under three Components:

- Component 1: Improving Energy Efficiency of Public Buildings will support EE renovations of 23 select buildings (16 buildings of the University of Montenegro and 7 other public buildings);
- Component 2: Enhancing Operational Efficiency of the Electricity Distribution Grid will finance i) the rehabilitation and upgrade of electrical switchgear in seven (7) primary substations to reduce technical losses and improve the reliability of power supply, ii) the replacement of thirty-nine (39) old MV/MV and MV/LV transformers with efficient eco-design transformers to reduce technical losses and improve the reliability of power supply and iii) pilot technological solutions to monitor the operational performance and improve the visibility of the LV network;
- Component 3: Technical Assistance and Project Implementation Support will finance technical assistance and project implementation support.

This ESMF is developed to support the environmental and social due diligence provisions for activities under Component 1 Improving Energy Efficiency of Public Buildings to be implemented by The Ministry of Energy of Montenegro.

The project activities under Component 1 will take place in several cities of Montenegro (15 locations in Podgorica, 1 location in Kotor, 2 locations in Cetinje, 1 location in Bijelo Polje, 1 location in Bar, 1 location in Tuzi and 2 locations in Nikšić).

This Environmental and Social Management Framework (ESMF) has been prepared to identify the potential environmental and social risks and impacts of proposed Project activities and propose suitable mitigation measures to manage these risks and impacts. It maps out the Montenegrin laws and regulations and the World Bank policies applicable to the Project, and describes the principles, approaches, implementation arrangements, and environmental and social mitigation measures to be followed.

Activities planned under Component 1 of the Project will improve energy efficiency of public buildings and result in positive impact to the environment by reducing GCG and air pollutant emissions and thus mitigate climate change reduction of other pollutants, coming from fossil fuel combustion for energy purposes, increasing energy savings and encouraging the promotion of the environmentally good practices. Planned activities will also improve comfort and service delivery in renovated buildings.

Most of the negative impacts associated with project activities under Component 1 are related to the construction phase and area site-specific (limited to the construction site). The potential negative impacts of the operational phase will have a negligible footprint. Screening according to the World Bank risk classification identifies that sub-projects under Component 1 are expected to be of mostly of moderate and low risk.

The potential environmental and social risks for project activities are identified as:

- air, water and soil pollution;

- waste generation and inadequate waste management;
- increased noise;
- risk of endangering cultural and historical heritage;
- traffic disturbance;
- risk of endangering community health and safety;
- labor management risk including OHS;
- foreign labor influx that includes OHS risks;
- sexual Exploitation and Abuse/Sexual Harassment (SEA/SH);
- impact on accessibility of the building for persons with disabilities and elderly population during energy renovation works.

Activities that may cause long term, permanent and/or irreversible (e.g. adversely affecting the natural/critical habitats) adverse impacts; that have a high probability of causing serious adverse effects to human health and/or the environment; that may have significant adverse social impacts and may give rise to significant social conflict; that may affect lands or rights of vulnerable minorities; that require land acquisition or involuntary resettlement or leading to economic displacement; activities involving harmful or exploitative forms of forced labor/harmful child labor and activities adversely affecting cultural heritage sites other than the building to be renovated will not be financed under the Project. The Project supports activities with low to substantial risk while high risk is excluded.

Environmental and Social risks will be managed and mitigated through the application of mitigation measures prescribed in the ESMP/ESMP Checklist/CHMP developed for each sub-project and by implementation of Project Stakeholder Engagement Plan (SEP) and provisions of Labor Management Procedures (LMP).

The selection of the E&S instrument will be based on the screening process and the determined sub-project E&S risk as follows:

- for “substantial” risk sub-projects, robust ESMP will be prepared in accordance with this ESMF and provisions set forth under ESS1 and the ESF,
- for “moderate” risk sub-projects, an assessment will be carried out in line with national environmental requirements and will include the preparation of a site-specific ESMP/ESMP Checklist in line with this ESMF;
- for “low” risk sub-projects, an assessment will be carried out in line with national environmental requirements and will include the preparation of a site-specific ESMP Checklist in line with this ESMF.

The preliminary E&S assessment indicates that, for now, none of the project activities are assessed to be of high or substantial risk.

The implementation of activities under Component 1: Improving Energy Efficiency of Public Buildings will be set by following entities: Inter-Agency Project Steering Committee providing overall policy and strategy guidance, Project Implementation Unit (PIU) for Component 1 which is established within the Ministry of Energy to carry out day-to-day project implementation of Component 1., and TSU housed at the MoF responsible for all fiduciary functions.

The MoE PIU will be responsible for Component 1 and will be accountable for reporting to both the World Bank and the Project Steering Committee (PSC) on all Project activities and progress. The PIU for Component 1 will be responsible for project coordination and preparation of consolidated reports.

Regular reports, as set out in the Environmental and Social Commitment Plan (ESCP) have to be provided to the World Bank as a result of the monitoring. Such reports will provide an accurate and objective record of project implementation, including compliance with the ESCP and the requirements of the ESMP/ESMP checklist/CHMP. Monitoring and evaluation will be carried out by the PIU for Component 1 on the basis of the PDO indicators developed in the Results Framework. Project monitoring will be a periodic function and will include carrying out process reviews/audits, reporting on outputs, and maintaining progressive records, as well as third-party monitoring and social auditing.

A separate Stakeholder Engagement Plan (SEP) has been prepared for the Project, based the World Bank's Environmental and Social Standard 10 on Stakeholder Engagement.

1. Introduction

As an EU candidate country, the Government of Montenegro has in recent years begun to work more intensively on climate change adaptation and mitigation (the Montenegrin economy is more carbon and energy intensive than the European Union average) by adopting its updated Nationally Determined Contribution (NDC) to the United Nations Framework Convention on Climate Change (UNFCCC), committing to reduce the country's greenhouse gas (GHG) emissions, by 35 percent by 2030 compared to 1990 levels.

Montenegro is currently developing its first National Energy and Climate Plan (NECP), which must be consistent with the target to reduce GHG emissions (including LULUCF) by 55 percent by 2030 vs. 1990 levels set forth in the Clean Energy Package adopted by the Energy Community in December 2022. Moreover, as a signatory to the 2020 Sofia Declaration on the Green Agenda for the Western Balkans, aligned with the EU's Green Deal, Montenegro has committed to working toward the 2050 target of a carbon-neutral continent together with the EU. Montenegro is currently developing a new Strategy on Low-Carbon Development and a Carbon Pricing Methodology.

In recent years, the country has implemented several EE projects funded by international financial institutions (IFIs), such as the World Bank-funded First and Second Montenegro Energy Efficiency Projects (MEEP1 and MEEP2, P107992 and P165509 respectively) and the KfW-financed Energy Efficiency Program in Public Buildings (EEPPB), focusing on schools, health institutions, and other public facilities.

The World Bank (WB) is providing support to the Government of Montenegro in implementing the "Montenegro Energy Sector Decarbonization Project". The main objective of the Project is decarbonization of the energy sector in rural and urban zones in south and north of Montenegro through i) energy efficiency improvements of public buildings, and ii) enhancing operational performance of the national distribution electricity grid to reduce energy losses, strengthen reliability, and enabling integration of renewable energy.

This Environmental and Social Management Framework (ESMF) is developed to support the environmental and social due diligence provisions for activities financed by the World Bank in the Montenegro Energy Sector Decarbonization Project (P505964) under **Component 1 Improving Energy Efficiency of Public Buildings**. The Ministry of Energy of Montenegro will be implementing the Project activities.

Walk-through energy audits (WTEAs) were carried out to identify a list of possible EE measures and estimate their costs and benefits to confirm their viability. The resulting list of 23 buildings (university buildings and other public buildings) to be renovated under the project includes the buildings that show the highest potential for EE renovations. About 80 percent of the buildings are more than 30 years old. A large number of walls are made of concrete with very little insulation, which creates thermal bridges and produces high energy losses. Most buildings are heated using boilers running on polluting fuel oil or inefficient electric heaters. The EE measures that will be implemented in each building will depend on the specific building conditions and will be selected to improve indoor comfort, reduce energy demand, and comply with technical norms (the insulation of walls and roof, replacement of windows, replacing the existing heating system with modern air-to-water heat pumps, install an RSPV system to self-produce a share of electricity demand, modern lighting etc.)

This ESMF follows the World Bank Environmental and Social Framework (ESF) as well as the national laws and regulations of Montenegro. The objective of the ESMF is to assess and mitigate potential negative environmental and social risks and impacts of the Project consistent with the Environmental and Social Standards (ESSs) of the World Bank ESF and national requirements. More specifically, the ESMF aims to

- (a) assess the potential environmental and social risks and impacts of the proposed Project and propose mitigation measures;
- (b) establish procedures for the environmental and social screening, review, approval, and implementation of activities;
- (c) specify appropriate roles and responsibilities, and outline the necessary reporting procedures, for managing and monitoring environmental and social issues related to the activities;
- (d) identify the staffing requirements, as well as the training and capacity building needed to successfully implement the provisions of the ESMF;
- (e) address mechanisms for public consultation and disclosure of project documents as well as redress of possible grievances; and
- (f) establish the budget requirements for implementation of the ESMF.

This ESMF is interlinked with other plans prepared for the Project, including the Stakeholder Engagement Plan (SEP), the Environmental and Social Commitment Plan (ESCP).

2. Project Description

2.1. Project development objective

1. The Project Development Objective (PDO) is to Improve energy efficiency of public buildings and enable the integration of additional renewable energy capacity into the power distribution grid in Montenegro.

2.2. Project components

The Project consist of three (3) Components as shown in the Table 1.

Table 1. Project components

Component 1 Improving Energy Efficiency of Public Buildings	
Activities	Carry out energy efficiency renovations in National University buildings and selected Public buildings by implementing a range of EE Measures
	Operationalize the budget capture scheme for EE renovations established under MEEP2
Component 2 Enhancing Operational Efficiency of the Electricity Distribution Grid	
Activities	Replace power distribution transformers
	Retrofit the switchgear on the 35 kV side of a 110/35 kV substation
	Install/replace 100,000 smart meters and finance grid digitalization investments
	Upgrade distribution grid code and enhance integrated system planning
Component 3 Technical Assistance and Project Implementation Support	

This ESMF covers Component (1) - 1 Improving Energy Efficiency of Public Buildings and further in document this project component will be analyzed.

Component 1 Improving Energy Efficiency of Public Buildings

This component aims to improve the energy efficiency of 23 select buildings in Montenegro that show the highest potential for EE renovation; 16 buildings of the University of Montenegro (Univerisitet Crne Gore, UCG) located in several cities of Montenegro (Podgorica, Kotor, Cetinje, Nikšić, Bijelo Polje and Bar) and other 7 public buildings (used by different ministries and public agencies, as well as a health center) located in Podgorica and Tuzi. University and public buildings selected for rehabilitation are listed in the Table 2. and 3.

UCG is the only public university in Montenegro and the largest university in the country, with about 22,000 students and facilities located in Podgorica and several other cities. Many of UCG's buildings need renovation due to their age, poorly insulated walls and windows, and inefficient heating and cooling systems. The government of Montenegro decided to prioritize the renovation of UCG buildings under MESDP considering their significant potential for EE improvements, their high level of utilization by a broad community of students, faculty, and staff, and the positive effect of the renovation on the environmental awareness of the younger generations.

Table 2. Buildings of the University of Montenegro selected for renovation under Component 1

No.	Building/Institution selected for rehabilitation	Location
1.	Maritime Faculty Kotor-Maritime Library	Kotor
2.	Faculty of Common Arts	Cetinje
3.	Faculty of Fine Arts	Cetinje
4.	Faculty of Philosophy and Philology	Niksic
5.	Faculty of Sport and Physical Education of UCG	Niksic
6.	UCG - Basic teaching building and laboratory of technical faculties and PMF	Podgorica
7.	Rectorate building	Podgorica
8.	Biotechnical faculty	Podgorica
9.	Faculty of Law and Faculty of Political Sciences	Podgorica
10.	Faculty of Architecture in Podgorica	Podgorica
11.	UCG - Faculty of Economics	Podgorica
12.	UCG - Faculty of Medicine	Podgorica
13.	Historical Institute of UCG	Podgorica
14.	Building of the Faculty of Civil Engineering	Podgorica
15.	Faculty of Biotechnology-Applied studies Mediterranean fruit growing	Bar
16.	Faculty of Biotechnology-Applied studies Continental fruit growing and medicinal plants	Bijelo Polje

In addition to the university buildings, Government of Montenegro has identified additional public buildings for energy efficiency improvement, which is directly related to the fulfillment of the targets set for renovation of public buildings. Namely, Montenegro according to commitment under Energy Community has obligation to renovate 3% of central government buildings annually. EE retrofitting is expected to reduce energy consumption of the buildings by 20-30 percent on average.

About 80 percent of the buildings are more than 30 years old. A large number of walls are made of concrete with very little insulation, which creates thermal bridges and produces high energy losses. Most buildings are heated using boilers running on polluting fuel oil or inefficient electric heaters.

The EE measures that will be implemented in each building will depend on the specific building conditions and will be selected with an eye to improving indoor comfort, reducing energy demand, and complying with technical norms. Formal energy audits will be conducted after project approval to design detailed EE interventions for each building.

Table 3. Public buildings in Montenegro selected for renovation under Component 1

No.	Public Buildings/Institution selected for rehabilitation	Location
1.	Institute of Ecotoxicology	Podgorica
2.	Commercial Court and Statistic office	Podgorica
3.	Tax administration	Podgorica
4.	Institute of Geological Research, and Hydrocarbons Administration	Podgorica
5.	Health Center Podgorica-Tuzi	Tuzi
6.	Supreme State Prosecutor's Office of Montenegro	Podgorica
7.	Ministry of Justice	Podgorica

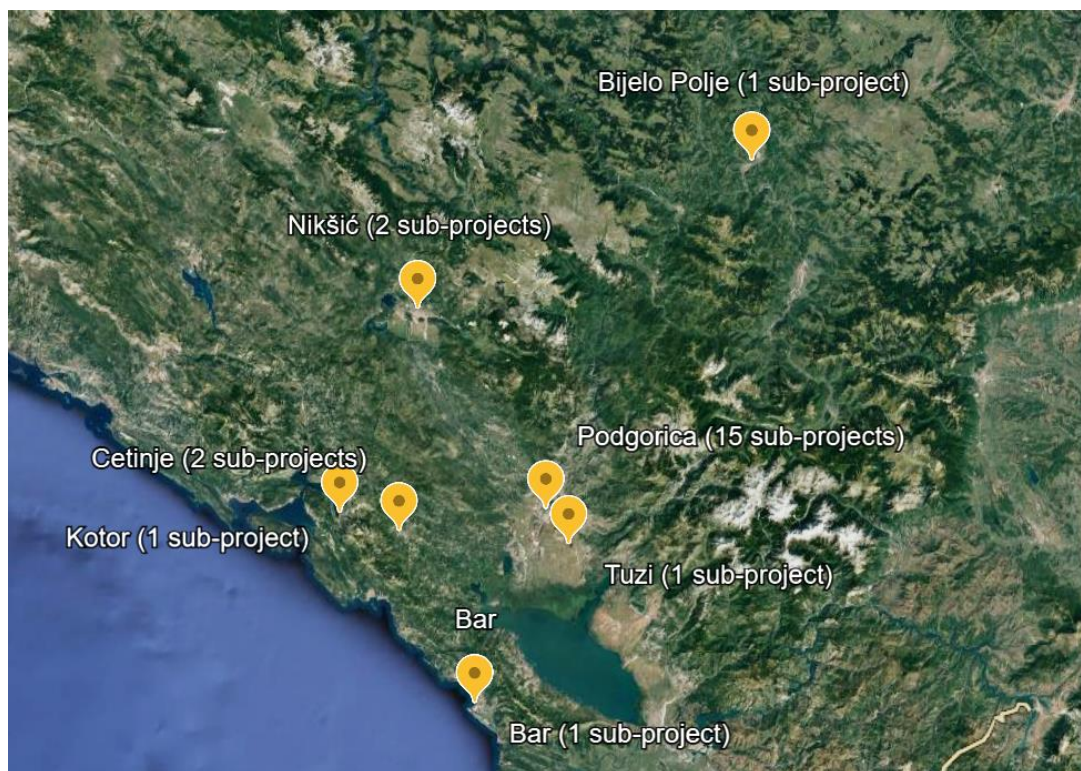


Figure 1. Map of locations of selected buildings, Source: Google Earth

Component 1 also supports the operationalization of a sustainable financing mechanism for EE in public buildings. By co-financing that was introduced under MEEP2¹ to direct monetized energy savings to additional EE investments, the project will support the operationalization of the budget capture scheme and the transition towards more sustainable financing for EE.

In addition, to scale up EE investments in buildings, the project could support the following activities: piloting simple ESCO/performance-based contracts, creating a national public building program, upgrading M&V to allow for carbon credits, piloting near-zero energy buildings (NZEBS), and improving the environment for EE investments in multifamily apartment buildings.

Eligible rehabilitation measures for financing, include upgrades to reduce the energy use of selected buildings, including:

- building envelop measures (insulation of walls, basements and attics, repair/replacement of external doors and windows, window optimization, i.e., partial replacement of existing windows with walls while complying with daylighting requirements);

¹ Under MEEP2 17 health facilities have been renovated or are currently under renovation. In addition, a budget capture scheme was created to monetize the financial savings achieved through the renovations and reuse them towards further EE investments. The Ministry of Finance (MoF) has confirmed its intention to maintain the budget capture scheme in place to support the transition towards more sustainable financing mechanisms for public sector EE. The expected counterpart co-financing of €2.8 million includes about €2.2 million of savings stemming from EE renovations under MEEP2 and €0.6 million of savings that will start flowing from the first buildings renovated under MESDP.

- heating and cooling systems (boiler or burner upgrade/replacement, fuel switching, reflective surfacing of walls behind radiators, balancing valves, thermostatic valves and automatic temperature controls, pipe insulation, chiller/air conditioner replacement, heat pumps);
- lighting (compact fluorescent lamps, fluorescent electronic ballast, light emitting diodes);
- upgrading of electrical network if capacity is increased (transformers, capacitors);
- installation of RSPV systems;
- other financially viable energy efficiency measures (e.g., pumps and fans, solar water heating) and
- interventions to reinforce structural elements of the buildings to withstand climate-related hazards (e.g., earthquakes, extreme heat events, floods) where needed.

2.3. Project beneficiaries

The direct beneficiaries of the energy efficiency investments under Component 1 are the users of university buildings and central government buildings that will be retrofitted. This includes university students and staff, as well as government employees, patients and doctors. These individuals will experience immediate improvements, such as enhanced heating, cooling, and lighting systems, leading to better comfort and potentially improved academic and professional performance, job satisfaction, and overall productivity. Students and staff will benefit from modern, efficient learning and working environments, while government employees will enjoy upgraded facilities that can enhance their working conditions. Under the budget capture scheme, the financial savings that will be achieved through lower energy consumption will still be paid by the university and government entities and reinvested into future building renovations. However, the entire country will benefit indirectly, as these interventions will lead to overall lower energy demand and GHG emissions and enable further EE renovations. Lastly, the local economy may see positive impacts as university and government entities reinvest savings from energy costs into other areas, stimulating economic activities.

2.4. Results Chain

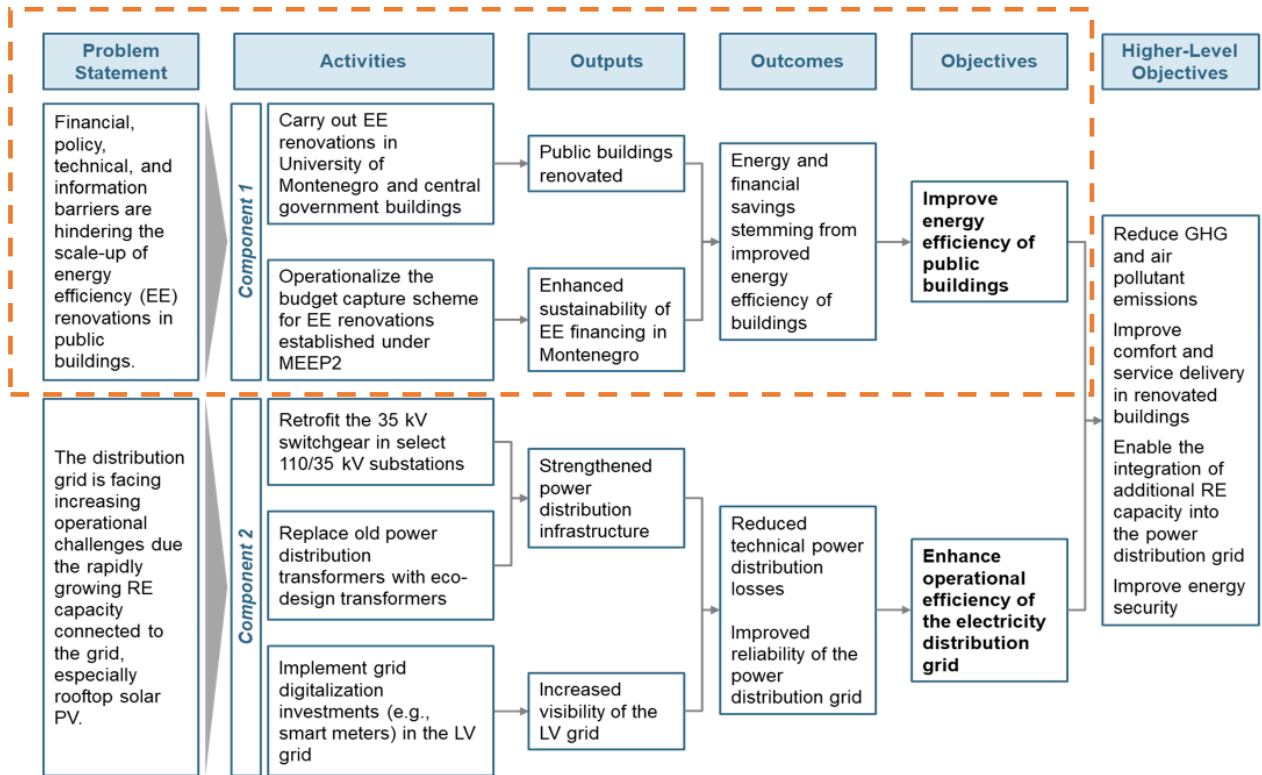


Figure 2. MESDP Theory of Change, Source: WB Staff

2.5. E&S risk rating

Environmental and social risk is assessed as moderate, primarily related to the small to moderate scale civil works (renovations and installations) that will be implemented in existing public buildings. The Component 1 will bring positive impacts in the form of energy efficiency and reduction of air pollution.

Environmental risks that may arise from Activities under Component 1 are traffic, dust, noise and air emissions, generation and handling of hazardous materials and waste, as well as occupational and community health and safety issues.

Social risks include safety and accessibility concerns, for individuals with disabilities, or limited mobility particularly in university renovation areas. Occupational and community health and safety risks include workers' or community exposure to hazardous materials and/or waste (including medical waste), exposure to physical and chemical hazards, falls, injuries from construction equipment, noise, dust, and vibration.

These risks are localized, site-specific with low probability of serious adverse effects to human health, safety and/or environment, limited in time, predictable and can be easily managed through standard mitigation measures outlined in the SEP and the ESMF and enforced through ESCP.

2.6. Implementation institutions

The Ministry of Energy of Montenegro will coordinate project activities, including day-to-day implementation, coordination, supervision, and overall management of project activities. The component will be implemented by the MoE (by the same project implementation unit that is in charge of the implementation of MEEP2). However, to make the EE setup and budget capture model more sustainable, the PIU of this component could be transferred from the MoE to the Eco Fund, once their capacity is deemed satisfactory, as Eco Fund has the legal mandate to promote EE and run EE programs in Montenegro.

2.7. World Bank Group (IFC) Exclusion List

As a part of the general WB Group Exclusion List, the following activities cannot be financed under the Project:

- Activities that may cause long term, permanent and/or irreversible (e.g. adversely affecting the natural/critical habitats) adverse impacts;
- Activities that have a high probability of causing serious adverse effects to human health and/or the environment;
- Activities that may have significant adverse social impacts and may give rise to significant social conflict;
- Activities that may affect lands or rights of vulnerable minorities;
- Activities requiring land acquisition or involuntary resettlement or leading to economic displacement;
- Activities involving harmful or exploitative forms of forced labor/harmful child labor;
- All buildings addressed will be reconstructed in situ within the bounds of existing building footprints or on available publicly owned land;
- Activities adversely affecting cultural heritage sites other than the building to be retrofitted.

The Project supports activities with low to substantial risk while high risk is excluded.

3. Environmental and Social Policies, Regulations, and Laws

3.1. National environmental and social legislation and institutions relevant for the Project implementation

3.1.1. National environmental legislation

ENERGY EFFICIENCY

Ministry of Energy is responsible for creating and implementing energy efficiency policies in Montenegro. Law on Efficient Use of Energy is the key piece of primary legislation that creates a legal basis for EE regulation in the country. The Law on Energy Efficiency (Official Gazette of Montenegro No. 57/14, 3/15, 25/19, 140/22) develops regulations within the area of efficient energy use in the sectors which consume final energy; sets out the obligation of adopting programs and plans for improving energy efficiency at national and local levels, as well as at the level of energy entities and consumers; describes the public authorities' responsibilities for the introduction and implementation of energy efficiency policy, as well as all additional energy efficiency measures and entities responsible for their implementation. Law does not refer to the energy efficiency of generation facilities or to the transmission and distribution of energy. Energy efficiency in these facilities is regulated by the Energy Law.

Article 8 of the Law on Energy Efficiency defines improving energy efficiency in state-owned buildings. According to this Article, official state-owned buildings used by state bodies must meet minimum energy efficiency requirements in accordance with Article 26 of the same Law, regulating building energy efficiency requirements. MoE in co-operation with the authority responsible for property affairs, prepares the draft plan for reconstruction of official buildings. The reconstruction plan shall be prepared by the GoM for a period of three years. The implementation of the reconstruction plan shall be monitored by the Ministry and the report on its implementation shall be submitted to the Government, as part of the report on the implementation of the National Energy and Climate Plan.

The Directorate for energy efficiency has developed a comprehensive set of by-laws, as Rulebooks, Decisions, and Instructions in addition to four Action Plans. The latest, the fourth Energy Efficiency Action Plan for period of 2019-2021, was adopted in June 2019. The same Directorate oversees monitoring implementation of these plans. The fourth Energy Efficiency Action Plan is prepared based on the requirements of the Law on Efficient Use of Energy and the EU Directive 2012/27/EU on energy efficiency. Through the planned measures, it elaborates the strategic commitments established by the Montenegro's Energy Development Strategy until 2030. Also, the measures from the fourth Energy Efficiency Action Plan correspond to the measures from the National Strategy for Sustainable Development until 2030, which recognizes energy efficiency as a key priority for achieving the Sustainable Development Goals and transforming the economy towards an efficient use of resources.

The EU energy efficiency directives have undergone recent revisions. Energy Efficiency Directive was revised in 2023 (EU/2023/1791) and significantly raises the EU's ambition on energy efficiency. It establishes 'energy efficiency first' as a fundamental principle of EU energy policy, giving it legal-standing. Energy efficiency must be considered by EU countries in all relevant policy and major investment decisions taken in the energy and non-energy sectors. The 2023 revision of the directive follows a proposal for a recast directive on energy efficiency put forward by the Commission in July 2021, as part of the EU Green Deal package. The 2021 proposal was further enhanced as part of the REPowerEU plan, presented by the Commission in May 2022. Full implementation of the Energy Efficiency Directive will be key for the EU to

comply with the commitment of the Global Pledge to double the global rate of energy efficiency improvements from about 2% to over 4% by 2030.

The revised Energy Performance of Buildings Directive (EU/2024/1275) entered into force in all EU countries on 28 May 2024 and helps increase the rate of renovation in the EU, particularly for the worst-performing buildings in each country. It also supports better air quality, the digitalization of energy systems for buildings and the roll-out of infrastructure for sustainable mobility. Recognizing the differences across EU countries in factors such as the existing building stock, geography and climate, the directive allows governments to decide on the renovation measures best suited to their specific national context. In the coming period, the Montenegrin legislation is facing the task of harmonizing with the new EU directives.

In August 2024, the Law on Energy Use from Renewable Sources (Official Gazette of Montenegro No. 82/24) was published and entered into force (OG 28/12).

The provisions of articles 24, 25 and 26 of the Law on Protection from Negative Impact of Climate Change (Official Gazette of Montenegro No. 73/19) shall apply from the date of Montenegro's accession to the European Union. In 2024, the new Law on Protection from Negative Impacts of Climate Change and Protection of the Ozone Layer was drafted. NECP and amendments to the Law on Energy are expected to be adopted in the fall of 2024.

ENVIRONMENTAL IMPACT ASSESSMENT PROCEDURE

Environmental Impact Assessment (EIA) procedure is regulated by the Law on the Environmental Impact Assessment (Official Gazette of Montenegro No. 75/18) and the Regulation on Projects for which Environmental Impact Assessment is required (Official Gazette of Montenegro No. 20/07, 47/13, 53/14 and 37/18).

The Regulation classifies projects into two groups (lists): Projects under List 1, subject to mandatory EIA, and Projects under List 2, for which the competent state or local authority should decide whether development of an EIA study is required (depending on the potentially significant environmental impacts). The Law on EIA prescribes the procedures for developing EIA studies for projects that may have significant environmental impacts. The Law also addresses the contents of the EIA study, participation of interested parties, evaluation of EIA studies and issuing approvals, notification of other states on projects with potential transboundary effects, supervision and other issues relevant to EIA.

EIA process includes three specific procedures: i) screening as the stage of determining whether an EIA is required; ii) scoping as the stage of determining the scope or extent of the EIA; iii) review as the stage of reviewing the EIA Study to see if it has been undertaken to an acceptable standard and in accordance with the legal requirements. The competent authorities for EIA are: Environmental Protection Agency for projects subject to Construction Permits, and the local self-government units (municipalities) for projects not subject to the Construction Permits and which need a Construction Notification. The EIA procedure must be conducted before the Construction Permit is issued and before starting any construction activities. The public and other parties need to be consulted as well.

Screening procedure steps:

- the investor submits an application to the competent authority to decide on the need for EIA;
- the competent authority checks whether the prescribed documentation has been submitted, if the documentation is incomplete, it requests additional information from the investor within three days and sets the deadline for their submission, if the applicant fails to submit the additional information, the competent authority refuses the application as incomplete;

- the competent authority must inform the interested authorities, organizations and public of the submitted application within three days from the receipt of a complete application, they can submit their opinions within five days;
- the competent authority decides on the need for developing an EIA Study within four days from the date of receipt of the opinions of interested parties;
- the competent authority informs the interested parties on the adopted decision;
- the adopted decision may be appealed to the Ministry or the Chief Administrator.

Scoping procedure steps:

- the investor may submit an application to ask for a decision on the scope and contents of the EIA Study;
- the competent authority verifies that the documentation is complete;
- within three days, the competent authority sends the complete application to the Commission appointed by the competent authority;
- the Commission evaluates the application and submits a proposal of the contents and scope of the EIA Study to the competent authority within ten days;
- the competent authority informs the investor, interested authorities, organizations, and the public about the proposal of the Commission within five days, they can submit their opinions within twenty days;
- the competent authority makes a decision on the contents and scope of the EIA Study within five days, after which it sends the decision to the investor and all stakeholders within three days;
- the adopted decision may be appealed to the Ministry or the Chief Administrator.

Review and approval of the EIA Study:

- the investor submits an application for approval of the EIA Study to the competent authority, in case of prior scoping, the investor submits the application within two years from the receipt of the final decision on the scope and contents of the EIA Study;
- within five days, the competent authority organizes a public hearing and informs all stakeholders;
- the EIA Study has to be published on the website of the competent authority and on the e-Government portal at least 10 working days before the day of the hearing;
- within two days from the hearing, the competent authority submits the EIA Study to the Commission together with the remarks and opinions obtained during the public disclosure period and the hearing;
- after evaluation, the Commission submits its own report on the EIA Study, with a proposal of its approval or rejection to the competent authority within 25 days;
- the competent authority decides on granting the approval or rejecting the application, sends the decision to the investor and informs all stakeholders.

Project owner is obligated to implement all the measures proposed by the EIA to which the consent was given.

WASTE MANAGEMENT

Waste management in Montenegro is regulated by Law on Waste Management (Official Gazette of Montenegro No. 034/24) and Ordinance on Waste Classification, Waste Catalogue, Waste Treatment Procedures, i.e. Waste Processing and Disposal (Official Gazette of Montenegro No. 064/24).

Law on Waste Management regulates the principles of waste management, types and classification of waste, rights and obligations related to waste management.

Waste management is based on the following principles:

- sustainable development: more efficient use of resources, reduction of waste and management of waste in a way that contributes to the reduction of negative environmental impacts and improvement of resource efficiency;
- the principle of proximity and regional waste management;
- precautionary principle, i.e. preventive action;
- "the polluter pays" according to which the waste producer bears the costs of waste management, as well as the costs of the necessary infrastructure and its operation, the costs of preventive action and the costs of remedial measures due to negative impacts on the environment and human health;
- a waste hierarchy that ensures that the order of priorities in waste management is respected: waste prevention, preparation for reuse, recycling, other processing (energy recovery) and waste disposal;
- the principle of separate collection of waste and the prohibition of mixing with other waste;
- the waste or substances derived from it must not present a higher hazard potential in the case of recycling than comparable primary raw materials or virgin products;
- extended producer responsibility, under which any natural or legal person who professionally develops, produces, processes, sells or imports products bears responsibility for the management of waste remaining after the use of those products, as well as financial responsibility for these activities.

The obligations of the original waste producer are described in Article 13 of the Law:

- the original waste producer is obliged to apply a technological procedure, use raw and other materials, organize service activities, i.e. act in a way that prevents the generation of waste or produces the smallest amount of waste;
- the original waste producer may carry out the treatment of waste independently or entrust it to a waste dealer or a company, i.e. an entrepreneur who collects or treats waste, in accordance with this Law;
- if waste, other than municipal waste, is transported for treatment from the original waste producer to the persons who collect or treat the waste, the responsibility of the original waste producer for the implementation of the full recovery or disposal procedure shall not cease;
- the above provisions do not apply to the original producer of municipal waste in households.

and Article 18 describes the obligations of waste holders:

- the owner of the waste is obliged to manage the waste in accordance with this law;
- the waste holder is obliged to ensure the processing of waste, and if the processing is impossible or economically or from the point of view of environmental protection is unjustified, he is obliged to ensure that the waste is removed or exported in accordance with the Law.

Hazardous waste

According to the Law, hazardous waste is waste that contains elements or compounds that exhibit one or more of hazardous properties: explosive, oxidizing, flammable, irritating - skin irritation and eye damage, specific target organ toxicity (STOT)/aspiration toxicity, acute toxicity, carcinogenic, corrosive, infectious, toxic for reproduction, mutagenic, release of acute toxic gas, sensitizing, ecotoxic and the property that the waste may have the above hazardous properties that it did not directly exhibit as original waste.

In the waste catalogue, certain categories of waste are classified as hazardous waste and are labeled with (*) hazardous waste.

In accordance with Article 22 of the Law, it is prohibited to mix different types of hazardous waste and to mix hazardous waste with non-hazardous waste. Article 23 of the Law prescribes the method of labelling hazardous waste, and Article 85 prescribes a ban on mixed disposal of hazardous waste in a landfill.

Management of waste from electrical and electronic equipment is described in Article 55:

- the holder of waste from electrical and electronic equipment that, according to the waste catalog, is not municipal waste, is handed over to a company or entrepreneur who performs the activity of collecting, processing or removing special types of waste, in accordance with this law.

Management of waste batteries and accumulators is defined in Article 58:

- The holder of waste batteries and accumulators that, in accordance with the waste catalog, are not municipal waste, are handed over to a company or an entrepreneur who performs the activity of collecting, processing or removing special types of waste, in accordance with this law.

Management of Construction waste is described in the Article 67.:

- the holder of construction waste is obliged to process the construction waste into construction materials or temporarily store the construction waste until it is handed over to a company that has a permit for the processing and/or disposal of waste;
- non-hazardous construction waste generated on the construction site can be used at the location by filling it on or in the land;
- non-hazardous construction waste that is not generated on the construction site may be used at the construction site by filling it on, or in the land only with a permit for the processing of construction waste by the filling procedure;
- construction waste may be temporarily stored at the location of the facility for which a building permit has been obtained, i.e. for which an application for construction (construction site) has been submitted in accordance with the law governing the construction of facilities;
- the processing of cement asbestos construction waste is prohibited;
- construction waste that does not contain hazardous substances and that cannot be processed is disposed of in a landfill for inert waste or in a location for the temporary storage of non-hazardous construction waste determined in accordance with the law governing spatial planning and construction of facilities;
- the producer of construction waste resulting from a facility whose volume together with the earth excavation exceeds 2000 m³ is obliged to draw up a Construction Waste Management Plan. If construction waste contains or is exposed to hazardous substances, the producer of construction waste shall be obliged to draw up a construction waste management plan, regardless of the volume of the facility;
- approval of the construction waste management plan are provided by the Environmental Protection Agency. The Agency shall publish on its website the construction waste management plans for which it has given its consent;
- the producer of construction waste is obliged to establish measures in the Construction Waste Management Plan to ensure the management of non-hazardous construction waste;
- the treatment of construction waste, the manner and procedure of processing construction waste, the conditions for filling with construction waste, the conditions and manner of disposal of cement asbestos construction waste, as well as the conditions to be met by the construction waste processing plant, are prescribed by the Ministry.

Management of Waste containing asbestos is described in the Article 68.:

- waste containing asbestos is separately collected, packaged, stored and disposed of in a landfill for the disposal of non-hazardous waste, in a place intended for the disposal of waste containing asbestos;
- the holder of waste containing asbestos is obliged to take measures to prevent the emission of asbestos fibers and dust into the environment;
- the method of packaging, criteria, conditions and method of disposal of waste containing asbestos and other measures to prevent the emission of asbestos fibers and dust into the environment are prescribed by the Ministry.

Management of PCB and PCB containing waste is described in the Article 69.:

- the reprocessing of PCBs and packaging containing PCBs is prohibited;
- waste containing PCBs can be recovered after the PCB is separated from the waste;
- the owner of the equipment and waste containing PCBs is obliged to ensure the treatment of waste and decontamination of the equipment containing PCBs;
- separation of PCBs from equipment, PCB processing and decontamination of equipment can be carried out by a company or an entrepreneur, provided that it has a permit for the treatment of hazardous waste;
- the incineration of PCBs shall be carried out in waste incineration plants that meet the requirements established by Law;
- the import of equipment containing PCBs is prohibited;
- it is forbidden to burn PCBs on the decks of ships;
- it is prohibited to fill transformers and other closed systems (capacitors) with liquids containing PCBs.

Management of medical waste is described in the Article 77.:

- the treatment of medical waste is carried out in accordance with the medical waste management plan and the permit for the processing and/or disposal of medical waste.
- processing or disposal of medical waste may be carried out by a company or an entrepreneur if it has the appropriate equipment, a medical waste treatment plant and appropriate staff, on the basis of a permit for processing and/or disposal of waste, issued by the Agency.
- the conditions in terms of personnel and equipment, the manner and procedure of medical waste treatment shall be prescribed by the state administration body in charge of health affairs, with the consent of the Ministry.

The conditions, manner and procedure for the treatment of medical waste are prescribed by Regulation on the Conditions, Manner and Procedure of Medical Waste Treatment (Official Gazette of Montenegro No. 49/12).

PROTECTION OF CULTURAL HERITAGE

Ministry of Culture and Media oversees the cultural and historical sites protection policy. Protection of cultural heritage is regulated by the Law on Cultural Heritage Protection (Official Gazette of Montenegro No. 049/10, 040/11, 044/17, 018/19). The law regulates types and categories of cultural heritage, the manner of establishing the protection, a regime and measures of protection, rights and obligations of the owners of cultural heritage and other issues of importance for the protection and preservation of cultural

heritage. Types of cultural goods are movable cultural good and non-material cultural good. Protection of cultural good is established by determining the previous protection and by determining the status cultural good. Cultural value of the immovable, movable and non-material heritage is determined by a professional body, of at least three members, formed by the Cultural Heritage Protection Administration (Art. 23 of the Law). Cultural goods are registered in the register of cultural heritage managed by the Administration in an analogous and electronic form. The register is a public record available to everyone (Art. 36 of the Law). A protection mark for cultural heritage indicates immovable cultural heritage. Appearance and content of the protection mark and the manner of marking cultural property is prescribed by the Ministry of Culture (Art. 73. of the Law). Each year, in accordance with the law, Government is presenting the Program of the Cultural Heritage Protection and Preservation (Art. 128 of the Law). In accordance with the mentioned Law (Art. 87) if, during the execution of construction, agricultural or any other works and activities on land or in water, findings of archaeological significance are encountered, the contractor is obliged to:

- 1) terminate the works and to secure the site i.e. the findings against possible damage, destruction and unauthorized access by other persons;
- 2) immediately report the location, i.e. findings to the Cultural Heritage Protection Administration, the nearest public institution for protection of cultural heritage, the administration authority responsible for police affairs or the administration body responsible for marine security affairs in case of findings in the sea;
- 3) keep the discovered objects at the place of findings in the condition in which they were found until the arrival of the authorized persons;
- 4) communicate all relevant information regarding the site and location of the findings at the time of disclosure and the circumstances under which they were disclosed.

In accordance with the same Law, to carry out activities that may have a negative impact on cultural property and their environment, it is necessary to establish measures to reduce and eliminate the consequences of the impact on cultural property and to implement them regularly.

Conservation measures on cultural property include conservation, restoration, reconstruction, anastylosis, consolidation, rehabilitation, adaptation and other works and activities that maintain or change the existing state of cultural property. Conservation measures shall be carried out in accordance with the law and the relevant rules of international bodies for the protection of cultural property, on the basis of a conservation project.

If the implementation of conservation measures on the immovable cultural property requires a construction notification, i.e. a building permit, the regulations on spatial planning and construction of facilities shall also apply. The contractor of works on the cultural property is obliged to notify the Cultural Heritage Protection Administration of the commencement of the execution of works, within 15 days before the commencement of these works.

For the development of a conservation project for the implementation of conservation measures on immovable cultural property for which a construction registration is required, i.e. a building permit in accordance with the law governing spatial planning and construction of facilities, the Administration, at the request of the authority responsible for issuing urban and technical conditions, issues conservation conditions. Conservation conditions, depending on the type of cultural property and planned works, include the type of conservation measure and other conditions that ensure the authenticity and integrity of the cultural property.

A conservation project is a documentation for the implementation of conservation measures on cultural property. Conservation projects, depending on the type of cultural heritage property, may be created by public institutions for the protection of cultural heritage goods and other legal and natural persons who have a conservation license. Consent to the Conservation Project is given by the Administration, at the

request of the owner or holder of the cultural property. Prior to design a conservation project, all necessary research must be carried out.

SPATIAL PLANNING AND CONSTRUCTION OF STRUCTURE

Ministry of Spatial Planning, Urbanism and State Property is the line ministry for spatial planning and construction of structures. Law on Spatial Planning and Construction (Official Gazette of Montenegro No. 064/17, 044/18, 063/18, 011/19, 082/20, 086/22, 004/23) regulates the system of space planning, the manner and conditions for construction of objects, the legalization of illegal buildings and other issues of importance for the planning and construction of objects.

Considering that the project includes energy efficiency improvement in university and other public buildings, planned works can be considered as reconstruction or adaptation.

Reconstruction works

In accordance to the Law, reconstruction include performing of works on an existing building: upgrade; repair of the damaged building; strengthening of the structure; replacement of installations, devices, plants and equipment, changes in the technological process and other works that effect on stability and security of the object; change constructive elements; changes the outside appearance of the building in relation to the main project; affects the environment and the safety of neighboring objects and traffic; changes the water regime; change the conditions of protection of natural and cultural heritage property, goods that have the previous protection and protection of its protected environment.

Registration of reconstruction works

The owner or holder of another right on the existing building or part of the building shall submit an application on the reconstruction works to the competent inspection body. The inspection supervision for reconstruction works is performed through the Department for Urban Planning and Construction Inspection, part of the Ministry of Spatial Planning, Urbanism and State Property. The application shall be prepared in accordance with Art. 89 (Inform the local public about the construction), Art. 91 (Construction condition) Art. 92 (Application submission) and Art. 93 (Investor obligations) of the Law on Spatial Planning and Construction. The competent inspection body is obligated to publish applications on the web site within one day from the day of submission the application. The investor performs reconstruction based on an application for reconstruction and necessary documentation: 1. Main project certified in accordance with the law; 2. A report on the positive audit of the main project; 3. Proof of insurance from the responsibility of the designer who drafted or the auditor who oversaw the main project, in accordance with the law; 4. Contract for engagement of a contractor; 5. Contract for engagement of supervision; 6. Proof of the ownership right on the building or other right to construction. The investor is obliged to submit application for reconstruction and the above documentation to the competent inspection within 15 days prior to the start of the reconstruction. Art. 95 of the Law defines obligations of supervisor and what contractor on construction site need to fulfill during reconstruction. Supervisor is obliged to inform the investor in written form if the works are not carried out in accordance with the revised main project, the law and special regulations and/or order contractor to eliminate the identified defects within the determined deadline. If the contractor does not remove the deficiencies, expert supervision is obliged to inform relevant inspection in case if reconstruction of building does not meet requirements given in the Main design. Professional supervision is obliged that in the final report about performed supervision, state correct conclusions about performed works on the construction of the object and give written statement that object is constructing in accordance with main project, law on spatial planning and construction of objects and special regulations, respectively that the object is suitable for use and that it can be used for specific purposes. The investor is obliged to submit a request for registration in the cadaster of immovable

property within 15 days from the date of receipt of the final expert supervision report. Maintenance of the building should be carried out based on the study for building maintenance.

Adaptation works

The planned works can also be considered, depending on the scope of works on particular site, as adaptation works where in accordance to the Law, adaptation is the execution of works on an existing object, which changes spatial organization of the building, replaces the equipment and installations, does not affect the stability and safety of the object, does not change the constructive elements, does not change the external appearance and does not affects the safety of adjacent buildings, traffic, fire and environment protection.

Registration of adaptation works

The owner or holder of another right on the existing object or part of the facility is obliged to submit the application to the competent inspection body for the adaptation works. The owner or holder of another right on the existing object or part of the facility, upon application, shall submit a description of the works he intends to perform. If the competent inspection body for the adaptation works determines that the works mentioned in the application are considered as reconstruction of the facility, it is obliged that within 7 days from the date of receipt of the application, to warn the owner or holder of another right of the necessity of proceeding in accordance with Art. 89, 91 and 92 and 102 of the Law. The competent inspection body is obliged to report the adaptation works referred to the web site within one day of the filing of the application.

3.1.2. National social legislation

GENDER EQUALITY

Montenegro's legislation on gender equality has been shaped by its aspiration to align with European Union (EU) standards and international human rights norms. Montenegro's Constitution, adopted in 2007, establishes the foundation for gender equality. It guarantees equality before the law and prohibits discrimination based on gender, among other grounds. Article 18 specifically mandates the state to ensure gender equality and promote equal opportunities for all citizens, which sets a broad legal framework for subsequent legislation.

Law on gender equality

The cornerstone of Montenegro's gender equality framework is the Law on Gender Equality, first enacted in 2007 and later amended (Official Gazette of Montenegro No. 46/7, 73/10, 35/15). This law aims to ensure equal opportunities for men and women in all areas of public and private life, including employment, education, and political participation. It requires public institutions and employers to implement gender equality measures and report on their progress. Key provisions include:

- Defines gender equality as equal opportunities for women and men in all aspects of life. The law mandates the creation of conditions for achieving gender equality in public and private life.
- Obligates public authorities to incorporate gender equality into all policies, strategies, and programs. This means that every legislative or policy initiative must assess and address its impact on both genders.
- Allows for affirmative action or temporary special measures to accelerate gender equality, especially in areas where women are underrepresented, such as in politics or certain professions.
- Establishes the Gender Equality Department within the Ministry of Human and Minority Rights as the main body for overseeing the implementation of gender equality policies.

Law on the prohibition of discrimination

This law on the prohibition of discrimination (Official Gazette of Montenegro No. 46/2010, 40/2011, 18/2014, 42/2017) complements the Law on Gender Equality by providing a broader framework to combat discrimination:

- defines and prohibits both direct and indirect discrimination, including on the basis of gender.
- explicitly prohibits sexual harassment, defining it as unwanted verbal, non-verbal, or physical conduct of a sexual nature that creates a hostile or offensive environment.
- allows victims of discrimination, including gender-based discrimination, to seek redress through legal means. It also establishes fines and sanctions for entities found guilty of discriminatory practices.

International Commitments

Montenegro is a signatory to several international conventions that reinforce its commitment to gender equality:

- Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW): Montenegro ratified CEDAW in 2006, committing to eliminate discrimination against women in all forms.
- Istanbul Convention: Montenegro ratified the Council of Europe's Istanbul Convention on preventing and combating violence against women and domestic violence, which obligates the state to take comprehensive measures to prevent violence, protect victims, and prosecute perpetrators.

PROTECTION OF ETHNIC AND RELIGIOUS MINORITIES

Montenegro has developed a comprehensive legal framework to safeguard the rights of ethnic and religious minorities, rooted in both national legislation and international treaties. The key legal instruments include the Constitution of Montenegro, specific laws addressing minority rights, anti-discrimination measures, and laws on religious freedom. This framework is reinforced by Montenegro's commitment to international conventions that protect minority rights. Article 8 of the constitution prohibits direct and indirect discrimination on any grounds, including ethnicity, race, and religion. Article 79: provides specific guarantees for the protection of the rights of minorities and other national communities. It includes the right to preserve, develop, and express their ethnic, cultural, linguistic, and religious identity. Article 9 ensures the supremacy of international treaties over national laws, which is significant because Montenegro is a party to several international treaties that protect minority rights.

Law on Minority Rights and Freedoms

This guarantees Law on Minority Rights and Freedoms (Official Gazette of Montenegro No. 31/06, 51/06, 38/07,002/11, 008/11, 031/17) minorities the right to preserve and develop their culture, language, and traditions. This includes the right to education in their mother tongue and the establishment of cultural institutions. The law ensures proportional representation of minorities in public institutions, thereby facilitating their participation in decision-making processes and it establishes minority national councils as bodies responsible for managing cultural, educational, and informational activities, which play a crucial role in advocating for minority rights.

Law on Freedom of Religion or Conviction and Legal Position Religious Communities

This Law on Freedom of Religion or Conviction and Legal Position Religious Communities (Official Gazette of Montenegro No. 74/2019, 008/21) Guarantees individuals and religious communities the freedom to

manifest their religion, both individually and collectively, through worship, observance, practice, and teaching. The law also ensures that all religious communities are treated equally under the law, prohibiting any form of discrimination based on religious beliefs.

International Treaties and Agreements

- Framework Convention for the Protection of National Minorities (FCNM)
- European Convention on Human Rights (ECHR)

PROTECTION OF RIGHTS OF PERSONS WITH DISABILITIES

Montenegro has established a legal framework to protect the rights of persons with disabilities, ensuring their inclusion, equality, and non-discrimination. Article 69. of the Constitution of the Republic of Montenegro guarantees the right to health protection, including special protection for persons with disabilities.

Law on the Prohibition of Discrimination against Persons with Disabilities

The Law on the prohibition of discrimination against persons with disabilities (Official Gazette of Montenegro No. 35/2015) is the primary legal instrument specifically designed to protect the rights of persons with disabilities in Montenegro and is aligned with international standards, particularly the United Nations Convention on the Rights of Persons with Disabilities. The law defines discrimination broadly, including direct and indirect discrimination, harassment, and failure to provide reasonable accommodation. It covers various spheres, including employment, education, access to goods and services, and healthcare. The law mandates that public and private entities must provide reasonable accommodation to persons with disabilities unless it imposes a disproportionate or undue burden. This provision is crucial for ensuring accessibility and equality in practice. It also allows for positive measures to ensure full participation and equality for persons with disabilities, recognizing that certain accommodations may be necessary to achieve substantive equality.

Montenegro has ratified the United Nations Convention on the Rights of Persons with Disabilities, which is a comprehensive international treaty that outlines the rights of persons with disabilities and the obligations of states to protect and promote these rights.

LABOR AND OHS LEGISLATION

The Labor Act (Official Gazette of Montenegro No. 74/19, 8/21, 59/21, 68/21, 145/21, 77/24) in Montenegro serves as the main legal framework governing labor practices. It ensures that employees have the right to fair earnings, workplace safety, health care, and protection of personal dignity. Special protections are provided to pregnant women, employees under 18, and those with disabilities. Additionally, the Law on Foreigners (Official Gazette of Montenegro No. 12/2018, 3/2019, 86/2022, 77/2024) extends these rights to foreign workers and refugees, granting them access to the labor market and healthcare. In terms of working conditions, employees are guaranteed fair wages, protection in the workplace, and specific rights related to working hours, vacation, and absences. Employment contracts must be written, detailing essential elements such as job description, salary, working hours, and conditions for termination. The law allows for a non-compete clause and sets limits on probation periods and the duration of fixed-term contracts. Employers are prohibited from altering contracts to impose less favorable conditions on women due to pregnancy, childbirth, or breastfeeding. Employee earnings must be fair, paid monthly, and equal for work of equal value. Employers are required to provide pay slips and maintain accurate records. The minimum wage is set at 30% of the average wage over the previous six months. Employers can withhold wages for legal claims but within limits—50% for obligations like child support and 33% for other debts. Employers are also responsible for calculating and deducting social security contributions, including pension, disability, and health insurance. These contributions are

mandatory for all workers, including those on temporary contracts. The Pension and Disability Insurance Act (Official Gazette of Montenegro No. 54/03, 39/04, 61/04, 79/04, 81/04, 29/05, 14/07, 47/07, 12/07, 13/07, 79/08, 14/10, 78/10, 34/11, 39/11, 4/11, 66/12, 36/13, 38/13, 61/13, 6/14, 60/14, 60/14, 10/15, 44/15, 42/16, 55/16, 80/20, 145/21, 86/22, 99/23, 125/23, 77/24) outlines conditions for old-age and disability pensions, with eligibility based on age and years of insurance coverage. Standard full-time working hours in Montenegro are 40 hours per week, though this can be reduced in hazardous work environments. Overtime is allowed under specific conditions, with limits set at an average of 48 hours per week over four months, and up to 250 hours annually in exceptional cases. Night work is specially regulated, with restrictions on hours and requirements for additional compensation. Employees are entitled to rest periods during work, with at least 30 minutes for full-time employees, and continuous 12-hour rest between working days. Weekly rest must be at least 24 hours, typically on Sundays. Employees are also entitled to a minimum of 20 days of paid annual leave, with special provisions for those working in hazardous conditions, minors, and individuals with disabilities. Employees who believe their rights have been violated can submit a request to their employer, who must respond within 15 days. If unsatisfied, employees can seek protection from the Labor Inspection or escalate the issue to the Agency for Peaceful Resolution of Labor Disputes or the courts. Former employees can directly proceed to court without going through the dispute resolution process. The law requires that all due payments to employees be made within 30 days of termination, though this does not fully align with international standards that mandate payments by the termination date. The Labor Act also allows employees to seek redress for discrimination directly through the courts.

The Occupational Safety and Health Act (Official Gazette of Montenegro No. 34/14, 044/18) is the cornerstone of OHS in Montenegro, applying to all employees in the country, including those working abroad under less favorable conditions. Employers must conduct risk assessments, implement preventive measures, and ensure that employees are informed and trained on safety protocols. They are also responsible for providing necessary protective equipment and adapting work conditions to minimize risks. Workplace hazards must be regularly assessed, and the findings communicated transparently to employees. In cases of new risks or inadequate safety measures, employers must update their assessments and implement corrective actions. Additionally, employers are required to report serious workplace injuries and hazardous occurrences to the Labor Inspectorate within 24 hours.

Employers must train employees on safe work practices, especially when introducing new technologies or after significant absences. Training costs are borne by the employer, who must also keep records of these sessions. Emergency preparedness measures, such as first aid, fire protection, and evacuation plans, must be in place, tailored to the specific risks of the workplace. Employers are legally obligated to provide insurance against workplace injuries and occupational diseases. In the event of an injury, the employer must compensate the affected employee. Health examinations are mandatory for employees in high-risk positions, and reassignment is required if they no longer meet the health standards for their role. The OHS Act includes specific provisions for protecting young workers, pregnant women, and individuals with disabilities. However, there is no legal requirement for balanced gender representation in OHS commissions, which could be beneficial for addressing the unique needs of working women.

In summary, Montenegro's labor laws and OHS regulations provide a comprehensive framework for protecting workers' rights, ensuring fair treatment, and promoting safe working conditions. However, there are areas for improvement, particularly in aligning with international standards and addressing the specific needs of vulnerable groups within the workforce.

LEGISLATION ON ACCES TO INFORMATION AND DATA PROTECTION

Law on Free Access to Information

The Law on Free Access to Information (Official Gazette of Montenegro No. 044/12 and 030/17) aims to enhance transparency and guarantee public access to information held by public authorities. It grants every natural or legal person the right to access information possessed by state bodies, local governments, public companies, and other entities that carry out public functions. These right covers information in all forms, whether it be written, electronic, or other formats. Public authorities are mandated to respond to information requests within 15 working days, either by providing the requested information or by justifying any refusal based on specific legal grounds. The law also establishes an appeal process for instances where access to information is denied. These appeals can be lodged with the Agency for the Protection of Personal Data and Free Access to Information, which is tasked with overseeing the law's implementation and ensuring adherence. While the law is designed to promote transparency, it also specifies certain exceptions where access to information may be restricted. Such restrictions are applicable in cases where disclosure could potentially harm national security, public safety, defense, or international relations. However, if it is determined that the public interest in disclosure outweighs the potential harm, the information must still be released. The law also includes provisions for imposing fines on public bodies that fail to meet their obligations related to information access, thereby ensuring accountability. It encourages public authorities to proactively disclose information about their activities, such as decisions, policies, and financial reports, to minimize the need for individual requests. Moreover, the law addresses the protection of personal data, ensuring that the right to access information does not infringe on individual privacy rights.

Law on the Protection of Personal Information

The Law on the Protection of Personal Information (Official Gazette of Montenegro No. 79/8, 70/9, 44/12, 22/17, 077/24) is a legal framework designed to safeguard the personal data of individuals within the country. This law aligns with international standards and principles, particularly the European Union's General Data Protection Regulation (GDPR). The law applies to the processing of personal data by public and private entities within Montenegro. Personal data is broadly defined to include any information that can directly or indirectly identify an individual. The law outlines specific legal grounds for processing personal data, such as consent from the individual, the necessity of processing for the performance of a contract, compliance with legal obligations, protection of vital interests, public interest, and legitimate interests of the data controller. Individuals have several rights regarding their personal data, including the right to access, correct, delete, and restrict the processing of their data. They also have the right to object to processing and to data portability. The law provides mechanisms for individuals to exercise these rights, with obligations on data controllers to respond to requests within specified timeframes. Consent must be freely given, specific, informed, and unambiguous. Data subjects must be able to withdraw their consent at any time without negative consequences. Data controllers and processors are required to implement appropriate technical and organizational measures to ensure data security.

In case of a data breach, the law mandates that the supervisory authority and affected individuals be notified promptly if the breach poses a risk to individuals' rights and freedoms. The law establishes a supervisory authority responsible for overseeing compliance, handling complaints, conducting investigations, and imposing penalties for violations. This authority has the power to audit organizations, issue warnings, and impose fines for non-compliance. The law stipulates significant penalties for violations, which can include fines and other sanctions. The severity of penalties is proportionate to the nature and gravity of the breach, taking into account factors like the level of negligence and the impact on data subjects.

Aarhus Convention

Montenegro is party to the United Nations Economic Commission for Europe (UNECE) Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters done at Aarhus, Denmark, on 25 June 1998, which is based on three pillars:

- **The right to information:** citizens have the right to access environmental information held by public authorities upon request;
- **The right to participate** in decision-making during the preparation of plans, programs, policies and legislation relating to the environment; and
- **The right to justice:** citizens have the right to access justice regarding environmental matters; to challenge a refusal or inadequate response to request for information; and to challenge the legality of a plan or challenge actions or omissions that contravene national environmental law.

Any member of the public has the right to submit communications to the Aarhus Convention Compliance Committee concerning alleged non-compliance of a party with the Convention.

Overview of Montenegro's legislation setting out the legal framework for environmental and social management is shown in Table 4.

Table 4. Montenegro 's relevant environmental legal framework

Regulation	Description and relevance to Project activities
ENVIRONMENTAL ISSUES	
Law on Energy Efficiency (Official Gazette of Montenegro No 57/14, 3/15, 25/19, 140/22)	Law on Efficient Use of Energy develops regulations within the area of efficient energy use in the sectors which consume final energy; sets out the obligation of adopting programs and plans for improving energy efficiency at national and local levels, as well as at the level of energy entities and consumers; describes the public authorities' responsibilities for the introduction and implementation of energy efficiency policy, as well as all additional energy efficiency measures and entities responsible for their implementation.
Regulations deriving from the Law on Energy Efficiency	<ul style="list-style-type: none"> - Regulation on Minimum Energy Efficiency Requirements for Buildings (Official Gazette of Montenegro No. 47/24) - Regulation on Certification of Energy Performance of Buildings (Official Gazette of Montenegro No. 47/24) - Rulebook on the Methodology of Performing Energy Audits of Buildings (Official Gazette of Montenegro No. 75/15) - Rulebook on Regular Energy Audits of Air Conditioning and Heating Systems (Official Gazette of Montenegro No. 76/15) - Rulebook on the Training Program for Energy Audits, Content of Applications for Issuance of Authorizations and Register of Authorized Persons (Official Gazette of Montenegro No. 75/15)
Energy Law (Official Gazette of Montenegro No. 005/16, 051/17, 082/20, 029/22, 152/22)	Energy Law defines energy activities, regulates the conditions and manner of their performance for the purpose of quality and safe energy supply to end customers, encouraging the production of energy from renewable sources and high-efficiency cogeneration, organization and management of the electricity and gas markets, as well as other issues of importance to the energy sector.
Law on Energy Use from Renewable Sources (Official Gazette of Montenegro No. 82/24)	The Law regulates the determination of the share of energy from renewable sources, incentives for the production of energy from renewable sources, the conditions and procedure for acquiring the status of a temporary privileged producer and a privileged producer, the issuance of guarantees of origin for energy produced from renewable sources, the status of buyers-producers and communities of renewable energy sources, the use of

	renewable energy sources in the heating and cooling sector and in the transport sector, sustainability and greenhouse gas emission saving criteria, regional cooperation, as well as other issues of importance for the use of energy from renewable sources.
Law on Protection from Negative Impact of Climate Change (Official Gazette of Montenegro No. 73/19)	This law regulates protection against the negative effects of climate change, reduction of greenhouse gas emissions, protection of the ozone layer and other issues related to protection from the negative effects of climate change.
Law on Environment (Official Gazette of Montenegro No. 52/16, 73/19)	Law on Environment regulates the principles of environmental protection and sustainable development, instruments and measures of environmental protection and other issues of importance for the environment. Environmental protection and sustainable development is being regulated by this Law and special laws governing a number of segments of the environment, including: an assessment of the impact of plans, programs and projects on the environment; liability for damage to the environment; integrated pollution prevention and control; the protection of nature; protection of air, water, sea, land, forests and geological resources; chemicals; waste management; protection from the adverse effects of climate change; ionizing and non-ionizing radiation.
Regulations deriving from the Law on Environment	- Regulation on the National List of Environmental Indicators (the Official Gazette of Montenegro No. 19/13)
Law on the Environmental Impact Assessment (Official Gazette of Montenegro No. 75/18)	The Law on EIA prescribes the procedures for developing EIA studies for projects that may have significant environmental impacts. Contents of the EIA study, participation of interested parties, evaluation of EIA studies and issuing approvals, notification of other states on projects with potential transboundary effects, supervision and other relevant issues are also addressed.
Regulations deriving from the Law on the Environmental Impact Assessment	- Regulation on Projects for which Environmental Impact Assessment is required (the Official Gazette of Montenegro No. 20/07, 47/13, 53/14 and 37/18); this Regulation determinates projects for which an environmental impact assessment is mandatory and projects for which an impact assessment may be required
Law on Nature Protection (Official Gazette of Montenegro No. 54/15, 18/19)	This law regulates the conditions and manner of protection and conservation of nature. This Law describes the subjects of nature conservation, nature conservation documents, nature protection and conservation, protected natural resources, management of protected areas and areas of the ecological network, speleological, geological and paleontological objects, conservation of genetic diversity, access to information and promotion of nature conservation, financing of nature conservation and conservation of protected natural resources. Protected natural resources are declared parts of nature of exceptional value, which are characterized by biological, geological, ecosystem and landscape diversity. Protected natural resources are: i) protected areas: strict nature reserve, national park, special nature reserve, nature park, natural monument and area of exceptional features and ii) ecological network areas.
Law on Air Protection (Official Gazette of Montenegro No. 25/10, 40/11, 43/15, 73/19)	Law on Air Protection regulates the manner of air quality monitoring, protection measures, assessment and improvement of air quality, as well as air quality planning and management. This Law defines the competencies and obligations of air protection authorities; air quality assessment; air quality monitoring and air emissions;

	air quality management; air quality improvement; information and reporting; air protection financing and supervision.
Regulations deriving from the Law on Air Protection	<ul style="list-style-type: none"> - Regulation on Maximum National Emissions of Certain Pollutants (Official Gazette of Montenegro No. 3/12) - Rulebook on Limit Values for Emissions of Pollutants into Air from Stationary Sources (Official Gazette of Montenegro No. 10/11) - Regulation on Substances that Deplete the Ozone Layer and Alternative Substances (Official Gazette of Montenegro No. 79/21) - Regulation on Limit Values for the Content of Pollutants in Liquid Fuels of Petroleum Origin (Official Gazette of Montenegro No. 17/17) - Regulation on Determining the Types of Pollutants, Value Limits and other Air Quality Standards (Official Gazette of Montenegro No. 25/12) - Regulation on the Activities that Affect or may affect the Air Quality (Official Gazette of Montenegro No. 61/12)
Law on Protection from Noise in the Environment (Official Gazette of Montenegro No. 028/11, 001/14, 002/18)	Law on Protection from Noise in the Environment prescribes measures for preventing or reducing the harmful impact of noise in the environment and other issues of importance for the protection of the environment and human health from the impact of noise. This law applies to noise in the environment, especially in built-up areas, city parks and other quiet zones in agglomerations, quiet zones in nature, next to schools, hospitals and other facilities, where the population, and especially vulnerable groups (children, the elderly, the sick, etc.) are exposed to the harmful effects of noise. This law prescribes environmental noise management, strategic noise maps and action plans, environmental noise protection measures, reporting to the European Commission and supervision of the implementation of the law.
Regulations deriving from the Law on Protection from Noise in the Environment	<ul style="list-style-type: none"> - Rulebook on the Methods and Instruments of Noise Measurement and the Conditions to be met by Noise Measure Organizations (Official Gazette of Montenegro No. 27/14, 017/17) - Rulebook on value limits of Environmental Noise, the Method for Determining the Acoustic Noise Indicators and Assessment Methods of the Harmful Effects of Noise (Official Gazette of Montenegro No. 60/11)
Law on Waste Management (Official Gazette of Montenegro No. 034/24)	Law on waste management regulates the principles of waste management, types and classification of waste, rights and obligations related to waste management, waste management plans and programs, permits and registers, special types of waste, incineration and incineration of waste, depositing and storage of waste, cross-border movement of waste and supervision of the implementation of the law.
Regulations deriving from the Law on Waste Management	<ul style="list-style-type: none"> - Ordinance on Waste Classification, Waste Catalogue, Waste Treatment Procedures, i.e., Waste Processing and Disposal (Official Gazette of Montenegro No. 064/24) - Regulation on the method and procedure of establishing the System of receiving, collection and processing of waste from electrical and electronic products and the operation of that system (Official Gazette of Montenegro No. 024/12) - Rulebook on the Treatment of Construction Waste Management, Manner and Method of Construction Waste Treatment, Conditions and Manners of Disposal of Asbestos Cement Waste (Official Gazette of Montenegro No. 050/12) - Regulation on the Conditions, Manner and Procedure of Medical Waste Treatment (Official Gazette of Montenegro No. 49/12)

	<ul style="list-style-type: none"> - Rulebook on Waste Oil (Official Gazette of Montenegro No. 048/12) - Regulation on the Procedure for Establishing the System of Taking, Collecting and Treatment of Waste Batteries and Accumulators and System Operation (Official Gazette of Montenegro No. 039/12, 47/12) - Rulebook on the Method and Conditions of Waste Disposal (Official Gazette of Montenegro No. 33/13, 65/15)
Law on Water (Official Gazette of Montenegro No. 27/07, 32/11, 47/11,48/15, 52/16, 55/16, 2/17, 80/17, 84/18)	Law on Water regulates the legal status and manner of integrated management of water, water and coastal land and water facilities, the conditions and manner of performing water activities and other issues of importance for the management of water and water resources. This law applies to surface water, groundwater and mixed waters of estuaries of rivers flowing into the sea; mineral and thermal waters; water well; drinking water deposits in the territorial sea; waters of the coastal sea from pollution from land.
Regulations deriving from the Law on Water	<ul style="list-style-type: none"> - Regulation on the Classification and Categorization of Surface and Underground Water (Official Gazette of Montenegro No. 2/07)
Law on the Transport of Hazardous Substances (Official Gazette of Montenegro No. 33/14, 13/18)	The Law regulates the transport of dangerous goods in road, rail, sea and air transport and is in harmony with the confirmed international treaties governing the transport of dangerous goods. Transport of dangerous goods, within the meaning of this Law, includes loading and unloading of dangerous goods, change of the type of transport as well as stops caused by an accident or traffic accident.
Regulations deriving from the Law on the Transport of Hazardous Substances	<ul style="list-style-type: none"> - Regulation on the List of Dangerous Substances, Permitted Quantities and Criteria for Categorization of Hazardous Substances (Official Gazette of Montenegro No. 5/11)
Law on Communal Activities (Official Gazette of Montenegro No. 55/16, 74/16, 2/18, 66/19, 140/22)	Law on Communal Activities defines communal activities (public water supply; municipal wastewater management; storm water management; municipal waste management; arrangement and maintenance of public areas; management of public lighting and others), regulates the conditions and manner of performing communal activities and other important issues for communal activities
Law on Protection and Rescue (Official Gazette of Montenegro No. 013/07, 005/08, 086/09, 032/11, 054/16, 146/21, 003/23)	Protection and rescue include a set of measures and actions taken in order to detect and prevent the emergence of hazard, as well as to mitigate and eliminate the consequences of natural disasters, technical and technological accidents, radiation, chemical and biological contamination, war destruction and terrorism, epidemics, epizootics, epiphytotic and other disasters that can or endanger the population, material goods and the environment. Protection and rescue are carried out by: state authorities, state administration bodies, local self-government units, companies, entrepreneurs and other legal and natural persons. This Law regulates the protection and rescue system, the state of emergency, protection and rescue plans, management and coordination in protection and rescue, rights and obligations of protection and rescue participants, protection and rescue measures, financing, supervision and penal provisions.
Law on Chemicals (Official Gazette of Montenegro No. 51/17)	Law on Chemicals regulates the classification, packaging and labeling of chemicals, the trade, import and export of hazardous chemicals, as well as other issues of importance for the protection of human life and health and the environment from the harmful effects of chemicals. This Law regulates the provisions relating to the Register of Chemicals according to the model prescribed by the provisions on the REACH registration.
Law on Spatial Planning and Construction (Official Gazette	Law on Spatial Planning and Construction regulates the system of spatial planning, the manner and conditions of construction of buildings, the

of Montenegro No. 064/17, 044/18, 063/18, 011/19, 082/20, 086/22, 004/23)	legalization of illegal buildings and other issues of importance for spatial planning and construction of facilities. This Law regulates spatial planning, development of construction land, construction of facilities (basic requirements for the facility, technical documentation, construction of facilities and professional supervision, use of facilities), removal of facilities, temporary and auxiliary facilities, performance of activities, licenses, chambers, legalization of illegal buildings, complex engineering structures, supervision and penal provisions.
Law on Cultural Heritage Protection (Official Gazette of Montenegro No. 049/10, 040/11, 044/17, 018/19)	Law on Cultural Heritage Protection regulates the types and categories of cultural property, the ways of establishing protection, the regime and measures of protection, the rights and obligations of owners and holders of cultural property and other issues of importance for the protection and preservation of cultural property. Cultural property is any immovable, movable and intangible property that, in accordance with the law, has been determined to be of permanent historical, artistic, scientific, archaeological, architectural, anthropological, technical or other social significance. The protected environment of immovable cultural property, an object that forms a historical, artistic, visual or functional unit with immovable cultural property, an object in which movable cultural property is permanently stored or exhibited, documentation on cultural property, property under prior protection, obligatory copy of a publication and public archival material are also protected.
SOCIAL ISSUES	
Law on Gender Equality (Official Gazette of Montenegro No. 46/7 73/10, 35/15)	Aim of this law is to ensure equal opportunities for men and women in all areas of public and private life, including employment, education, and political participation. It requires public institutions and employers to implement gender equality measures and report on their progress.
Law on the Prohibition of Discrimination (Official Gazette of Montenegro No. 46/2010, 40/2011, 18/2014, 42/2017)	This law complements the Law on Gender Equality by providing a broader framework to combat discrimination.
Law on Minority Rights and Freedoms (Official Gazette of Montenegro No. 31/06, 51/06, 38/07, 002/11, 008/11, 031/17)	This law guarantees minorities the right to preserve and develop their culture, language, and traditions.
Law on Freedom of Religion or Conviction and Legal Position religious Communities (Official Gazette of Montenegro No. 074/19, 008/21)	This law guarantees individuals and religious communities the freedom to manifest their religion, both individually and collectively, through worship, observance, practice, and teaching.
Law on the Prohibition of Discrimination against Persons with Disabilities (Official Gazette of Montenegro No. 35/15)	This law protects the rights of persons with disabilities in Montenegro and is aligned with international standards, particularly the United Nations Convention on the Rights of Persons with Disabilities.

<p>The Labor Act (Official Gazette of Montenegro No. 74/19, 8/21, 59/21, 68/21, 145/21, 77/24)</p>	<p>This law is the main legal framework governing labor practices. It ensures that employees have the right to fair earnings, workplace safety, health care, and protection of personal dignity. Special protections are provided to pregnant women, employees under 18, and those with disabilities.</p>
<p>Law on Foreigners (Official Gazette of Montenegro No. 12/2018, 3/2019, 86/2022 and 77/24)</p>	<p>This law extends rights prescribed in the Labor Act to foreign workers and refugees granting them access to the labor market and healthcare.</p>
<p>The Pension and Disability Insurance Act (Official Gazette of Montenegro No. 54/03, 39/04, 61/04, 79/04, 81/04, 29/05, 14/07, 47/07, 12/07, 13/07, 79/08, 14/10, 78/10, 34/11, 39/11, 4/11, 66/12, 36/13, 38/13, 61/13, 6/14, 60/14, 60/14, 10/15, 44/15, 42/16, 55/16, 80/20, 145/21, 86/22, 99/23, 125/23, 77/24)</p>	<p>This law outlines conditions for old-age and disability pensions, with eligibility based on age and years of insurance coverage.</p>
<p>The Occupational Safety and Health Act (Official Gazette of Montenegro No. 34/14, 044/18)</p>	<p>This is the umbrella law for OHS in Montenegro, applying to all employees in the country, including those working abroad under less favorable conditions.</p>
<p>The Law on Free Access to Information (Official Gazette of Montenegro No. 44/12, 30/17)</p>	<p>This law aims to enhance transparency and guarantee public access to information held by public authorities. It grants every natural or legal person the right to access information possessed by state bodies, local governments, public companies, and other entities that carry out public functions.</p>
<p>The Law on the Protection of Personal Information (Official Gazette of Montenegro No. 79/8, 70/9, 44/12, 22/17 and 77/24)</p>	<p>The law is a legal framework designed to safeguard the personal data of individuals within the country. It aligns with international standards and principles, particularly the European Union's General Data Protection Regulation (GDPR).</p>

3.1.3. Overview of the institutional framework

The main central government stakeholders regarding **environmental issues** are Ministry of Ecology, Sustainable Development and Northern Region Development and Eco Fund.

Ministry of Ecology, Sustainable Development and Northern Region Development

The Ministry of Ecology, Sustainable Development and Northern Development performs administrative tasks related to: preparation and monitoring of regulations and strategic planning of systems in the field of ecology, sustainable development and development of the north; a system of integrated environmental protection and sustainable use of natural resources; Environmental Impact Assessment and Strategic Environmental Assessment, Integrated Pollution Prevention and Control; nature conservation; air quality; climate change and the approval and monitoring of projects implemented to mitigate the effects of climate change; protection of the ozone layer; noise and vibration protection; Chemicals; protection from radiation (radioactive substances and ionizing radiation); non-ionizing radiation; protection of the soil from pollution and other tasks related to ecology and sustainable development.

Environmental Protection Agency of Montenegro

The Agency performs professional and related administrative tasks in the field of environmental protection:

- Environmental Monitoring in the field of air quality (including monitoring of pollen suspended in the air), content of hazardous and harmful substances in soil, state of coastal sea ecosystems, state of biodiversity, environmental noise, ionizing and non-ionizing radiation, analysis and reporting on the state of the environment, proposing measures to reduce the negative impact on the environment, Issuance of the Act on Conditions for Nature Conservation for the Purpose of Drafting Plans, Bases and Programs;
- Creating analyses and reports
- Issuing permits: IPPC permits; permits for cross-border transport of waste, processing and/or disposal of waste; permits for monitoring fuel quality; for monitoring air quality; emission measurement permits on permitted emissions of air pollutants, import or export of ozone-depleting substances, alternative substances, products containing them; permits for the measurement of noise levels in the environment and for the production of strategic noise maps; permits for the production, trade and use of sources of ionizing radiation and radioactive materials; permits for the performance of professional activities of protection against non-ionizing radiation, for the use of sources of electromagnetic fields, devices emitting optical radiation or containing sources of optical radiation and devices emitting ultrasound, as well as permits for professional training of persons responsible for the implementation of measures of protection against non-ionizing radiation; permits for import, export and transit of chemicals included in the list of classified substances, for export and import of detergents, for the performance of the activity of trade in hazardous chemicals, import, export and transit of biocidal products; permits to carry out maintenance and/or repair activities, as well as the exclusion from use of products containing ozone-depleting substances and/or alternative substances
- Communicating with relevant national and international bodies and organizations, as well as with the public
- Performing other tasks stipulated by the Law on Environment and special regulations.

The Agency cooperates with international bodies and organizations of other countries dealing with environmental protection, in particular with the European Environment Agency, the International Atomic

Energy Agency, participates in the work of professional networks within the European Union, as well as with similar agencies in other countries.

Eco Fund

The activity of the Eco-Fund is to finance the preparation, implementation and development of programs, projects and similar activities in the field of conservation, sustainable use, protection of environmental improvement, energy efficiency and use of renewable energy sources at the state and local level, namely: implementation of national strategic planning documents in the field of environmental protection, sustainable development and energy efficiency; mediation in connection with the financing of environmental protection, energy efficiency and renewable energy sources from the funds provided from loans, donations and aid, programs and funds of the European Union, the United Nations and international organizations, foreign investments intended for environmental protection, from foreign countries, financial institutions and domestic and foreign legal and natural persons; maintaining a database of programs, projects and similar activities in the field of environmental protection and energy efficiency, the necessary and available financial resources for their realization; establishing and achieving cooperation with international and domestic financial institutions and other legal and natural persons, in order to finance the protection of environmental and energy efficiency, in accordance with national strategic planning documents in the field of environmental protection, energy efficiency and renewable energy sources; and other activities related to the financing of environmental protection and energy efficiency.

Water Administration

The Water Administration is a state administration body responsible for the implementation of water management policy in Montenegro, in accordance with the principles of water management, water and coastal land and water facilities. The Water Administration implements measures and actions with the aim of securing and using water, with long-term protection of water quality and water sources, protection of water from pollution, regulation of waters and watercourses and protection from the harmful effects of water.

Ecological Inspection

The Department of Environmental Inspection performs tasks related to: inspection supervision of the application of laws, bylaws and other regulations in the field of environmental protection and chemicals; undertaking and executing administrative and other measures and actions in order to eliminate the identified irregularities and harmonize operations with regulations; issuing misdemeanor warrants, filing requests for initiating misdemeanor proceedings, filing criminal and other appropriate charges (initiating proceedings before the competent authorities); proposing initiatives to amend laws, other regulations and general acts and proposing measures to improve the situation in this area of supervision; preparation of analyses, reports and information from the scope of work of the Department; coordinating the activities of establishing and implementing the risk management process in the Department; Establishing cooperation with other administrative bodies, institutions and business entities; as well as other tasks within the jurisdiction of the Department.

Cultural Heritage Protection Administration (CHPA)

The Sector for the Implementation of Measures for the Protection of Cultural Property performs tasks related to: issuing permits for archaeological and conservation research; suspension of research and revocation of research authorizations; determining the value and status of incidental findings; preparation and adoption of studies for the protection of cultural property for the purpose of drafting state and local planning documents; cooperation with holders of preparatory work and processors of planning

documents; considering and giving opinions on planning documents; granting consent for geological exploration in the vicinity of cultural property; issuing conservation conditions and granting consent to conservation projects; temporary or permanent suspension of the implementation of conservation measures or works on cultural property; receipt of works carried out on cultural property, after the implementation of conservation measures; suspension of works on cultural property carried out without or outside the approved conservation project; providing professional assistance to owners and holders of cultural property; compliance with the established regime and implementation of measures of protection of cultural property, as well as the exercise of rights and obligations of owners and holders of cultural property; as well as other tasks assigned.

The Sector for the Establishment of the Protection of Cultural Property performs tasks related to: research, study, documentation and recording of cultural property; collecting, professionally processing and preserving documentation on cultural property; the establishment of prior protection of objects, objects, sites and areas and other tangible goods that are reasonably believed to have cultural value; determining the cultural value of cultural goods; determining the status of cultural property and establishing permanent protection of cultural property; continuous monitoring of the state of cultural property and revaluation of its cultural value; determining the reasons and making a decision on the termination of the status of cultural property; the formation of a file of cultural property; Establishment and maintenance of registers of cultural property in analogue and electronic form; establishing and managing the information system of cultural property and its interconnection with other appropriate information systems; cooperation with owners and holders of cultural property and non-governmental organizations dealing with the protection of cultural property; the appointment of a temporary guardian of cultural property; giving opinions for the temporary removal of cultural property; taking care of the cultural heritage that has been introduced; return of cultural objects that have been illegally removed from the territory of the Member States of the European Union, the territory of other countries and Montenegro; taking care of the timely return of temporarily removed cultural property and determining the condition in which it was returned; determining the purpose and manner of use of cultural property for the purpose of sustainable development and granting approval for the use of cultural property for commercial purposes; recording of objects, objects, localities, areas and other material goods that enjoy prior protection.

The UNESCO Sector performs tasks related to the coordination of activities on the implementation of various projects and programs in the field of protection of cultural property under the special regime of UNESCO; enables the full implementation of the policies, programmes and recommendations of the Montenegrin National Commission for UNESCO, intensive communication and exchange of information between the Commission, the Permanent Representation of Montenegro to UNESCO and line ministries, other bodies and organizations; preparation and adoption of studies for the protection of cultural property for the purpose of drafting state and local planning documents; cooperation with holders of preparatory work and processors of planning documents; considering and giving opinions on planning documents; compliance with the established regime and implementation of protection of cultural property, implementation of international legislation (UNESCO Convention, Decision of the World Heritage Committee of 2014, 2016 and 2018, all with the aim of protecting the exceptional universal values of the Natural and Cultural and Historical Area of Kotor).

Municipal Police

Municipal Police performs tasks related to: public purity, transport and disposal of municipal and other waste; construction, maintenance and use of landfills; editing and maintenance of pots, cemeteries, parks, green and other public areas, public lighting, local roads and streets, traffic signs and signaling; passenger

transport in urban and suburban line traffic; car taxis and extraordinary transport; the installation of temporary, auxiliary and montage objects of temporary character; housing in residential buildings; keeping pets; protection against noise in the environment; heat supply; working time controls; water management, collection and discharge of atmospheric waters, carrying out activities in the area of exploration and deposition of river-based waterborne impacts.

The main central government stakeholders regarding social issues are Ministry of Human and Minority Rights, Ministry of Labor Employment and Social Dialogue, Protector of Human Rights and Freedoms (Ombudsman) and Agency for the Protection of Personal Data and Free Access to Information.

Ministry of Human and Minority Rights

This ministry is responsible for promoting and protecting the rights of various vulnerable groups, including women, ethnic minorities, and persons with disabilities. The ministry oversees the implementation of the Law on Gender Equality, ensuring that public institutions and employers incorporate gender equality measures into their operations. It also coordinates with the Gender Equality Department to monitor the effectiveness of these measures. It supports minority national councils in their efforts to preserve and promote the cultural, linguistic, and religious identities of minority groups. The ministry also ensures that minorities are proportionally represented in public institutions and have access to education in their native languages. The ministry is involved in the protection and promotion of the rights of persons with disabilities, ensuring that their needs are considered in public policies and that they have equal access to services and opportunities.

Ministry of Labor Employment and Social Dialogue

This ministry is responsible for labor policies, social welfare programs, and the protection of workers' rights. It ensures that working conditions meet national and international standards and that vulnerable groups receive adequate social protection. The ministry enforces the Labor Act, ensuring that employees are treated fairly, receive fair wages, and work in safe environments. It also addresses issues such as workplace discrimination and the protection of pregnant women and persons with disabilities. The ministry implements the Occupational Safety and Health Act, requiring employers to conduct risk assessments, provide protective equipment, and train employees on safety protocols. It manages social welfare programs that provide support to vulnerable groups, including persons with disabilities, the elderly, and low-income families.

Protector of Human Rights and Freedoms (Ombudsman)

The Ombudsman is an independent institution tasked with protecting the human rights of all citizens. It investigates complaints of rights violations and works to resolve them through recommendations to public institutions. The Ombudsman addresses complaints related to human rights violations, including discrimination based on gender, ethnicity, or disability. It can initiate investigations, make recommendations to public authorities, and advocate for policy changes to protect citizens' rights. The Ombudsman monitors the implementation of human rights laws and ensures that public institutions comply with both national laws and international human rights standards.

Agency for the Protection of Personal Data and Free Access to Information

This agency oversees the enforcement of laws related to data protection and the right to access public information. It ensures that public and private entities protect personal data and that citizens have access to government-held information. It monitors data processing activities and can investigate breaches of data protection laws. It also ensures compliance with the Law on Free Access to Information, which allows citizens to request and obtain information held by public authorities. The agency handles complaints about denied requests and works to promote transparency in government operations.

3.2. Overview of the World Bank Environmental and Social Standards

The World Bank developed an Environmental and Social Framework (ESF) setting out the World Bank's commitment to sustainable development through application of Bank Environmental and Social Policy and ten Environmental and Social Standards which are designed to support Borrowers' projects, with the aim of ending extreme poverty and promoting shared prosperity.

The ESF supports green, resilient and inclusive development by strengthening protections for people and the environment and making important advances in areas of labor, inclusion and non-discrimination, gender, climate change, biodiversity, community health and safety, and stakeholder engagement.

The ESF places an emphasis on strengthening national environmental and social management systems and institutions and supporting Borrower capacity building.

The Environmental and Social Standards (ESS) present set of obligatory guidelines and instructions for Borrower and the project with the main objective to foster efficient and effective identification and mitigation of potentially adverse environmental and social impacts that may occur in the projects development, with proper stakeholder engagement and sustainable management. WB ESS, supported by WB Group Environmental, Health and Safety Guidelines (ESHG) are applied in parallel to the national policies where, as a rule, the stricter one prevails.

3.2.1. Environmental, Health and safety Guidelines (ESHG)

World Bank Group Environmental, Health, and Safety Guidelines (EHS) <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/157871484635724258/environmental-health-and-safety-general-guidelines> are technical reference documents with general and industry-specific examples of Good International Industry Practice (GIIP).

The EHS guidelines contain the performance levels and measures that are generally considered to be achievable in new facilities. Application of the EHS guidelines to existing facilities involve the establishment of site-specific targets, with an appropriate timetable for achieving them.

The applicability of the EHS should be adjusted to the hazards and risks determined for each project based on the results of an environmental assessment in which site-specific variables, such as country context, assimilative capacity of the environment, and other project factors, are taken into account.

When country regulations differ from the levels and measures presented in the EHS guidelines, projects are expected to achieve whichever is more stringent. If less stringent levels or measures than those provided in these EHS guidelines are appropriate, in view of specific project circumstances, a full and detailed justification for any presented alternatives is needed as part of the site-specific environmental assessment.

The General EHS Guidelines are designed to be used together with the relevant Industry Sector EHS Guidelines which provide guidance to users on EHS issues in specific industry sectors.

General EHS Guidelines are:

1. Environmental
 - 1.1. Air Emissions and Ambient Air Quality
 - 1.2. Energy Conservation
 - 1.3. Wastewater and Ambient Water Quality
 - 1.4. Water Conservation
 - 1.5. Hazardous Materials Management

- 1.6. Waste Management
- 1.7. Noise
- 1.8. Contaminated Land
2. Occupational Health and Safety
 - 2.1. General Facility Design and Operation
 - 2.2. Communication and Training
 - 2.3. Physical Hazards
 - 2.4. Chemical Hazards
 - 2.5. Biological Hazards
 - 2.6. Radiological Hazards
 - 2.7. Personal Protective Equipment (PPE)
 - 2.8. Special Hazard Environments
 - 2.9. Monitoring
3. Community Health and Safety
 - 3.1. Water Quality and Availability
 - 3.2. Structural Safety of Project Infrastructure
 - 3.3. Life and Fire Safety (L&FS)
 - 3.4. Traffic Safety
 - 3.5. Transport of Hazardous Materials
 - 3.6. Disease Prevention
 - 3.7. Emergency Preparedness and Response
4. Construction and Decomposition
 - 4.1. Environment
 - 4.2. Occupational Health and Safety
 - 4.3. Community Health and Safety

3.2.2. Environmental and Social Standards (ESS)

There are 10 ESS. Each of the ESSs sets out a number of objectives. The objectives describe the outcomes that each of the ESSs is intended to achieve.



ESS1 Assessment and Management of Environmental and Social Risks and Impacts

This standard sets out the Borrower's responsibilities for assessing, managing and monitoring environmental and social risks and impacts associated with each stage of a project in order to achieve environmental and social outcomes consistent with the Environmental and Social Standards (ESSs). ESS1 is applied to all projects supported by the Bank through Investment Project Financing. ESS1 is also applied to all Associated Facilities/Activities which must meet ESSs requirements to the extent that the Borrower has control or influence over such Associated Facilities/Activities².

Within ESS1, the Borrower is obliged to:

- conduct an E&S assessment of the proposed project, including stakeholder engagement,

² Facilities or activities that are not funded as part of the project and are: (a) directly and significantly related to the project; (b) carried out, or planned to be carried out, contemporaneously with the project; and (c) necessary for the project to be viable and would not have been constructed, expanded or conducted if the project did not exist. For a facility or an activity to be defined as associated facility, all three criteria must be fulfilled.

- undertake stakeholder engagement and disclose appropriate information in accordance with ESS10,
- develop an Environmental and Social Commitment Plan (ESCP)³ and implement all measures and actions set out in the legal agreement including the ESCP,
- conduct monitoring and reporting on the environmental and social performance of the project against the ESSs.

The Bank classifies a proposed projects depending on the type, location, sensitivity, and scale of the project and the nature and magnitude of its potential environmental and social risks and impacts, into one of four categories:

- Projects with high risk,
- Projects with substantial risk,
- Projects with moderate risk,
- Projects with low risks.

The environmental and social assessment must be proportionate to the risks and impacts of the project and must assess all relevant direct, indirect and cumulative E&S risks and impacts throughout project life cycle, including those specifically identified in the ESS2-10.

The E&S assessment process must apply mitigation hierarchy according to which: (a) risks and adverse impacts needs to be anticipated and to the extent possible avoided, while positive impacts and benefits for the community and physical environment need to be maximized, (b) where avoidance is not possible, minimize or reduce risks and impacts to acceptable levels; (c) residual adverse impacts and risks need to be removed or mitigated to the acceptable level; (d) where significant residual impacts remain, compensate where technically and financially feasible.

Depending on the project, a range of instruments can be used to satisfy the Bank's Environmental and Social Assessment (ESA) requirement: environmental impact assessment (ESIA), regional or sectorial EA, Environmental and Social Commitment Plan (ESCP) – material measures and actions required for the project to achieve compliance with the ESSs over a specified timeframe, strategic environmental and social assessment (SESA), environmental audit, hazard or risk assessment, environmental management plan (EMP) and environmental and social management framework (ESMF). EA applies one or more of these instruments, or elements of them, as appropriate. When the project is likely to have sectorial or regional impacts, sectorial or regional EA is required.

For projects which involve a set of subprojects, identified, prepared and implemented during the Project, environmental and social assessment is carried out using the instrument of Environmental and Social Management Framework (ESMF). The ESMF sets out the principles, rules, guidelines and procedures to assess the environmental and social risks and impacts of any future subproject.



ESS2 Labor and Working Conditions

The applicability of ESS2 is established during the environmental and social assessment described in ESS1. The scope of application of ESS2 depends on the type of employment relationship between the Borrower and the project workers⁴.

³ ESCP is a summary document that incorporates the material measures and actions that are required for the project to achieve compliance with the ESSs over a specified timeframe in a manner satisfactory to the World Bank. The ESCP should be developed as information regarding the potential risks and impacts of the project, it will take into account the findings of the environmental and social assessment, the Bank's environmental and social due diligence and the results of engagement with stakeholders.

⁴ The term "project worker" refers to: (a) people employed or engaged directly by the Borrower (including the project proponent and the project implementing agencies) to work specifically in relation to the project (direct workers); (b) people employed or engaged through third parties to perform work related to core functions of the project, regardless of location (contracted

Main objectives of ESS2 are:

- to promote safety and health at work;
- to promote the fair treatment, non-discrimination and equal opportunity of project workers;
- to protect project workers, including vulnerable workers such as women, persons with disabilities, children (working age) and migrant workers, contracted workers, community workers and primary supply workers, as appropriate;
- to prevent the use of all forms of forced labor and child labor;
- to support the principles of freedom of association and collective bargaining of project workers in a manner consistent with national law;
- to provide project workers with accessible means to raise workplace concerns.



ESS3 Resource Efficiency and Pollution Prevention and Management

ESS3 sets out the requirements to address more efficient and effective resource use, pollution prevention and pollution and GHG emission avoidance, and use of mitigation technologies and practices and management throughout the project life cycle

consistent with GIIP.

Main objectives of ESS3 are:

- to promote the sustainable use of resources, including energy, water and raw materials;
- to avoid or minimize adverse impacts on human health and the environment by avoiding or minimizing pollution from project activities;
- to avoid or minimize project-related emissions of short and long-lived climate pollutants;
- to avoid or minimize generation of hazardous and non-hazardous waste;
- to minimize and manage the risks and impacts associated with pesticide use.

To meet the above-mentioned objectives the Borrower should (considering ambient conditions) apply technically and financially feasible prevention measures regarding: resource efficiency, energy use, water use, raw material use, pollution prevention and management, management of air pollution, management of hazardous and nonhazardous wastes, management of chemicals and hazardous materials according to the requirements and conditions of ESS3. The measures will be proportionate to the risks and impacts associated with the project and consistent with GIIP, in the first instance the EHSs.



ESS4 Community Health and Safety

ESS4 addresses the health, safety, and security risks and impacts on project-affected communities and the corresponding responsibility of Borrowers to avoid or minimize such risks and impacts, with particular attention to people who, because of their

particular circumstances, may be vulnerable.

Main objectives of ESS4 are:

- to anticipate and avoid adverse impacts on the health and safety of project-affected communities during the project life cycle from both routine and nonroutine circumstances;
- to promote quality and safety, and considerations relating to climate change, in the design and construction of infrastructure, including dams;
- to avoid or minimize community exposure to project-related traffic and road safety risks, diseases and hazardous materials;
- to have in place effective measures to address emergency events;

workers); (c) people employed or engaged by the Borrower's primary suppliers (primary supply workers); and (d) people employed or engaged in providing community labor (community workers).

- to ensure that the safeguarding of personnel and property is carried out in a manner that avoids or minimizes risks to the project-affected communities.



ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

ESS5 recognizes that project-related land acquisition and restrictions on land use can have adverse impacts on communities and persons. Project-related land acquisition¹ or restrictions on land use² may cause physical displacement (relocation, loss of residential land or loss of shelter), economic displacement (loss of land, assets or access to assets, leading to loss of income sources or other means of livelihood),³ or both. The term “involuntary resettlement” refers to these impacts. Resettlement is considered involuntary when affected persons or communities do not have the right to refuse land acquisition or restrictions on land use that result in displacement.

Main objectives of ESS5 are:

- to avoid involuntary resettlement or, when unavoidable, minimize involuntary resettlement by exploring project design alternatives;
- to avoid forced eviction;
- to mitigate unavoidable adverse social and economic impacts from land acquisition or restrictions on land use by: (a) providing timely compensation for loss of assets at replacement cost and (b) assisting displaced persons in their efforts to improve, or at least restore, their livelihoods and living standards, in real terms, to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher;
- to improve living conditions of poor or vulnerable persons who are physically displaced, through provision of adequate housing, access to services and facilities, and security of tenure;
- to conceive and execute resettlement activities as sustainable development programs, providing sufficient investment resources to enable displaced persons to benefit directly from the project, as the nature of the project may warrant;
- to ensure that resettlement activities are planned and implemented with appropriate disclosure of information, meaningful consultation, and the informed participation of those affected.



ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

ESS6 recognizes the importance of maintaining core ecological functions of habitats, including forests, and the biodiversity they support. Habitat is defined as a terrestrial, freshwater, or marine geographical unit or airway that supports assemblages of living organisms and their interactions with the non-living environment. All habitats support complexities of living organisms and vary in terms of species diversity, abundance and importance. This ESS also addresses sustainable management of primary production and harvesting of living natural resources.

Main objectives of ESS6 are:

- to protect and conserve biodiversity and habitats;
- to apply the mitigation hierarchy and the precautionary approach in the design and implementation of projects that could have an impact on biodiversity;
- to promote the sustainable management of living natural resources;
- to support livelihoods of local communities, including Indigenous Peoples, and inclusive economic development, through the adoption of practices that integrate conservation needs and development priorities.

Based on the environmental and social assessment, the requirements of this ESS are applied to all projects that potentially affect biodiversity or habitats, either positively or negatively, directly or indirectly, or that depend upon biodiversity for their success. ESS6 also applies to projects that involve primary production and/or harvesting of living natural resources.



ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

ESS7 ensures that the development process fosters full respect for the human rights, dignity, aspirations, identity, culture, and natural resource-based livelihoods of Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities.



ESS8 Cultural Heritage

ESS8 sets out general provisions on risks and impacts to cultural heritage from project activities and sets out measures designed to protect cultural heritage throughout the project life cycle.

Main objectives of ESS8 are:

- to protect cultural heritage from the adverse impacts of project activities and support its preservation;
- to address cultural heritage as an integral aspect of sustainable development;
- to promote meaningful consultation with stakeholders regarding cultural heritage;
- to promote the equitable sharing of benefits from the use of cultural heritage.

The requirements of ESS8 will apply to all projects that are likely to have risks or impacts on cultural heritage. This includes a project which: (a) involves excavations, demolition, movement of earth, flooding or other changes in the physical environment; (b) Is located within a legally protected area or a legally defined buffer zone; (c) is located in, or in the vicinity of, a recognized cultural heritage site; or (d) is specifically designed to support the conservation, management and use of cultural heritage. The requirements of ESS8 apply to cultural heritage regardless of whether or not it has been legally protected or previously identified or disturbed.

If previously unknown cultural heritage is encountered during project activities, a chance finds procedure should be followed. It has to be included in all contracts relating to construction of the project, including excavations, demolition, movement of earth, etc. The chance finds procedure sets out how chance finds associated with the project must be managed. A chance finds procedure is included in relevant procurement documents and instructions to contractors. A chance finds procedure is not a substitute for preconstruction surveys and analyses.



ESS9 Financial Intermediaries

ESS9 recognizes that strong domestic capital and financial markets and access to finance are important for economic development, growth and poverty reduction. The Bank is committed to supporting sustainable financial sector development and enhancing the role of domestic capital and financial markets.



ESS10 Stakeholder Engagement and Information Disclosure

ESS10 recognizes the importance of open and transparent engagement between the Borrower and project stakeholders as an essential element of good international practice. Effective stakeholder engagement can improve the environmental and social sustainability of projects, enhance project acceptance, and make a significant contribution to successful project design and implementation. Stakeholder engagement is an inclusive process conducted throughout the project life cycle. Where properly designed and implemented, it supports the development of strong, constructive, and responsive relationships that are important for successful management of a project's environmental and social risks. Stakeholder engagement is most effective when initiated at an early stage of the project development process and is an integral part of early project decisions and the assessment, management and monitoring of the project's environmental and social risks and impacts.

Main objectives of ESS10 are:

- to establish a systematic approach to stakeholder engagement that will help Borrowers identify stakeholders and build and maintain a constructive relationship with them, in particular project-affected parties;
- to assess the level of stakeholder interest and support for the project and to enable stakeholders' views to be taken into account in project design and environmental and social performance;
- to promote and provide means for effective and inclusive engagement with project-affected parties throughout the project life cycle on issues that could potentially affect them;
- to ensure that appropriate project information on environmental and social risks and impacts is disclosed to stakeholders in a timely, understandable, accessible and appropriate manner and format;
- to provide project-affected parties with accessible and inclusive means to raise issues and grievances and allow Borrowers to respond to and manage such grievances.

3.2.3. Results of the preliminary assessment of Environmental and Social Standards (ESS)

Results of the preliminary assessment of Environmental and Social Standards relevant to the Project are shown in the Table 5.

Table 5. Preliminary assessment of ESS

Environmental and Social Standard (ESS)	Relevance to the Project		Preliminary assessment
	Relevant	Not relevant	
ESS1 Assessment and Management of Environmental and Social Risks and Impacts	✓		<p>This Standard is relevant to the overall project and for Component 1, subject of this ESMF.</p> <p>Environmental and social risks and impacts have been preliminary identified. According to the World Bank criteria Montenegro Energy Sector Decarbonization Project falls into the category of projects with moderate environmental and social risk. Activities under Component 1 carry risks typical for construction works: operational health and safety and community safety risks (impact of reconstruction works on staff, teachers and students, who continue to occupy building rehabilitation sites), dust and noise emissions, traffic disruption, generation of construction waste, exposure of workers and building occupants to hazard materials (e.g. asbestos containing materials) before and during demolition and rehabilitation activities; unsafe working conditions; and poor occupational health and safety practices. Expected impacts from these activities will be typical for construction works, therefore localized, mostly predictable and readily mitigated. As an instrument that details the measures to be taken during the implementation and operation of a project to eliminate or offset adverse environmental and social impacts, or to reduce them to acceptable levels; and the actions needed to implement these measures the templates for ESMPs, ESMP Checklists and CHMPs will be prepared. The TA activities will integrate ES concerns into ToRs, studies, capacity building programs. An ESCP outlining project commitments will be prepared by Appraisal.</p>

<p>ESS2 Labor and Working Conditions</p>	<p>✓</p>	<p>This Standard is relevant to the overall project and for Component 1, subject of this ESMF. Project workers will include direct workers including MoE staff, contracted workers including employees of the contractors and their subcontractors and, to the extent possible primary supply workers. Most workers will be hired locally (with exceptions for skilled workers unavailable locally), and labor influx is expected to be low. The project will ensure safety of staff and other visitors during the construction works by site-specific ESMPs Checklists/ESMP and LMP. Labor Management Procedures are prepared based on the assessment of the Labor Law and Law on Safety and Health at Work and taking into account conditions under ESS2. A labor GRM will be established, and construction workers will adhere to SEA/SH Code of conduct during installation works.</p>
<p>ESS3 Resource Efficiency and Pollution Prevention and Management</p>	<p>✓</p>	<p>This Standard is relevant to the overall project and for Component 1, subject of this ESMF. Since Project activities include energy efficiency measures (improved insulation, replacement of doors and windows, upgrade or replacement of heating and cooling systems, replacement of lightening, upgrading of electrical network, installation of PV panel, reinforcement of structural elements) it will contribute to sustainable use of energy. Fuel switching in cooling and heating systems will contribute to reducing greenhouse gas emissions. The Project does not envisage a significant use of water or material resources. The following risks leading to environmental pollution have been identified: emission of pollutants into air, surface and ground water and soil (due to routine, non-routine, and accidental circumstances), inadequate noise management, waste management and management of hazardous substances (end-of-life and not-in-use solar panels, asbestos containing material, old heating/cooling units, e-waste etc.). Described environmental impacts are expected to be manageable, temporary and site specific as they are related to the general construction activities on existing locations. Management mitigation measures to address environmental impacts will be prepared in site-specific ESMPs/ESMPs Checklist (Annex 10.1 and 10.2.).</p>
<p>ESS4: Community Health and Safety</p>	<p>✓</p>	<p>This Standard is relevant to the overall project and for Component 1, subject of this ESMF. Civil works will be carried out mainly in or around university and public buildings, so the risk of endangering the health and safety of employees, students, visitors, and nearby communities must be avoided or minimized. Given the scope of construction works that are primarily focused on the rehabilitation/reconstruction of buildings, smaller and easily manageable impacts and risks on the health and safety of the community are expected. Potential threats to people and communities may be posed by physical and chemical hazard, increased levels of noise, dust, or temporary disruptions to traffic, risk of road accidents for pedestrians, disruptions in utility services due to accidents or</p>

			planned interventions (water, gas, electricity), inadequate organization of construction site and traffic regulation. These impacts are short-term, limited to the location and the immediate surrounding area, so they should not have a significant negative impact on the health and safety of the community. To ensure safety of staff and other visitors during works, mitigation measures to address environmental impacts will be prepared in site-specific ESMPs/ESMPs Checklist (Annex 10.1. and 10.2.)
ESS5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement		✓	This standard is not relevant. All reconstruction activities will be within footprints of the existing buildings or on available publicly owned land. There will be no temporary resettlement impacts from the project as all civil works will be conducted in public buildings.
ESS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	✓		This Standard is relevant to the overall project and for Component 1, subject of this ESMF. Activities adversely affecting the natural/critical habitats will be screened out through the ES screening process. Works will be carried out within the limited intervention scope (rehabilitation and reconstruction within the existing footprint of buildings or on available publicly owned land) in urbanized or per urbanizes areas, though unlikely, temporary and predictable impacts to protected areas should not be completely ruled out. The related risks will be addressed through site-specific ESMP/ESMP Checklists.
ESS7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities		✓	This standard is not relevant. Montenegro does not have distinct ethnic, social and/or cultural groups as covered by ESS7.
ESS8: Cultural Heritage	✓		This Standard is relevant to the overall project and for Component 1, subject of this ESMF. Some of the planned sub-projects may be registered as cultural heritage/assets or located in the area of the protected cultural and historical complex. In such cases, beneficiaries of facilities will obtain the relevant permits from authorized institutions before any civil works begin and works will be performed in line the given permit. If previously unknown cultural heritage is encountered during project activities, a chance finds procedure should be followed. The related risks will be addressed through site-specific ESMP/ESMP Checklists.
ESS9: Financial Intermediaries		✓	This standard is not relevant as the project does not envision involvement of financial intermediaries.
ESS10: Stakeholder Engagement and Information Disclosure	✓		This Standard is relevant to the overall project and for Component 1, subject of this ESMF. The Initial Stakeholder Engagement Plan (SEP) is being prepared parallel with the ESMF before project appraisal and will be publicly disclosed and updated periodically as necessary.

3.3. Gap analyses of ESS and national legislation compliance

In December 2010, Montenegro received the status of a candidate member of the EU, and on June 29, 2012, it began negotiations with the European Union. In December 2018, Montenegro opened the 27. negotiation chapter: Environment and Climate Change. It is stated in findings of the European Commission's Enlargement Report 2023 that Montenegro has made "very limited progress" in the area of environment and climate change.

As an EU candidate country Montenegro is in a process of harmonizing its environmental regulations and standards in line with EU directives.

A comprehensive list of the legal and institutional frameworks has been analyzed during the process of developing the current ESMF with the conclusion that the environmental regulations are in general in line with WB safeguards and policies. Several minor differences between national legislation and WB ESS were identified, regarding ESS6 and ESS10.

In relation to social impacts, the Montenegrin legislation is in line with WB safeguards and requirements in terms of human health and safety, public consultation, or provisions for addressing the relation and impact of the project to neighbouring properties and communities. Some differences between national legislation and WB ESS were identified, regarding ESS2 described in the Table 6.

For more information on national legislation see Chapter 3.1 Detailed information on discrepancy between ESSs and national legislation are given in Table 6.

Table 6. Compliance analysis of ESS and national legislation

Environmental and Social Standard (ESS)	National environmental and social framework	Compliance analysis (gaps)
ESS1 Assessment and Management of Environmental and Social Risks and Impacts	<ul style="list-style-type: none"> - Law on Environment (Official Gazette of Montenegro No. 52/16, 73/19) - Law on the Environmental Impact Assessment (Official Gazette of Montenegro No. 75/18) - Law on Nature Protection (Official Gazette of Montenegro No. 54/15, 18/19) - Law on Occupational Health and Safety (Official Gazette of Montenegro No. 34/14, 044/18) - Labor Law (Official Gazette No. 74/19, 8/21, 59/21, 68/21, 145/21, 77/24) - Law on Spatial Planning and Construction (Official Gazette of Montenegro No. 064/17, 044/18, 063/18, 011/19, 082/20, 086/22, 004/23) 	<p>According to ESS1 Borrower must conduct environmental and social assessment of all projects proposed for Bank financing to help ensure that projects are environmentally and socially sound and sustainable. Montenegrin legislation defines different mechanisms for environmental and social assessment of projects. The environmental legal, regulatory and policy framework in Montenegro is ensured through the following main instruments: Environment Impact Assessment, Location and Building permitting process (opinion of competed authorities for meeting environmental conditions must be issued as a part of permitting procedure, e.g., for water protection, protections of cultural heritage, etc.), Physical Planning. Although for certain projects/interventions legally is not specifically required to conduct procedure of environmental assessment, assessment is ensured by application of mechanisms of building permit process and physical planning (elimination and/or mitigation of possible negative environmental and social impact from a planned project is ensured). The most significant gap between WB standard and Montenegrin national legal framework is that social assessment and management of social risks are not a legal obligation under current legislation.</p>
ESS2 Labor and Working Conditions	<ul style="list-style-type: none"> - Law on Occupational Health and Safety (Official Gazette of Montenegro No. 34/14, 044/18) - Labor Law (Official Gazette of Montenegro No. 74/19, 8/21, 59/21, 68/21, 145/21, 77/24) 	<p>Law on Occupational Health and Safety does not require a balanced representation of women on OHS committees to help design policies responding to the needs of female project workers. Prohibition of retaliation is not explicitly mentioned neither in the Labor Law not in the Law on OHS.</p>
ESS3 Resource Efficiency and Pollution Prevention and Management	<ul style="list-style-type: none"> - Law on Efficient Use of Energy (Official Gazette of Montenegro No 57/14, 3/15, 25/19, 140/22) - Law on Environment (Official Gazette of Montenegro No. 52/16, 73/19) 	<p>Montenegro's Law on Waste Management aligns closely with the requirements of ESS 3 in the areas of waste hierarchy, recycling, hazardous waste management, and pollution control. National legislation prescribes the obligation to prepare a Waste Management Plan only for legal entities that</p>

Montenegro Energy Sector Decarbonization Project ESMF

	<ul style="list-style-type: none"> - Law on Nature Protection (Official Gazette of Montenegro No. 54/15, 18/19) - Law on Air Protection (Official Gazette of Montenegro No. 25/10, 40/11, 43/15, 73/19) - Law on Protection from Noise in the Environment (Official Gazette of Montenegro No. 028/11, 001/14, 002/18) - Law on Waste Management (Official Gazette of Montenegro No. 034/24) - Law on Water (Official Gazette of Montenegro No. 27/07, 32/11, 47/11, 48/15, 52/16, 55/16, 2/17, 80/17, 84/18) - Law on the Transport of Hazardous Substances (Official Gazette of Montenegro No. 33/14, 13/18) - Law on Chemicals (Official Gazette of Montenegro No. 51/17) 	<p>generate more than 20 t of non-hazardous and 200 kg of hazardous waste.</p> <p>ESS 3 takes a broader approach by integrating resource efficiency, pollution prevention, and climate change considerations that go beyond the scope of Montenegro's waste-specific legislation. Strengthening the enforcement and expanding the scope of national laws could further align Montenegro's practices with ESS 3's comprehensive standards.</p> <p>Legal requirements in Montenegrin legislation for noise levels are stricter than in WB EHS (for educational and institutional areas WB permitted noise levels for day are 55 dB and for night 45 dB and in Montenegrin legislation 40 dB for day and 35 dB for night).</p> <p>Montenegro's legislation largely aligns with ESS 3 in terms of resource efficiency, pollution prevention, and waste management. This is mainly due to Montenegro's alignment with EU environmental standards, which are comprehensive and stringent. Potential gaps may exist in the implementation and enforcement of these laws. While the legal framework is robust, the capacity to monitor and enforce compliance can vary.</p>
<p>ESS4: Community Health and Safety</p>	<ul style="list-style-type: none"> - The Labor Act (Official Gazette No. 74/19, 8/21, 59/21, 68/21, 145/21, 77/24) - Law on Occupational Health and Safety (Official Gazette of Montenegro No. 34/14, 044/18). - Law on Foreigners (Official Gazette No. 12/2018, 3/2019, 86/2022, 77/24), - Pension and Disability Insurance Act (Official Gazette No. 54/3, 39/4, 61/4, 79/4, 81/4, 29/5, 14/7, 47/7, 12/7, 13/7, 79/8, 14/10, 78/10, 34/11, 39/11, 4/11, 66/12, 36/13, 38/13, 61/13, 6/14, 60/14, 60/14, 10/15, 44/15, 42/16, 55/16, 80/20, 145/21, 145/21, 86/22, 99/23, 125/23, 77/2024) - Law on Environment (Official Gazette of Montenegro No. 52/16, 73/19) 	<p>There is no gap on the policy level.</p>

Montenegro Energy Sector Decarbonization Project ESMF

	<ul style="list-style-type: none"> - Law on Nature Protection (Official Gazette of Montenegro No. 54/15, 18/19) - Law on Air Protection (Official Gazette of Montenegro No. 25/10, 40/11, 43/15, 73/19) - Law on Protection from Noise in the Environment (Official Gazette of Montenegro No. 028/11, 001/14, 002/18) - Law on Waste Management (Official Gazette of Montenegro No. 034/24) - Law on Water (Official Gazette of Montenegro No. 27/07, 32/11, 47/11, 48/15, 52/16, 55/16, 2/17, 80/17, 84/18) - Law on the Transport of Hazardous Substances (Official Gazette of Montenegro No. 33/14, 13/18) - Law on Chemicals (Official Gazette of Montenegro No. 51/17) 	
<p>ESS5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement</p>	/	<p>This standard is not relevant. All reconstruction activities will be within footprints of the existing buildings or on available publicly owned land. There will be no temporary resettlement impacts from the project as all civil works will be conducted in public buildings.</p>
<p>ESS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources</p>	<ul style="list-style-type: none"> - Law on Environment (Official Gazette of Montenegro No. 52/16, 73/19) - Law on the Environmental Impact Assessment (Official Gazette of Montenegro No. 75/18) - Regulation on Projects for which an Environmental Impact Assessment is performed (the Official Gazette of Montenegro No. 20/07 47/13, 53/14 and 37/18); - Law on Nature Protection (Official Gazette of Montenegro No. 54/15, 18/19) 	<p>According to the ESS6, if during E&S preliminary impact assessment process significant risks and adverse impacts on biodiversity have been identified, the Borrower is obliged to develop and implement a Biodiversity Management Plan (BMP). BMP typically includes key biodiversity objectives, activities to achieve these objectives, an implementation schedule, institutional and gender-inclusive responsibilities, and cost and resourcing estimates. Indicative content of the BMP is prescribed by ESS6.</p> <p>This obligation is not prescribed in national law. Within the Berne Convention for the Protection of European Wild Flora, Fauna and Natural Habitats, Montenegro established a list of 32 areas that are candidates for the Emerald National Ecological Network, which are therefore defined as areas of special interest for protection. On the website of the Council of Europe there is also a list of 32 Emerald areas from</p>

Montenegro Energy Sector Decarbonization Project ESMF

		Montenegro. These areas represent potential NATURA 2000 areas-ecological network of importance for Europe, whose Montenegro is obliged to submit the proposal to the European Commission before the entry of our country into the EU, as one of the conditions.
ESS7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	/	This standard is not relevant. Montenegro does not have distinct ethnic, social and/or cultural groups as covered by ESS7.
ESS8: Cultural Heritage	- Law on Cultural Heritage Protection (Official Gazette of Montenegro, No. 049/10, 040/11, 044/17, 018/19)	There is no gap on the policy level.
ESS9: Financial Intermediaries	/	This standard is not relevant as the project does not envision involvement of financial intermediaries.
ESS10: Stakeholder Engagement and Information Disclosure	<ul style="list-style-type: none"> - Law on Environment (Official Gazette of Montenegro No. 52/16, 73/19) - Law on the Environmental Impact Assessment (Official Gazette of Montenegro No. 75/18) - The Law on Free Access to Information (Official Gazette No. 044/12 and 030/17) - The Law on the Protection of Personal Information (Official Gazette of Montenegro No. 79/8, 70/9, 44/12, 22/17, 077/24) 	<p>The processes of public consultation and engagement, information disclosure and grievance mechanism, the right to address petitions, request information on projects carried by public bodies, consultation of neighbours and communities in the process of EIA are in detail covered by national legislation and in line with ESS10 requirements, but according to Montenegrin legislation, preparation of Stakeholder Engagement Plan is not an obligation.</p> <p>The processes for reaching potentially impacted persons and communities can be improved to incorporate WB principles, by engaging actively with these persons/groups, especially with vulnerable groups where such situations will surface.</p>

4. Environmental and Social Baseline Information

4.1. Environmental baseline and relevant potential issues

4.1.1. Air emission and air quality

Montenegro, like many countries, faces challenges related to air emissions and air quality, driven by both natural and human activities. The air quality in Montenegro is primarily affected by urbanization, industry, transport, and seasonal heating, along with natural factors such as topography and climatic conditions. Road traffic is a significant source of air pollution in Montenegro, especially in urban areas. Many vehicles in the country are older and have higher emissions of nitrogen oxides (NO_x), particulate matter (PM), and other pollutants. Industrial activities, including mining, energy production (such as coal - fired power plants), and cement manufacturing, are substantial contributors to air emissions. The Pljevlja coal power plant is particularly notable for its emissions of sulfur dioxide (SO₂), NO_x, and PM. During the winter, the use of wood, coal, and other solid fuels for residential heating contributes to air pollution, particularly in areas with limited access to cleaner heating options. Agricultural activities, including the use of fertilizers and burning of agricultural waste, can contribute to emissions of ammonia (NH₃) and other pollutants. Key air pollutants in Montenegro are Particulate Matter (PM₁₀ and PM_{2.5}), Nitrogen Dioxide (NO₂), Sulfur Dioxide (SO₂); Ozone (O₃) and Carbon Monoxide (CO).

Pollutant	Activity
PM (PM ₁₀ and PM _{2.5})	transport, residential heating, industrial activities
NO ₂	road traffic and industrial processes
SO ₂	coal combustion, particularly in the energy sector
O ₃	reaction of NO _x and volatile organic compounds (VOCs) in the sunlight
CO	heavy traffic

Air quality tends to be worse in urban centers such as Podgorica and Nikšić due to traffic congestion, industrial activities, and residential heating. Air quality can vary significantly with the seasons. Winter months typically show higher levels of particulate matter due to increased heating needs, while summer can see elevated levels of ozone. Northern Montenegro, particularly Pljevlja, often experiences higher pollution levels due to coal combustion for energy production.

Air pollution in Montenegro has significant health implications, including respiratory and cardiovascular diseases, reduced lung function, and premature death. Vulnerable populations, such as children, the elderly, and people with pre-existing health conditions, are particularly at risk.

Permanent monitoring of the air quality is carried out by The Center for Ecotoxicological Testing Podgorica (CETI) laboratory through a network of stations operated by the Environmental Protection Agency (EPA) and local authorities. These stations measure concentrations of following parameters of air quality in Montenegro: SO₂, NO, NO₂, CO, O₃, PM₁₀, PM_{2.5}, C₆H₆, CH₄, THC, Hg, Pb, As, Cd, Ni and benzo(a)pyrene in PM₁₀ particulate matter. The main goal of testing is control and evaluation of the air pollution level in the lower layer of the atmosphere, following of changes of the state pollution, the impact of local and regional emission sources correlated with meteorological conditions. In addition, obtained data serve as the base for the preparation of studies, projects, spatial plans, then for evaluation the impact of pollution from the atmosphere on terrestrial ecosystems, drinking water and irrigation water, agricultural land, cultural and

material assets, construction and other materials, primarily on human health. Air quality monitoring in Montenegro is carried out in accordance with the Air Monitoring Program for 2024 developed by the Environmental Protection Agency. The Agency develops monthly reports in which the results of air measurements at all measuring stations are presented.

Air quality measurements, processing and analysis of results from measuring stations were carried out in accordance with the Law on Air Protection (Official Gazette of Montenegro, No. 25/10, 40/11, 43/15), the Regulation on Determining the Types of Pollutants, Limit Values and Other Air Quality Standards (Official Gazette of Montenegro, No. 25/12), the Rulebook on the Manner and Conditions of Air Quality Monitoring (Official Gazette of Montenegro, No. 21/11, 32/16), the Regulation the Establishment of a Network of Measuring Points for Air Quality Monitoring (Official Gazette of Montenegro, No. 44/10, 13/11, 64/18).

Basic network of air quality monitoring includes 9 stations. The area of Podgorica is covered with two stations for air quality and one station for rainfall quality.

However, the monitoring network faces challenges, including limited coverage in rural areas, maintenance issues, and the need for more advanced equipment.

Montenegro follows both national and EU air quality standards, as the country is a candidate for EU membership. It has set limits for various pollutants and established plans to improve air quality. National Air Protection Strategy includes measures to reduce emissions from transport, industry, and households, promote cleaner technologies, and enhance air quality monitoring. Montenegro is gradually transitioning to cleaner energy sources. However, this is a long-term process given the current reliance on coal, especially for power generation. There is a need to modernize the monitoring infrastructure and expand it to provide more comprehensive coverage, particularly in less monitored regions. Ensuring compliance with air quality standards and regulations can be challenging due to limited resources and the need for stronger enforcement mechanisms. Raising public awareness about the health impacts of air pollution and promoting behavioral changes, such as reducing car use and adopting cleaner heating options, is crucial. Montenegro cooperates with international organizations and neighboring countries to address transboundary air pollution and implement joint measures to improve regional air quality.

4.1.2. Water quality

Water quality in Montenegro is influenced by the country's diverse geography, hydrology, and human activities. The quality of water resources including rivers, lakes, groundwater, and coastal waters is crucial for Montenegro's environment, public health, and economy, especially considering the country's reliance on tourism and agriculture. Poor water quality can lead to waterborne diseases and other health issues. Contaminated water sources pose risks to both residents and tourists, especially in areas with inadequate sanitation infrastructure. Pollution, eutrophication, and hydrological alterations can degrade aquatic ecosystems, impacting biodiversity, fisheries, and the overall health of rivers, lakes, and coastal areas.

Montenegro is rich in freshwater resources, which include rivers, lakes, groundwater and coastal waters. Major rivers such as the Tara, Lim, Morača, and Zeta flow through the country, providing significant water resources. These rivers are crucial for drinking water, irrigation, and hydropower generation. Montenegro is home to several important lakes, including the largest lake in the Balkans, Lake Skadar (a key freshwater resource and a designated national park). Groundwater sources are essential for Montenegro, especially for supplying drinking water to many rural and urban areas. Montenegro has a coastline along the Adriatic Sea, with important coastal cities such as Kotor, Budva, and Bar. Coastal waters are vital for tourism, fishing, and local communities.

The Institute of Hydrometeorology and Seismology and the Environmental Protection Agency of Montenegro conduct regular water quality monitoring across various water bodies. Parameters

monitored include temperature, pH, dissolved oxygen, nutrients, heavy metals, pathogens, and organic pollutants.

Major factors affecting water quality in Montenegro are industrial and urban pollution, agricultural runoff, inadequate wastewater management, tourism and recreational activities, mining and hydropower. Urban wastewater, industrial discharges, and poorly managed landfills can affect water quality by introducing pollutants into surface and groundwater. Major pollutants include heavy metals, organic chemicals, nutrients (nitrogen and phosphorus), and pathogens. The use of fertilizers and pesticides in agriculture contributes to nutrient pollution, particularly in river basins and lakes. Excessive nutrients can lead to eutrophication, which degrades water quality and aquatic ecosystems. The use of fertilizers and pesticides in agriculture contributes to nutrient pollution, particularly in river basins and lakes. Excessive nutrients can lead to eutrophication, which degrades water quality and aquatic ecosystems. Inadequate wastewater treatment infrastructure is a significant issue. In many areas, untreated or partially treated sewage is discharged into rivers, lakes, and the sea, impacting water quality and public health. Montenegro's growing tourism sector, particularly along the coast, can strain local water resources. Increased demand for water, inadequate wastewater treatment facilities, and pollution from boats and coastal activities can degrade water quality. Mining activities, particularly in areas like Pljevlja, can lead to the release of pollutants, including heavy metals, into water bodies. Hydropower generation can alter river flows, affecting sediment transport and ecosystem health.

Water quality in Montenegro's rivers and lakes varies significantly by location. The upper stretches of rivers like the Tara and Lim generally have good water quality due to minimal pollution sources. However, downstream sections, particularly near urban or industrial areas, often face higher levels of pollution. Lake Skadar generally maintains good overall water quality, but faces localized challenges from agricultural runoff, untreated sewage, and tourism and eutrophication is a concern due to nutrient loading. Smaller lakes like Lake Biograd and Lake Plav tend to have better water quality, benefiting from less human activity and pollution. Groundwater quality is essential as it serves as a primary drinking water source for many communities. Groundwaters are generally of good quality, but localized contamination can occur from improper waste disposal, agricultural runoff, and leaking sewage systems. Coastal waters in Montenegro are generally of good quality, especially in less populated areas. However, popular tourist destinations may experience localized pollution from untreated sewage, boat discharges, and recreational activities. In some locations, such as Kotor Bay, there are concerns about microbiological pollution due to inadequate wastewater treatment and heavy maritime traffic.

As a candidate for EU membership, Montenegro has aligned its water management policies with the EU Water Framework Directive. This includes setting water quality standards, improving water management practices, and reducing pollution. National Water Management Strategy outlines goals for water quality improvement, sustainable use of water resources, reduction of pollution, and enhancement of water infrastructure. Montenegro has been investing in wastewater treatment facilities, particularly in tourist areas along the coast. However, many areas still lack adequate infrastructure, and further investment is needed. Efforts are ongoing to regulate and reduce industrial pollution, including improving treatment facilities and monitoring discharges from key industries. Many areas, especially rural communities, lack adequate wastewater treatment facilities, leading to direct discharge of untreated sewage into water bodies. Industrial pollution, abandoned mines, and old infrastructure continue to affect water quality. Remediation efforts are complex and costly. Changes in precipitation patterns, increased frequency of extreme weather events, and rising temperatures as a result of climate change can impact water quality by altering hydrological cycles, increasing the risk of floods, and promoting conditions for eutrophication. Another challenge are limited resources for monitoring and enforcement, insufficient funding and staffing can inhibit effective water quality monitoring and enforcement of environmental regulations.

4.1.3. Waste management

Waste management in Montenegro faces several challenges, including limited infrastructure, inadequate waste separation and recycling, illegal dumping, and insufficient public awareness.

Poor waste management practices contribute to soil, water, and air pollution. Leachate from landfills and dumpsites can contaminate groundwater, while burning waste releases toxic pollutants into the air. Exposure to improperly managed waste can lead to health problems, including respiratory issues, infections, and exposure to hazardous substances, particularly in communities near illegal dumpsites or inadequate landfills.

The country's waste management system is in a transitional phase as it aligns its policies and practices with EU standards, aiming to improve collection, disposal, and recycling rates while minimizing environmental impacts. Insufficient infrastructure for waste collection, separation, recycling, and disposal poses a significant challenge. Many municipalities lack modern landfills or recycling facilities, leading to over-reliance on inadequate dumpsites. Insufficient infrastructure for waste collection, separation, recycling, and disposal poses a significant challenge. Recycling rates in Montenegro are low due to inadequate waste separation at the source, limited public awareness, and the lack of recycling infrastructure. Separate collection systems for recyclables are underdeveloped. Illegal dumping of waste, including hazardous waste, is a widespread problem, particularly in rural areas and along rivers. This practice poses serious environmental and public health risks. Public awareness about waste separation, recycling, and proper disposal is limited. Low public participation in recycling programs and a lack of environmental education initiatives contribute to ineffective waste management. Many municipalities face financial difficulties in maintaining and upgrading waste management infrastructure. Insufficient funding affects the development of new facilities, the maintenance of existing ones, and the implementation of recycling programs.

Montenegro generates various types of waste, including municipal solid waste, industrial waste, construction and demolition waste, hazardous waste, and medical waste. The management practices vary widely across the country, with urban areas generally having more developed systems than rural areas. Municipal Solid Waste (MSW) in Montenegro mainly consists of organic waste, plastics, paper, glass, metals, and other materials. Organic waste forms a significant proportion due to household food waste.

Municipal solid waste collection is managed by local municipalities, with waste collection services covering around 75-80% of the population. Urban areas have regular collection services, but coverage and frequency are lower in rural areas. Some areas lack organized waste collection, leading to illegal dumping. Most municipal waste is disposed of in landfills, but many existing landfills do not meet EU standards for environmental protection. Uncontrolled dumpsites, especially in rural areas, pose environmental and public health risks. Recycling rates in Montenegro are low, with most recyclable materials ending up in landfills. Separate collection of recyclables is limited, with only a few municipalities implementing pilot projects for waste separation.

Industrial waste comes from sectors like mining, manufacturing, and energy production. Management of industrial waste varies by sector, with larger industries typically having more structured waste management systems. However, many smaller industries lack adequate waste management practices. Hazardous waste, including medical waste, is a critical concern due to inadequate disposal facilities and limited infrastructure for safe treatment. Hazardous waste is often mixed with other types of waste, increasing the risk of environmental contamination.

Construction and demolition waste are not well-managed, with much of it disposed of in unauthorized dumps or mixed with municipal waste. Recycling and reuse of this waste type are minimal.

The Montenegrin government has taken several steps to improve waste management and align with EU requirements. Government has developed National Waste Management Plan (2023-2028) that outlines a strategic framework for waste management, including reducing waste generation, increasing recycling rates, improving waste collection and disposal infrastructure, and closing non-compliant landfills. Montenegro has adopted laws and regulations in line with EU waste management directives, such as the Law on Waste Management, which establishes guidelines for waste handling, disposal, and recycling. The government is also working to improve enforcement of these regulations. Efforts are underway to modernize existing landfills to meet EU standards and close or rehabilitate non-compliant dumpsites. This includes constructing new regional sanitary landfills and upgrading waste disposal facilities. Some municipalities have introduced pilot projects for waste separation at the source, including the installation of recycling bins and awareness campaigns. The government is also promoting extended producer responsibility (EPR) programs to encourage recycling. The government is working on improving hazardous waste management through better regulation, infrastructure development, and partnerships with international organizations to establish safe disposal methods. Montenegro has benefited from EU funding to develop waste management infrastructure and implement projects to enhance recycling and waste separation. These projects aim to reduce waste to landfills, improve collection systems, and increase recycling rates. The government is exploring partnerships with private companies (Public-Private Partnerships (PPPs): to develop and manage waste facilities, improve collection services, and introduce recycling programs. Public awareness campaigns on waste separation, recycling, and environmental protection have been launched to encourage public participation in waste management efforts.

Montenegro plans to establish regional waste management centers to provide modern waste disposal and recycling facilities, serving multiple municipalities and reducing the reliance on local dumpsites. Expanding waste collection services to cover all areas, including rural regions, is essential to reducing illegal dumping and enhancing waste management. Promoting recycling through public awareness campaigns, expanding separate collection systems, and supporting recycling industries will help improve Montenegro's recycling rates and foster a circular economy. Remediation of contaminated sites, including old industrial areas and illegal dumps, is a significant challenge requiring substantial resources and long-term commitment. As a candidate for EU membership, Montenegro must align its waste management practices with EU directives. This requires significant investments in infrastructure, capacity-building, and policy reforms to meet EU standards for waste collection, recycling, and disposal.

Montenegro collaborates with international organizations, such as the EU, UNDP, and the World Bank, to improve waste management practices through technical assistance, funding, and capacity-building initiatives. Regional cooperation with neighboring countries also plays a role in addressing transboundary waste management issues.

4.1.4. Noise

Noise pollution in Montenegro, like in many countries, is a growing environmental concern, particularly in urban areas, tourist destinations, and regions with significant industrial and transportation activities. Noise pollution can have adverse effects on public health, well-being, and the environment, making its management an essential aspect of sustainable urban planning and environmental protection. Prolonged exposure to high noise levels can lead to various health problems, including hearing loss, sleep disturbances, increased stress levels, cardiovascular diseases, and reduced overall quality of life. Vulnerable populations, such as children, the elderly, and people with pre-existing health conditions, are particularly at risk. Noise pollution can disturb wildlife, particularly birds and marine life, affecting their

communication, mating, feeding, and navigation patterns. In coastal and rural areas, noise pollution can disrupt the natural soundscape and affect ecosystems.

Main sources of noise pollution in Montenegro are urbanization and traffic, tourism activities, construction activities, industrial and commercial activities, air traffic and maritime activities. Major cities like Podgorica and Nikšić experience high noise levels due to traffic, construction, and commercial activities. These areas often exceed recommended noise levels, especially during peak hours. Coastal towns such as Budva, Kotor, and Herceg Novi face significant noise pollution during the tourist season, with increased traffic, nightlife activities, and events contributing to elevated noise levels. Areas with concentrated industrial activities, such as Pljevlja, are affected by noise from industrial operations, machinery, and transportation. Communities located near airports, major highways, and railways experience increased noise levels from transportation activities.

The Law on Environmental Protection, Law on Noise Protection, and relevant regulations provide the legal basis for noise control and management in Montenegro. These laws set maximum allowable noise levels for different areas (residential, commercial, industrial) and time periods (daytime, evening, nighttime). As part of efforts to align with EU standards, Montenegro has begun developing noise maps and action plans for major urban areas and transport routes. Noise mapping helps identify areas with high noise levels, assess the impact on public health and the environment, and guide noise reduction measures. New construction projects, infrastructure developments, and industrial activities are required to undergo environmental impact assessments, which include evaluating noise impacts and proposing mitigation measures. Local municipalities are responsible for monitoring noise levels and ensuring compliance with regulations. Noise monitoring is often carried out in areas with known noise problems or where complaints have been received.

There is a lack of comprehensive noise monitoring infrastructure across the country, limiting the ability to assess noise levels accurately and implement effective measures. Enforcement of noise regulations can be challenging due to limited resources, insufficient staffing, and lack of coordination among local authorities. The rapid growth of urban areas and tourism activities puts additional pressure on noise management, requiring continuous adaptation of strategies and regulations. Low public awareness of noise pollution impacts and resistance to certain noise control measures, such as traffic restrictions or changes in nightlife regulations, can hinder progress.

Montenegro is implementing measures to reduce noise pollution and its impacts through urban planning and zoning, traffic management, implementation of noise barriers and insulation, through regulating nightlife and events and raising public awareness and education. Proper urban planning, including the designation of quiet zones, green spaces, and noise barriers, is being promoted to reduce noise exposure. This involves strategic placement of buildings, use of noise-reducing materials, and establishing buffer zones between noisy and quiet areas. Measures such as traffic calming, speed limits, road maintenance, and the promotion of public transport, cycling, and walking are being implemented to reduce traffic noise. Pedestrian zones and low-emission zones are also being considered to limit vehicle access in sensitive areas. Construction of noise barriers along highways, railways, and near industrial areas helps reduce noise transmission to residential areas. Improving sound insulation in buildings, particularly near noise sources like airports and highways, is another effective measure. In tourist areas, local authorities have implemented measures to control noise from bars, clubs, and events, such as setting noise limits, restricting hours of operation, and requiring soundproofing. Raising awareness about the health impacts of noise pollution and promoting community involvement in noise reduction efforts are crucial steps in

managing noise pollution. Campaigns and initiatives to encourage quieter behavior and compliance with noise regulations are part of this strategy.

Expanding noise monitoring networks in urban, industrial, and tourist areas will help provide better data on noise levels and sources, guiding more targeted noise reduction measures. Incorporating noise considerations into urban planning, transport planning, and infrastructure development is crucial for long-term noise management. Using green infrastructure, such as parks, green roofs, and trees, can help mitigate noise pollution while providing additional environmental and social benefits. Establishing quiet areas or zones, especially in urban centers and tourist locations, can help preserve natural soundscapes and provide residents and visitors with noise-free environments. Montenegro collaborates with international organizations, such as the European Union and the World Health Organization (WHO), to align its noise management practices with international standards and receive technical assistance, funding, and guidance on best practices.

4.1.5. Nature protection

Montenegro is renowned for its rich biodiversity and diverse natural landscapes, which include coastal areas, mountains, rivers, lakes, and forests. The country's unique geography and varied ecosystems host a wide range of species, many of which are rare or endangered. As a result, nature protection is a key priority for Montenegro, both for preserving its natural heritage and supporting sustainable development, including eco-tourism.

Montenegro has numerous protected areas, including national parks, nature reserves, landscapes of exceptional beauty, and areas with unique flora and fauna. These areas are essential for preserving specific habitats and species.

Montenegro has five national parks that cover approximately 10% of its territory (Durmitor National Park, Biogradska Gora National Park, Lake Skadar National Park, Lovćen National Park and Prokletije National Park).

Montenegro's coastal zone along the Adriatic Sea is characterized by a variety of habitats, including seagrass beds, coral reefs, and rocky shores. These habitats support rich marine biodiversity, including dolphins, sea turtles, and numerous fish species. Kotor Bay, a UNESCO World Heritage Site, is one of the most ecologically valuable areas along the coast.

Montenegro has several important rivers (e.g., the Tara, Lim, and Morača) and lakes (e.g., Lake Skadar and Lake Plav), which are crucial for both biodiversity and human activities. The Tara River Canyon is the second deepest canyon in the world and is part of the Durmitor National Park.

Montenegro has established a comprehensive legal and institutional framework to protect its natural environment, in alignment with international agreements and EU directives. Key laws include the Law on Nature Protection, the Law on Environmental Protection, the Law on National Parks, and the Law on Forests. These laws provide the basis for protecting habitats, species, and ecosystems, and for regulating activities that may impact natural areas. Key institutions responsible for nature protection are Ministry of Ecology, Spatial Planning, and Urbanism, Environmental Protection Agency and National Parks of Montenegro. The ministry is responsible for developing and implementing environmental policies, including nature protection. It coordinates efforts with other government agencies, NGOs, and international organizations. The agency is responsible for monitoring environmental quality, enforcing

regulations, and managing protected areas. National Parks of Montenegro is a public enterprise responsible for managing and protecting the country's five national parks. It conducts activities such as habitat restoration, wildlife monitoring, visitor management, and education programs.

Montenegro is facing several challenges in nature protection such as urbanization and infrastructure development, illegal activities, pollution, climate change, limited human resources and financing. Rapid urbanization, particularly in coastal areas, poses a threat to natural habitats and ecosystems. Unregulated construction, expansion of tourism infrastructure, and land conversion for agriculture or urban development can lead to habitat loss, fragmentation, and pollution. Illegal logging, poaching, and fishing are significant threats to biodiversity. These activities are driven by a lack of enforcement, weak legal penalties, and economic incentives for illegal exploitation of natural resources. Pollution from various sources, including industrial activities, agriculture, and wastewater, negatively impacts natural habitats, particularly freshwater and marine ecosystems. Pollution can lead to eutrophication, habitat degradation, and the loss of aquatic species. Climate change poses long-term threats to Montenegro's ecosystems and biodiversity, including shifts in species distribution, increased frequency of extreme weather events, and changes in water availability. These changes can affect both terrestrial and marine ecosystems, altering habitats and species dynamics. Insufficient funding and staffing for nature protection agencies and organizations limit their ability to effectively manage and monitor protected areas, enforce regulations, and carry out conservation programs.

Strategies and initiatives developed to enhance nature protection:

- National Biodiversity Strategy and Action Plan (NBSAP) which outlines national goals for biodiversity conservation, sustainable use of natural resources, and the integration of biodiversity considerations into other sectors. It includes specific actions for protecting species and habitats, promoting sustainable tourism, and strengthening environmental governance.
- EU Natura 2000 Network: as a candidate for EU membership, Montenegro is working to establish the Natura 2000 network, a cornerstone of EU biodiversity policy. The network will designate areas for the protection of key species and habitats under the EU Birds and Habitats Directives.
- Protected Area Expansion: Efforts are underway to expand the network of protected areas, both on land and at sea, to increase coverage and ensure the representation of all critical habitats and species.
- Sustainable Forest Management: Forests cover more than 60% of Montenegro's territory. Sustainable forest management practices are being promoted to protect forest ecosystems, prevent deforestation and degradation, and support the livelihoods of local communities.
- Conservation of Endangered Species: Targeted programs are in place to conserve endangered and endemic species, such as the Balkan lynx, brown bear, and Dalmatian pelican. These programs involve habitat protection, anti-poaching measures, and scientific research.
- Ecotourism Development: Montenegro promotes ecotourism as a sustainable alternative to mass tourism. Ecotourism initiatives focus on providing visitors with authentic nature experiences while minimizing environmental impacts and supporting local communities.

Montenegro actively cooperates with international organizations and neighboring countries to enhance its nature protection efforts. As a candidate for EU membership, Montenegro receives technical and financial support from the EU to align its environmental legislation with EU standards and implement nature protection projects, such as the development of the Natura 2000 network. Montenegro collaborates with various UN agencies, such as the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP), on projects related to biodiversity conservation, climate change adaptation, and sustainable development. As a party to the Ramsar Convention,

Montenegro is committed to protecting its wetlands of international importance, such as Lake Skadar and Tivat Salina. Montenegro cooperates with neighboring countries, particularly in the Western Balkans, on transboundary conservation initiatives, such as the protection of shared river basins, migratory species, and cross-border protected areas.

4.1.6. Climate change

Climate change poses a significant threat to Montenegro's environment, economy, and society. Due to its unique geography, with a combination of coastal, mountainous, and freshwater ecosystems, Montenegro is particularly vulnerable to the impacts of climate change, such as rising temperatures, altered precipitation patterns, increased frequency of extreme weather events, and sea-level rise.

Climate change indicator	Impact
Rising temperature	Average temperatures in Montenegro have been increasing over the past decades. Observations indicate a warming trend, with an increase of approximately 0.5°C to 1.2°C in the last century. Projections suggest that by 2100, average temperatures could rise by 2.5°C to 4°C, depending on greenhouse gas emission scenarios. The warming trend is expected to be more pronounced in summer months, leading to more frequent and intense heatwaves.
Altered Precipitation Patterns	Changes in precipitation patterns have been observed, with a general decrease in annual precipitation, particularly in coastal and lowland areas, and more variable rainfall in mountainous regions. Future projections indicate that Montenegro may experience more intense rainfall events, leading to increased risks of flash floods, especially in winter, while summers are expected to become drier.
Sea-Level Rise	As a coastal country along the Adriatic Sea, Montenegro is vulnerable to sea-level rise. Sea levels are projected to rise by 0.2 to 1 meter by the end of the century, depending on global climate change scenarios. This poses a significant risk to low-lying coastal areas, infrastructure, and ecosystems.
Increased Frequency of Extreme Weather Events	Montenegro has already experienced an increase in the frequency and intensity of extreme weather events, such as heatwaves, heavy rainfall, floods, and droughts. These trends are expected to continue, with extreme events becoming more frequent and severe.
Reduced Snowfall and Glacial Retreat	Higher temperatures are expected to result in reduced snowfall and earlier snowmelt in the mountainous regions, such as the Durmitor and Prokletije ranges. This could lead to a decline in the extent and volume of glaciers and snow cover, impacting water availability and ecosystems dependent on snow and ice.

Environmental impacts of climate change in Montenegro include biodiversity loss, forest degradation and increased wildfires, change in water resources and hydrological changes, affecting coastal and marine ecosystems. Changes in temperature, precipitation, and the frequency of extreme events are affecting Montenegro's diverse ecosystems and species. For example, species that depend on specific temperature ranges, such as the Balkan lynx, may face habitat loss. Altered ecosystems can lead to shifts in species composition, increased risk of invasive species, and potential extinctions. Warmer and drier conditions,

particularly in summer, increase the risk of wildfires. Montenegro has experienced a rise in the frequency and intensity of wildfires, which threaten forests, biodiversity, and human settlements. Forests are also affected by increased vulnerability to pests and diseases. Changes in precipitation and increased temperatures are impacting Montenegro's water resources. Reduced snowpack, earlier snowmelt, and altered river flows can lead to changes in water availability, particularly during summer months when demand is high. This affects drinking water supplies, agriculture, hydropower production, and aquatic ecosystems. Sea-level rise, increasing sea temperatures, and ocean acidification threaten Montenegro's coastal and marine ecosystems. Coral reefs, seagrass beds, and fish populations are at risk, affecting biodiversity, fisheries, and the livelihoods of coastal communities. Coastal erosion and saltwater intrusion into freshwater aquifers are additional concerns.

Socioeconomic impacts include impacts on tourism, agriculture, energy sector, public health and infrastructure and human settlements. As a key sector in Montenegro's economy, tourism is highly vulnerable to climate change. Rising temperatures, changing weather patterns, and extreme events can impact the attractiveness of tourist destinations. Coastal areas are particularly at risk from sea-level rise, coastal erosion, and increased storm activity, which could damage infrastructure and reduce the appeal of beaches and historic sites. Changes in temperature and precipitation patterns affect agricultural productivity and crop yields. Droughts, heatwaves, and altered growing seasons may reduce the output of key crops like olives, grapes, and vegetables. The risk of pests and diseases could also increase, requiring greater use of pesticides and fertilizers, which may have further environmental impacts. Montenegro relies heavily on hydropower for electricity generation. Changes in water availability due to altered precipitation patterns and reduced snowpack can affect hydropower production, particularly during dry periods. This could lead to greater reliance on fossil fuels, increasing greenhouse gas emissions and energy costs. Climate change poses several public health risks, including heat-related illnesses, respiratory problems due to increased air pollution, and the spread of vector-borne diseases like Lyme disease and West Nile virus. Vulnerable populations, such as the elderly, children, and those with pre-existing health conditions, are particularly at risk. Extreme weather events, such as floods, storms, and landslides, can damage critical infrastructure, including roads, bridges, water supply systems, and buildings. Coastal areas are particularly vulnerable to sea-level rise, storm surges, and erosion, which threaten homes, businesses, and public infrastructure.

Montenegro has addressed climate change through national policies, strategies, and international commitments: National Strategy on Climate Change by 2030, Nationally Determined Contribution (NDC), Climate Change Adaptation Strategy and Law on Climate Protection. As a candidate for EU membership, Montenegro is aligning its climate and environmental policies with EU standards. This includes implementing the EU Emissions Trading System (ETS), improving environmental governance, and integrating climate change considerations into development planning.

Montenegro is implementing mitigation and adaptation measures to mitigate greenhouse gas emissions and adapt to the impacts of climate change.

Mitigation measures include:

- Promotion of Renewable Energy: Montenegro is investing in renewable energy sources, such as wind, solar, and biomass, to diversify its energy mix and reduce reliance on hydropower and fossil fuels. Several wind farms and solar projects are already operational or under development.
- Energy Efficiency: Initiatives to improve energy efficiency in buildings, industry, and transport are being promoted. This includes retrofitting public and residential buildings, upgrading industrial processes, and encouraging the use of electric vehicles and public transport.

- Sustainable Agriculture and Forestry: Promoting sustainable agricultural practices, such as water-efficient irrigation, organic farming, and crop diversification, helps reduce greenhouse gas emissions and enhance resilience to climate change. Sustainable forest management practices aim to increase carbon sequestration, reduce deforestation, and protect forest ecosystems.
- Waste Management: Improving waste management practices, such as recycling, composting, and reducing landfill use, can help reduce methane emissions from waste decomposition. Initiatives to reduce single-use plastics and promote circular economy principles are also being implemented.

Adaptation measures include:

- Water Resource Management: Efforts to improve water resource management include enhancing infrastructure for water supply, storage, and distribution, promoting efficient water use, and protecting watersheds and wetlands. Integrated water resource management approaches are being developed to address the impacts of climate change on water availability and quality.
- Disaster Risk Reduction and Early Warning Systems: Strengthening disaster risk reduction measures, such as improving flood defenses, developing early warning systems, and enhancing emergency response capacities, is critical for protecting communities and infrastructure from extreme weather events.
- Coastal Zone Management: Implementing integrated coastal zone management (ICZM) plans aims to protect coastal areas from sea-level rise, erosion, and extreme weather events. Measures include constructing protective infrastructure, restoring coastal ecosystems, and regulating coastal development.
- Public Awareness and Education: Raising public awareness about climate change impacts and promoting community involvement in mitigation and adaptation efforts are essential for building resilience. Environmental education programs, public campaigns, and stakeholder engagement are key components of this approach.

Montenegro receives technical and financial support from the EU to align its climate policies with EU standards and implement mitigation and adaptation projects. Participation in EU programs, such as Horizon 2020 and the Instrument for Pre-Accession Assistance (IPA), provides access to funding and expertise. United Nations Framework Convention on Climate Change (UNFCCC): As a party to the UNFCCC, Montenegro is committed to fulfilling its obligations under the Paris Agreement and participates in international climate negotiations and reporting. Global Environmental Facility (GEF) and Green Climate Fund (GCF): Montenegro accesses funding from the GEF and GCF to support climate change projects, such as renewable energy development, climate resilience building, and capacity building. Bilateral Cooperation: Montenegro cooperates with neighboring countries, international organizations, and development partners on joint climate projects and initiatives, such as transboundary river basin management and regional climate adaptation planning.

4.1.7. Cultural heritage

Montenegro is adorned with a rich and diverse cultural heritage shaped by its unique history, geography, and cultural influences from various civilizations over the centuries. Situated at the crossroads of East and West, Montenegro has been influenced by Illyrian, Roman, Byzantine, Ottoman, Venetian, and Austro-Hungarian cultures, which have all left a significant imprint on the country's cultural landscape.

Montenegro's cultural heritage includes a wide range of tangible and intangible elements. Tangible Cultural Heritage include historical monuments, archaeological sites, churches, monasteries, mosques, fortresses, old towns, and traditional architecture. Many of these sites are recognized for their historical

and artistic value and are protected at the national and international levels. Intangible cultural heritage comprises traditional music, dance, folklore, oral traditions, customs, craftsmanship, and culinary traditions. These elements are integral to the country's cultural identity and are preserved through community practices and cultural events.

Key Sites of Tangible Cultural Heritage are:

- two UNESCO World Heritage Sites that reflect its rich cultural and natural heritage: Natural and Culture-Historical Region of Kotor and Durmitor National Park;
- historic Cities and Towns (Cetinje, Herceg Novi, Bar)
- religious and architectural heritage
- fortresses and castles

Montenegro has established a legal and institutional framework to protect and promote its cultural heritage. Law on the Protection of Cultural Heritage, provides the basis for protecting, conserving, and promoting cultural heritage. The Ministry of Culture and Media is responsible for implementing cultural policies and managing heritage sites. Montenegro maintains a register of cultural monuments, which includes immovable heritage sites (buildings, archaeological sites) and movable heritage (artifacts, manuscripts, etc.). Sites on the register are legally protected and receive state support for conservation and restoration. Montenegro collaborates with UNESCO and other international organizations to promote and protect its cultural heritage. This includes efforts to have more sites recognized on the UNESCO World Heritage List and to participate in international cultural heritage programs. Various projects, supported by national and international funds, focus on restoring and preserving key cultural sites. This includes conservation efforts in the Bay of Kotor, archaeological excavations, and the restoration of religious buildings.

4.2. Social baseline and relevant potential issues

4.2.1. Socio-cultural, institutional, historical and political context

Montenegro has undergone significant transformation since gaining independence in 2006. The country is home to a diverse population, with the most recent census data indicating that Montenegrins make up approximately 45% of the population, followed by Serbs at around 28.7%. Bosniaks represent 8.6%, Albanians 4.9%, and Croats 1%. Other smaller ethnic groups constitute the remaining population (Montenegro Statistical Office, 2022). Religiously, Montenegro is predominantly Orthodox Christian, with about 72% of the population adhering to this faith, most of whom belong to the Serbian Orthodox Church. Muslims, who are primarily Bosniaks and Albanians, account for around 19% of the population. Roman Catholics make up approximately 3.5%, predominantly among the Croat and Albanian communities, while the rest of the population adheres to various other religions or none at all (Montenegro Statistical Office, 2022). Montenegro's political landscape is heavily influenced by its aspiration to join the European Union (EU). The country was granted EU candidate status in 2010, and accession negotiations officially began in 2012. As of 2023, Montenegro has opened all 33 negotiating chapters and provisionally closed three. The European path has driven substantial reforms across multiple sectors, particularly in governance, the judiciary, and the energy sector, where alignment with EU standards is a key priority (European Commission, 2023). Historically, Montenegro's energy infrastructure has been less developed compared to other European countries, with much of it dating back to the mid-20th century. This legacy presents a substantial challenge as the country seeks to modernize its energy sector to meet current and future demands. However, the political climate is favorable, with widespread recognition of the need for energy efficiency and renewable energy initiatives to support both environmental sustainability and economic growth. The alignment with the EU's Green Deal and the commitments under the Sofia Declaration on the Green Agenda for the Western Balkans underscore Montenegro's determination to transition towards a carbon-neutral future by 2050 (Energy Community, 2023).

4.2.2. Demography

Montenegro's population, estimated at approximately 620,000, is aging, with a median age of around 39 years. This demographic trend is a result of declining birth rates and increasing life expectancy, which now stands at approximately 77 years. These factors contribute to a shrinking working-age population, posing challenges for the country's social welfare systems and labor market (Montenegro Statistical Office, 2023). Gender distribution is relatively balanced, with slightly more women than men, particularly in older age groups due to higher male mortality rates. The education system is strong, with a literacy rate exceeding 98% and widespread access to primary and secondary education. However, disparities exist, particularly between urban and rural areas and among different ethnic groups, which could impact the equitable distribution of benefits from development projects (UNESCO, 2023).

Health outcomes are mixed. While life expectancy is relatively high, Montenegro faces significant public health challenges, including a high prevalence of non-communicable diseases like cardiovascular disease and diabetes. Healthcare access is generally good in urban centers but limited in rural and remote areas, leading to uneven health outcomes across the population (World Health Organization, 2023).

Household sizes in Montenegro are decreasing, reflecting a shift towards smaller family units. Traditional family structures are still prevalent, though there is a growing trend towards later marriages and higher divorce rates, particularly in urban areas (Montenegro Statistical Office, 2023).

4.2.3. Economy & employment

Montenegro's economy, heavily reliant on tourism and the service sector, has shown remarkable resilience following the 2020 recession caused by the COVID-19 pandemic. The economy, which contracted by 15.3% in 2020, rebounded with a 13% growth in 2021 and 6.4% in 2022, driven by a strong recovery in tourism and private consumption. This growth continued into 2023, with the economy expanding by an estimated 6%, further boosted by an influx of foreign residents, particularly from Russia and Ukraine (World Bank, 2023). Despite this recovery, unemployment remains a significant issue, with the official unemployment rate around 15%. Youth unemployment is particularly high, reflecting a mismatch between the skills provided by the education system and those demanded by the labor market. Additionally, economic opportunities are unevenly distributed, with urban centers like Podgorica and coastal areas experiencing growth, while rural regions remain economically marginalized (International Labor Organization, 2023). Montenegro's energy sector plays a crucial role in the economy, especially as the country works to reduce its carbon intensity, which is about 70% higher than the EU average. Investments in energy efficiency and renewable energy are expected to create jobs, stimulate economic growth, and help diversify the economy. These projects are essential for meeting Montenegro's climate commitments and ensuring long-term economic resilience (European Bank for Reconstruction and Development, 2023).

4.2.4. Land & livelihood

Montenegro's challenging terrain and limited arable land have a profound impact on land use and livelihoods. The coastal region, characterized by significant tourism development, contrasts sharply with the more rural and less economically developed northern and central regions. While agriculture remains a vital source of income in these rural areas, it is increasingly giving way to service-oriented sectors, particularly in urbanized regions. Land ownership in Montenegro is a mix of private and state holdings, with complex tenure systems that sometimes lead to disputes. The government has made progress in modernizing land registration systems, but challenges persist, especially in rural areas where informal land tenure practices are common. The shift from traditional livelihoods to more service-based employment is uneven across the country. Coastal areas have benefited from significant economic growth due to tourism, while the northern regions have experienced stagnation, leading to internal migration and depopulation of rural areas. Energy infrastructure projects, particularly those involving modernization and the integration of renewable energy sources, are expected to influence land use patterns. For example, the installation of rooftop solar photovoltaic (PV) systems may require adjustments in land use, particularly in urban areas. Ensuring that these projects support sustainable livelihoods and do not exacerbate existing inequalities is crucial for their long-term success.

4.2.5. Infrastructure

Montenegro's infrastructure, particularly in the energy sector, requires significant modernization to meet current demands and future growth. The country's electricity distribution network, much of which was developed in the mid-20th century, is characterized by inefficiencies such as high technical losses and frequent outages. As of 2023, the technical losses in the electricity distribution network were reported at 10.8%, a significant reduction from 18.2% in 2013, yet still above the optimal level of 6-8% observed in the best-performing utilities in the region (REGAGEN, 2023). These inefficiencies not only affect residential consumers but also have broader economic implications, particularly for commercial users who depend on a reliable power supply for their operations. Montenegro's energy consumption per unit of GDP is about 30% higher than the European Union (EU) average, reflecting the country's need for improved energy efficiency and more sustainable practices (European Bank for Reconstruction and Development,

2023). The aging infrastructure, coupled with the rising demand for electricity, underscores the urgency of modernizing the grid. This includes replacing outdated transformers, upgrading substations, and integrating renewable energy sources like solar photovoltaic (PV) systems, which are expected to reach 200 MW of installed capacity by 2026 (EPCG, 2023). Transportation infrastructure in Montenegro, including roads and bridges, also requires substantial improvement. The country's road network is approximately 7,000 kilometers long, with only about 20% classified as highways or primary roads. Many rural areas remain poorly connected, limiting access to markets, healthcare, and education. This lack of infrastructure is particularly problematic in the northern regions, where economic development lags behind the more prosperous coastal areas (Montenegro Ministry of Transport and Maritime Affairs, 2022). The water and wastewater systems in Montenegro show a significant urban-rural divide. In urban centers like Podgorica, the capital, water supply and wastewater services are generally reliable, covering about 90% of the population. However, in rural regions, these services are less developed. Only about 60% of rural households have access to reliable water supply systems, and the situation is even more challenging regarding wastewater treatment, where coverage drops to around 40% (Montenegro Ministry of Sustainable Development and Tourism, 2022). Healthcare infrastructure in Montenegro is concentrated in urban areas, leading to disparities in healthcare access between urban and rural populations. Urban areas such as Podgorica, Nikšić, and Bar have relatively well-developed healthcare facilities, including hospitals and specialized clinics. In contrast, rural regions often rely on basic health centers with limited services, making it difficult to address complex health issues. This disparity is particularly concerning given that 18.7% of Montenegro's population is aged 65 or older, and chronic health conditions like cardiovascular disease are prevalent (World Health Organization, 2023). Modernizing Montenegro's energy infrastructure is critical to addressing these challenges. Renovating public buildings to improve energy efficiency, upgrading the electricity grid to reduce losses and outages, and expanding renewable energy capacity are all essential steps. These improvements are expected to enhance the quality of life for Montenegrin citizens, support economic growth by providing reliable energy for businesses, and contribute to the country's environmental sustainability goals. The focus on reducing energy consumption and integrating renewable sources aligns with Montenegro's commitment to the EU's Green Deal and its climate goals under the Paris Agreement (Energy Community, 2023).

5. Potential Environmental and Social Risk and Impacts and Standard Mitigation Measures

Activities planned under Component 1 of the Project will improve energy efficiency of public buildings and result in positive impact to the environment by reducing GCG and air pollutant emissions and thus mitigate climate change reduction of other pollutants, coming from fossil fuel combustion for energy purposes, increasing energy savings and encouraging the promotion of the environmentally good practices. Planned activities will also improve comfort and service delivery in renovated buildings.

Most of the negative impacts associated with project activities under Component 1 are related to the construction phase and area site-specific (limited to the construction site). The potential negative impacts of the operational phase will have a negligible footprint. The following sub-chapters describe the possible negative impacts of the sub-project activities and the proposed mitigation measures.

5.1. Environmental impacts and mitigation measures

5.1.1. Air pollution

The project activities may generate emissions of exhaust gases into the air (CO₂, NO_x, SO₂ and CO) from combustion of machinery and vehicles fuels. The movement of vehicles and the operation of construction machinery cause may generate emission of fugitive dust (PM₁₀ particles) and their deposition on the surrounding surfaces. The intensity of this pollution depends primarily on weather conditions (the wind strength). Asbestos may be emitted into the air during the dismantling of asbestos-containing parts of infrastructure. These emissions are limited to the narrower area and only to the working part of the day. The densely populated areas are particularly vulnerable to these impacts. Rehabilitation works will take place during limited short-term period, so the impact on air quality will be short-term and negligible scale.

With the following standard construction site management practices, air emissions can be significantly reduced: water sprinkling to limit dust emissions in the area near the construction materials and non-asphalted roads, covering of surfaces with plastic coverings during material transportation and storage, limiting vehicles speed in the construction site area and access roads, periodical cleaning of construction site and access roads, efficient use of modern attested construction machinery to minimize emissions, provided with mufflers and maintained in good and efficient operation condition, establishing adequate locations for storage, mixing and loading of construction materials to minimize dust (PM₁₀), reducing material collection and retention time at the minimum to minimize exposure to wind, selectively removing potential hazardous air pollutants, such as asbestos, from existing infrastructure prior to demolition.

5.1.2. Waste generation and management

The implementation of project activities will generate different types of waste. Waste classification is stipulated by *Ordinance on Waste Classification, Waste Catalogue, Waste Treatment Procedures, i.e. Waste Processing and Disposal (Official Gazette of Montenegro No. 064/24)*. Waste is classified depending on its origin and place of origin into 20 groups (from 01 to 20). According to the processes in which waste is generated, waste groups have 1 or more subgroups that are denoted by 4 figures.

Mainly waste types from the following waste groups are expected to occur:

- group 08 - wastes from the manufacture, formulation, supply and use of coatings (paints, varnishes and vitreous enamels), adhesives, sealants and printing inks;
- group 13 - oil wastes and wastes of liquid fuels;
- group 14 - waste of organic substances used as solvents, refrigerants and ignition agents;
- group 15 - waste packaging; absorbents, wiping cloths, filter materials and protective clothing not otherwise specified;
- group 17 - construction and demolition wastes (including excavated soil from contaminated sites);
- group 18 waste generated in the protection of human and animal health and/or related research (excluding wastes from kitchens and restaurants that do not come from immediate health care), project activities are not likely to generate medical waste, but it will be present on two sub-project sites, hence workers and community can be exposed to such waste;
- group 20 - municipal wastes (household waste and similar commercial, industrial and institutional wastes) including separately collected fractions (paper, plastics, glass, food waste etc.).

Following principles should be practiced in waste management:

- establishing waste management priorities at the outset of activities based on an understanding of potential Environmental, Health, and Safety (EHS) risks and impacts and considering waste generation and its consequences;
- establishing a waste management hierarchy that considers prevention, reduction, reuse, recovery, recycling, removal and finally disposal of wastes;
- avoiding or minimizing the generation waste materials, as far as practicable;
- where waste generation cannot be avoided but has been minimized, recovering and reusing waste;
- where waste cannot be recovered or reused, treating, destroying, and disposing of it in an environmentally sound manner⁵.

Each type of generated waste on the location must be temporary stored in separate waste container which have to be labelled with waste type name and waste code and located at the solid surface foreseen for that purpose on the construction site.

Construction waste must be disposed exclusively in the designated locations. Whenever feasible the contractor should reuse and recycle appropriate and viable materials. Burning or illegal dumping of waste is strictly prohibited.

During and after finishing rehabilitation works all waste must be handed over to the companies authorized for the waste management, so the potential for a negative impact on the environment is reduced to a minimum.

Hazardous waste may include Asbestos-Containing Materials (ACM) and other asbestos waste, waste containing HCFC and CFC and the residues of varnishes, paints, as well as oil wastes from equipment. In case of occurrence of asbestos waste⁶, asbestos hazards must be identified, and a risk management plan adopted that includes disposal techniques and end-of-life sites. Asbestos waste must be properly removed, stored in a separate closed area and disposed (with the consent of local administration and

⁵ WB Environmental, Health, and Safety General Guidelines (chapter 1.6.)

⁶ Any asbestos product or material that is ready for disposal. Asbestos waste also includes contaminated building materials, tools that cannot be decontaminated, personal protective equipment and damp rags used for cleaning.

environmental inspectors). *Rulebook on the Treatment of Construction Waste Management, Manner and Method of Construction Waste Treatment, Conditions and Manners of Disposal of Asbestos Cement Waste (Official Gazette of Montenegro, No. 50/12)* shall be applied in case of ACM treatment. Removal, repair, and disposal of ACM shall be carried out in a way that minimizes worker and community asbestos exposure to the special area for disposal of that type of waste. Asbestos must be handled according to guidelines provided in the General ESMP (Annex 10.2).

Workers must avoid destroying asbestos sheets and properly dispose them at construction sites until final disposal happens. Workers must wear protective over garment, gloves and respirators during work with asbestos sheets, in accordance with *The Rulebook on Safety Measures from Risk of Exposure to Asbestos (Official Gazette of Montenegro, No. 14/17)*.

Disposal of waste containing HCFC and CFC (air conditioners) must be carried out by companies authorized for the collection and transport of waste refrigerants.

Workers and community can be exposed to medical waste on two sub-project locations (health center and institute of ecotoxicology). Medical waste can include infectious materials, sharps (like needles and syringes), toxic chemicals, pharmaceuticals, and other hazardous substances. Exposure to hazardous medical waste poses significant risks to construction workers and the surrounding community, especially when such waste is improperly managed or disposed of near construction sites.

Risks from medical waste exposure to construction workers:

- infection and disease transmission; exposure to infectious waste (e.g., contaminated bandages, bodily fluids, used needles) can lead to the transmission of diseases such as HIV, Hepatitis B, and Hepatitis C,
- injury from sharps; needlestick injuries from improperly disposed sharps can lead to infections and other serious health issues,
- chemical exposure; construction workers may be exposed to hazardous chemicals found in medical waste, such as disinfectants, heavy metals, and pharmaceuticals, which can cause skin irritation, respiratory issues, or more severe health problems like poisoning or organ damage,
- radiation exposure; waste containing radioactive materials used in medical imaging and treatments poses a risk of radiation exposure, which can lead to severe health effects, including cancer,
- biohazardous material exposure; workers may come into contact with biohazardous materials that can cause allergic reactions, skin infections, and other health complications.

The conditions, manner and procedure for the treatment of medical waste are prescribed by Regulation on the Conditions, Manner and Procedure of Medical Waste Treatment (Official Gazette of Montenegro No.49/12).

With proper mitigation measures risk from medical waste exposure can be minimized. Mitigation measures include proper waste segregation and disposal, secure waste storage, training and protective equipment, site assessment, regulatory compliance and monitoring.

5.1.3. Surface / ground water pollution

During the implementation of project activities there is a possibility of impacting surface water and ground water due to uncontrolled spillage of fuels, oils, equipment lubricants, paints, varnishes and improper waste management during irregularly storage of fuels or some accidental situations. Considering the distance of the surface water from the boundary of the site of individual Sub-project, the surface water body may be affected if the hazardous material is inadequately disposed, and accidental spills occur. There

can be no unregulated extraction of groundwater, nor uncontrolled discharge of process waters, cement slurries, or any other contaminated waters into the ground or adjacent streams or rivers.

Surface or ground water pollution can be prevented by proper organization of construction site; by regular maintenance of vehicles and machinery in service centers outside the site locations and responsible handling of liquid waste; by carrying out activities which include oil on the part of the construction site that is derived from an impermeable working surface; removing hazardous liquid in the case of an accident, using adsorption materials (sand, sawdust or mineral adsorbents), collecting such waste material in tanks, storing in the space provided for hazardous waste storage and handing over to authorized companies; preventing hazardous spillage coming from tanks, containers (mandatory secondary containment system, e.g. double walled or banded containers), construction equipment and vehicles (regular maintenance and check-ups of oil and gas tanks); by parking (manipulate) machinery and vehicles only on asphalted or concrete surfaces with surface runoff water collecting system; by installing proper storm water drainage systems and not silting, polluting, blocking or otherwise negatively impacting natural streams, rivers, ponds and lakes by construction activities.

5.1.4. Noise

Noise is an unavoidable environment impact during rehabilitation works. It occurs during the operation of machine and equipment at the site (mainly in the processes like transport, loading/unloading machinery etc.). Users of Sub-Project buildings (students, professors, other employees and visitors, doctors, patients) will be directly affected as the Sub-Project buildings will continue to operate during performing construction works. Noise and vibration can also have negative impact on the narrower area around the construction site, especially if there are sensitive receptors in the vicinity. This impact is short-term, limited to the location of the site and the narrower area around the site, and ceases after completion of foreseen works. Permissible noise level for the construction site is determined by the provisions of *Rulebook on value limits of Environmental Noise, the Method for Determining the Acoustic Noise Indicators and Assessment Methods of the Harmful Effects of Noise (Official Gazette of Montenegro No. 60/11)*. According to the mentioned ordinance, regardless of the acoustic zone and the corresponding limit value, noise originating from construction works in an open space for which a permit has been issued by the competent authority may exceed the prescribed limit value by 5 dB(A), during the time in which construction works can be carried out in accordance with the law.

Emission of noise must comply with legally defined limits. Mechanisms available to monitor potential impacts and introduce mitigation measures in a timely manner will be used. The Sub-Project-affected parties (users of the Sub-Project buildings) will be adequately informed about the Sub-Project and GRM. It will be ensured that the GRM is functional. The Sub-Project-affected parties will be kept informed about construction schedules, progress, and safety precautions. In case that generated noise levels are severely impacting the Sub-Project-affected parties, it is necessary to choose and apply adequate noise protection measures: adjustment of operating time; use of temporary movable noise barriers; use of alternative working machines with lower noise emission levels.

Regarding impacts on narrower area around the construction site, it is desirable to carry out works in the period from 8 to 18 hours and not to carry works during the nights. Community / public should be informed in advance of any work activities to occur outside of normal working hours or on weekends. All equipment must be maintained in good operating condition and be attested. During operations the engine covers of generators, air compressors and other powered mechanical equipment shall be closed, and equipment placed as far away from residential areas as possible.

5.1.5. Soil pollution or erosion

Possible negative impacts on the soil can be caused by fuels, lubricants and liquid materials used. These pollutants can infiltrate into ground and underground due to elemental disasters, accidents or mismanagement of the equipment, transport vehicles and parts of the devices and system during performing the service when there is a risk of leakage of dangerous substances in the surroundings.

Possibility of soil pollution or erosion can be reduced by regular machines maintenance and servicing, by avoiding fuel and lubricant storage on site and by adhering the measures and standards for construction machinery. If installation of fuel storage tanks will be needed, they should have secondary tanks with sufficient volume to contain a spill from the largest fuel tank in the structure. The containment area will have a device (pump) to remove accumulated water.

5.1.6. Cultural and historical heritage

For sub-project located in the protected cultural and historical area, and areas recognized by the community as important, there is a risk of endangering cultural and historical heritage or transforming landscapes and maintenance and cultural and regional identity. If rehabilitation works are not carried out in accordance with legal regulations, harmony with the local building culture and settlements layout may be interrupted, and the heritage attributes from the environment, context or significant relationship may be isolated. If the location of the planned sub- projects overlaps or is located close to the elements of cultural heritage, processes like excavation, mechanization and vibration may cause physical damage of architectural heritage or destruction of the archaeological find e.g. (direct or indirect obstruction of significant views or vistas from, within, or to a built).

If previously unknown cultural heritage is encountered during project activities, a chance finds procedure should be followed. It must be included in all contracts relating to construction of the project, including excavations, demolition, movement of earth, etc. The chance finds procedure sets out how chance finds associated with the project must be managed. Procedure for chance findings and protection of cultural and historical heritage (protection of cultural-historical entities/area is relevant for this project) protection of is legally defined and must be applied. If during construction works some archaeological finds are encountered, works must be stopped immediately and the competent authority informed. Works will resume only after appropriate measures have been taken as required by relevant authority and after it confirms that works may continue.

For Sub-Projects located in the protected cultural and historical area Cultural Heritage Management Plan (CHMP) as a part of ESMP/ESMP Checklist will be developed (Annex 10.2) to address cultural heritage related risk. Where applicable, integrated conditions obtained in opinions and permits of competent authorities for interventions into physical cultural heritage will be applied. CHMP will reflect requirements of ESF and national legislation and will be a subject to WB approval. CHMP will be disclosed and consulted, as an annex of ESMP/ESMP Checklists in line with the ESS10 and included in bidding and contracting documentation.

5.1.7. Biodiversity

Rehabilitation works can affect biodiversity or habitats, although this is unlikely as project activities are taking place in the footprint of existing building. There is a wide range of impacts that can affect biodiversity and habitats, including, for example, habitat conversion; interruption of important ecological processes such as species migrations, dispersal, or pollination; degradation of habitat quality (from air/water pollution or temperature change, light or noise pollution, habitat fragmentation); introduction of invasive alien species; and vulnerability to fire or other stresses. There are several nature-protected

areas within the geographical scope of the project. Since all works will be carried out within the limited intervention scope, rehabilitation within the existing footprint of buildings in urbanized areas, in a space already in use for the same purposes and thus significant, long term negative impact on biodiversity are not expected. The effects will be temporary, predictable, and typical for smaller civil works and, as such, easily mitigated. Biodiversity impacts will be considered individually for sub-projects.

To protect biodiversity the movement of heavy machinery must be restricted to the road corridor. Handling of equipment and machinery must be professional and careful to avoid accidents (fires or spillage of large amounts of harmful substances into the environment), and thus negatively affect flora and fauna. Work along watercourses and on watercourses and canals should be limited to as small area as possible. Cutting of trees and other natural vegetation should be avoided, where possible. For the restoration of the removed natural vegetation cover, only autochthonous plant species that occur in the vegetation communities present in the wider area of the sub-project should be used. It is desirable that the potential removal of vegetation is planned for the period when birds do not nest. In case of finding the nests of endangered bird species, their disturbance should be prevented, and the central state body responsible for nature protection informed about the discovery. Where possible, the area under rehabilitation must be fenced to lessen even occasional disturbance and dust on habitats and biodiversity. If noise barriers need to be constructed, they should be opaque or with a design and density of stickers that will prevent birds from entering the barriers.

5.1.8. Traffic disturbance

During the project activities temporary interruption in traffic may occur, due to the increased frequency of external transport of construction materials and equipment to the construction site. Certain quantities of soil and other building materials on the roads are possible and may cause difficulties in traffic flow, accidental damage of roads and stops due to overturning of trucks, spilling of materials etc. This is a short-term impact which will last only during the rehabilitation works.

Traffic management must be conducted in accordance with provisions of traffic legislation (e.g., appropriate lighting, traffic safety signs, barriers and flag persons that are seen easily or are easy to follow, road speed should be clearly posted). Transport should be avoided on access roads during rush hours.

The impact will be minimized by the solution Temporary traffic signage organized on a basis of Project of temporary traffic signage according to *Regulation on traffic signage (Official Gazette of Montenegro No. 33/12, 58/14, 14/17 and 66/19)*.

5.1.9. Community health and safety

Possible environmental and social impacts are of temporary nature and are predominantly linked to construction activities. Civil works may cause temporary disruptions to nearby communities such as: increased levels of noise, dust, pollution of surface and ground water due to accidental spills, temporary traffic disruptions, risk of road accidents for pedestrians, risk of endangering cultural and historical heritage, disruptions in utility services due to accidents or planned interventions (water, electricity) and poor occupational health and safety practices.

Air emissions from construction activities (emissions from excavation equipment, other machinery and construction traffic) can in short-term period (during working hours) aggravate the ambient air quality and affect the public health.

Noise and vibration pollution caused by the movement of vehicles and construction machinery and other construction activities will have a negative impact on the users of university buildings (students, professors, other employees and visitors) and public buildings (employees, users, doctors, patients) as the Sub-Projects buildings will continue to operate. Noise and vibration can have negative impact on the narrower area around the construction site, especially if there are sensitive receptors in the vicinity. These impacts are short-term, limited to the location of the site and the narrower area around the site and by applying adequate mitigation measures will not have significant negative impact on the community health and safety.

One of the key potential risks associated with the construction works is the increased risk of road accidents due to increased traffic of construction vehicles and congestion. The risk is particularly higher for sub-projects that will take place in densely populated areas and/or for children where works are taking place near existing schools or kindergartens. Accidents can result in injuries including fatalities affecting both the community and workers.

Certain sub-projects may be located in in the protected cultural and historical area, or the area recognized by community as valuable, therefore risk of endangering cultural and heritage goods and risk of transforming landscapes and maintenance of cultural and regional identity could negatively impact on community everyday life.

There is a limited risk of hazardous materials exposure. Management of hazardous materials, including hazardous waste (medical waste, asbestos) is related to construction activities and is short-term.

Risks from medical waste exposure to community:

- contamination of water and soil; improper disposal of medical waste can lead to the contamination of local water sources and soil, this can affect community health through direct contact, consumption of contaminated water, or via the food chain,
- attraction of pests; medical waste can attract pests like rodents and insects, which can act as vectors for disease, increasing the risk of disease spread within the community,
- chemical exposure from environmental contaminants; community members can be exposed to hazardous chemicals leaching from medical waste into the environment, which can lead to chronic health conditions such as neurological damage or cancer.

Contractor must ensure mitigation measure for these risks by adhering to WHO guidelines as well as Environmental Health and Safety (EHS) Guidelines of the World Bank Group and other good international industry practice (GIIP), and national guidance and procedures. Enforcement of environmental legislative framework will ensure minimising risk of affecting public health from deteriorating the ambient air quality and possible noise and vibration pollution.

Air emissions can be significantly reduced with the standard construction site management practices (described in detail in the Annex 10.2. General ESMP).

The Sub-Project-affected parties (users of the Sub-Project buildings) will be informed about construction schedules, progress, and safety precautions and adequately informed about the Sub-Project and GRM. In case that generated noise levels are severely impacting the Sub-Project-affected parties, it is necessary to choose and apply adequate noise protection measures: adjustment of operating time; use of temporary movable noise barriers; use of alternative working machines with lower noise emission levels. All equipment must be maintained in good operating condition and be attested. During operations the engine covers of generators, air compressors and other powered mechanical equipment shall be closed, and

equipment placed as far away from residential areas as possible. Community / public should be informed in advance of any work activities to occur outside of normal working hours or on weekends.

Risk of road accidents due to increased traffic of construction vehicles and risk arising from accidents during transport of hazardous materials will be mitigated by implementation of provisions defined by Law on Occupational Health and Safety (Official Gazette of Montenegro No. 34/14, 044/18) and Law on the Transport of Hazardous Substances (Official Gazette of Montenegro No. 33/14, 13/18).

The contractor who performs the construction works is obliged to arrange the site and to ensure that the works are carried out in accordance with the occupational health and safety regulations (e.g. appoint person responsible for safety at work, determining and marking construction site boundaries, ensure effective and safe transport routes, list of activities indicating hazardous works, define measures and instructions for safety at work, ensure instructions on how to act in case of fires, earthquakes, etc.). Detailed written instructions on how to act in the case of an accident must be present in the vehicle when transporting dangerous goods as defined by Law on the Transport of Hazardous Substances.

If there will be a need for the migrant/foreign workers, the working conditions and terms of employment of migrant workers (domestic or foreign) should be the same or substantially equivalent to those of nonmigrant project workers performing the same type of work. This applies to migrant project workers employed or engaged directly by the Borrower or through a third party.

In case of a chance finds procedure defined in the *Law on Cultural Heritage Protection (Official Gazette of Montenegro, No. 049/10, 040/11, 044/17, 018/19)*. For Sub-Projects located in the protected cultural and historical area Cultural Heritage Management Plan (CHMP) as a part of ESMP/ESMP Checklist will be developed (Annex 10.2. Table 17.)

This risk of exposure to hazardous material will be mitigated in accordance with national labor and OHS policies as well as adhering to appropriate measures defined in this ESMF (by which emergency and preparedness response is defined – e.g., how to respond in the case of an accident during transportation of hazardous waste).

With proper mitigation measures risk from medical waste exposure can be minimized. Mitigation measures include proper waste segregation and disposal, secure waste storage, safe transportation and disposal systems and regulatory compliance and monitoring.

5.1.10. Overview of environmental risks and mitigation measures in pre-construction, construction and use phase

Overview of environmental risks and mitigation measures in pre-construction, construction and use phase is given in Tables 7.,8. and 9.

Table 7. Environmental Risks and Mitigation Measures - preconstruction (design) phase

E&S Aspect	Mitigation Measures in Design Phase
Energy efficiency measures, insulation, ventilation	<ul style="list-style-type: none"> - insulation must be adapted to seasonal climatic impacts, internal thermal load and characteristics of exposure; - to achieve maximum efficiency, it is important to instal thermal insulation on all areas where energy loss may occur (on the outside of the wall, on the roof or attic (in two layers), in the floors in the basement); - window locations should be determined according to the view, ventilation, light, heat gain, privacy control and functionality of the interior space; - the choice of high - efficiency domestic water heating systems (including solar systems) and for indoor space heating should be based on maintenance costs and long-term running costs; - construction materials must conform to national regulations and internationally accepted standards of safety and environmental impacts; - robust quality assurance on input material; - use of the locally sourced and renewable materials; - introducing urban nature-based solution principles (NBS) during the detailed design phase: for example, introducing 'green wall' on the installation verticals, using high albedo factor materials for cladding, positioning tree to shade the sun-exposed facades, using light colors for the building facade and the roof, positioning of shades and trees to cover asphalt and concrete surfaces, selection of native vegetation, bushes and trees that are bees and bird friendly etc.
Fire safety	<ul style="list-style-type: none"> - the design must be in compliance with local building codes, local fire department regulations, local legal/insurance requirements, and in accordance with EU regulation and internationally accepted life and fire safety (L&FS) standard (e.g. USA NFPA, Austrian guidelines TRVB 126 Austrian Technical Guidelines for Preventive Fire Protection). - with regard to these objectives: - Project sponsors' architects and professional consulting engineers will demonstrate that affected buildings meet these life and fire safety objectives. Life and fire safety design criteria for all existing buildings will incorporate all local building codes and fire department regulations. - all construction materials and elements will be fire-resistant including ceiling panels, any facade plates, etc.
Biodiversity	<ul style="list-style-type: none"> - Anti Reflective Coatings on the panels must be used in order to reduce the impact of so-called "lake effect"⁷
Seismic resistance	<ul style="list-style-type: none"> - measures to provide adequate level of seismic resistance by application of Eurocode 8: Design of structures for earthquake resistance (in case of reinforcement of structural elements of the buildings)
Noise	<ul style="list-style-type: none"> - measures to prevent the spread of excessive noise from: buildings into the environment and from the environment into buildings, as well as into neighboring areas applying provisions of the Law on Protection from Noise in the

⁷ Panels of solar power plants can cause the "lake effect" which implies the appearance of a water surface due to the reflection of light from the panels.

	Environment (Official Gazette of Montenegro No. 028/11, 001/14, 002/18) and the Rulebook on value limits of Environmental Noise, the Method for Determining the Acoustic Noise Indicators and Assessment Methods of the Harmful Effects of Noise (Official Gazette of Montenegro No. 60/11)
--	---

Table 8. Environmental Risks and Mitigation Measures – construction phase

Subcomponent Activity	Risks and Impacts	Mitigation Measures
<p>Movement of trucks and machinery</p> <p>Demolition/dismantling works (replacement of external windows and doors, dismantling of boilers and burners, chiller/air conditioner and heat pumps, fuel switching)</p> <p>Rehabilitation/installation activities (reinforcement of structural elements, replacing windows with walls insulation of walls, basements and attics, pipe insulation, upgrading of electrical network, installation of RSPV systems, pumps and fans, solar water heating)</p>	<ul style="list-style-type: none"> - generation of dust, noise, and vibration; - pollution of surface and ground waters and soil due to minor operational or accidental spills of fuel and lubricants; - slight increase in traffic during construction; - impact on workers and community health and safety (dust, noise, traffic, exposure to medical waste and asbestos); - waste generation, disposal and pollution (improper disposal of construction waste, asbestos and asbestos-containing materials; waste containing PCBs) - improper disposal of air-conditioning devices containing CFCs and HCFCs; - impact on biodiversity (flora and fauna); - improper reinstatement of construction sites upon completion of works; - negative impact on buildings of cultural significance due to inadequate rehabilitation methods and techniques 	<ul style="list-style-type: none"> - ensure implementation of mitigation measures prescribed in the ESMP/ESMP Checklist (proposed mitigation measures are given in Annex 10.1. -Table 17. and 10.3.- Table 19. of this ESMF)

Table 9. Environmental Risks and Mitigation Measures – operational phase

Subcomponent Activity	Risks and Impacts	Mitigation Measures
Worker's health and safety	<ul style="list-style-type: none"> - endangered health and safety of workers 	<ul style="list-style-type: none"> - safety and maintenance plan for all equipment will be prepared before use and regularly implemented; - ensure all procedures for safe use of equipment are in place and staff is adequately trained and acquainted with

		them before use phase. All procedures will be readily available at premises.
Waste management	- waste generation, improper disposal of EE waste	<ul style="list-style-type: none"> - ensuring proper waste management according to Law on Waste Management (Official Gazette of Montenegro No. 034/24) and Ordinance on Waste Classification, Waste Catalogue, Waste Treatment Procedures, i.e. Waste Processing and Disposal (Official Gazette of Montenegro No. 064/24); - dismantle dangerous equipment in the safe manner; - handling of waste, transport and final disposal or processing will be carried out by licensed companies.
Maintenance of the building	- unsafe practices during operation of the building	- robust scheduled maintenance programs

5.2. Social impacts and mitigation measures

Most social risks identified for Component 1 are typical for construction (renovation) works. The civil works to be performed are small to medium in magnitude and as such the impacts can be easily and predictably avoided, minimized and mitigated by proper organization of construction site, continuous communication with all stakeholders and through other ESF tools and national legislation, in particular through the development and implementation of project stakeholder engagement plans and grievance redress mechanisms as well as through the development and implementation of labor management procedures.

Community health and safety

Community health and safety risks typical for construction / renovation works:

- increased noise and vibrations caused by increased traffic, use of machinery and equipment at the construction/renovation site;
- traffic accidents for pedestrians caused by increased and inadequately organized traffic (transportation of materials, equipment, and workers);
- temporary closing of roads without ensuring adequate transport routes may cause inconvenience for local population;
- disruptions in utility services due to accidents or planned interventions (water, electricity).
- poor occupational health and safety practices;
- inadequate disposal of waste from construction site polluting the community environment (including inadequate management of asbestos waste and exposure of local community with asbestos – if proved to be presence of asbestos on any of the sites).

In addition, potential community risks related to foreign labor influx are present. Although contractors and workers employed in construction activities are likely to be locally based, there is a potential of labor influx and contractor may engage foreign workers (local from outside the sub-project area or foreigners). Potential risks and impact on community related to foreign workers due to difficulty of their integration into community are present (e.g., the feelings of anxiety and fear for unsafe environment among the local residents when there are foreign workers living in the same building or in vicinity).

Labor management risks

This Project will most likely include all categories of project workers defined by ESS2, except community workers (direct workers, contracted workers, and primary supply workers). Beside direct workers (persons employed or engaged directly by the implementing agencies such as technical, and environmental experts, architects, civil engineer, procurement, financial management employed within the PIU, etc.) both low and high-quality skilled workers, are expected to be engaged by contractors and sub-contractors (i.e. construction company, supervision company, and company performing project management). Beside the OHS risks potential labor risks in relation to civil works are related to working conditions and treatment of the project workers during implementation of works (e.g., employment and working conditions, membership and participation in workers' or employers' associations or in any other professional organization, etc.). It can be expected that the greater number of low skill workers will be engaged, including the foreign workers as previously described. Foreign workers can be seen as a vulnerable group due to their non-existent social networks, obstacles in exercising all social rights, and higher general exposure to potential discrimination.

Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH)

With respect to GBV, the risk is low as there will only be small to medium size civil works.

Montenegro has had a national law in place prohibiting workplace harassment, including sexual harassment, since 2012. Additionally, Montenegro ratified the Istanbul Convention in 2013. With respect to GBV, the risk is low as there will only be small to medium size civil works. The project is expected to engage some contractors and workers and will not include type of works which would initiate large labor influx. The project works will take place in areas which can be supervised. However public buildings have a significant share of female population. Therefore, in spite of low GBV risk the project will institute a Code of Conduct for project workers and a dedicated grievance mechanism to receive confidential SEA/SH complaints. The project workers including those engaged on the small construction/installation works n will receive training on the prevention of SEA/SH.

Lack of communication and information exchange

There are potential risks of poor or a lack of communication and information exchange among relevant stakeholders including local community. For all civil works continuous stakeholder engagement through all project cycle should be ensured as well as easily accessible GRM mechanisms, both for public and project workers. Meaningful consultation and stakeholder engagement shall be conducted during the whole life-cycle of the of the sub-projects.

Disruption of services by medical/public/educational/justice institutions

Potential Disruptions to services include:

- Renovations of teaching facilities such as lecture halls, laboratories, and libraries may restrict access for students and faculty, disrupting the regular academic schedule. This could impact exams, lectures, and research activities.
- Renovation works could limit access to courtrooms, offices, and meeting spaces, delaying judicial processes and legal proceedings.
- The renovations could reduce access to dedicated rooms for victims and witnesses, as well as make it difficult to ensure separate and secure flows within the building (e.g., preventing contact between witnesses and defendants).
- Renovations in the health center could limit access to medical facilities and services, particularly for vulnerable groups like the elderly, disabled, and chronically ill patients.
- Key medical services, such as outpatient care, diagnostics, or emergency services, may experience temporary closures or reduced capacity due to renovations.

Overview of social risks and mitigation measures is given in Table 10.

Table 10. Social Risks and Mitigation Measures

Subcomponent Activity	Risks and Impacts	Mitigation Measures
Construction and renovation works	Community health and safety risks typical for construction / renovation works (increased noise and vibrations, traffic accidents for pedestrians caused by increased and inadequately organized traffic, temporary closing of roads, disruptions in utility services (water, electricity). Poor occupational health and safety practices.	<ul style="list-style-type: none"> - Proper organization of construction site - Continuous communication with all stakeholders through development, implementation and monitoring of SEP. - Application of the WB ESF instruments and Environmental, Health and Safety (EHS) Guidelines, WHO guidelines and other good international industry practice (GIIP) - Development of labor management procedures (LMP) in relation to the requirements of national legislation and ESS2. - Established, implemented and monitored GRM for receiving, evaluating, and addressing project-related complaints, feedback, questions and suggestions.
	Labor management risks including OHS and contractual treatment of the project workers during implementation of works (employment and working conditions, membership and participation in workers' or employers' associations).	<ul style="list-style-type: none"> - Development of labor management procedures (LMP) in relation to the requirements of national legislation and ESS2. - Established, implemented and monitored workers GRM for grievances from project workers, including employees of contractors/sub-contractors.
	Foreign labor influx that include OHS risks, risks related to their non-existent social networks, obstacles in exercising all social rights, and higher general exposure to potential discrimination	<ul style="list-style-type: none"> - Development of labor management procedures (LMP) in relation to the requirements of national legislation and ESS2. - Provisions of project LBM include requirements for the Contractor to prepare and enforce a Code of Conduct for Workers - Established, implemented and monitored workers GRM for grievances from project workers, including employees of contractors/sub-contractors.
	Lack of communication and information exchange	<ul style="list-style-type: none"> - Continuous communication with all stakeholders through development, implementation and monitoring of SEP. - Established, implemented and monitored GRM for receiving, evaluating, and addressing project-related complaints, feedback, questions and suggestions.
	Disruption of services by medical/public/educational/justice institutions	<ul style="list-style-type: none"> - Implement SEPs to ensure early consultation with stakeholders - Use of clear, accessible communication channels to keep stakeholders informed about project schedules, potential disruptions, and safety measures

		<ul style="list-style-type: none"> - Implement and maintain grievance redress mechanisms to allow public service users to voice concerns about disruptions, ensuring these grievances are addressed promptly and effectively - Maintain specialized GRM for workers and include project GRM provisions for handling sensitive complaints, such as those related to discrimination or SEA/SH. - Implement temporary adjustments to service delivery such as reorganization of classrooms or offices if needed ensure temporary relocation - Schedule works to assure minimal disruption such as during university breaks or outside peak academic hours to minimize disruption - In case of relocation develop checklist for the selection of alternative locations. - Priority given to renovation of critical rooms (e.g., those for victims and witnesses) - Cooperate with judicial staff to manage access and flows of persons to safety of victims and witnesses.
	<p>Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH)</p>	<ul style="list-style-type: none"> - Established, implemented and monitored GRM for receiving, evaluating, and addressing project-related complaints, feedback, questions and suggestions. - GRM set up in a way to ensure secure mechanism for lodging SEA/SH complaints. - Provisions of project LBM include requirements for the Contractor to prepare and enforce a Code of Conduct for Workers - The project workers including those engaged on the small construction/installation works will receive training on the prevention of SEA/SH
	<p>For persons with disabilities and elderly population potential impacts on accessibility of the building during energy renovation works (reduced access to the elevator, changes in organization of spaces)</p>	<ul style="list-style-type: none"> - Proper organization of construction site - Avoid if possible reorganization of spaces (minimal changes to layout) and limit the impact of construction work on work accessibility of the building. - Contractors encouraged to use notices, signage and information materials in accessible formats and specific physical barriers and markings (i.e. tactile pads, raised strips for altered routes and layouts) and / or temporary structures (i.e. ramps) that comply with accessibility standards.
	<p>Victim and witnesses Potential impacts on safety of the building during energy renovation works due reduced access to dedicated rooms for victims and witnesses, difficulties in securing separate flows (direction of moving within the building organised to avoid</p>	<ul style="list-style-type: none"> - Efforts to assure a room for victims and witnesses and to organise, as much as possible, separate flows through space management of the building and management of the time in which victims, witnesses and eventual suspect are present in the building

	<p>contacts between victims and witnesses with potential suspects</p>	
	<p>Women, LGBT+Q students and teaching staff, Roma students and staff and economically marginalized people - risks of GBV and other forms of discrimination</p>	<ul style="list-style-type: none"> - Established, implemented and monitored GRM for receiving, evaluating, and addressing project-related complaints, feedback, questions and suggestions. - GRM set up in a way to ensure secure mechanism for lodging SEA/SH complaints. - Provisions of project LBM include requirements for the Contractor to prepare and enforce a Code of Conduct for Workers - The project workers including those engaged on the small construction/installation works will receive training on the prevention of SEA/SH

6. Environmental and Social Risk Management

6.1. Methodology E&S impacts screening and assessment

Since MESDP Project involves a set of sub-projects to be determined in more detail (location and general activities are known), prepared and implemented during the project realization, pursuant to the WB E&S requirements described in ESS 1 – Assessment and Management of E&S Risks and Impacts, the PIU will assess the E&S impacts of each sub- sub-project using this ESMF. For each individual sub-project, the PIU will prepare an ESMP Checklist or ESMP with CHMP if applicable using guidance provided in this ESMF.

The selection of the E&S instrument will be based on the screening process and the determined sub-project E&S risk as follows:

- for “substantial” risk sub-projects, robust ESMP will be prepared in accordance with this ESMF and provisions set forth under ESS1 and the ESF,
- for “moderate” risk sub-projects, an assessment will be carried out in line with national environmental requirements and will include the preparation of a site-specific ESMP/ESMP Checklist in line with this ESMF;
- for “low” risk sub-projects, an assessment will be carried out in line with national environmental requirements and will include the preparation of a site-specific ESMP Checklist in line with this ESMF.

The preliminary E&S assessment indicates that, for now, none of the project activities are assessed to be of high or substantial risk.

Screening procedure

For projects involving multiple sub-projects, the World Bank requirements involve mandatory review of the adequacy of local environmental and social requirements relevant for the sub-projects, as well as assessment of the Borrower’s capacity to manage the environmental and social risks and impacts of such sub-projects, particularly, Borrower’s capacity to (a) perform sub-projects screening; (b) ensure necessary specialists for conducting environmental and social assessment; (c) review findings of environmental and social assessment for individual sub-projects; (d) implement mitigation measures; and (e) monitor environmental and social impact during project implementation. The World Bank requires that appropriate environmental and social assessment of sub-projects is carried out and that sub-projects of substantial, moderate, and low risk are prepared, implemented and monitored in accordance with national legislation and all ESS requirements that the Bank deems relevant by developing and following procedures to secure ESF and regulation compliant implementation.

For Component 1 the Ministry of Energy will ensure, that environmental and social management is an integral part of sub-project planning, design, implementation, and operation and maintenance. The PIU-1 will screen, monitor and report on the environmental and social performance, national legislation and ESF compliance under each sub-project, ensuring efficient application of measures as defined in site-specific management instruments including ESMF.

Each sub-project and its activities must undergo environmental and social assessment compliant to this ESMF, and consequently the ESF, integrating stakeholder engagement activities including consultation and feedback. The Environmental and Social assessment follows the 5 step process to identify risks associated with specific sub-projects, screen out any high-risk activity, identify potential impacts and define mitigation measures to prevent or minimize negative impacts and determine the type of management instrument required to meet the project standards.

For implementation of planned sub-projects under Component 1, the following 5 steps concerning the E&S assessment process must be undertaken:

Step 1. Sub-project screening and risk classification

PIU will propose E&S instrument for every sub-project based on the Matrix of risk classification (Table 11.). Proposed decision on the category of the subproject/activity will be submitted to the WB for approval. Determining risk will take into account relevant issues, such as the type, location, sensitivity, and scale of the project, etc. The final decision requires endorsement of the World Bank.

According to Regulation on Projects for which Environmental Impact Assessment is required (the Official Gazette of Montenegro No. 20/07 and 47/13, 53/14) certain sub-projects under Component 1 can fall under List II *Projects for which an environmental impact assessment may be required* under items:

- 12. Infrastructural projects b) projects of urban development projects: commercial, business and sales centers with a total usable area of over 1,000 m² (hotels, religious buildings, **facilities for education, science, health, culture and social welfare**, theater, cinema, exhibition, halls and others),
- 15. other a) All projects listed in List II in the protected natural area and the protected environment of the immovable cultural good.

The screening procedure will result in the project being classified in one of the following categories:

Table 11. Matrices of risk classification

Risk level of sub-project	Description	Eligibility /E&S instruments
1. Low risk	<p>Sub-projects with negligible environmental and social impacts for which an environmental impact assessment is not necessary. Activities that are neither on List I or II of the Regulation on Projects for which Environmental Impact Assessment is required.</p> <ul style="list-style-type: none"> - adaptation works; - not in the protected environment of the immovable cultural good. 	<p>Eligible for financing. No additional environmental and social assessment necessary. It is necessary for PIU to develop Checklist ESMP. SEP is to be implemented.</p>
2. Moderate risk	<p>Sub-projects expected to be of manageable, easy to envisage, temporary and of local impact. Activities identified to be those listed in List II of the Regulation on Projects for which Environmental Impact Assessment is required.</p> <ul style="list-style-type: none"> - reconstruction works; - works in the protected environment of the immovable cultural good. 	<p>Eligible for financing. It is necessary for PIU to develop Checklist ESMP or ESMP. SEP is to be implemented. The beneficiaries will submit request to the relevant authority for deciding whether the EIA under national Law is required, and PIU will follow up this activities. In case of sub-projects located in the area of protected cultural and historical entity CHMPs for each individual sub-project.</p>
3. Substantial risk	<p>Sub-projects with potential and very significant or irrevocable environmental and social impacts, whose size is difficult to determine in the sub-project identification phase. Activities identified to be those listed in List II of the Regulation on Projects for which Environmental Impact Assessment is required.</p> <ul style="list-style-type: none"> - reconstruction works; - works in the protected environment of the immovable cultural good; - limited degree of social conflict, harm, human security risk. 	<p>Eligible for financing. It is necessary for PIU to develop ESMP or ESIA (with ESMP) if required. Existing ESIA's will be reviewed (and revised if needed) for ESF compliance. The PIU will procure an EIA under the national legislation to be conducted. In case of sub-projects located in the area of protected cultural and historical entity CHMPs for each individual sub-project will be developed.</p>
4. High risk	<p>Sub-projects likely to have highly significant, diverse, and/or long-term adverse impacts on human health and natural environment, the magnitude of which is difficult to determine at the sub-project identification stage. These impacts may also affect wider areas beyond the sub-project locations. Measures for mitigating such environmental risks may be complex and require significant financial costs.</p>	<p>Not eligible for financing.</p>

Screening according to the World Bank risk classification identifies that sub-projects under Component 1 are expected to be of mostly of moderate and low risk.

Final decision on required E&S instruments and documentation will be made by MoE ES specialists on a case-by-case basis.

Step 2. Sub-Project Preparation

The PIU will engage Consultant company for providing technical documentation needed for implementation of Component 1. Before starting the implementation of the sub-project, the Consultant for the preparation of technical documentation, prepares necessary documentation for sub-project including, Technical documentation, for the sub-project to be financed including the technical description of the sub-project, time schedule of works. Permits and approvals issued by competent bodies related to the implementation of the sub-project prepares beneficiaries of facilities.

Step 3. Preparation of E&S instruments

Activities under Component 1 (adaptation and reconstruction of university and public buildings) are expected to have mostly small to medium environmental and social impacts.

For low risk sub-projects ESMP Checklist will be developed for each sub-project (ANNEX 10.1). For medium projects ESMP Checklist or ESMP will be prepared (ANNEX 10.2). For substantial risk projects (if any) robust ESMP will be prepared.

For the Cultural Heritage Management Plans (CHMPs) for the buildings located in protected cultural-historical entities/area PIU will: (i) from beneficiaries of facilities obtain all nationally required conditions and if necessary permits from the cultural heritage competent authority and integrate them in the CHMP; (ii) formulate CHMP as an annex of ESMP/ESMP Checklists in line with the ESS10, satisfactory to WB, that will reflect requirements of ESF and national legislation.

All documents need to be prepared in Montenegrin and English language.

When confident that the documents meet WB quality and content requirements ES specialist submits the draft documents in English language for the review by the World Bank. When satisfied with the quality of ESMP/ESMP Checklists/CHMP, the Bank may decide to perform only post review of these documents.

The processes for reaching and informing potentially impacted persons and communities will be amended by WB principles, and by actively engaging with these persons/groups, especially with vulnerable groups. These aspects are addressed in this ESMF, under the provisions for Grievance Redress Mechanism and Social Risk mitigation measures and through Stakeholder Engagement Plan (SEP).

The PIU will include ESMP/ESMP Checklist including CHMPs if applicable in bidding and contracting documentation.

Step 4. Integration of ESMP/ESMP Checklist/CHMP in tender documents

ESMP/ESMP Checklist with CHMP will be prepared prior to the bidding of works and the final version integrated into tender documentation for the selected sub-projects and in the contracts for their execution to be signed with the selected works contractors (and consequently all its sub-contractors). The Contractors will be required to demonstrate that all mitigation measures have been accounted for to ensure sub-project implementation in environmentally and socially acceptable manner. The Contract agreements shall impose the Contractor's obligation to comply with the requirements specified in the EAs. Standard Bidding Documents of the WB for Procurement of Works already contain clauses for enhancement of environmental, social, health and safety performance. Additional sample clauses are to

be included in the Particular Conditions, including requirements for ESHS staff to ensure the successful implementation of ESMPs by the Contractors.

Step 5. Implementation, project supervision, monitoring and reporting

The Contractor (and consequently all its sub-contractors) is responsible for the implementation of ESMP/ESMP Checklist/CHMP measures and monitoring plan.

Selected Contractor will be required to develop Contractor ESMP (C-ESMP) comprising Environmental and Social Management Strategies and Implementation Plans (ES-MSIP) to manage the key Environmental and Social (ES) risks related to: waste management, excessive increase in noise level, water, soil and air pollution, asbestos removal and management, workers and community complaints (establishing Grievance Redress Mechanism (GRM)), occupational health and safety, emergencies (spills, accidents, fire, explosion, earthquake) and fire safety. Proposed content of C-ESMP is presented in Annex 10.3.

The Supervision Engineer and the PIU specialists shall supervise the Contractor`s Environmental and Social performance and verify compliance with E&S Instruments. Supervising Engineer is responsible for regular reporting of ESMP/ESMP Checklist/CHMP compliance to the MoE PIU.

MoE PIU will regularly supervises works through site visits, review of documentations and other available means. Respective inspection services for monitoring of the implementation of the mitigation measures related to the environmental issues shall also oversee and verify the Contractor`s E&S Compliance. The overall implementation and compliance responsibilities lie with the MoE.

MoE PIU reports on ESMF and ESMP/ESMP Checklist/CHMP implementation compliance to the WB through regular annual progress reports. Reporting arrangements are subject to change depending on the PIU performance and agreement with the WB.

6.2. ESS due diligence documents

ESMF is developed in close cooperation with the relevant ministries. ESMF will be publicly disclosed and will undergo public consultation process. The draft version of the ESMF will be disclosed on Ministry of Energy web site and will also be available in hard copy at its premises.

Details from public consultation process will be given in Chapter 9 once the public consultation process has been completed.

There are two Social Due Diligence instruments that are to be used within the activities planned for this project:

1) Stakeholder Engagement Plan (SEP) is an instrument that is describing the planned stakeholder consultation and engagement process for the Project, as well as the grievance mechanism for people to raise any concerns about the project activities. Stakeholder refers to individuals or groups who are affected or likely to be affected by the project (project-affected parties) and may have an interest in the project (other interested parties). The term “stakeholder engagement” is a way to describe a broader, more inclusive and continuous process between a project developer and those potentially affected by a Projects/sub - projects. Stakeholder engagement can encompass a range of activities and approaches, including consultation, engagement, external relations, information disclosure and dissemination, and community participation. Stakeholder Identification and Analysis involves determining who the project stakeholders with more in-depth look at the interests of stakeholder groups, how they will be affected, and what influence they can have on a project. Grievance Mechanism and Management must be part of it. The Initial Stakeholder Engagement Plan is being prepared parallel with ESMF and will be finalized before project appraisal and disclosed on the MoE and WB website. It will be updated periodically as necessary.

2) Labor Management Procedure (LMP) whose purpose is to facilitate planning and implementation of the project. The LMP identifies the main labor requirements and risks associated with the project and helps the Borrower to determine the resources necessary to address project labor issues. The LMP is a living document, which is initiated early in project preparation, and is reviewed and updated throughout development and implementation of the project. Labor Management Procedure is prepared as a part of this ESMF and is given in Annex 10.6.

Environmental and Social instruments envisaged for managing risks on the sub-project levels are ESMP (Environmental and Social Management Plan) and ESMP Checklist, both with CHMP (Cultural Heritage Management Plan) if applicable. Matrix for risk classification and decision on E&S instruments is given in Table 11.

The main objective of **ESMP** is to ensure that the sub-project activity is compliant to national and EU regulations, as well as to World Bank Environmental and Social Framework (ESF) in all phases of the Project's lifecycle. ESMP addresses requirements of WB Environmental Health and Safety Guidelines (EHS) and Good International Industrial Practices (GIIP). For that purpose, ESMP defines measures to minimize adverse effects and risks on the biophysical and socio-economic environment during construction works and use of sub-project. Application and content of ESMP are guided by the Project Environmental and Social Commitment Plan (ESCP) and ESMF, WB ESSs, WB EHS and GIIP. Environmental and Social Mitigation Plan and Monitoring Plan encompassing all stages of the sub-project, with a purpose to supervise E&S compliance and streamline implementation of measures (and corrective actions) are an integral part of the ESMP. Template of ESMP is given in Annex 10.2.

ESMP Checklist will help assess potential environmental and social impacts associated with the proposed sub-project, identify potential environmental and social improvement opportunities, and recommend measures for to the prevention, minimization and mitigation of environmental and social impacts. Template of ESMP Checklist is given in Annex 10.1.

Cultural Heritage Management Plan addresses cultural heritage related risks and, where applicable, conditions obtained in opinions and permits of competent authorities for interventions into physical cultural heritage will be integrated into CHMP. CHMP will be part of ESMP and annex to ESMP Checklist.

7. ESMF Implementation Procedure

7.1. Implementation arrangements

The implementation of Montenegro Energy Sector Decarbonization Project; Component 1: Improving Energy Efficiency of Public Buildings will be set by following entities:

- 1) Inter-Agency Project Steering Committee providing overall policy and strategy guidance,
- 2) Project Implementation Unit (PIU) for Component 1, which are establish under MoE (continuation of the work of the PIU from the MEEP 2 project),
- 3) TSU housed at the MoF responsible for all fiduciary functions.

The Inter-Agency Project Steering Committee will provide overall policy and strategic guidance, ensure institutional coordination, and address issues requiring government involvement. It will be chaired by the Ministry of Energy and comprise concerned Ministries and government bodies, including Ministry of Finance. The Inter-Agency Project Steering Committee will provide oversight and strategic guidance throughout project implementation.

Project Implementation Unit (PIU) for Component 1 is existing and established by Ministry of Energy to carry out day-to-day project implementation of Component 1. The PIU for Component 1 consists of two team members: Project Coordinator and Technical and Environmental EE expert. The PIU established for the needs of the MEEP 2 project and continues its work on this project. It is also planned to engage a social expert before and after the adaptation of works on certain buildings as an independent legal entity.

The PIU will be responsible for:

- preparing (with the support of external consultants) the detailed design of the interventions financed by the Component 1;
- the TSU through the procurement process and preparing tender documents;
- carrying out (with the support of external consultants) supervision for the contracts signed to implement project activities;
- monitoring of Environmental and Social aspects of Component 1 sub-projects;
- performing monitoring, evaluation and reporting on Project Component 1 results and outcomes; and
- liaise with the government and the World Bank on project related matters.

Specific detailed responsibilities are given in the Table 12.

Table 12. Project implementation responsibilities

Responsible entity	Responsibilities
MoE (PIU)	- Ensuring the implementation of the provisions of the ESMF by all parties, such as sub-project Borrowers and Contractors, including environmental and social monitoring, evaluation and reporting
PIU (E&S aspects)	- Development of sub-project E&S instruments (ESMP/ESMP Checklist/CHMP) templates are given in the Annex 10.1. and 10.2.;
	- Ensuring the implementation of appropriate health, safety, social, and environmental standards and practices in accordance with ESMF, site specific ESMPs/ESMP Checklists/CHMP);
	- Advisement and guidance of the contractors on the identification, assessment and mitigation of environmental and social impacts at the sub-project level and preparation of monitoring reports;.

	<ul style="list-style-type: none"> - Conducting environmental/social supervision by carrying out document reviews, site visits and interviews with Contractor, Construction Supervisors at least once a month; - Holding regular meetings with the Contractor and representatives from PIU and beneficiaries, on a monthly basis; - Managing the Grievance Redress Mechanism (GRM); - Responding on WB requirements and Head of PIU.
Supervision Engineer	<ul style="list-style-type: none"> - Supervising implementation of appropriate health, safety, social, and environmental standards and practices in accordance with E&S standards; - Development of C-ESMP in accordance with mitigation measures defined in the ESMP/ESMP Checklist /CHMP; - Reporting to PIU.
Contractor	<ul style="list-style-type: none"> - Ensuring the implementation of appropriate health, safety, social, and environmental standards and practices in accordance with E&S standards during implementation of works; - Training of project workers regarding Occupational Health and Safety, Codes of conduct, unacceptability of Gender-Based Violence, Sexual Exploitation and Abuse and Sexual Harassment, Workplace Grievance Redress Mechanism, Waste management precautions; - Implementation of developed C-ESMP in accordance with mitigation measures defined in the ESMP/ESMP Checklist /CHMP; - Reporting to Supervision Engineer.

Existing central **Technical Support Unit (TSU)** will be responsible for fiduciary functions, including procurement and financial management.

At some point during project implementation, the government might decide to transfer implementation responsibilities to the Eco Fund, which would be done through a project restructuring.

World Bank will provide implementation support to Component 1 through:

- close cooperation with PIU;
- review of implementation performance and progress;
- implementation support missions;
- facilitating knowledge exchange;
- supervision and support on procurement process and financial management.

The World Bank team's social and environmental specialists will provide technical support and oversight throughout Project Component 1 implementation and will take responsibility for initiating the timely preparation of required safeguards instruments. World Bank specialist will review all prepared ESF documents. Formal implementation support missions and field visits will ensure that the safeguards processes are in line with World Bank requirements. In addition to regular implementation support missions, a mid-term review will be carried out by the World Bank team to assess the overall project progress, identify critical implementation issues, and make necessary adjustments to the project design, its components or implementation schedule. World Bank will provide training on ESF and relevant standards to build capacity of the relevant PIU staff and guide them in the preparation, implementation, and supervision of all project's environmental and social instruments.

MoE PIUs will provide training on implementation of environmental and social due diligence documents to all staff working with contractors and sub-contractors that are responsible for environment, and social issues.

7.2. Monitoring and reporting

The MoE PIU will be responsible for Component 1 and will be accountable for reporting to both the World Bank and the PSC on all Project activities and progress. The PIU for Component 1 will be responsible for project coordination and preparation of consolidated reports.

Regular reports, as set out in the ESCP have to be provided to the World Bank as a result of the monitoring. Such reports will provide an accurate and objective record of project implementation, including compliance with the ESCP and the requirements of the ESMP/ESMP checklist/CHMP.

Monitoring and evaluation will be carried out by the PIU for Component 1 on the basis of the PDO indicators developed in the Results Framework.

Project monitoring will be a periodic function and will include carrying out process reviews/audits, reporting on outputs, and maintaining progressive records, as well as third-party monitoring and social auditing.

The PIU for Component 1 will prepare consolidated annual progress reports that will cover:

- physical and financial progress achieved against agreed implementation and disbursement indicators;
- issues and problem areas, including comments on actions to address identified problems;
- work programs and cost estimates for the coming year, including revised estimates for the former period;
- data on grievances and resolutions to allow for timely corrective action and incidents/accidents.

Detailed responsibilities during the monitoring and reporting of Project Component 1 are given below in the Table 13.

Table 13. Project monitoring and reporting responsibilities

Responsible entity	Report	Frequency
Supervision Engineer	Monitoring reports to PIU (regarding ESMP/ESMP Checklist/CHMP implementation) based on the Metric for reporting (Annex 10.2. Table 19.)	- 30 days reporting
	Promptly notify PIU of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers within 24 hours.	- within 24 hours
PIU	Progress report for WB on: physical and financial progress achieved against agreed implementation and disbursement indicators; issues and problem areas, including comments on actions to address identified problems; work programs and cost estimates for the coming year, including revised estimates for the former period; data on grievances and resolutions to allow for timely corrective action.	- annually and upon request
	Environmental and Social assessment implementation report (implementation of ESMP/ESMP Checklist and Stakeholder Engagement Plan).	- annually unless differently required by the WB

Montenegro Energy Sector Decarbonization Project ESMF

Summaries on complaints, feedback, queries, suggestions and compliments, together with the status of implementation of associated corrective / preventative actions.	- annually unless differently required by the WB
Environment and Social Incident/Accident Report (Annex 10.4.) for WB to promptly notify of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers within 48 hours.	- Immediate

8. Feedback And Grievance Redress Mechanism, Stakeholder Engagement, Disclosure, and Consultations

Stakeholder engagement

The project developed a Stakeholder engagement framework composed of Stakeholder engagement plans (SEP) for Component 1 and Stakeholder engagement plan for Component 2. The overall objective of the SEP is to define a program for stakeholder engagement, including public information disclosure and consultation throughout the entire project cycle. The SEP outlines the ways in which the project team will communicate with stakeholders and includes a mechanism by which people can raise concerns, provide feedback, or make complaints about project activities or any activities related to the project.

Identified stakeholders for Component 1

Affected parties that are persons, groups and other entities within the project area of influence that are directly influenced (actually or potentially) by the project and/or have been identified as most susceptible to change associated with the project, and who need to be closely engaged in identifying impacts and their significance, as well as in decision-making on mitigation and management measures. Specifically, the following individuals and groups fall within this category:

Renovations of buildings of the University of Montenegro (UCG)

- Management staff of selected UCG buildings
- Staff of selected UCG buildings (including administrative staff, facility managers and maintenance staff, professors and researchers)
- Students using selected UCG buildings
- Associations representing staff of selected UCG buildings
- Associations of students (i.e. Student Parliament of the University of Montenegro and others)
- Inhabitants of neighboring buildings who may be impacted by the construction works (e.g., dust, noise, traffic disturbances).

Renovations of other public buildings located in Podgorica

- Management staff of public institutions including their line ministries (i.e. Ministry of Ecology, Sustainable development and Northern Region Development, Ministry of Justice, Ministry of Economic Development, Ministry of Health, Ministry of Mining, Oil and Gas)
- Staff of public institutions
- Users of public services (i.e. patients and their caretakers in case of Health center Podgorica-Tuzi, citizens using court services, etc.)
- Associations representing staff of public institutions (Montenegro Medical Chamber, Montenegro Bar Association, Montenegro Chamber of Notaries, Montenegro Association of Judges, Montenegro Chamber of Nurses and Midwives)
- Associations representing users of public services impacted by the project (CSOs representing vulnerable groups, CSOs representing patients, CSOs representing plaintiffs and defendants)
- Inhabitants of neighboring buildings who may be impacted by the construction works (e.g., dust, noise, traffic disturbances).

The projects' stakeholders are also other interested parties that are individuals/groups/entities that may not experience direct impacts from the Project but who consider or perceive their interests as being affected by the project and/or who could affect the project and the process of its implementation in some way. Specifically, the following individuals and groups fall within this category:

- Local authorities such as representatives of municipalities (i.e. mayors of towns and cities of selected locations)
- national and local media channels
- Civil society organizations, NGOs,

The following internal stakeholders can also be included in the category of “other interested parties”:

World Bank

- Ministry of Finance
- Implementing Agencies: Ministry of Energy (MoE, CEDIS)
- Component-specific Project Implementation Units (PIUs)
- Environmental Protection Fund of Montenegro (Eco Fund)
- Parties involved in construction activities (Contractors, OHS specialist, Supervision engineer, Designer)

Disadvantaged/vulnerable individuals or groups

Within the Project, vulnerable or disadvantaged groups are persons who may be disproportionately impacted or further disadvantaged by the project as compared with any other groups due to their vulnerable status, and that may require special engagement efforts to ensure their equal representation in the consultation and decision-making process associated with the project. Disadvantaged/vulnerable individuals or groups may include but are not limited to the following:

- Persons with disabilities (students and users of public services)
- Women (students and users of public services)
- Older persons (users of public services especially patients of health center Tuzi)
- Foreign workers
- LGBT+Q students and teaching staff, Roma students and staff
- Economically marginalized people

Strategy for Consultation

Different engagement methods are proposed and cover different stakeholder needs, interests and influence to the project. Examples may include formal meetings, workshops, surveys but also phone and e-mail communication as well as formal press releases. The outreach and stakeholder engagement will be gender appropriate, taking into consideration the after-hour chores of women. Targeted messaging will encourage the participation of women and highlight Project characteristics that are designed to respond to their needs and increase their access to Project benefits. The project will carry out targeted consultations with vulnerable groups to understand concerns/needs in terms of accessing information, medical facilities and services and other challenges they face at home, at workplaces and in their communities. Six months after each launch meeting the PIU will conduct sample-based stakeholder satisfaction surveys to collect feedback on: i) engagement process and the quality and effectiveness of methods ii) level of inclusiveness in the engagement process, iii) quality of the communication and dialogue with the internal stakeholders (PIU, Contractor, GRM etc.) during construction works. The survey results will be soliciting feedback on the effectiveness of the project activities that will be used for communication level improvements. This will allow the PIU to identify potential design issues. The survey data will be disaggregated by age, gender and location. Survey results with proposed corrective measures will be published on Ministry website and discussed at consultation meetings.

All ESF draft tools and documents will be disclosed before Project Appraisal takes place. ESF documents (i.e. ESMF, ESCP, LMP, RPF and Project level SEP) will be disclosed electronically on the websites of the PIU, PITS and will be available in English at

- <https://energetska-efikasnost.me/>
- www.cedis.me

Institutional stakeholders (i.e. representatives of municipalities, line ministries of public institutions selected in Component 1) will be engaged through e-mail communication with the ESF tools attached. Eventual significant up-dates of ESF documents during project implementation, will be disclosed and open for public consultation again for at least 15 days.

Information on public engagement activities undertaken by the Project will be conveyed to the stakeholders through short annual reports published on Implementing Agencies web sites. Printed copies will be made available at the PIU premises and during public consultation. The Project will be announced through Radio, TV, written and electronic media as well as all available official social media accounts and web pages.

Contractors' documents related to management of environmental and social risks (these may include traffic Management Plan, Emergency preparedness and response plans, Codes of Conduct for Employees and Contracted workers etc.) shall be made available at Contractors website, if they have. During the Project development and construction phase, the Consultant for supervision under works, will prepare reports (every 30 days) on E&S performance for the PIU and the WB which will include an update on the implementation of the stakeholder engagement plan. These reports will be used to develop annual reports. Technical and Environmental specialist of the PIU will prepare reports

Summary of Project Grievance Redress Mechanism

The Grievance Redress Mechanism is designed to manage complaints, feedback, questions, and suggestions related to a project. Its goal is to ensure that project-affected communities and individuals can voice their concerns and receive timely, fair resolutions. The GRM is structured to be accessible, effective, and free for all complainants, focusing on not only registering but also resolving issues at the closest level to the complaint. This system plays a vital role in reducing conflicts, enhancing accountability, and improving the overall quality of project implementation.

The GRM is designed to handle grievances across all project phases—design, construction/renovation, and post-construction. During the design phase, an appointed representative, typically from the hired advisory team, addresses grievances from stakeholders, including staff, students, public service users, and vulnerable groups. Their contact information is made public at all project locations. Similarly, during the construction phase, a contractor's representative manages grievances, with contact details readily available to the public. This continues in the post-construction phase, where the contractor remains responsible for addressing grievances during the defect liability period.

The process is designed to handle all types of complaints, including those related to Sexual Exploitation and Abuse (SEA) and Sexual Harassment (SH), even though these risks were assessed as low. All complaints are logged and follow a systematic procedure that includes acknowledgment within three days, investigation, and communication of the resolution within one month. The GRM includes a two-level mechanism where unresolved grievances can be escalated.

The PIU plays a critical role in monitoring the GRM, ensuring that all complaints are logged, tracked, and resolved efficiently. The PIU Technical and Environmental Specialist is responsible for maintaining a grievance log that records the complainant's details, the nature of the complaint, actions taken, and the

final resolution status. This log is crucial for monitoring the effectiveness of the GRM, using indicators such as the number of grievances received, acknowledged, and resolved within the stipulated timeframes. In addition to the project-specific GRM, workers involved in the project also have access to a separate grievance mechanism. This Workers GRM ensures that all project workers, including direct and contracted workers, can raise workplace concerns safely and confidentially. The Workers GRM includes measures to protect workers from retaliation, provides multiple channels for submitting grievances, and requires contractors to inform workers about this mechanism. The PIU regularly reviews workers' grievances and reports on them in semi-annual updates to the World Bank.

Moreover, project stakeholders and citizens have the option to submit complaints through the World Bank's Grievance Redress Service (GRS) if they believe they are adversely affected by the project. The GRS provides an additional layer of accountability by ensuring that complaints are promptly reviewed and addressed. The World Bank's Inspection Panel offers further recourse for communities and individuals who believe their concerns have not been adequately addressed, ensuring compliance with the Bank's policies and procedures.

More details on the GRM are present in the Stakeholder Engagement Framework.

9. Public consultation process

The public consultation process for the developed Environmental and Social tools (ESMF, SEF, and ESCP) prior to the project appraisal commenced on September 9th.

The call for public consultation was published in both Montenegrin and English on:

- the Ministry of Energy's website: <https://energetska-efikasnost.me/>
- the CEDIS website: <https://cedis.me/>

This announcement allowed interested parties to access the ESMF, SEF, and ESCP documents in person at the Ministry of Energy's Directorate for Energy Efficiency, located at Rimski trg 46, Podgorica, on the 2nd floor, during working days from 9:00 AM to 11:00 AM. Additionally, the announcement provided links for free downloading of the documents from the implementing agencies' websites. Furthermore, the call was also published in the national newspaper "Pobjeda" on September 10, 2024.

Stakeholders were given 15 days to submit complaints, remarks, or suggestions regarding the ESMF, SEF, and ESCP documents. Submissions were to be made in writing to the Ministry of Energy, Directorate for Energy Efficiency, Rimski trg 46, Podgorica, or via email at info@ee-me.org.

By the end of the public consultation period, no complaints, remarks, or suggestions were received, either by email, mail, or in person.

Minutes from the public consultation meeting

Venue: Meeting Hall of the Ministry of Energy, Rimski trg 46, Podgorica

Date: September 25, 2024

Time: 10:00 AM - 12:00 AM

Organizer: Ministry of Energy, CEDIS, and PIU

On September 25, 2024, at 10:00 AM (local time), a public meeting and presentation of the ESMF, SEF, and ESCP were held at the Ministry of Energy, Rimski trg 46, Podgorica, in Conference Room 29 on the 2nd floor.

The meeting began with an introductory note and welcome speech by Ms. Marjana Kaluđerović, a representative of CEDIS. She welcomed participants, representatives from the World Bank, and experts involved in the preparation of these documents. Ms. Kaluđerović provided an overview of the World Bank's support and guidance during the project preparation, highlighting its objectives and expected outcomes. This introduction paved the way for a detailed presentation of the Environmental and Social (E&S) documents prepared for the project.

Social specialist Marija Herceg Selandari, engaged by the Ministry of Energy for the SEF preparation, presented Environmental and Social Standard 10, which focuses on Stakeholder Engagement and

Information Disclosure. She emphasized the importance of transparent engagement between borrowers and stakeholders throughout the project lifecycle. Key aspects of the SEF development were presented, including social risks and impacts, stakeholder identification, the stakeholder engagement program, grievance redress mechanisms (GRM), and the requirements for monitoring and reporting on the implementation of the E&S tools.

Environmental specialist Ivana Dubovečak, also engaged by the Ministry of Energy for the preparation of the ESMF, presented the relevant applicable E&S standards, national legislation, the rationale for developing the ESMF, and key elements of the ESMF and ESCP.

Following the presentation, participants were invited to ask questions, provide comments, or seek clarification; however, no questions or comments were raised.

10. Annexes

10.1. Annex 1. ESMP Checklist template

The template presented below will be revised for specific sub-projects to reflect scope of works and E&S concerns.

The ESMP Checklist provides “pragmatic good practice” and it is designed to be user friendly and compatible with WB safeguard requirements. The checklist-type format attempts to cover typical mitigation approaches to common civil works contracts with localized impacts.

This document will help assess potential environmental impacts associated with the proposed sub-project, identify potential environmental improvement opportunities and recommend measures for prevention, minimization and mitigation of adverse environmental and social impacts.

ESMP Checklist is a document prepared and owned by the final beneficiary.

The checklist has one (1) introduction section and three (3) main parts:

Introduction or foreword part consisted of following sections:

- *Introduction* (sub-project description),
- *Environmental and social risk category* (environmental and social category is defined),
- *Potential environmental and social impacts* (potential impacts are defined)
- *ESMP Checklist* (concept and application of Checklist are explained),
- *Monitoring and reporting* (brief description of the monitoring and reporting process including responsibilities of involved stakeholders)

Part 1 - constitutes a descriptive part (“site-passport”) that describes the project specifics in terms of physical location, the institutional and legislative aspects, the project description, inclusive of the need for a capacity building program and description of stakeholder engagement and the public consultation process.

Part 2 - includes the environmental and social screening in a simple Yes/No format followed by mitigation measures for any given activity.

Part 3 - is a monitoring plan for activities during project construction and implementation. It retains the same format required for standard World Bank ESMPs.

ESMP Checklist implementation report will be submitted to WB semi-annually if not agreed differently.

Worker’s code of conduct (subject to WB approval) will be a part of bidding documentation and contracts with Contractors. Code of conduct will extend to sub-contractors and be a part of Contractor’s contractual agreements.

Table 14. Part I - General project and site information

INSTITUTIONAL & ADMINISTRATIVE				
Country				
Project title				
Scope of project and activity				
Institutional arrangements (WB) (Name and contacts)	(Task Team Leader)	Environmental/Safeguards Specialists:		
Implementation arrangements (Borrower) (Name and contacts)	Safeguard/Environment Supervision	Works supervisor	Inspectorate Supervision	Works Contactor
SITE DESCRIPTION				
Name of site				
Describe site location				
Who owns/uses the land?				
Valid operating permit, licenses, approvals etc.				
LEGISLATION				
Identify national & local legislation & permits that apply to sub-project activity(s)				
INSTITUTIONAL CAPACITY BUILDING				
Will there be any capacity building?	<input checked="" type="checkbox"/> N or <input type="checkbox"/> Y			
ATTACHEMENTS				
Attachment 1: Site plan / photo				
Attachment 2: Agreement for waste disposal				
Other permits/agreements – as required				

Table 15. Part II - Environmental/Social screening

PART 2: ENVIRONMENTAL /SOCIAL SCREENING			
Will the site activity include / involve any of the following potential issues / risks:	Activity	Status	Additional references
	A. General conditions and social risk management		See Section A
	B. Construction/reconstruction <ul style="list-style-type: none"> • Increase in dust from construction/reconstruction activities • Transport of materials • Increase noise level • Increase in sediments loads in water bodies • Changes of water flow • Pollution of water/soil due to temporary waste, fuel, lubricants storage or spill leakage 	<input type="checkbox"/> Yes <input type="checkbox"/> No	If "Yes", See Section A, B, F below
	C. Cultural and historical heritage <ul style="list-style-type: none"> • Risk of damage to known/unknown historical buildings/cultural and historical area • Chance finds are encountered 	<input type="checkbox"/> Yes <input type="checkbox"/> No	If "Yes", See Section C below
	D. Biodiversity <ul style="list-style-type: none"> • Vicinity of recognized protection area or ecological network • Disturbance of protected animal habitats • Cutting of trees/forest 	<input type="checkbox"/> Yes <input type="checkbox"/> No	If "Yes", See Section D below
	E. Waste generation and management <ul style="list-style-type: none"> • Generation of waste including e waste and hazardous waste (including medical waste and asbestos) 	<input type="checkbox"/> Yes <input type="checkbox"/> No	If "Yes", See Section E below
	F. Traffic disturbance <ul style="list-style-type: none"> • Site specific vehicular traffic • Site is in a populated area 	<input type="checkbox"/> Yes <input type="checkbox"/> No	If "Yes", See Section A, B, F below
	G. Public/medical/educational services disruption	<input type="checkbox"/> Yes <input type="checkbox"/> No	If "Yes", See Section G below

Mitigation measures

- A. General conditions and social risk management
- B. Construction/reconstruction activities
- C. Cultural and historical heritage
- D. Biodiversity
- E. Waste generation and management
- F. Traffic disturbance
- G. Public/medical/educational services disruption

Table 16. Part III - Environmental and social mitigation measures

Activity	Parameter	Mitigation measures checklist
<p>A General conditions and social risk management</p>	<p>Site organization, occupational and health safety, permits and certificates</p>	<ul style="list-style-type: none"> a) the state inspectorate has to be notified of upcoming activities and the copy of notification is available at the construction site, b) construction Work Plan has to be available at the construction site (in case that two or more contractors perform construction activities), c) a person responsible for communication and receiving requests/complaints of the local population has been appointed, d) avoid construction activities at night, e) all legally required permits has to be acquired and kept on site, f) contractor/subcontractors have valid operating licenses, g) all work must be carried out in a safe and disciplined manner designed to minimize impacts on neighboring residents and environment, h) mandatory use of protective equipment, workers' personal protective equipment and safety procedures comply with legislation and international good practice (e.g. wearing protective helmets, masks and safety glasses, harnesses and safety boots, etc.), i) appropriate informative and warning signposting of the sites inform workers of key rules and regulations to follow, j) the construction location must be fenced and marked, k) public is informed on the works through appropriate notification in the media and/or at publicly accessible sites (including the site of the works), l) entry for unemployed person within the project location is prohibited (within the warning tapes and fences when/where deem needed), m) open pits must be covered and clearly marked when not worked on, n) the surrounding area near the project must be kept clean, o) machines must be handled only by experienced and appropriately trained personnel, thus reducing the risk of accidents. p) no fires are allowed on site under any circumstance. q) devices, equipment and fire extinguishers must always be functional, so in case of need they could be used rapidly and efficiently. The contractor shall have operational fire-fighting equipment available on site at all times. Their position is communicated to workers and marked. The level of fire-fighting equipment must be assessed and evaluated through a typical risk assessment. There is an appointed person on the site responsible for the fire protection. Procedures in the case of fire are well known to all employees. r) first aid kits must be available on the site and personnel trained to use it, s) staff should be properly trained for the positions and work performed, workers must

Activity	Parameter	Mitigation measures checklist
		<p>hold valid workers certificates for e.g. certificates for electrical safety (for li-censed electrician), etc.,</p> <p>t) procedures for cases of emergency (including spills, accidents, etc.) must be available at the site,</p> <p>u) adequate lavatory facilities (toilets and washing areas) in the work site with adequate supplies of hot and cold running water, soap, and hand drying devices has to be provided,</p> <p>v) purchased equipment must be installed and used respecting all safety measures prescribed by the producer of equipment and best practices,</p> <p>w) in the case of construction/reconstruction activities, if construction site is of such a nature that it is not possible, in line with construction practice, to disable access to the construction site to anyone except work site workers, then it is necessary to provide adequate replacement nearby,</p> <p>x) there should be no temporary storage of construction materials and waste occurs within any type of private property,</p> <p>y) suitable arrangements for all necessary welfare and hygiene requirements and for the prevention of diseases (regular delivery PPEs, ensure protocols for regular disinfection of rooms, equipment, tools, are in place and followed, ensure handwashing and other sanitary stations are always supplied with clean water, soap, and disinfectant, etc.) should be ensured,</p> <p>z) trainings for workers on hygiene and other preventative measures against diseases should be carried out.</p> <p>aa) In the case works are taking place while the institution is in operation, the works must be separated/sealed off by screens, fences and similar to minimize risks and prevent impacts,</p> <p>bb) any health and safety incidents should be reported to project manager immediately and to WB within 48 hours according to incident reporting procedure.</p>
	<p>Notification, workers and community safety</p>	<p>a) Emergency Preparedness and Response Plan should be prepared and updated accordance with national legislation.</p> <p>b) OHS implementation Plan should be prepared and updated in accordance with national legislation (part of the plan of works) and ESMF (ESMP Checklist).</p> <p>c) The local construction and environment inspectorates and communities should be notified of upcoming activities.</p> <p>d) Workers code of conduct acceptable to PIU will be a part of contracting documentation and training to all workers to manage Sexual Exploitation and Abuse / Sexual Harassment risks in the sub-projects will be provided</p> <p>e) All legally required permits must be acquired for construction and/or rehabilitation.</p> <p>f) All work must be carried out in a safe and disciplined manner designed to minimize</p>

Activity	Parameter	Mitigation measures checklist
		<p>impacts on students, staff, neighboring residents and environment.</p> <ul style="list-style-type: none"> g) Workers should be well trained in using potentially dangerous equipment. h) Any health and safety incidents should be reported to project manager immediately and to WB within 48 hours. This should be well communicated to the construction staff. i) Workers' PPE will comply with international good practice (obligatory wearing of hardhats at all times, masks and safety glasses as needed and prescribed, harnesses and safety boots). j) Appropriate signposting of the sites will inform workers of key rules and regulations to follow. k) All construction sites must be equipped with appropriate sanitary facilities and resting places for workers. l) Construction sites shall be fenced off or protected by properly designed barricades or tape- marked. m) Material stockpiles or stacks, such as pipes, must be made stable and well secured to avoid collapse and possible injury to site workers. n) Potentially hazardous areas (e.g., trenches, manholes, excavations) must be clearly marked.
	Stakeholder Engagement	<ul style="list-style-type: none"> a) The MSE will engage with stakeholders throughout the project life cycle, commencing such engagement as early as possible in the project development process and in a time frame that enables meaningful consultations with stakeholders on project design and implementation. b) Availability of an effective, responsive and accessible GRM
B Reconstruction/adaptation works	Air Quality	<ul style="list-style-type: none"> a) sprinkle water to limit dust emissions in the area near the construction materials and non-asphalted roads. Use water with all land clearing, grubbing, scraping, excavation, land levelling, grading, cut and fill and demolition activities which may cause dusting and particles emissions, b) cover surfaces with plastic coverings during material storage and transportation, c) adequate locations for storage, mixing and loading of construction materials should be established, d) limit vehicles speed (30 km/h) in the area and access roads, e) periodically clean location and access roads from debris, f) use modern attested construction machinery to minimize emissions, provided with mufflers and maintained in good and efficient operation condition, g) additionally, to minimize dust (mainly PM₁₀) from construction material collection, material retention time at the site should be reduced to a minimum, in order to

Activity	Parameter	Mitigation measures checklist
		<p>minimize exposure to wind.</p> <p>h) Since the works are taking place while the universities or public buildings are in operation, the works must be separated/sealed off by screens and similar to prevent spreading of dust and other emissions.</p>
	Noise	<p>a) It is necessary to adhere to maximum permissible noise levels prescribed by the law,</p> <p>b) It is desirable to carry out works in the period from 8 to 18 hours and not to carry works during the nights,</p> <p>c) community should be informed in advance of any work activities to occur outside of normal working hours or on weekends,</p> <p>d) all equipment must be maintained in good operating condition and be attested,</p> <p>e) during operations the engine covers of generators, air compressors and other powered mechanical equipment shall be closed, and equipment placed as far away from residential areas as possible.</p> <p>f) since the works are taking place while the university and public buildings are in operation, the works must be separated/sealed off by screens and similar to prevent noise pollution and disturbance of staff. Particularly noisy works will take place outside of institutions working hours.</p>
	Water quality	<p>a) responsible handle the liquid waste,</p> <p>b) adding oil activities carry out on the part of the construction site that is derived from an impermeable working surface,</p> <p>c) handle all materials in accordance with instructions included in Material safety data sheets (MSDS) which have to be available at the construction site,</p> <p>d) in the case of an accident, any hazardous liquid remove from the soil using adsorption materials such as sand, sawdust or mineral adsorbents. Such waste material you have to collect in tanks, store in the space provided for hazardous waste storage and hand over to authorized companies,</p> <p>e) ensure that water pumped back to natural waterways never exceeds the regulatory water quality standards,</p> <p>f) prevent hazardous spillage coming from tanks, containers (mandatory secondary containment system, e.g. double walled or banded containers), construction equipment and vehicles (regular maintenance and check-ups of oil and gas tanks, tend to park (manipulate) machinery and vehicles only on asphalted or concrete surfaces with surface runoff water collecting system,</p> <p>g) organize and cover material storage areas,</p> <p>h) isolate wash down areas of concrete and other equipment from watercourse by selecting areas for washing that are not free draining directly or indirectly into watercourse,</p>

Activity	Parameter	Mitigation measures checklist
		<ul style="list-style-type: none"> i) do not extract groundwater on unregulated way, nor discharge cement slurries, or any other contaminated waters into the ground or adjacent streams or rivers on uncontrolled way, j) ensure proper storm water drainage systems installed and take care not to silt, pollute, block or otherwise negatively impact natural streams, rivers, ponds and lakes by repair / rehabilitation activities.
	Soil	<ul style="list-style-type: none"> a) regular maintain and service the construction machines, b) adhere the measures and standards for construction machinery, c) try to avoid fuel and lubricant storage on construction site, d) if installation of fuel storage tanks will be needed, they should have secondary tanks with sufficient volume to contain a spill from the largest fuel tank in the structure. The containment area has to have a device (pump) to remove accumulated water, e) the containers with hazardous substances should be kept in a leak-proof container to prevent spillage and leaking. This container should possess secondary containment system such as bunds (e.g. bunded-container), double walls, or similar. Secondary containment system must be free of cracks, able to contain the spill, and be emptied quickly, f) the containers with hazardous substances must be kept closed, except when adding or removing materials/waste. They must not be handled, opened, or stored in a manner that may cause them to leak.
	Materials management	<ul style="list-style-type: none"> a) Construction material must originate from the licensed companies (e.g. company has to be able to present licenses for excavation of natural minerals, stone, lime, clay, etc.). The company has to present a proof of conformity with all national environmental and H&S legislation. b) Organization of works is such that construction materials is kept at the site in minimal quantities and for minimal amount of time. c) Sand and gravel used in construction works should be traceable to licensed companies with valid concessions. d) Quality of sand and gravel has to fulfil technical requirements and be unpolluted with oils, toxic, corrosive or hazardous substances and free of impurities. e) Producer of concrete has to obtain/hold all required working and emission permits and quality certifications. f) Ensure all transportation vehicles and machinery have been equipped with appropriate emission control equipment, regularly maintained and attested. g) Water used for production of concrete can be technical water, but free of hazardous and toxic pollutants, heavy metals and other substances hazardous to human health and environment.

Montenegro Energy Sector Decarbonization Project ESMF

Activity	Parameter	Mitigation measures checklist
	Labor Management	<ul style="list-style-type: none"> a) Mitigation of labor related risks will follow the labor management procedures, which will also be included in the contractor ESMP. b) Contractors will ensure that workers are hired, compensated and managed in adherence to national legislation and ESS2. This includes issues of contracts, labor rights, access to workers GRM without retaliation, prevention of SEA/SH including an accessible channel in the GRM to lodge related complaints, adherence to OHS and community health and safety measures.
	Transportation of Materials	<ul style="list-style-type: none"> a) Construction routes are clearly defined, b) Safety measures to prevent accidents are taken, c) All materials prone to dusting are transported in closed or covered trucks or wagons. d) All materials prone to dusting and susceptible to weather conditions are protected from atmospheric impacts either by windshields, covers, watered or other appropriate means, e) Roads are regularly swept and cleaned at critical points. Spilled materials are immediately removed from a road and cleaned. Access roads are well maintained. f) Access of the construction and material delivery vehicles are strictly controlled, especially during the wet weather, g) Topsoil and stockpiles are kept separate, h) Stockpiles are located away from drainage lines, natural waterways and places susceptible to land erosion, i) All loads of soil are covered when being taken off the site for reuse/disposal, j) Stockpiles do not exceed 2m in height to prevent dissipation and risk of fall.
C Cultural and historical heritage	Cultural heritage and Chance finds	<ul style="list-style-type: none"> a) if the building is located in a protected cultural and historical area or it is about buildings designated and protected as cultural heritage, notify and obtain approval/permits from competent authorities and address all construction activities in line with legislation, b) if during excavations some archaeological finds are encountered, works have to be stopped immediately and the competent authority informed. Works should be resumed only after appropriate measures have been taken as required by relevant authority and after it confirms that works may continue for all cases where the cultural heritage and its fundamental values can be protected at the existing location with special protection measures protect the cultural heritage on the spot,
D Biodiversity	Biodiversity	<ul style="list-style-type: none"> a) limit work to the visible part of the day, b) restrict the movement of heavy machinery to the road corridor, c) professionally and carefully handle of equipment and machinery to try to break out accidents such as fires or spills of large amounts of harmful substances into the environment, and thus adversely impact on the present flora and fauna, d) limit work along watercourses and on watercourses and canals to as small an area as

Activity	Parameter	Mitigation measures checklist
		<p>possible,</p> <ul style="list-style-type: none"> e) avoid, where possible, cutting of trees and other natural vegetation, f) in the case of removing vegetation, to prevent unnecessary loss of vegetation in the project area, clearly marked the areas where vegetation will be removed, g) for the restoration of the removed natural vegetation cover, use only autochthonous plant species that occur in the vegetation communities present in the wider area of the sub-project, h) the potential removal of vegetation plan for the period when birds do not nest. All birds that nest they need to protect until their birds can fly. In case of finding the nests of endangered bird species, prevent their disturbance, and inform about the discovery the central state body responsible for nature protection, i) where possible, the area under construction/reconstruction fence to lessen even occasional disturbance and dust on habitats and biodiversity. If noise barriers need to be constructed, they should be opaque or with a design and density of stickers that will prevent birds from entering the barriers as much as possible.
E Waste generation and management	Waste management	<ul style="list-style-type: none"> a) each type of generated waste on the location has to be temporary stored in separate waste containers which have to be labelled with waste type name and waste code and located at the solid surface foreseen for that purpose on the construction site, b) records of waste streams and amounts has to be kept for each type of generated waste at the location c) all waste has to be handed over with appropriate documentation to the companies authorized for the waste management (companies that have adequate waste permit), d) in the case of hazardous waste information on handing over waste to the final destination must be obtained, e) whenever feasible the contractor should reuse and recycle appropriate and viable materials (except asbestos), f) mineral (natural) construction and demolition waste has to be separated from general refuse, organic, liquid and chemical wastes by on-site sorting and temporarily stored in appropriate containers. Depending on its origin and content, mineral waste has to be reapplied to its original location or reused, g) burning or illegal dumping of waste is strictly prohibited.
	Hazardous waste (asbestos and medical waste)	<ul style="list-style-type: none"> a) The containers holding ignitable or reactive wastes must be located at least 15 meters (50 feet) from the working facilities, b) All hazardous wastes, including liquids, contaminated packaging and solids are transported by specially licensed carriers and disposed in a licensed facility, c) Temporary storage of liquid toxic or hazardous waste on site; all hazardous or toxic liquid substances will be kept in safe containers labelled with appropriate classification

Activity	Parameter	Mitigation measures checklist
		<p>code in accordance with the Regulation on categories, types and classification of waste with a hazardous waste catalogue. These containers should be leak-proof in order to prevent spillage and leaching. The containers should possess secondary containment system such as bunds (e.g. bunded-container), double walls, or similar. Secondary containment system must be free of cracks, able to contain the spill and be emptied quickly,</p> <ul style="list-style-type: none"> d) Solid hazardous waste should be kept in safe containers labelled with appropriate classification code in accordance with the Ordinance on waste management. These containers should be leak-proof in order to prevent spillage and leaching. These containers should be covered and protected from weather impact (rain and other), e) Oils, grease and sludge from the oil and grease collecting pits must be removed from the pits, transported and disposed/recovered by a licensed company only and at the licensed landfills or other licensed facilities, f) Regular checks of containers containing toxic and hazardous wastes should be performed, g) Asbestos Removal and Management Plan, subject to PIU and WB approval, must be prepared. Plan shall include procedures for removing materials containing asbestos before proceeding with the removal of the building structures, describe application of necessary measures to protect workers health and safety, all according to national legislation and WB policies, h) the strong-bound asbestos prior to removal must be treated with a wetting agent to minimize asbestos dust. Wetting is carried out by spraying or spraying with low-pressure sprayers. It is not allowed to spray water under high pressure. Asbestos fibers that have accumulated in the drains must be soaked so that a thick mixture is formed, which can be removed with a spatula in a polyethylene bag (PE). The bag must be tightly sealed. Drills, saws or high-speed tearing tools must not be used during disassembly of ACM parts. If the ACM parts cannot be removed without the use of tools, it is important to use only hand tools or mechanical aids for processing asbestos cement with built-in vacuum cleaners that have HEPA filters (HEPA = high efficiency particulate air). The area from which the ACM were removed must be carefully inspected for debris. The structure must be carefully cleaned with a vacuum cleaner with a HEPA filter, i) after removal, asbestos waste must be properly stored at the location and handed over to the authorized waste collector/waste treatment facility as early as possible in accordance with the waste management regulations, j) asbestos waste must be stored in a covered container or tightly closed bags (for construction rubble), thus preventing spreading, dispersing and spillage of that waste out of construction site due to weather conditions. Asbestos located on the Project site

Activity	Parameter	Mitigation measures checklist
		<p>must be marked clearly as hazardous material,</p> <ul style="list-style-type: none"> k) removed asbestos will not be reused. It will be disposed to a licensed landfill before closing of the Sub-Project, l) it is forbidden to dispose asbestos waste into the mixed municipal waste and mixing with other waste and other non-waste materials, m) in the case of soft-bound asbestos is found, specific measures for asbestos removal will be applied in line with the national legislation and best practices. Finding of soft-bound asbestos will be reported to the PIU/WB without delay, n) medical waste must be correctly segregated at the source and disposed of according to health and safety guidelines and national regulations, o) medical waste should be stored in secure, clearly labeled containers that are resistant to leakage, puncture, and tampering, and kept away from construction areas, p) there should be systems in place for the safe transportation and disposal of medical waste, including the use of licensed waste management companies, q) Strict enforcement of regulations regarding medical waste management and regular monitoring of compliance r) construction workers should be trained on the risks of medical waste and equipped with personal protective equipment (PPE) like gloves, masks, and protective clothing to minimize direct exposure, s) conduct regular environmental assessments of construction sites to identify and address potential risks associated with hazardous medical waste.
<p>F Traffic disturbance relate to the increased frequency of external transport of materials and techniques</p>	<p>Traffic disturbance</p>	<ul style="list-style-type: none"> a) traffic management have to be conducted in accordance with provisions of traffic legislation (e.g., appropriate lighting, traffic safety signs, barriers and flag persons that are seen easily or are easy to follow, road speed should be clearly posted), b) it is desirable to avoid transport on access roads during rush hours.
<p>G Emergency preparedness Procedures</p>	<p>Prepare for safety of project workers during an emergency</p>	<ul style="list-style-type: none"> a) Emergency Preparedness and Response Plan must be prepared for works (as part of C-ESMP) and it must cover actions that must be taken to ensure staff safety from emergencies. It shall include, but it is not limited to a list of all emergency equipment at the work site (such as fire extinguishing systems, spill control equipment, communications), and alarm systems (internal and external), and decontamination equipment (where this equipment is required), contacts of responsible persons, competent authorities, other emergency numbers, communication procedures and evacuation plan. Plan must be kept up to date. In addition, the plan must include the location and a physical description of each item on the list, and a brief outline of its capabilities, b) employees will be trained/instructed in all emergencies, waste management, first aid

Activity	Parameter	Mitigation measures checklist
		and firefighting and other relevant procedures and procedures will be available at the site.
G Maintenance and safety in operational period	Maintenance and safety in operational period	<ul style="list-style-type: none"> a) Final beneficiary updates a maintenance plan to meet ESF requirements before completion of works. b) Maintenance plan is implemented and periodically updated. c) Emergency Preparedness and Response Plan is updated in accordance with national legislation.
H Public, medical, educational services disruption	Disruption of public services	<ul style="list-style-type: none"> a) Implement SEPs to ensure early consultation with stakeholders, including management staff, employees, and service users (students, medical staff, patients, etc.), to understand their needs and potential concerns, b) Use of clear communication channels like emails, notices, websites, and physical information boards to keep stakeholders informed about project schedules, potential disruptions, and safety measures. c) Implement and maintain grievance redress mechanisms to allow public service users to voice concerns about disruptions, ensuring these grievances are addressed promptly and effectively. d) Maintain specialized GRM for workers and include project GRM provisions for handling sensitive complaints, such as those related to discrimination or SEA/SH. e) Maintain accessible formats (including for vulnerable groups such as persons with disabilities, elderly, patient) for all communications and feedback mechanisms. f) Implement temporary adjustments to service delivery such as reorganization of classrooms or offices to minimize disruption to teaching and administrative activities, ensure temporary relocation of critical health and justice services to nearby facilities. g) In case of relocation develop checklist for the selection of alternative locations. Checklist should include consideration on: accessibility, vicinity, safety and security, adequate spaces and equipment, availability of minimum number of parking lots h) During construction, maintain access to essential areas (e.g., elevators, ramps) for vulnerable groups, including people with disabilities, elderly individuals, and patients. i) Implement clear signage and physical barriers adapted also for vulnerable groups to guide users safely through or around construction zones. j) Schedule noisy and dusty construction work outside peak hours for public services. k) Priority given to renovation of critical rooms (e.g., those for victims and witnesses) d) Inform judicial staff and security services to manage access and flows of persons for safety of victims and witnesses.

10.2. Annex 2. ESMP template

Environmental and social management plan (ESMP) consists of the set of mitigation, monitoring, and institutional measures to be taken during implementation and operation of a project to eliminate adverse environmental and social risks and impacts, offset them, or reduce them to acceptable levels. The ESMP also includes the measures and actions needed to implement these measures. The set of responses to potentially adverse impacts has to be identified; requirements for ensuring that those responses are made effectively and in a timely manner have to be determined and the means for meeting those requirements described.

Therefore, it will include following parts:

- a) Mitigation** – identification and summarizing all anticipated adverse environmental and social impacts (including those involving indigenous people or involuntary resettlement); description—with technical details—of each mitigation measure, including the type of impact to which it relates and the conditions under which it is required (e.g., continuously or in the event of contingencies), together with designs, equipment descriptions, and operating procedures, as appropriate; estimation of any potential environmental and social impacts of these measures; taking into account other mitigation plans required for the project.
- b) Monitoring** - the monitoring section of the ESMP provides a specific description, and technical details, of monitoring measures, including the parameters to be measured, methods to be used, sampling locations, frequency of measurements, detection limits (where appropriate), and definition of thresholds that will signal the need for corrective actions; and monitoring and reporting procedures to ensure early detection of conditions that necessitate particular mitigation measures, and furnish information on the progress and results of mitigation.
- c) Capacity Development and Training** - to support timely and effective implementation of environmental and social project components and mitigation measures, the ESMP draws on the environmental and social assessment of the existence, role, and capability of responsible parties on site or at the agency and ministry level. Specifically, the ESMP provides a specific description of institutional arrangements, identifying which party is responsible for carrying out the mitigation and monitoring measures (e.g., for operation, supervision, enforcement, monitoring of implementation, remedial action, financing, reporting, and staff training). To strengthen environmental and social management capability in the agencies responsible for implementation, the ESMP recommends the establishment or expansion of the parties responsible, the training of staff and any additional measures that may be necessary to support implementation of mitigation measures and any other recommendations of the environmental and social assessment.
- d) Implementation Schedule** - for all three aspects (mitigation, monitoring, and capacity development), the ESMP provides an implementation schedule for measures that must be carried out as part of the project, showing phasing and coordination with overall project implementation plans.

Given the above, ESMP for the sub-projects under Component 1 must consist of sections as follows (PIU shall prepare together with the following tables for the tender documents):

Section	Description
Sub-project description	A description of the sub-project which will include background, purpose and different components. Also indicate any sub-project specific resource requirements such as material, manpower, equipment, etc.
Environmental baseline of sub-project area	This section gives site specific overview of baseline covering physical and biological environment like: air quality, waste management, nature protection, noise, temperatures, rainfall etc.
Social-economic baseline of sub-project area	This section describes socio-economic profile of the sub-project area like: administrative division, community structure, population, economy, cultural heritage sites, health care, education etc.
Stakeholder consultation	This section will describe the objective, process, and outcome of the stakeholder consultations carried out during the ESMP preparation.
Impacts and mitigation	This section will identify all environmental and social impacts and feasible measures to reduce adverse environmental impact to acceptable level. It will describe with technical details mitigation measures including the type of impact to which it relates to. It will also describe methodology for social impacts.
Institutional arrangement and trainings for users and contractors	Detailed description of institutional arrangements, roles and responsibilities and reporting procedures should be presented. There may be a need to train people to carry out these responsibilities, and to provide them with equipment and supplies. Reporting procedure including grievance redress mechanism should also be proposed.
Environmental and social monitoring and mitigation plans	This section will provide specific description and technical details of monitoring measures including the parameters to be measured, methods to be used, sampling locations, frequency of measurements, detection limits (where appropriate), and definition of thresholds that will signal the need for corrective actions. The monitoring and reporting procedures will ensure early detection of conditions that necessitate particular mitigation measures and furnish information on the progress and results of mitigation.
Cultural Heritage Monitoring Plan	For sub-project located in the protected cultural and historical area there is a risk that conduction of civil works could transform landscapes and maintenance of cultural and regional identity. CHMP will be developed according to CHMP template and special conditions for the protection of cultural heritage (if applicable) and will be attached.
Annexes	Technical annexes to support ESMP implementation

Table 17. Environmental and social mitigation plan template - Civil Works Preparation / Implementation phase

Environmental and Social aspect	Proposed mitigation measure (Construction Phase)	Responsibility	
		Implementation	Supervision
General conditions			
Permits and certificates; Design	All required permits must be acquired prior to works and kept on site (e.g., building permit).	Building contractor, Beneficiaries, PIU	Supervising Engineer, PIU
	Contractor and subcontractors must have valid operating licenses.	Building contractor	Supervising Engineer, PIU
	The state inspectorate must be notified of upcoming activities and the copy of notification must be available at the construction site.	PIU/Beneficiaries	Supervising Engineer, PIU
	Materials quality certificates, vehicles attest, certificates for working at heights, health and safety certificates for workers (e.g. to operate heavy machinery and vehicles) must be in place before works commence.	Building contractor	Supervising Engineer, PIU
Site organization	Construction Work Plan must be available at the construction site (in case that two or more contractors perform construction activities). All occupational health and safety measures must be ensured. Contractor must develop Environmental and Social Management Plan (C-ESMP) to enable implementation of mitigation measures for environmental and social risks. C-ESMP comprises of environmental and safety management strategies and implementation plans for waste management, prevention of excessive increase in noise level, prevention and control of water, soil and air pollution, Asbestos Removal and Management Plan, Safety at Work Plan, Emergency Preparedness and Response Plan, Fire Safety Plan.	Building contractor	Supervising Engineer, PIU

Montenegro Energy Sector Decarbonization Project ESMF

	Emergency Preparedness and Response Plan must be prepared for works (as part of C-ESMP) and it must cover actions that must be taken to ensure staff safety from emergencies. It shall include, but it is not limited to a list of all emergency equipment at the construction site (such as fire extinguishing systems, spill control equipment, communications), and alarm systems (internal and external), and decontamination equipment (where this equipment is required), contacts of responsible persons, competent authorities, other emergency numbers, communication procedures and evacuation plan. EPR must be kept up to date. In addition, the plan must include the location and a physical description of each item on the list, and a brief outline of its capabilities. Employees will be trained/instructed in all emergency, waste management, first aid and firefighting and other relevant procedures. Procedures will be available at the site.	Building contractor	Supervising Engineer, PIU
	Temporary material storage on the construction site should be clearly marked.	Building contractor	Supervising Engineer, PIU
	There shall be no temporary storage of construction materials and waste within any type of private property.	Building contractor	Supervising Engineer, PIU
	The surrounding area near the project must be kept clean and good housekeeping practices must be applied at the site. Works must be carried out in a safe way.	Building contractor	Supervising Engineer, PIU
	Stockpiles must be located away from drainage lines, natural waterways and places susceptible to land erosion.	Building contractor	Supervising Engineer, PIU
	Stockpiles must not exceed 2 m in height to prevent dissipation and risk of fall. Materials to be lifted by forks, cranes cannot be placed under or in the vicinity of overhead transmission lines.	Building contractor	Supervising Engineer, PIU
	Producer of asphalt, gravel, concrete must possess all necessary concessions, working and OHS permits, and emission permits, quality certifications and labor and working conditions requirements. During earthworks (and where applicable) utility providers must be consulted to avoid damages to other infrastructure. In areas where other infrastructure is present, only manual work will be applied.	Building contractor	Supervising Engineer, PIU
	All transportation vehicles and machinery must be equipped with appropriate emission control equipment, regularly maintained and attested.	Building contractor	Supervising Engineer, PIU
	There shall be no unlicensed borrow pits, quarries, or waste dumps in adjacent areas, especially not in protected areas.	Building contractor	Supervising Engineer, PIU
	When necessary, night work shall be scheduled carefully. Noise during night work must not exceed the limit values prescribed by Law.	Building contractor	Supervising Engineer, PIU
Vibration			
Damage to surrounding buildings	GRM is available during construction phase.	Building contractor	Supervising Engineer, PIU

Occupational Health and Safety and Community Safety			
Worker's safety	Safety at Work Plan (as part of the C-ESMP) must be prepared and shall include: measures to reduce health hazards and to ensure safety at work during the execution of works, occupational health and safety (OHS) measures during the execution of all construction works, accommodation conditions, food and transportation of workers, sanitary facilities and wardrobe, organization of first aid, personal protective equipment, workplaces with special working conditions and medical examination of workers, training for workers and visitors of construction site in occupational safety, safety measures in the work of subcontractors, measures for identified risks from weather extremes such as strong winds, excessive heat, storms, incident reporting procedure etc.	Building contractor	Supervising Engineer, PIU
	Access to safe GRM for workers and community must be ensured and also other grievance mechanisms (unions, arbitration).	Building contractor	Supervising Engineer, PIU
	Staff must be properly trained (and certified if applies) for the positions and work performed, workers must hold valid workers certificates for e.g., certificates for electrical safety (for licensed electrician), working with asbestos materials, working at heights, operating dangerous machinery, etc.	Building contractor	Supervising Engineer, PIU
	Engaged workers must use protective equipment, workers' personal protective equipment and safety procedures comply with legislation and international good practice (ESH and safety glasses, safety boots, harnesses when needed, personal hearing protection equipment when needed, and other work specific protective equipment, appropriate masks or respirators when dealing with the asbestos, etc.). Contractor must ensure that sufficient quantities and quality of equipment is available.	Building contractor	Supervising Engineer, PIU
	Appropriate informative and warning signposting of the sites shall inform workers (and authorized visitors) of key rules and regulations to follow.	Building contractor	Supervising Engineer, PIU
	Appropriate marking in and out of the construction sites /section by section and speed-reduction signs must be ensured.	Building contractor	Supervising Engineer, PIU
	All dangerous spots in the working sites such as pits, trenches, etc. must be clearly marked and fenced.	Building contractor	Supervising Engineer, PIU
	The transportation routes outside the construction areas (local, county and state roads) must be kept clean.	Building contractor	Supervising Engineer, PIU
	Machines must be handled only by experienced and appropriately trained personnel, certified in line with the national regulation (where applicable), thus reducing the risk of accidents.	Building contractor	Supervising Engineer, PIU

Montenegro Energy Sector Decarbonization Project ESMF

	Fire Safety Plan (as part of C-ESMP) must be prepared and shall include a list of major workplace fire hazards, their proper handling and storage procedures, potential ignition sources and control procedures, and a description of fire protection, trainings documentation, equipment, and systems.	Building contractor	Supervising Engineer, PIU
	Devices, equipment and fire extinguishers must be attested and functional, so in case of need they could be used rapidly and efficiently.	Building contractor	Supervising Engineer, PIU
	Constant presence of attested firefighting devices must be ensured on sites in case of fire or other damage. Their position must be communicated to workers and marked. The level of fire-fighting equipment must be assessed and evaluated through a typical risk assessment.	Building contractor	Supervising Engineer, PIU
	First aid kits shall be available on the site and personnel trained to use it.	Building contractor	Supervising Engineer, PIU
	Procedures for cases of emergency (including spills, accidents, etc.) as part of the Emergency Preparedness and Response Plan must be available at the construction site and conveyed to all workers.	Building contractor	Supervising Engineer, PIU
	Adequate sanitary facilities (toilets and washing areas) must be provided at the construction site with adequate supplies of hot and cold running water and soap.	Building contractor	Supervising Engineer, PIU
	Work must be aligned with weather conditions which can factor in safe organization of works and OHS measures.	Building contractor	Supervising Engineer, PIU
Worker's health due to improper asbestos handling	Asbestos Removal and Management Plan (as part of C-ESMP), subject to PIU and WB approval, must be prepared and include procedures for removing materials containing asbestos before proceeding with the removal of the building structures, describes application of necessary measures to protect workers health and safety, according to national legislation and WB policies.	Building contractor	Supervising Engineer, PIU
	The removal of the asbestos cover should be carried out according to the rules of the profession and until complete completion (as described in the waste management section).	Building contractor	Supervising Engineer, PIU
	Workers must be equipped with appropriate personal protective equipment for respiratory protection and other personal protective equipment, which workers must continually use.	Building contractor	Supervising Engineer, PIU
Worker's health due to medical waste exposure	Medical waste must be correctly segregated at the source and disposed of according to health and safety guidelines and national regulations.	Building contractor	Supervising Engineer, PIU
	Medical waste should be stored in secure, clearly labeled containers that are resistant to leakage, puncture, and tampering, and kept away from construction areas.	Building contractor	Supervising Engineer, PIU
	There should be systems in place for the safe transportation and disposal of medical waste, including the use of licensed waste management companies.	Building contractor	Supervising Engineer, PIU
	Strict enforcement of regulations regarding medical waste management and regular monitoring of compliance.	Building contractor	Supervising Engineer, PIU
	Construction workers should be trained on the risks of medical waste and equipped with personal protective equipment (PPE) like gloves, masks, and protective clothing to minimize	Building contractor	Supervising Engineer, PIU

Montenegro Energy Sector Decarbonization Project ESMF

	direct exposure.		
	Conduct regular environmental assessments of construction sites to identify and address potential risks associated with hazardous medical waste.	Building contractor	Supervising Engineer, PIU
Discrimination against women/vulnerable groups in the hiring process of workers	Established, implemented and monitored workers GRM for grievances from project workers, including employees of contractors/sub-contractors.	Building contractor	Supervising Engineer, PIU through GRM
	Developed labor management procedures (LMP) in relation to the requirements of national legislation and ESS2. Provisions of project LMP include requirements for the Contractor to prepare and enforce a Code of Conduct for Workers.	Building contractor	Supervising Engineer, PIU through GRM
	GRM set up in a way to ensure secure mechanism for lodging SEA/SH complaints.	Building contractor	Supervising Engineer, PIU through GRM
	Project workers including those engaged on the small construction/installation works will receive training on the prevention of SEA/SH.	Building contractor	Supervising Engineer, PIU through GRM
Labor influx	Established, implemented and monitored workers GRM for grievances from project workers, including employees of contractors/sub-contractors.	Building contractor	Supervising Engineer, PIU
	Provisions of project LMP include requirements for the Contractor to prepare and enforce a Code of Conduct for Workers. Information regarding Worker Code of Conduct must be provided in local language and language accessible to foreign workers.	Building contractor	Supervising Engineer, PIU
	A child younger than the minimum age (determined by the Labor Law) will not be employed or engaged in the project.	Building contractor	Supervising Engineer, PIU
Sexual Exploitation and Abuse (SEA)/ Sexual Harassment (SH)	Contractor's Personnel shall not engage in Sexual Harassment, which means unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature with other Contractor's or Employer's Personnel.	Building contractor	Supervising Engineer, PIU
	Workers shall not engage in Sexual Exploitation, which means any actual or attempted abuse of position of vulnerability, differential power or trust, for sexual purposes, including, but not limited to, profiting monetarily, socially or politically from the sexual exploitation of another.	Building contractor	Supervising Engineer, PIU
	Workers shall not engage in Sexual Abuse, which means the actual or threatened physical intrusion of a sexual nature, whether by force or under unequal or coercive conditions.	Building contractor	Supervising Engineer, PIU
	Workers shall not engage in any form of sexual activity with individuals under the age of 18, except in case of pre-existing marriage.	Building contractor	Supervising Engineer, PIU

Montenegro Energy Sector Decarbonization Project ESMF

	All relevant competent authorities will be notified of commencement of works (police, state inspectorate, firefighters, etc.).	Building contractor	Supervising Engineer, PIU
	Grievance Redress Mechanism will be available to for receiving and resolving complaints. Complaints received must be dealt with in accordance with the Labor Law (OG 93/14, 127/17, 98/19, 151/22).	Building contractor	Supervising Engineer, PIU
	SEA/SH sensitization (education for contract workers) will be performed.	Building contractor	Supervising Engineer, PIU
Community safety	All relevant competent authorities will be notified of commencement of works (police, state inspectorate, firefighters, etc.).	Building contractor	Supervising Engineer, PIU
	Local community shall be timely informed in case of power shortages.	Building contractor	Supervising Engineer, PIU
	The construction site will be properly fenced and marked.	Building contractor	Supervising Engineer, PIU
	Safe passages will be provided for the pedestrians.	Building contractor	Supervising Engineer, PIU
	Entry for unemployed person within the construction site will be prohibited (within the warning tapes and fences when/where deem needed).	Building contractor	Supervising Engineer, PIU
	The surrounding area near the construction site will be kept clean. No temporary storage of construction materials and waste cannot occur within any type of private property.	Building contractor	Supervising Engineer, PIU
	Scaffolds and other protection installations will be installed in line with the regulation, and best industry best practices (GIIP). It will consider past climate change extremes such as strong winds.	Building contractor	Supervising Engineer, PIU
Public, medical, educational services disruption	Implement SEPs to ensure early consultation with stakeholders, including management staff, employees, and service users (students, medical staff, patients, etc.), to understand their needs and potential concerns.	Building contractor	Supervising Engineer, PIU
	Use of clear communication channels like emails, notices, websites, and physical information boards to keep stakeholders informed about project schedules, potential disruptions, and safety measures.	Building contractor	Supervising Engineer, PIU
	Implement and maintain grievance redress mechanisms to allow public service users to voice concerns about disruptions, ensuring these grievances are addressed promptly and effectively.	Building contractor	Supervising Engineer, PIU
	Maintain specialized GRM for workers and include project GRM provisions for handling sensitive complaints, such as those related to discrimination or SEA/SH.	Building contractor	Supervising Engineer, PIU

Montenegro Energy Sector Decarbonization Project ESMF

	Maintain accessible formats (including for vulnerable groups such as persons with disabilities, elderly, patient) for all communications and feedback mechanisms.	Building contractor	Supervising Engineer, PIU
	Implement temporary adjustments to service delivery such as reorganization of classrooms or offices to minimize disruption to teaching and administrative activities, ensure temporary relocation of critical health and justice services to nearby facilities.	Building contractor	Supervising Engineer, PIU
	In case of relocation develop checklist for the selection of alternative locations. Checklist should include consideration on: accessibility, vicinity, safety and security, adequate spaces and equipment, availability of minimum number of parking lots.	Building contractor	Supervising Engineer, PIU
	During construction, maintain access to essential areas (e.g., elevators, ramps) for vulnerable groups, including people with disabilities, elderly individuals, and patients.	Building contractor	Supervising Engineer, PIU
	Implement clear signage and physical barriers adapted also for vulnerable groups to guide users safely through or around construction zones.	Building contractor	Supervising Engineer, PIU
	Schedule noisy and dusty construction work outside peak hours for public services.	Building contractor	Supervising Engineer, PIU
	Priority given to renovation of critical rooms (e.g., those for victims and witnesses).	Building contractor	Supervising Engineer, PIU
	Inform judicial staff and security services to manage access and flows of persons for safety of victims and witnesses.	Building contractor	Supervising Engineer, PIU
Air quality			
Reduced air quality in the nearby construction area and access road due to emission of dust and particulates	Sprinkle water near the construction materials and non-asphalted roads when needed (e.g., during dry and/or windy periods). Use water where and when appropriate to reduce dust at scraping, grading, cut and fill and demolition activities which may cause dusting and particles emissions.	Building contractor	Supervising Engineer, PIU
	Cover load (surfaces) with plastic coverings during material storage and transportation to avoid dust spreading. Cover bulk materials were not in use.	Building contractor	Supervising Engineer, PIU
	Establish adequate locations for storage, mixing and loading of construction materials.	Building contractor	Supervising Engineer, PIU
	Limit vehicles speed (30 km/h) in the construction area and on the access roads near the residential houses.	Building contractor	Supervising Engineer, PIU
	Regularly clean construction site and access roads from debris.	Building contractor	Supervising Engineer, PIU
	Prevent offsite spread of dust using appropriate screens - a mechanical barrier between the work site and the functional part of the building.	Building contractor	Supervising Engineer, PIU

	Avoid unnecessary journeys.	Building contractor	Supervising Engineer, PIU
Reduced air quality in the nearby area due to gaseous emissions	Use modern attested construction machinery to minimize emissions, provided with mufflers and maintained in good and efficient operation condition.	Building contractor	Supervising Engineer, PIU
	Whenever possible, use low sulfur content fuel, for machinery and equipment to reduce SO ₂ emissions from engines.	Building contractor	Supervising Engineer, PIU
	Switch of machinery and equipment when not in use (idle mode).	Building contractor	Supervising Engineer, PIU
	Regularly maintain, service and tune the engines and service construction equipment. All vehicles and machinery must be attested.	Building contractor	Supervising Engineer, PIU
	To minimize dust emission (mainly PM ₁₀) reduce material collection and retention time to a minimum in order to minimize exposure to wind.	Building contractor	Supervising Engineer, PIU
	Burning of waste at the site is strictly forbidden.	Building contractor	Supervising Engineer, PIU
Noise			
Increased noise level in the nearby area	Ensuring that generated noise levels do not exceed the maximum permitted noise levels defined in <i>Rulebook on value limits of Environmental Noise, the Method for Determining the Acoustic Noise Indicators and Assessment Methods of the Harmful Effects of Noise (Official Gazette of Montenegro No. 60/11)</i> .	Building contractor	Supervising Engineer, PIU
	The Sub-Project-affected parties (users of the Sub-Project buildings) must be adequately informed about the Sub-Project and GRM. The Sub-Project-affected parties must be informed about construction schedules, progress, and safety precautions.	Building contractor	Supervising Engineer, PIU
	Community / public must be informed in advance of any work activities to occur outside of normal working hours or on weekends.	Building contractor	Supervising Engineer, PIU
	In case that generated noise levels are severely impacting the Sub-Project-affected parties, it is necessary to choose and apply adequate noise protection measures: adjustment of operating time; use of temporary movable noise barriers; use of alternative working machines with lower noise emission levels.	Building contractor	Supervising Engineer, PIU
	All equipment must be maintained in good operating condition and be attested.	Building contractor	Supervising Engineer, PIU

	During operations the engine covers of generators, air compressors and other powered mechanical equipment shall be closed, and equipment placed as far as possible from the residential houses.	Building contractor	Supervising Engineer, PIU
Water and groundwater quality / Soil quality			
Risk of pollution of surface water, groundwater and soil due to spill leakage	Material storage areas must be organized and covered.	Building contractor	Supervising Engineer, PIU
	Hazardous liquid waste must be: collected separately (by type), managed by authorized companies and treated/disposed only at licensed sites. Collection containers should have secondary containment system (e.g., double walled or banded containers) with sufficient volume to contain a spill from the largest fuel tank in the structure (minimum 110 %) and should be protected from impact of weather conditions.	Building contractor	Supervising Engineer, PIU
	Containers with hazardous substances must be kept closed, except when adding or removing materials/waste. They must not be handled, opened, or stored in a manner that may cause them to leak.	Building contractor	Supervising Engineer, PIU
	Non-hazardous liquid waste must not be discharged into nature without a prior treatment.	Building contractor	Supervising Engineer, PIU
	Fuel and oil handling must be performed on impermeable surfaces with retention in safe and responsible manner. Storing fuel and other hazardous liquids and materials on construction site must be avoid. If installation of fuel storage tanks is needed, they should be secondary tanks with sufficient volume to contain a spill from the largest fuel tank in the structure (minimum 110%) and will be protected from impact of weather conditions.	Building contractor	Supervising Engineer, PIU
	Handling and management of all materials must be in accordance with instructions included in Material Safety Data Sheets (MSDS) and Technical Data Sheets (TDS) which must be available at the construction site.	Building contractor	Supervising Engineer, PIU
	Hazardous spillage coming from tanks, containers (mandatory secondary containment system, e.g., double walled or banded containers), construction equipment and vehicles (regular maintenance and check-ups of oil and gas tanks) must be prevented.	Building contractor	Supervising Engineer, PIU
	In case of an accident, hazardous liquid must be removed from the soil using adsorption materials such as sand, sawdust or mineral adsorbents. Such waste material must be collected in tanks, stored in the space provided for hazardous waste storage and handed over to authorized companies for hazardous waste. This waste will be managed and treated/disposed as hazardous waste.	Building contractor	Supervising Engineer, PIU
	Wash down areas of concrete and other equipment must be isolated from watercourse by selecting areas for washing that are not free draining directly or indirectly into watercourse as well as those	Building contractor	Supervising Engineer, PIU

	that are placed on impermeable surfaces and equipped with/connected to municipal water collection system.		
	It is forbidden to extract groundwater on unregulated way, or discharge cement slurries, or any other contaminated waters into the ground or adjacent streams or rivers.	Building contractor	Supervising Engineer, PIU
Biodiversity (flora and fauna)			
Risk of endangering flora and fauna by removing vegetation and polluting water and soil	Restrict the movement of heavy machinery to the access road corridor. Construction site should take up only necessary space.	Building contractor	Supervising Engineer, PIU
	Work along watercourses and canals should be limited to as small area as possible.	Building contractor	Supervising Engineer, PIU
	Cutting down trees and other natural vegetation should be avoided, where possible. In the case of removing vegetation, the areas from which the vegetation will be removed should be clearly marked to prevent unnecessary loss of vegetation in the project area.	Building contractor	Supervising Engineer, PIU
	For the landscape management and regreening, mostly autochthonous plant species that occur in the vegetation communities present in the wider area of the individual Sub-Project should be used.	Building contractor	Supervising Engineer, PIU
Material management			
Risk of environmental pollution through inadequate handling of dangerous substances	The subcontractor must have all the necessary skills and experience and precautionary systems in place to prevent a wash off of bituminous materials (primer or primer binder).	Building contractor	Supervising Engineer, PIU
	Water in bitumen emulsion production or concrete should not be contaminated (however, technological water is preferred).	Building contractor	Supervising Engineer, PIU
	Equipment shall be cleaned in areas where there will be no impact to the environment or danger of surface run-off (e.g., areas where water is collected to retention basins and transported to proper water treatment, and waste is separated and appropriately disposed).	Building contractor	Supervising Engineer, PIU
	All materials have to be approved by the Supervising Engineer.	Building contractor	Supervising Engineer, PIU
	Materials temporarily stored on site shall be protected and separated. HDPE pipes are not to be in touch or stored next to oil, coatings, solvents, etc.	Building contractor	Supervising Engineer, PIU
Traffic disturbance			
Increased road traffic	Traffic management must be conducted in accordance with provisions of traffic legislation and ESF (e.g., appropriate lighting, traffic safety signs, barriers and flag persons that are seen easily or are easy to follow, road speed shall be clearly posted).	Building contractor	Supervising Engineer, PIU
	Traffic must be organized in a safe manner. Access road speed must not exceed 30 km/h. Major transport activities should be avoided during rush hours.	Building contractor	Supervising Engineer, PIU

Montenegro Energy Sector Decarbonization Project ESMF

	Where construction traffic and public traffic intersect, safe passages and crossings for pedestrians and workers must be ensured.	Building contractor	Supervising Engineer, PIU
	All materials prone to dusting and susceptible to weather conditions must be protected from atmospheric impacts either by windshields, covers, watered or other appropriate means.	Building contractor	Supervising Engineer, PIU
	Roads must be regularly swept and cleaned at critical points. Spilled materials must be immediately removed from the road and cleaned. Access roads must be well maintained.	Building contractor	Supervising Engineer, PIU
	Spilled materials must be immediately removed from tracks and cleaned. Tracks must be well maintained.	Building contractor	Supervising Engineer, PIU
	Access of the construction and material delivery vehicles must be strictly controlled, especially during the wet weather.	Building contractor	Supervising Engineer, PIU
	In an event where the traffic will be interrupted the Contractor needs to organize alternative routes and timely announce alternative traffic regulation to the local communities in line with the SEP.	Building contractor	Supervising Engineer, PIU
	Temporary traffic signage will be organized on a basis of Project of temporary traffic signage according to Regulation on traffic signage (Official Gazette of Montenegro No. 33/12, 58/14, 14/17 and 66/19).	Building contractor	Supervising Engineer, PIU
Waste management			
Waste generation	Each type of generated waste on the location must be temporary stored in separate waste container which have to be labelled with waste type name and waste code and located at the solid surface foreseen for that purpose on the construction site.	Building contractor	Supervising Engineer, PIU
	Records on waste streams and amounts must be kept for each type of waste generated at the location. For all waste, information on handing over waste to the final destination must be obtained. Keeping records of waste generated is the obligation of the contractor. Records will be shared with PIU upon request.	Building contractor	Supervising Engineer, PIU
	All waste must be handed over with appropriate documentation to the companies authorized for the waste management (companies that have adequate waste management permit). Waste can be disposed/processed only at licensed landfills/processing plants.	Building contractor	Supervising Engineer, PIU
	Mineral (soil) waste must be disposed exclusively at the designated locations, approved by competent authorities, or be reused. Records of this must be kept.	Building contractor	Supervising Engineer, PIU
	Whenever feasible the contractor shall reuse and recycle appropriate and viable materials (except asbestos).	Building contractor	Supervising Engineer, PIU
	Burning or illegal dumping of waste is strictly prohibited.	Building contractor	Supervising Engineer, PIU
Removal of asbestos	Asbestos Removal and Management Plan, subject to PIU and WB approval, must be prepared. Plan shall include procedures for removing materials containing asbestos before proceeding with the	Building contractor	Supervising Engineer, PIU

	removal of the building structures, describe application of necessary measures to protect workers health and safety, all according to national legislation and WB policies.		
	The strong-bound asbestos prior to removal must be treated with a wetting agent to minimize asbestos dust. Wetting is carried out by spraying or spraying with low-pressure sprayers. It is not allowed to spray water under high pressure. Asbestos fibres that have accumulated in the drains must be soaked so that a thick mixture is formed, which can be removed with a spatula in a polyethylene bag (PE). The bag must be tightly sealed. Drills, saws or high-speed tearing tools must not be used during disassembly of ACM parts. If the ACM parts cannot be removed without the use of tools, it is important to use only hand tools or mechanical aids for processing asbestos cement with built-in vacuum cleaners that have HEPA filters (HEPA = high efficiency particulate air). The area from which the ACM were removed must be carefully inspected for debris. The structure must be carefully cleaned with a vacuum cleaner with a HEPA filter.	Building contractor	Supervising Engineer, PIU
	After removal, asbestos waste must be properly stored at the location and handed over to the authorized waste collector/waste treatment facility as early as possible in accordance with the waste management regulations.	Building contractor	Supervising Engineer, PIU
	Asbestos waste must be stored in a covered container or tightly closed bags (for construction rubble), thus preventing spreading, dispersing and spillage of that waste out of construction site due to weather conditions. Asbestos located on the Project site must be marked clearly as hazardous material.	Building contractor	Supervising Engineer, PIU
	The removed asbestos will not be reused. It will be disposed to a licensed landfill before closing of the Sub-Project.	Building contractor	Supervising Engineer, PIU
	It is forbidden to dispose asbestos waste into the mixed municipal waste and mixing with other waste and other non-waste materials.	Building contractor	Supervising Engineer, PIU
	In the case of soft-bound asbestos is found, specific measures for asbestos removal will be applied in line with the national legislation and best practices. Finding of soft-bound asbestos will be reported to the PIU/WB without delay.	Building contractor	Supervising Engineer, PIU
Accidents and emergencies			
Accident/ incident	Emergency Preparedness and Response Plan (as part of the C-ESMP) must be prepared and shall include actions that must be taken to ensure staff safety in an emergency (spills, accidents, fire, explosion, earthquake...), including a list of all emergency equipment at the construction site (such as fire extinguishing systems, spill control equipment, communications), and alarm systems (internal and external), and decontamination equipment, contacts of responsible persons, competent authorities, other emergency numbers, evacuation plan.	Building contractor	Supervising Engineer, PIU

Montenegro Energy Sector Decarbonization Project ESMF

	In the case of significant accident/incident (fatality, serious injury, larger spilling, fire, and similar) Supervising Engineer will notify the PIU (E&S specialists) within 24 hours and fulfil the Notification report. Activities will be carried out in accordance with the Project's Incident/Accident Procedure.	Building contractor	Supervising Engineer, PIU
Cultural heritage			
Potential chance finds	If during implementation of project activities some archaeological finds are encountered, works have to be stopped immediately and site, i.e. the findings must be secured against possible damage, destruction and unauthorized access by other persons and the location, i.e. findings must be reported to the competent authority. Works shall be resumed only after appropriate measures have been taken as required by relevant authority and after it confirms that works may continue for all cases where the cultural heritage and its fundamental values can be protected at the existing location with special protection measures protect the cultural heritage on the spot.	Building contractor	Supervising Engineer, PIU
Conservation measures	For buildings located in protected cultural and historical entities /area Cultural Heritage Management Plan (CHMP) will be developed as a part of ESMP/ESMP Checklist (Annex 10.2. Table 20.). All national required conditions and if necessary, permits from the cultural heritage competent authority will be obtained and integrated in the Cultural Heritage Management Plan. CHMP must reflect requirements of ESF and national legislation and will be a subject to WB approval. CHMP will be disclosed and consulted, as an annex of ESMP/ESMP Checklists in line with the ESS10 and included in bidding and contracting documentation.	Building contractor	Supervising Engineer, PIU
Stakeholder engagement			
Engagement of Local Community	Implemented and monitored GRM for receiving, evaluating, and addressing project-related complaints, feedback, questions and suggestions. GRM is easily accessible to community members with multiple channels for lodging complaint.	Building contractor	Supervising Engineer, PIU
	Continuous communication with all stakeholders through development, implementation and monitoring of SEP	Building contractor	Supervising Engineer, PIU
Social conflicts arising from presence of construction personnel and construction works	Implemented and monitored GRM for receiving, evaluating, and addressing project-related complaints, feedback, questions and suggestions. GRM is easily accessible to community members with multiple channels for lodging complaint	Building contractor	Supervising Engineer, PIU
	Continuous communication with all stakeholders through development, implementation and monitoring of SEP	Building contractor	Supervising Engineer, PIU
	GRM set up in a way to ensure secure mechanism for lodging SEA/SH complaints.	Building contractor	Supervising Engineer, PIU
	Contractor with prepared and enforced Code of Conduct for Workers that received training on the prevention of SEA/SH	Building contractor	Supervising Engineer, PIU

Table 18. Cultural heritage management plan (CHMP) for the PIU and for the Contractor

CHMP measures			
Phase	Mitigation measure	When should the measure be implemented	Implementation responsibility
During activity preparation			
During activity design			
All phases			

Table 19. Metrics for reporting (environmental and social monitoring plan for Supervision Engineer to submit to PIU)

Environmental and Social aspect	Measure to be monitored	A more detailed explanation is required (evidence must be provided upon request)
General conditions		
Permits and certificates (measures to be monitored single time)	Are all required permits acquired prior to works and kept on site?	
	Do Contractor and Subcontractors have operating licenses?	
	Is the state inspectorate notified of upcoming activities and is the copy of notification available at the construction site?	
	Are all other relevant competent authorities notified of commencement of works (police, firefighters, etc.)?	
	Are materials quality certificates, vehicles attest, certificates for working at heights, health and safety certificates for workers (e.g. to operate heavy machinery and vehicles) in place before works commence?	
Site organization	Is the Construction Work Plan available at the construction site and updated in a timely manner? Indicate the update date.	
	Is the construction site properly fenced and marked?	
	Is temporary material storage on the construction site clearly marked?	
	Is there temporary storage of construction materials and waste within any type of private property?	
	Is the surrounding area near the project kept clean?	
	Are stockpiles located away from drainage lines, natural waterways and places susceptible to land erosion? Are they under 2 m in height?	
	Are all transportation vehicles and machinery equipped with appropriate emission control equipment, regularly maintained and attested?	
	Does the Contractor use unlicensed borrow pits, quarries, or waste dumps in adjacent areas, or protected areas?	
	Does noise during night work exceed the limits prescribed by the law? Were there any complaints?	
Occupational Health and Safety and Community Safety		
Worker's safety	Is Safety at Work Plan available at the construction site and updated in a timely manner? Indicate the update date.	

Montenegro Energy Sector Decarbonization Project ESMF

	Are staff properly trained and certified for the positions and work performed: electrician, workers working with asbestos materials, working at heights, operating dangerous machinery, etc.?	
	Do engaged workers use protective equipment? Are sufficient quantities and quality of equipment available?	
	Are appropriate informative and warning signposting of the sites in place to inform workers (and authorized visitors) of key rules and regulations to follow?	
	Are marking in and out of the construction sites /section by section and speed-reduction signs ensured?	
	Are all dangerous spots in the working sites such as pits, trenches, etc. clearly marked and fenced?	
	Is Fire Safety Plan (as part of C-ESMP) available at the construction site and updated in a timely manner? Indicate the update date.	
	Are devices, equipment and fire extinguishers attested and functional, so in case of need they could be used rapidly and efficiently?	
	Is constant presence of attested firefighting devices ensured on sites in case of fire or other damage?	
	Is first aid kits available on the site and is personnel trained to use it?	
	Are procedures for cases of emergency (including spills, accidents, etc.) available at the construction site and conveyed to all workers?	
	Are adequate sanitary facilities (toilets and washing areas) provided at the construction site with adequate supplies of hot and cold running water and soap?	
Discrimination against women/vulnerable groups in the hiring process of workers	Are wages and contract conditions offered to all employees in accordance with national labor laws or higher standards that should be competitive in all categories of workers?	
Worker's health due to improper asbestos handling	Is Asbestos Removal and Management Plan (as part of C-ESMP) available at the construction site and updated in a timely manner? Indicate the update date.	

	Are workers handling asbestos equipped with appropriate personal protective equipment for respiratory protection and other personal protective equipment?	
Labor influx	Are information regarding Worker Code of Conduct provided in local language and language accessible to foreign workers?	
	Are workers hired through recruitment offices?	
Sexual Exploitation and Abuse (SEA)/ Sexual Harassment (SH)	Has Sexual Exploitation and Abuse (SEA)/Sexual Harassment (SH) between the Contractor and other Contractor's or Employer's Personnel or among workers has been recorded?	
Community safety	Were there power shortages? Was local community timely informed?	
	Is the construction site organized in accordance with the safety at work measures?	
	Are scaffolds and other protection installations installed in line with specific design (if required), regulation, and best industry best practices (GIIP)?	
	Are mitigation measures for noise and dust emission, air, water and soil pollution in place?	
	Are traffic disturbance measures in place?	
Air quality		
Reduced air quality in the nearby construction area and access road due to emission of dust and particulates	Is Plan for Prevention and Control of Water, Soil and Air Pollution (as part of C-ESMP) available at the site and updated in a timely manner Indicate the update date.	
	Are mitigation measures against dust emissions implemented (water sprinkling, load and bulk covering, limiting vehicles speed, cleaning site from debris, installing mechanical barrier in front of sensitive receptors (patients wards)?	
Reduced air quality in the nearby area due to gaseous emissions	Are mitigation measures against gaseous emissions implemented (use of modern attested construction machinery, use of low sulphur content fuel when possible, switching of machinery when not in use, regular maintaining, and servicing of engines and construction equipment, minimize material retention time, etc.)?	

Noise		
Increased noise level in the nearby area	Is Plan for Prevention of Excessive Increase in Noise Level (as part of C-ESMP) available at the site and updated in a timely manner? Indicate the update date.	
	Are noise mitigation measures in place in case generated noise levels exceed the maximum permitted noise levels (adjustment of operating time, use of temporary movable noise barriers or use of alternative working machines with lower noise emission levels, during operations the engine covers of generators, air compressors and other powered mechanical equipment shall be closed, and equipment placed as far as possible from the residential houses.)?	
Water and groundwater quality / Soil quality		
Risk of pollution of surface water, groundwater and soil due to spill leakage	Are mitigation measures against surface water, groundwater and soil pollution implemented?	
	- Separate collection of hazardous liquid waste, management of waste by authorized companies, disposing on a licensed filed, secondary containment system.	
	- Fuel and oil handling are performed on impermeable surfaces in safe and responsible manner, if installation of fuel storage tanks is needed, they should be secondary tanks with sufficient volume to contain a spill from the largest fuel tank in the structure (minimum 110%) and will be protected from impact of weather conditions.	
	- Material storage areas are organized and covered.	
	- Adsorption materials such as sand, sawdust or mineral adsorbents are available at the site in case of accident.	
	- Selecting areas for washing that are placed on impermeable surfaces and equipped with/connected to municipal water collection system.	
	- Discharge cement slurries, or any other contaminated waters into the ground or adjacent streams or rivers is prohibited.	

Biodiversity (flora and fauna)		
Risk of endangering flora and fauna by removing vegetation and polluting water and soil	Are mitigation measures against endangering flora and fauna implemented (restrict the movement of heavy machinery to the access road corridor, avoid cutting down trees and other natural vegetation, clearly mark the area from which the vegetation is removed to prevent unnecessary loss of vegetation in the project area, use only autochthonous plant species that occur in the vegetation communities present in the wider area of the Sub-Project)?	
Material management		
Risk of environmental pollution through inadequate handling of dangerous substances	Are systems to prevent a wash off of bituminous materials (primer or primer binder) in place?	
	Is equipment cleaned in areas where there is no impact to the environment or danger of surface run-off?	
	Are all materials temporarily stored on site protected and separated?	
Traffic disturbance		
Increased road traffic	Has temporary traffic regulation been established and maintained (according to the Project of Temporary Traffic Signage)? Have there been any changes in regulation?	
	Are safe passages and crossings for pedestrians and workers where construction traffic interferes ensured?	
Maintenance of road cleanliness	Are all materials prone to dusting and susceptible to weather conditions protected from atmospheric impacts (by windshields, covers, watered or other appropriate means)?	
	Are roads regularly swept and cleaned at critical points?	
	Is access of the construction and material delivery vehicles strictly controlled, especially during the wet weather?	
Waste generation and management		
Waste generation	Is Waste Management Plan (as part of C-ESMP) available at the site and updated in timely manner? Indicate the update date.	
	Are mitigation measures for waste management implemented:	

	<ul style="list-style-type: none"> - Each type of generated waste on the location is temporary stored in separate waste container which are labelled with waste type name and waste code and located at the solid surface foreseen for that purpose on the construction site. 	
	<ul style="list-style-type: none"> - Mineral (soil) waste is disposed exclusively at the designated locations, approved by competent authorities, or be reused. Records of this are kept. 	
	<ul style="list-style-type: none"> - Records on waste streams and amounts is kept for each type of waste generated at the location. 	
	<ul style="list-style-type: none"> - All waste is handed over with appropriate documentation to the companies authorized for the waste management (companies that have adequate waste management permit). Waste is disposed/processed only at licensed landfills/processing plants. 	
	<ul style="list-style-type: none"> - For all waste, information on handing over waste to the final destination is obtained. 	
	<ul style="list-style-type: none"> - Whenever feasible the Contractor is reusing and recycling appropriate and viable materials (except asbestos). 	
	<ul style="list-style-type: none"> - Mineral (natural) construction and demolition wastes are separated from general refuse, organic, liquid and chemical wastes by on-site sorting and temporarily stored in appropriate containers. Depending on its origin and content, mineral waste is reapplied to its original location or reused. 	
	<ul style="list-style-type: none"> - Asbestos located on the Project site is marked clearly as hazardous material. 	
	<ul style="list-style-type: none"> - The strong-bound asbestos prior to removal is treated with a wetting agent to minimize asbestos dust. 	
	<ul style="list-style-type: none"> - After removal, asbestos waste is properly stored at the location and handed over to the authorized waste collector/waste treatment facility as early as possible in accordance with the waste management regulations. 	
	<ul style="list-style-type: none"> - Is asbestos waste stored in a covered container or tightly closed bags (for construction rubble). 	

Montenegro Energy Sector Decarbonization Project ESMF

	Was there soft-bound asbestos found?	
	What is the amount of generated waste by type?	
Accidents and emergencies		
Accident/incident	Were any accidents (fatality, serious injury, larger spilling, fire, and similar) or minor incident recorded and what was the response?	
Cultural heritage		
Potential chance finds	Were there any archaeological finds encountered during excavations?	
Stakeholder engagement		
Social conflicts arising from presence of construction personnel and construction works	Is Code of Conduct for Workers prepared, disseminated, signed, and enforced? Are training courses on the Code of Conduct organized for all workers?	
	How many complaints were received from the local community and users of building and were they resolved?	
Contractor Grievance Redress Mechanism	Is the Plan for establishing Contractor Grievance Redress Mechanism (GRM) as part of the C-ESMP available at site and updated in timely manner? Indicate the update date.	
	Have trainings on Contractor GRM been organized for all workers?	
	Is access to safe GRM for workers ensured?	
	Is access to other grievance mechanisms (unions, arbitration) ensured?	
	What is the number and type of complaints received and their status?	

10.3. Annex 3. Contractors- ESMP content

1. Introduction
2. Environmental characteristics of site location
3. Proposed environmental mitigation Measures, Environmental and Social Management Strategies and Implementation Plans
 - a. Waste Management Plan: defines waste management procedures at the construction site for each category of waste generated during construction, method and place of storage of individual categories of waste.
 - b. Plan for Prevention of Excessive Increase in Noise Level: description of measures and procedures for maintaining legally permitted noise level at the construction site and measures to be taken if these levels are exceeded.
 - c. Plan for Prevention and Control of Water, Soil and Air Pollution: description of measures and procedures for prevention of water and soil pollution during construction works (due to accidental spills of pollutants), description of dust mitigation measures during construction works and response action plan in case of pollution.
 - d. Asbestos Removal and Management Plan: defines procedures for removing materials containing asbestos before proceeding with the removal of the building structures, describes application of necessary measures to protect workers health and safety, all according to national legislation and WB policies.
 - e. Plan for Establishing Grievance Redress Mechanism (GRM): describes action for planning the establishment of protocols for receiving and resolving complaints and managing incidents and accidents, internal (within the contractor's company) and external (receiving and resolving complaints from the community).
 - f. Safety at Work Plan: measures to reduce health hazards and to ensure safety at work during the execution of works; includes Occupational Health and Safety (OHS) measures during the construction works, accommodation conditions, food and transportation of workers, sanitary facilities and wardrobe, organization of first aid, personal protective equipment, workplaces with special working conditions and medical examination of workers, training of workers in occupational safety, safety measures in the work of subcontractors, measures for identified risks from weather extremes such as strong winds, excessive heat, storms, incident reporting procedure etc.
 - g. Emergency Preparedness and Response Plan: actions that must be taken to ensure staff safety in an emergency (spills, accidents, fire, explosion, earthquake...), including a list of all emergency equipment at the construction site (such as fire extinguishing systems, spill control equipment, communications), and alarm systems (internal and external), and decontamination equipment, contacts of responsible persons, competent authorities, other emergency numbers, communication procedures and evacuation plan.
 - h. Fire Safety Plan: includes a list of major workplace fire hazards, their proper handling and storage procedures, potential ignition sources and control procedures, and a description of fire protection, trainings documentation, equipment, and systems.
4. Legislation
5. Annexes

10.4. Annex 4. Incident notification report

Incident notification reports shall be filled by the Contractor and Supervising Engineer with the assistance of witnesses. Incident notification shall be submitted to PIU.

INITIAL NOTIFICATION REPORT on occurred environmental incidents/accident

Date of reporting	
Report N°	
Person reporting	
INFORMATION ON THE EVENT	
Type of event	<input type="checkbox"/> Emissions into the environment <ul style="list-style-type: none"> <input type="checkbox"/> air <input type="checkbox"/> water (km) <input type="checkbox"/> soil (ha) <input type="checkbox"/> Fire <input type="checkbox"/> Explosion <input type="checkbox"/> Toxic cloud emission <input type="checkbox"/> Transport <input type="checkbox"/> Other
Location	
Date	
Time	
CASUE OF THE EVENT	
Preliminary identification of the incident cause	
Responsible persons (if identified)	
DANGEROUS SUBSTANCE PRESENT	
Chemical name/key number for waste	
State of aggregation	
Participation	<input type="checkbox"/> caused the incident/accident <input type="checkbox"/> participated in the incident/accident <input type="checkbox"/> created in the incident/accident
The amount of hazardous substance that was involved in the incident/accident	
DESCRIPTION OF EVENT (incident/accident)	
Event description (in as much detail as possible)	
Duration of event	
CONSEQUENCES OF EVENT	
Injuries within the construction site (Y/N)	

Montenegro Energy Sector Decarbonization Project ESMF

Number of injuries within the construction site			
Injuries outside construction sites (Y/N)			
Number of injuries outside construction sites			
Immediate environmental pollution (detailed description)			
Emission into air			
Water pollution			
Soil pollution			
POST-EVENT ACTIVITIES TAKEN BEFORE REPORTING			
Engaged external services/ subcontractors			
Evacuation/Shelter			
Urgent remedial measures			
Decontamination			
Other			
RECOMMENDATIONS FOR NEW MEASURES			
Preventing the reoccurrence of a sudden event			
SIGNATURES			
Reporting person	Supervisor	Witness(es)	

INITIAL NOTIFICATION REPORT
on occurred social incidents and/or injuries

Date of reporting	
Report N°	
Person reporting (please specify name and function)	
Who needs to know about this report (please specify name and function)	
INFORMATION ON THE EVENT	
Classification of the event	<input type="checkbox"/> Indicative <ul style="list-style-type: none"> •Relatively minor and small-scale localized incident that negatively impacts a small geographical areas or small number of people •Does not result in significant or irreparable harm •Failure to implement agreed E&S measures with limited immediate impacts <input type="checkbox"/> Serious <ul style="list-style-type: none"> •An incident that caused or may potentially cause significant harm to the environment, workers, communities, or natural or cultural resources •Failure to implement E&S measures with significant impacts or repeated non-compliance with E&S policies incidents •Failure to remedy Indicative non-compliance that may potentially cause significant impacts •Is complex and/or costly to reverse •May result in some level of lasting damage or injury •Requires an urgent response •Could pose a significant reputational risk for the Bank. <input type="checkbox"/> Severe <ul style="list-style-type: none"> •Any fatality •Incidents that caused or may cause great harm to the environment, workers, communities, or natural or cultural resources •Failure to remedy serious non-compliance that may potentially cause significant impacts that cannot be reversed •Failure to remedy serious non-compliance that may potentially cause severe impacts complex and/or costly to reverse •May result in high levels of lasting damage or injury •Requires an urgent and immediate response •Poses a significant reputational risk to the Bank.
Type of event	<input type="checkbox"/> Injury <input type="checkbox"/> Fatality <input type="checkbox"/> Disease or suspected disease <input type="checkbox"/> Property damage <input type="checkbox"/> Dangerous occurrence <input type="checkbox"/> Harassment <ul style="list-style-type: none"> <input type="checkbox"/> Aggressive Pressure <input type="checkbox"/> Intimidation <input type="checkbox"/> Verbal abuse <input type="checkbox"/> Physical abuse <input type="checkbox"/> Conflict <ul style="list-style-type: none"> <input type="checkbox"/> Verbal <input type="checkbox"/> Physical

Montenegro Energy Sector Decarbonization Project ESMF

Has the event been related to Gender Based Violence (GBV), including Sexual Exploitation and Abuse (SEV)?	<input type="checkbox"/> YES <input type="checkbox"/> NO If the answer is “YES” please provide information where/to whom the incident was reported; what type of incident has been reported; and whether the person who experienced the alleged incident was referred to appropriate services:
If the event is not related to GBV and/or SEV, please continue with providing information about the event	
Location	
Date	
Time	
Persons involved	
Please specify if anyone from the World Bank staff has been involved in the event?	<input type="checkbox"/> YES <input type="checkbox"/> NO If the answer is “YES” please provide information on the name of involved World Bank staff:
Please specify if the event has been related to the Project	<input type="checkbox"/> YES <input type="checkbox"/> NO If the answer is “YES” please explain the relation with the Project:
Work activity involved	
Event description (in as much details as possible) Please make sure to include the following information in the description of the event: <ul style="list-style-type: none"> • What was the incident? What happened? To what or to whom? • Where and when did the incident occur? • What is the information source? How did you find out about the incident? • Are the basic facts of the incident clear and uncontested, or are there conflicting versions? • What were the conditions or circumstances under which the incident occurred? • Is the incident still ongoing or is it contained? • Is loss of life or severe harm involved? • How serious was the incident? 	
Post-event activities taken before reporting (describe in as much details as possible). Please make sure to include in description the following information: <ul style="list-style-type: none"> • How the event is being addressed? • What were the responses and from whom? 	

What are the next steps? Please make sure to include in description the following information: • What, if any, additional follow up action is required, and what are the associated timelines?			
WHEN THERE IS AN INJURY			
Information on injured person	Name: _____ Date of birth: _____ Gender: _____ Job title: _____ Name of the supervisor: _____		
Injury description (in as much details as possible)			
Name of witness(es) – if any			
Observation from the witness(es)			
SIGNATURES			
Reporting person	Person involved	Supervisor	Witness(es)

10.5. Annex 5 Grievance log

Montenegro Energy Sector Decarbonization Project (MESDP)
Grievance log

Unique Reference Number	Receiving Date	Stakeholder Category	Name of Complainant (if treated as non-confidential)	Location and Address of Complainant	Grievance Description	Level of Grievance: A: potential significant adverse impacts; B: Medium impacts C: Minimal or no impacts D: Not related to Project	Person/department responsible for managing the grievance	Findings of grievance investigation	Description of measures undertaken to settle the grievance	Feedback from Complainant on level of satisfaction regarding grievance resolution or non-resolution	Date at which the acknowledgement of receipt was sent	Date at which a formal settlement response was sent	Status

10.6. Annex 6. Labor Management Procedure (LMP)

10.6.1. OVERVIEW OF LABOR USE ON THE PROJECT

ESS2 categorizes the project workers, depending on the type of employment relationship between the Borrower and the project workers, into direct workers, contracted workers, community workers, and primary supply workers. ESS2 applies to project workers including full-time, part-time, temporary, seasonal and migrant workers. This project will include all categories of the project workers except the community workers and migrant workers.

These procedures elaborate how the project workers will be managed, in accordance with the requirements of national legislation and ESS 2. The procedures will address the way in which this ESS will apply to different categories of project workers and sets out the requirements for third parties to manage their workers.

The LMP applies to all project workers in the following manner:

- People employed or engaged directly by the Implementing Agencies to work specifically in relation to the project (direct workers).
- People employed or engaged through third parties to perform work related to core function of the project, regardless of location (contracted workers).
- People employed or engaged by the Borrower's (Implementing Agencies) primary suppliers (primary supply workers).

Project workers will include civil servants from the Implementing Agencies, consultants, and direct and contracted / subcontracted workers. The project footprint is relatively small and does not entail a significant amount of labor except for construction / renovation works under components 1 and 2 that include renovation of infrastructure in specific areas / locations. It is unlikely, thus, that many workers would be needed.

Project activities will not require hiring of community workers. As currently envisioned, the project will be implemented by the Implementing Agencies staff who are civil or public servants and who will remain subject to the terms and conditions of their existing public sector employment agreements. Institutional capacity strengthening will be done through hiring different consultants to perform specialized tasks. These consultants would be part of PIU and paid through the loan funds. The project will also deploy services of designers, supervising engineers and construction project managers (if relevant) as well as contractors and, very likely, subcontractors for works in Components 1 and 2 but the number of workers to be contracted/subcontracted is not known yet. Primary supply workers will be mainly those that work for companies involved in the provision of equipment and construction materials for renovation works and will thus be engaged by third parties, such as the contractors or sub-contractors under the project components 1 and 2.

Direct Workers

Direct Workers include the Implementing Agencies staff and consultants at the component specific PIUs. The Implementing Agencies staff working on the project will remain public and servants and therefore subject to the terms and conditions of their existing public sector employment agreements.

Two component specific PIUs will be established, within each implementing entity (Ministry of Energy and CEDIS) to carry out implementation of their respective components (Components 1 and 2). Component 3 will be implemented jointly by the two PIUs. The PIUs will be responsible for day-to-day implementation of the project, including: (i) contracting management, (ii) preparing the detailed design of the interventions financed by the project, potentially with the support of external consultants; (iii) participating in preparation of tender documents and supporting the TSU throughout the procurement process; (v) carrying out supervision for the contracts signed to implement project activities, potentially with the support of external consultants; (v) monitoring E&S aspects; (vi) performing monitoring, evaluation, and reporting on project results and outcomes; and (vii) liaise with the government and the World Bank on project-related matters. Staff of the PIU of Component 1 will be taken over from PIU MEEP 2, and will be composed of Project coordinator/manager and Technical and environmental expert. The PIU MEEP2 staff has sufficient capacity and experience to prepare and implement the project given experience of the MEEP2 project. The PIU for the Component 2 will be composed of Project coordinator/manager.

Contracted Workers

These are workers of third parties hired to deliver primary functions of the project. This will mainly be workers of the contractors hired in relation to the works as well as workers of service companies hired under components 1 and 2.

Workers of service companies hired under component 1 and 2 mostly highly trained staff and professionals in the fields of architecture and engineering, including of design and maintenance of energy systems including Rooftop Solar Photovoltaic (RSPV) installations, and other similar professionals. The service companies will be responsible to ensure that the principles of labor management, including prohibition of child labor and access to a grievance redress mechanism for these workers is in line with national legislation and the ESS 2. Where a GRM is not available, these workers may access the main project GRM.

The civil works under the project are expected to be conducted by authorized contractors for varying durations depending on the works requirements. It is not known at this time whether the contractor will engage any subcontractors to carry out some aspects of the work. Contracted workers will be those working under the civil works contractors. According to the Law on Spatial Planning and Building Construction (CG 64/17, 44/18, 63/18, 011/19, 82/2020, 86/22 04/23) the Contractor shall execute construction in conformity with the relevant project documentation and permits as in line with technical regulations etc. The contractor will be responsible for the performance and management of contracted workers, ensuring that appropriate skillsets are available as well as a construction site manager responsible for safety standards (among others) in line with the provisions of ESS 2 and the national legislation. The designer is responsible for ensuring that the designs comply with the prescribed requirements and that the designed works are in conformity with the relevant permits in line with the Law on Spatial Planning and Building Construction or any other legal or sublegal act defining requirements for foreseen works. The supervising engineer shall be responsible for the completeness and coordination of the building surveillance and for drawing up a final report thereof. The work in a safe manner is drafted and signed by the occupational health and safety specialist of the Contractor.

Contracted and subcontracted workers will have access to a grievance mechanism described afterward. At this stage the exact number of workers is not known, and it will be known when implementation of subprojects begins. The number of workers is expected to vary depending on the works requirements at each location subproject as well as per each component.

Primary supply workers

Primary supply workers are those that work for companies involved in the provision of construction materials and equipment for civil works. These will be engaged by third parties, such as the contractors or sub-contractors under the project. The contractor will be responsible to ensure that the principles of labor management, including prohibition of child labor and access to a grievance redress mechanism for these workers is in line with national legislation and the ESS2. Where a GRM is not available, these workers may access the main project GRM.

Migrant Workers

During project implementation potential shortage of workers in the construction sector could occur and migrant workers (local from outside the sub-project area or foreigners) might be deployed to work on the project. Contractors may engage migrant workers subject to meeting national requirements for work permits.

10.6.2. ASSESSMENT OF KEY POTENTIAL LABOR RISKS

Project activities do not involve activities that have a high potential for harming people or the environment. Civil works and installation of equipment under this project are expected under Component 1 and Component 2. The contractor might engage subcontractors to carry out some aspects of the work.

Many workers will be exposed to occupational health and safety hazards, primarily including but not limited to:

- Working at height.
- Electrocutions and Electrical works.
- Traffic accidents.
- Lifting of heavy structures.
- Accidents with exposed rebars.
- Exposure to construction airborne agents (dust, etc.).
- Ergonomic hazards during construction.
- Vibration of heavy construction equipment.
- Use of rotating and moving equipment.
- Lack of workers' awareness on occupational health and safety requirements such as the use of personal protective equipment (PPE) and safe workplace practices.
- Exposure to hazardous substances (e.g., paints, varnishes, asbestos);
- Working with heavy and dangerous machinery.
- Working around pits, ditches, stacked materials, traffic, loading and unloading, etc.
- Extreme wheatear conditions (heavy rain, storms, heat stress and UV exposure).
- SEA/SH risks.
- Unequal treatment fo migrant workers

Site personnel may experience heat stress (heat rush, cramps, heat exhaustion, heat stroke, etc.) due to a combination of elevated ambient temperatures and the concurrent use of PPE. This will largely depend on the type of work and the time of year. Over exposure to UV radiation in sunlight can result in sunburn to exposed skin. This risk can be mitigated by the execution of works in a way to avoid heavy works at open spaces during sun peak. Storms, strong wind, and other extreme weather condition pose a risk. Limit working in extreme weather conditions is a way of risk mitigation, in addition to the adequate PPE. If

asbestos is found during civil works, Asbestos Removal and Management Plan will be prepared adhering to national legislation, WB EHS and GIIP, subject to WB approval.

The project risk is assessed as Low on gender-based violence (SEA/SH) risk. The influx of workers and subsequently followers is not expected to be large and is not expected to have adverse social impacts. The risk factors weighted where the institutional capacity of the implementing agency, low volume Labor influx, no preexisting social conflict and tensions, strong local law enforcement which resulted in the conclusion that it is a low-risk environment and risks can be managed through the requirements of ESMF and this LMP and there is no need to develop a more specialized instrument. As precautionary mitigation measure, the Contractor will be required to prepare and enforce a Code of Conduct for Contractors Personnel (Annex I) and implement workers GRM. Also, for all project workers project GRM is available.

All contractors will be required to have a written contract with their workers materially consistent with national legislation and ESS2.

The working conditions and terms of employment of migrant (foreign) workers should be the same or substantially equivalent to those of non-migrant project workers performing the same type of work. This applies to migrant project workers employed or engaged directly by the Borrower or through a third party. Conditions for the residence and work of third-country citizens in Montenegro are governed by the provisions of the Foreigners Act (CG 12/2018, 3/2019, 86/2022) and Labor Act (CG 74/19, 8/21, 59/21, 68/21, 145/21, 77/24).

According to the 2023 Country Reports on Human Rights Practices on Montenegro by US Department of State, the chapter on Acceptable Conditions of Work states that, according to the National Statistics Office, the national monthly minimum wage was slightly above the government's absolute poverty line. Significant portions of the workforce, particularly in rural areas and in the informal sector, earned less than the minimum wage. The law limited overtime to 10 hours per week, and total work time could not exceed 48 work hours per week on average within a four-month period.

The government set occupational safety and health (OSH) standards that were current and appropriate for the main industries. The government proactively identified unsafe conditions. Workers could remove themselves from situations that endangered health or safety without jeopardy to their employment. Regulations required employers and supervisors to supply and enforce the use of safety equipment, conduct risk assessment analysis, and report any workplace deaths or serious injuries within 24 hours.

Employment in the construction, energy, wood-processing, transportation, and heavy industries presented the highest risk of injury. Most of the injured were foreign nationals. Common causes of injuries on construction sites were unsecured workstations at a height and lack of use of protective equipment. The most frequent reasons cited for unsafe working conditions were the lenient fines for violations of safety rules, failure to use safety equipment, lack of work-related information and training, inadequate medical care for workers, and old or inadequately maintained equipment.

The government did not effectively enforce minimum wage and overtime laws, although penalties for violations were commensurate with those for other similar crimes. Penalties were rarely applied against violators. Employers sometimes failed to pay the minimum wage, other employee benefits, or mandatory contributions to pension funds. Employees often did not report such violations due to fear of retaliation. The practice of only formally paying a worker the minimum wage, thus being responsible for lower mandatory contributions, and giving the employee cash payments as a supplement was common. Also

common was the practice of signing short-term work contracts or having lengthy “trial” periods for workers instead of signing them to permanent contracts as prescribed by law.

Administrative and judicial procedures were subject to lengthy delays and appeals, sometimes taking years. As a result, many persons sought recourse through alternative dispute resolution. Most disputes reviewed by the Agency for Peaceful Resolution of Labor Disputes involved accusations of government institutions violating laws on overtime, night work, holidays, social insurance contribution requirements, or other administrative regulations.

The government effectively enforced OSH laws. Penalties for violations of OSH standards were generally commensurate with those for other similar crimes in the formal sector. Penalties were sometimes applied against violators. The Labor Inspectorate was responsible for enforcing wage, hour, and OSH laws. The number of labor inspectors was sufficient to enforce compliance in the formal economy. Inspectors had the authority to make unannounced inspections and initiate sanctions, but rarely did so. The government did not have sufficient resources to enforce labor laws in the informal sector.

No other labor management risks are relevant for the project activities. However, in case they arise, the Implementing Agencies will revise these procedures to prevent further any negative impact.

10.6.3. BRIEF OVERVIEW OF LABOR LEGISLATION: TERMS AND CONDITIONS

The Labor Act (CG 74/19, 8/21, 59/21, 68/21, 145/21, 77/24) serves as the primary legislation governing labor practices in Montenegro. It establishes the fundamental rights of employees, including the right to fair earnings, workplace safety, health care, and the protection of personal integrity and dignity. Additionally, it covers rights related to illness, loss or reduction of working capacity, old age, and unemployment benefits during periods of temporary unemployment, as well as other protections provided under the law, by-laws, and employment contracts. Employed women are entitled to special protection during pregnancy and after childbirth. The law also guarantees special protection for employees under the age of 18 and for individuals with disabilities.

Under the Law on Foreigners (CG 12/2018, 3/2019, 86/2022), foreign citizens working in Montenegro have the same rights regarding employment and self-employment as Montenegrin citizens, as long as they meet the legal requirements. Moreover, according to the Asylum Act (OG 12/2018, 3/2019, 86/2022) asylum seekers, upon obtaining refugee status, have the right to access the labor market in line with the law governing the employment of foreign nationals as well as the access to health care.

Management of Labor Relations and Working Conditions

In Montenegro, employees are entitled to specific working conditions that include limited working hours, vacation time, and absences, as well as the suspension of rights and obligations arising from employment. They are also guaranteed protection in the workplace, fair wages, salary compensation, and other benefits as defined by law, collective agreements, and their employment contracts. If an employee starts work without signing a written contract, the law assumes that the employment relationship is for an indefinite period (Labor Act). In such cases, a written indefinite employment contract must be signed within five days from the commencement of work.

Employment Contracts

Employment contracts in Montenegro can only be concluded with individuals who meet the general and specific requirements as outlined by law, organizational policies, by-laws, and job systematization. These contracts must be documented in writing and signed by both the employer and the employee or their authorized representatives.

The contract must specify several key details, including: 1) the employer's name and headquarters; 2) the employee's full name and place of residence; 3) the employee's unique identification number or, in the case of a foreign employee, their personal identification number; 4) the required education level or professional qualification for the position; 5) the job title and description; 6) the place of work; 7) whether the contract is for an indefinite or definite period; 8) the duration of a fixed-term contract; 9) the start date; 10) the nature of working hours (full-time, part-time, or reduced); 11) the notice period required for contract termination; 12) the names of collective agreements applied by the employer; 13) details regarding salary, compensation, and other forms of income; and 14) the rights, duties, and responsibilities of both the employee and employer concerning workplace safety. Additional relevant information may also be included as deemed necessary by the contracting parties, in line with the law and collective agreements. Under certain conditions stipulated by the Labor Law, contracts may include a non-compete clause.

Probationary periods may also be included in employment contracts but are generally limited to six months. It is important to note that an employer cannot sign one or more contracts with the same employee if the combined duration exceeds 36 months, whether continuously or with breaks of less than 70 days. Exceptions to this rule include internships or extensions due to temporary incapacity, such as during pregnancy or maternity leave. These restrictions do not apply to employment contracts for specific cases such as directors or contracts facilitated by temporary employment agencies. Part-time work contracts may be signed for either a fixed or indefinite duration. An employer can also sign a fixed-term internship contract with someone entering the workforce for the first time. These contracts are typically limited to six months, or nine months for interns with higher education qualifications. For temporary and occasional tasks, an employer can engage a person registered as unemployed with the Employment Service. Such contracts are valid for up to 120 working days within a calendar year. Temporary assignments of employees to another employer can be managed through an employment agency. In this case, the agency serves as the employer and enters into a contract with the employee to assign them to the user for a specified period. The conditions for temporary work and the necessary contractual details—including the number of employees assigned, the duration of the assignment, the place of work, occupational health and safety measures, and compensation—are all specified by the law. However, these contracts cannot be used to replace employees who are on strike or in similar situations.

Lastly, employers are prohibited from altering contracts to impose less favorable conditions on women due to pregnancy, childbirth, or breastfeeding.

Earnings and Deductions

In Montenegro, employee earnings must be fair, paid at intervals not exceeding one month. Employees are entitled to equal pay for equal work or work of comparable value, with wages determined according to legal standards, collective agreements, and employment contracts. Employers are required to provide employees with a pay slip upon salary payment, detailing the composition of their earnings. Employee salaries generally consist of a basic salary, additional components, salary increases, and performance-related pay, in accordance with the Labor Act. Salary increments may arise from working at night, overtime, on public holidays, or due to years of service. Additionally, employers are required to maintain accurate records of earnings and salary compensations. The minimum wage is set to be at least 30% of the average wage in Montenegro, calculated over the previous six months based on official statistics. Employers are permitted to withhold a portion of an employee's wages to satisfy claims, but only under

legally defined circumstances, such as following a final court decision or with the employee's consent. However, the amount withheld for mandatory obligations like child support cannot exceed 50% of the employee's earnings, while other debts can result in deductions of up to 33% of earnings.

Pension and Social Insurance Contributions

Employers are responsible for calculating and deducting social security contributions for pension, disability, and health insurance from the employee's salary. All workers, are required to participate in mandatory pension and disability insurance (Pension and Disability Insurance Act (CG 54/3, 39/4, 61/4, 79/4, 81/4, 29/5, 14/7, 47/7, 12/7, 13/7, 79/8, 14/10, 78/10, 34/11, 39/11, 4/11, 66/12, 36/13, 38/13, 61/13, 6/14, 60/14, 60/14, 10/15, 44/15, 42/16, 55/16, 80/20, 145/21, 145/21, 86/22, 99/23, 125/23, 77/2024)). The employer is obligated to register employees for mandatory social insurance from the date they begin work and must submit this registration to the relevant authority within a number of days set by the Labor Act. Employees engaged under contracts for temporary or occasional work are also entitled to health and pension insurance.

Old-Age Pension

An individual becomes eligible for an old-age pension upon reaching the age of 66 for men or 64 for women, provided they have at least 15 years of insurance coverage. Alternatively, eligibility is granted at the age of 61 with 40 years of insurance experience. The Pension and Disability Insurance Act, also allows for early retirement starting at age 63 with a minimum of 15 years of insurance coverage.

Disability Pension

A disability pension is granted when an individual suffers a complete loss of working ability due to health conditions that cannot be remedied through treatment or rehabilitation. A partial disability, defined as a 75% loss of working capacity, also qualifies if it is due to work-related injuries, occupational diseases, or other health issues. A full disability pension is awarded for complete loss of working ability, while partial disabilities qualify for a partial disability pension.

Rights During Absence from Work

Employees are entitled to compensation during periods of absence due to national and religious holidays, vacations, paid leave, and other specified circumstances, such as responding to state authorities or engaging in professional development at the employer's request. This also includes temporary incapacity due to illness or maternity, parental, adoptive, or foster care leave, among other situations defined by law, collective agreements, and employment contracts. Moreover, if an employee is absent from work due to circumstances beyond their control, they are entitled to salary compensation, which is set at 60% of their normal wage and cannot be less than the minimum wage in Montenegro. Employees engaged in additional, casual, or temporary work also retain rights to health and pension insurance.

Compensation During Temporary Incapacity

Under the Law on Compulsory Health Insurance Act (CG, 145/21, 48/2024) employees who are temporarily unable to work due to illness or injury are entitled to compensation, provided they have not yet retired. This compensation is available under various conditions, including illness, injury, quarantine, or the need to care for a sick family member. Initial approval for temporary incapacity is granted by a medical team for up to 30 days, after which a competent medical commission must authorize continued absence. The employer is responsible for paying wage compensation during the first 60 days of incapacity, after which the Health Insurance Fund reimburses the employer. If incapacity extends beyond ten months, the case must be referred to the relevant authority for disability assessment.

Working Hours

Working hours are defined as the time during which an employee performs tasks associated with their job, including periods when the employee is available to the employer, regardless of location. However, time spent on standby does not count as working hours unless the employee is called to perform work. Full-time working hours are typically set at 40 hours per week, though they may be reduced in workplaces where safety and health measures cannot fully mitigate harmful conditions. In such cases, working hours may be reduced to as little as 36 hours per week without affecting the classification of full-time employment.

Overtime and Redistribution of Working Hours

Employees may be required to work beyond their standard hours during sudden increases in workload, emergencies, or other exceptional circumstances. Overtime must be formally introduced by the employer through a written decision, though verbal approval is allowed in urgent situations, provided a written confirmation follows within three days. Overtime work is limited to what is necessary to address the issue at hand, with a maximum of 48 hours per week on average over a four-month period, though up to 50 hours may be permitted. In exceptional cases, the collective agreement may allow up to 250 hours of overtime annually. Additionally, an employee who works full-time may enter into a supplementary work contract with the same or another employer, limited to half of the full-time hour. The Labor Act also permits the redistribution of working hours to better utilize labor resources or adapt to the nature of the work. Redistribution can last between one and six months within a calendar year, with total working hours not exceeding 48 hours per week during extended periods. In certain circumstances, working hours may extend to 54 or even 60 hours per week, particularly in seasonal jobs. Employees working in environments where safety measures cannot fully protect against harmful effects are prohibited from working overtime. Additionally, special provisions apply to parents of children with developmental disabilities or single parents of children under seven, who can only work overtime or at night with written consent.

Working in Night Shifts

Work that is conducted between 10 p.m. and 6 a.m. the following day is classified as night work under the Labor Act. Employees who perform night shifts for at least three hours of their daily working hours are entitled to special protection, in line with occupational health and safety regulations. Those working night shifts over a period of four months must not exceed an average of eight hours of night work within any 24-hour period. This same limit applies to employees who work three hours of their daily shift at night and are exposed to significant dangers or physical or mental strain during their work. Employers who schedule night work are required to inform the labor inspection authority accordingly. The Labor Law also limits the duration of night shifts to a maximum of one week. Additionally, the law provides for increased earnings as compensation for night work.

Rest Periods During Work

Full-time employees are entitled to a minimum 30-minute break during their working day. For those working between four and six hours a day, the break must last at least 15 minutes. If an employee works more than full-time, particularly for shifts lasting at least 10 hours, they are entitled to a 45-minute break during the workday. Employees must also have a continuous rest period of at least 12 hours between two consecutive working days.

Weekly Rest and Exceptions

Employees are entitled to a weekly rest period of at least 24 hours, which is usually observed on Sundays, along with a continuous 12-hour rest period between two working days. Employers must provide alternative rest days to employees who work on the designated weekly rest day. There are exceptions

that allow for different arrangements of daily and weekly rest periods, depending on the nature of the job and work organization requirements.

Annual Vacation

In general, employees are entitled to the following regarding annual leave: (1) if an employee has not worked for six continuous months in a calendar year, they are entitled to 1/12 of the annual leave for each month worked; (2) the minimum paid vacation is 20 working days; (3) employees working a six-day workweek are entitled to at least 24 days of paid vacation; and (4) those working under conditions harmful to their health are entitled to at least 30 days of paid vacation. An employee cannot forfeit their right to vacation, nor can it be denied or replaced by monetary compensation, except upon termination of employment. Employees with disabilities are entitled to a minimum of 26 working days of paid vacation. Employees under 18 years of age are entitled to at least 24 working days of annual leave. Adoptive parents of a child under eight years old are entitled to one year of leave from work. Public holidays that are non-working days, absences with compensation, and temporary incapacity for work as per health insurance regulations do not count toward annual leave days.

Paid Leave

Employees are entitled to paid leave under specific circumstances, such as marriage, the birth of a child, serious illness of a close family member, taking a professional exam, and other cases specified in the collective agreement or employment contract. The duration of such paid leave is determined by these agreements. In addition, employees are entitled to seven working days of paid leave due to the death of an immediate family member.

Unpaid Leave

Employees have the right to unpaid leave as stipulated in collective agreements and employment contracts. During unpaid leave, the employee retains their right to health insurance, which is covered by the employer, while other work-related rights and obligations are suspended. Furthermore, parents are entitled to unpaid leave until their child reaches three years of age. However, once this leave is interrupted before the specified period ends, the parent cannot resume it. During this period, the employee is entitled to health and pension-disability insurance, with these funds provided by the respective insurance agencies.

Maternity/Family Leave

An **employed** woman is entitled to mandatory maternity leave totaling 98 days, which includes 28 days prior to the expected delivery date and 70 days following the child's birth. In certain situations, such as if the mother dies during childbirth, is seriously ill, abandons the child, is deprived of parental rights, or is serving a prison sentence, the father can take leave from the day the child is born. If multiple children are born, both parents can simultaneously take the 70-day maternity leave following the birth. Parental leave, which allows parents to take time off work to care for their child, is a separate entitlement. This leave can be taken after the initial 98-day period and lasts up to one year from the child's birth. Both parents are eligible, and after 30 days of one parent using the leave, it can be transferred to the other parent.

Absence from Work for Health Reasons

Employees are entitled to take leave from work in cases of temporary inability to work due to illness, work-related injuries, or other health-related reasons, in accordance with health insurance regulations. The employee must provide a certificate of temporary incapacity to the employer within three days of its issuance. Additionally, employees may take leave for the voluntary donation of blood, tissues, or organs, as per legal and collective agreement provisions.

Notice Period and Obligations Regarding Wages and Compensation

Employment relationships can be terminated by law, mutual agreement, or by the employer or employee terminating the employment contract. The employer has the right to terminate an employment contract without following the procedure for determining employee responsibility if there is a valid reason. However, the employer must first issue a written warning outlining the reason for termination and provide the employee with a response deadline, which must be at least five working days. Documents related to warnings, notices, and decisions must be personally delivered to the employee at the workplace or at their home address. If delivery is not possible, the employer must document the attempt and post the notice on the company's bulletin board. After eight days, the employee is considered notified. Employees are required to continue working for at least 30 days after receiving notice of termination, unless the employment contract is terminated immediately due to a serious breach of duty as defined in the collective agreement. If the employer asks the employee to stop working before the notice period ends, the employee is still entitled to salary compensation and other benefits as if they had worked until the notice period's completion. During the notice period, employees are entitled to at least four hours per week to search for new employment. Upon termination of employment, the employer is required to pay the employee all unpaid wages, salary allowances, and other earnings, as well as to ensure that social insurance contributions are fully paid, in accordance with the law, collective agreements, and the employment contract. These payments must be made within 30 days of termination. However, this provision does not fully comply with ESS2 requirements, which mandate that all due payments be made before or on the day of termination. To address this, a bridging measure is outlined in Chapter related to Procedures, requiring employers to make all due payments on or before the termination date.

Prohibition of Discrimination and Equal Opportunities

The Constitution of Montenegro prohibits both direct and indirect discrimination on any grounds. The Labor Act further prohibits discrimination against job seekers and employees based on race, color, national affiliation, social or ethnic origin, connection with a minority nation or community, language, religion, belief, political or other opinion, gender, gender change, gender identity, sexual orientation, health status, disability, age, property status, marital or family status, pregnancy, group membership or presumed group membership, political party affiliation, trade union membership, or other personal characteristics. Discrimination is also prohibited in relation to working conditions, rights arising from employment, education, training, advancement, and termination of employment. Harassment and sexual harassment in the workplace are also explicitly prohibited.

Employee Organizations

Employees have the right to form and join trade unions, while employers can establish and join employers' organizations. These organizations can be established without prior approval, and membership is voluntary. Employers are required to inform the trade union annually about significant developments and other issues as specified by the Labor Act.

Collective Agreements

Collective agreements can be concluded at various levels, including general, sectoral, and individual agreements with employers. Employers are required to submit any collective agreements made with their employees to the Ministry of Labor. If an employer changes, the successor employer must honor the collective agreement of the predecessor for at least one year from the change date, unless the agreement's term expires or a new agreement is reached with the successor employer before that time.

Seasonal Work

Seasonal jobs are characterized by their occurrence during specific periods of the year, typically lasting no more than eight months. These jobs are governed by the same rules as fixed-term employment contracts. Workers employed under a fixed-term contract enjoy the same rights, obligations, and responsibilities as those with an indefinite-term contract. Seasonal work may involve up to 60 hours per week if agreed upon by the employees and specified in the collective agreement.

10.6.4. LABOR PROTECTION

Minimum Age for Employment

In Montenegro, minors aged 15 to 18 are permitted to enter into an employment contract, provided they have the consent of their legal guardian and a medical certificate confirming their general health and ability to work. Additionally, the work must not pose a significant risk to their health, development, moral integrity, or education. Minors in this age group are prohibited from working in environments such as underground or underwater settings and cannot be assigned jobs outside their place of residence. Furthermore, children who are still in compulsory primary education, even if they are between 15 and 18 years old, are not allowed to engage in employment. Minors under 18 years old may have their working hours reduced through a collective agreement with the employer. They are also entitled to a continuous break of at least 30 minutes if they work for at least four hours a day, a weekly rest period of at least two consecutive days, and at least 24 working days of paid annual leave.

Forced Labor

Forced labor is strictly prohibited under Article 68 of the Constitution of Montenegro, and this prohibition is further reinforced by the Criminal Code, which also addresses human trafficking. Montenegro has also ratified the International Labor Organization (ILO) Convention on Forced Labor.

10.6.5. GRIEVANCE MECHANISM

Labor Disputes

If an employee believes their rights have been violated by their employer, they can submit a request to the employer to rectify the situation. The filing of such a request does not postpone the implementation of the decision or action in question. The employer must respond in writing or make a decision within 15 days of receiving the request. This decision is considered final. If the employee is dissatisfied, they can also seek protection from the Labor Inspection. Employees have the right to contest amendments to their contract by appealing to the labor inspectorate, the Agency for Peaceful Resolution of Labor Disputes, the Center for Alternative Dispute Resolution, or a competent court, within 15 days of the contract's amendment. Before initiating court proceedings, an employee who believes their employment rights have been violated must first seek resolution through the Agency for Peaceful Resolution of Labor Disputes or the Center for Alternative Dispute Resolution. The employer is obligated to participate in this process. If the dispute remains unresolved, the employee can then take the matter to court. However, former employees whose employment has been terminated can proceed directly to court without delay. Job seekers who believe they have been discriminated against may also file a complaint directly with the court, bypassing the dispute resolution process. Court proceedings must be initiated within 15 days of receiving the decision that suspends the peaceful resolution process. The employer is required to implement the court's legally binding decision within 15 days unless a different deadline is specified by the court.

Summary

In summary, there are minor areas where Montenegro's domestic regulations are not fully aligned with ESS2 standards. For instance, the Labor Act permits employers to make final payments to employees up to 30 days after the termination of employment, which does not align with ESS2's requirement for all due payments to be made by the termination date. Regarding overtime, employees may work more than 40 hours per week under certain circumstances, such as sudden increases in workload or force majeure. However, overtime is limited to what is necessary and must not exceed an average of 48 hours per week (or up to 50 hours) over a four-month period. Exceptionally, collective agreements may allow up to 250 hours of overtime annually. While the Labor Law provides for salary increases for overtime work, it does not specify the rate of increase. The law also allows for the redistribution of working hours to optimize labor resources, with the condition that overall working hours do not exceed the limits set in employment contracts. Redistribution must last between one and six months within a calendar year. During periods of extended working hours, the total must not exceed 48 hours per week, though it may go up to 54 or even 60 hours per week for seasonal jobs. Additionally, while the law mandates a general risk assessment for all workplaces, it does not require a specific assessment before employing minors.

10.6.6. OVERVIEW OF LABOR LEGISLATION: OCCUPATIONAL HEALTH AND SAFETY

This chapter reviews key aspects of Montenegrin legislation related to occupational health and safety, particularly as they pertain to the provisions of ESS2.

The Occupational Safety and Health Act (CG 34/14, 044/18) is the primary legislative framework in this area. It outlines the responsibilities of employers and the rights and duties of employees regarding workplace safety, preventive measures against workplace hazards, and the overall management of health and safety at work. The law applies to all employees working in Montenegro, including those employed by legal entities, state bodies, and local government units. It also applies to Montenegrin employees working abroad if the host country's regulations offer less favorable protection than Montenegrin law.

Identification of Workplace Hazards

Employers are required to conduct a risk assessment for all workplaces, identify methods and measures to eliminate risks, and ensure their implementation. The risk assessment must identify hazardous workplaces, assess the probability of workplace injuries or occupational diseases, and introduce measures to mitigate unacceptable risks. Employers must update the risk assessment when new hazards emerge, when protection measures prove inadequate, during significant changes like adaptations or reconstructions, or following serious workplace injuries or fatalities. Employees must be transparently informed about the risk assessment results and related safety measures. Employers are also obligated to post safety signs, warnings, and instructions in the official language and any other officially recognized languages at workplaces, as well as on work equipment.

Preventive and Protective Measures

The employer is required to implement protection measures by proactively preventing, eliminating, and managing workplace risks, while also ensuring that employees are well-informed and properly trained. This must be supported by appropriate organizational structures and resources. Moreover, the employer must inform all employees who are currently exposed or could potentially be exposed to serious or immediate dangers about the nature of these risks and the protective measures that have been put in place.

Protection measures are systematically integrated into all stages of the employer's work processes to prevent or minimize risks to employees' life and health. These measures include: (1) the design, construction, utilization, and maintenance of work facilities and auxiliary spaces, as well as outdoor work

environments, with the goal of safely facilitating work processes; (2) the planning, construction, use, and upkeep of technological work processes and all related work tools, ensuring safe working conditions while aligning with standards for chemical, physical, and biological hazards, microclimates, and lighting at workplaces and in auxiliary rooms; (3) the design, production, use, and maintenance of work tools, structures, and collective protection systems to prevent injury or health damage to employees during their use; (4) the safe handling, transport, storage, use, and disposal of hazardous substances, following regulations to eliminate any risk of harm to employees; (5) the design, production, and use of personal protective equipment, specifically to mitigate risks that cannot be eliminated through other safety measures; (6) providing education, training, and awareness in the field of occupational health and safety. The design, production, and use of work tools and personal protective equipment, particularly those used to eliminate risks that cannot be mitigated through other means, must be conducted according to established technological procedures. The employer is responsible for acquiring and providing employees with the necessary work tools and personal protective equipment, only if these items come with the required documentation in the official language, which details all safety and technical information critical to assessing workplace risks. All prescribed protection measures must be implemented according to occupational health and safety regulations. In cases where the employer is unable to obtain the required documentation, they may seek it from a legally registered entity or entrepreneur authorized to perform these tasks. The employer must also ensure that employees use the provided tools and personal protective equipment correctly, in accordance with their intended purpose, and that all prescribed safety measures are followed during their use. Employers are further obligated to keep employees informed about their duties and responsibilities as per health and safety regulations. Additionally, when safety and health measures at work cannot fully protect an employee from harmful effects, working hours may be reduced proportionally to the adverse impact on the employee's health and working capacity, but these hours cannot be reduced below 36 hours per week. For those organizing night or shift work, the employer must take special care in adapting the work organization to the employees' needs, ensuring that health and safety conditions are maintained in line with the nature of the work. Employers are also required to provide employees who work at least three hours during night shifts with appropriate personal protective equipment. Furthermore, regular health checks must be provided to these employees. If a medical examination reveals that night work is causing health problems, the employer must reassign the employee to perform the same tasks during daytime hours.

Training and Record-Keeping

Employers must train employees on safe work practices when they are hired, assigned to new positions, introduced to new technology, or after returning from an absence of more than one year. Training must be tailored to new or changing risks and repeated periodically as needed. Training costs are borne by the employer. Employers must also instruct any workers from other employers on potential workplace hazards and safety measures. Training records must be maintained, although specific record-keeping requirements are not explicitly outlined in the Labor Act or the Occupational Health and Safety Act.

Documentation and Reporting of Workplace Injuries

The employer is required to maintain and preserve official records of workplace injuries, occupational diseases, and work-related illnesses. Furthermore, the employer must promptly, and no later than 24 hours after the incident, report in writing to the Labor Inspectorate any fatal, collective, serious, or other significant workplace injury that results in the employee being absent from work for more than three days, as well as any hazardous occurrence that could pose a risk to employee health and safety. Additionally, the employer is obligated to provide the injured employee and the health institution where the employee was treated with a report on the workplace injury, adhering to the prescribed timeline and using the form mandated by the state authority responsible for health matters. The employer must also

inform the employee or their representative in writing about any workplace injuries that result in the employee being absent from work for more than three days.

Emergency Preparedness and Response

Employers are responsible for implementing measures for first aid, fire protection, and employee evacuation based on the specific risks and workplace conditions.

Legal Advice and Compensation for Workplace Injuries

Employers are required to provide insurance coverage for employees against workplace injuries, occupational diseases, and work-related illnesses. The cost of these insurance premiums is borne by the employer and is determined based on the level of risk associated with workplace injuries, occupational diseases, and work-related illnesses. Moreover, if an employee sustains an injury or suffers damage in connection with their work, the employer is obligated to compensate them for the harm incurred. The extent of the damage, the circumstances surrounding the incident, the party responsible, and the method of compensation are all determined by a special commission established by the employer. If the matter cannot be resolved through this process, it will be settled by the competent court. The employer is also required to arrange health examinations for employees assigned to positions with special working conditions or increased risk, particularly for those returning to such positions after an absence of more than a year. Upon the employee's request, the employer must provide a medical examination appropriate to the specific health and safety risks associated with their job, with such examinations occurring at least once every three years if not covered by other provisions. Should the health examination reveal that the employee no longer meets the health requirements for their current role, the employer must reassign them to a position suited to their health capabilities, as outlined in the job classification system. If reassignment is not possible, the employer is required to grant the employee other entitlements as prescribed by law.

Maintaining a Safe Work Environment

Employers must adopt and utilize safe technologies that do not harm employee health or the environment. They are also required to implement specific health care measures, such as medical exams to assess work ability, monitoring of employee health, and preventive actions to reduce the risk of occupational diseases and injuries.

Reporting Unsafe Conditions

Employees have the right and obligation to report any situation they believe poses a risk to life and health. They may refuse to work if they are not informed of potential dangers or if the necessary safety measures are not in place.

Worker Facilities and Safety Compliance

Employers are required to ensure that workplaces, including all facilities and equipment, meet prescribed safety standards. This includes protecting employees from chemical, physical, and biological hazards in accordance with occupational health regulations.

Contractors and Safety Collaboration

When planning and introducing new technologies, the employer is obliged to consult with employees or their representatives for health and safety at work (hereinafter: employee representative) on matters of choice of means of work, working conditions, working environment and their consequences for health and safety at work. The employee has the right and obligation to give suggestions, comments and notifications to the employer on occupational health and safety issues.

System for Ongoing Review of Occupational Health and Safety

Employers are required to organize and execute professional tasks based on the organization, nature, and scale of the work process, the number of employees involved, the number of work shifts, the assessed risks, and the number of geographically separate units. To fulfill these responsibilities, employers may: (1) appoint a qualified individual; (2) establish a professional occupational health and safety service (hereafter referred to as the professional service); or (3) hire a legal entity or entrepreneur authorized to carry out such tasks. The professional service is restricted from performing professional work for other employers. Regardless of how these tasks are managed and executed, the employer remains accountable for the health and safety of employees at work. Employers must provide the designated professional with the necessary leave from work, with compensation as if they were working, and must supply all required resources to conduct work related to occupational health and safety. Professional tasks may be carried out by a legal entity or entrepreneur who meets the personnel, organizational, technical, and other requirements set by the state administration responsible for labor.

Occupational Health and Safety Risks Unique to Women and Children

Specific rights, obligations, and measures concerning the protection and health of young workers (especially regarding their mental and physical development), women in potentially motherhood-endangering roles, disabled employees, and those suffering from occupational illnesses are regulated by the Labor Act, the Act on Occupational Health and Safety, other relevant regulations, collective agreements, general employer acts, and employment contracts. The law does not require balanced gender representation in occupational health and safety commissions, which could facilitate the development of policies addressing the specific needs of working women involved in the project.

Summary

Although occupational health and safety regulations cover many of the core requirements of ESS2 related to workplace safety and health, there are areas where coverage is only partial. While the Law allows representatives from occupational health and safety services, relevant commissions, employees, and their representatives to propose initiatives, provide information, suggest measures, and request inspections, it does not mandate balanced gender representation in occupational health and safety commissions. Such representation could be crucial for shaping policies that better serve the needs of working women in the project. Regarding employee training in occupational health and safety, employers are obligated to ensure employees receive training for safe work practices in accordance with the law. The cost of this training is the employer's responsibility. Training sessions are to be conducted during working hours if they pertain to health and safety; however, there is no legal requirement for employers to maintain records of such training. Additionally, neither the Labor Act nor the Occupational Health and Safety Act specifies contractors' obligations concerning workplace health and safety. However, when planning and introducing new technologies, employers must consult with employees or their representatives on matters such as the choice of work equipment, working conditions, the work environment, and their implications for health and safety at work. In situations of immediate and serious risk to life and health, employees are empowered to take appropriate actions based on their knowledge and available technical resources. If faced with imminent danger, employees have the right to leave the hazardous work area or environment, provided that they are not placed at a disadvantage for any damage resulting from their actions unless they acted with negligence or carelessness. The prohibition of retaliation is not explicitly mentioned in either the Labor Law or the Occupational Health and Safety Act.

10.6.7. RESPONSIBLE STAFF

The Project Implementation Units (PIUs) within the Implementing Agencies (Ministry of Energy and CEDIS) will have the following responsibilities:

- supervising the implementation of the ESMF, ESMFs/ESMP Checklist, SEP and report on the same,
- manage the project Grievance Redress Mechanism (GRM)
- supervise the work performed by contractors (e.g., engineering/design companies, supervisors) to ensure that they are applying adequate standards and are following agreed procedures,
- advise the contractors on the mitigation of environmental and social impacts at the local level and preparation of monitoring reports,
- organize tendering procedures, review tender evaluation performed by the architectural/engineering firms, and arrange for the contracts to be signed in accordance with agreed procedures,
- training of the contractors on implementation of World Bank environmental and social policy and instruments on the spot checks,
- implementing the labor management procedures for direct workers of the project.
- Maintaining and managing records related to the engagement and employment of direct workers.
- Overseeing the employment process of direct workers, to ensure it adheres to the established labor management procedures and domestic labor regulations.
- Establishing an appeal mechanism for direct workers, along with monitoring and reporting on its implementation.

The PIU is also charged with the following responsibilities:

- Applying the labor management procedures to all other project workers.
- Verifying that contractors develop their labor management procedures in alignment with this labor management procedures and relevant occupational health and safety plan prior to the construction phases.
- Monitoring and reporting on the application of labor management procedures by contractors
- Checking that contractors meet their obligations toward contracted and subcontracted employees as outlined in the General Terms of Contract, the World Bank's Standard Tender Documentation, and in compliance with ESS2, the Labor Act, and Montenegro's Occupational Health and Safety Acts and bylaws.
- Monitoring the compliance of occupational health and safety standards at workplaces as per national regulations, ESS2, and the Occupational Health and Safety Plan.
- Ensuring project employees receive training on preventing sexual exploitation and abuse/sexual harassment and the Code of Conduct at the start of their employment, and monitoring the implementation of these preventive measures throughout the project.
- Organizing and overseeing safety and health at work training, as well as other necessary training courses for project employees.
- Establishing and implementing project grievance redress mechanism for all project workers as well as workers grievance redress mechanism and monitoring its effectiveness.
- Set up a dedicated mechanism for reporting sexual exploitation and abuse/sexual harassment, and monitor and report on its implementation.
- Oversee the adherence to the Code of Conduct for all employees.
- Develop and implement a procedure for documenting specific incidents, such as work-related injuries, illnesses, accidents leading to absenteeism, and incidents related to sexual exploitation and abuse/sexual harassment. This includes maintaining records and ensuring third parties and primary suppliers also maintain such records. These records will serve as input data for regular audits of occupational health and safety performance and working conditions.

- Enforce disciplinary measures in cases of sexual exploitation and abuse/sexual harassment.
- Report medium, severe, fatal, and mass accidents to law enforcement authorities and the Labor Inspectorate.

Management of individuals hired or to be hired as direct workers by the Implementing agencies for the purpose of the Project means that the Labor Management Procedure provisions will be disseminated among them. Personnel matters will be handled by the Implementing Agencies according to their own personnel policy. For consultants engaged under service contracts by MoE and CEDIS, the responsibility for managing work will of MoE and CEDIS Human Resources Department. Occupational health and safety management falls under the purview of the MoE and CEDIS occupational health and safety officers. Third parties hiring employees on a contract basis are responsible for managing labor relations and personnel issues in compliance with these labor management procedures and national labor and occupational health and safety regulations. These requirements will be incorporated into the contract, making the Labor Management Procedures contractually binding for all third parties involved in the project. The contract will also include a written commitment mandating adherence to the Labor Management Procedures upon contract award, with a monitoring form used to assess the procedures' effectiveness.

10.6.7.1. Contractors' Responsibilities:

- Hiring qualified experts in social issues, labor, and occupational health and safety to prepare and implement project-specific labor management procedures, occupational health and safety plans, and subcontractor work management.
- Developing their work management procedures and occupational health and safety plans in line with these procedures and ESS2, which will be applied to contractors and subcontractors.
- Supervising the implementation of work management procedures and occupational health and safety plans by subcontractors.
- Maintaining records of the hiring and employment process as outlined in the contract.
- Clearly communicating job descriptions and working conditions to contracted personnel, and providing them with a copy of their employment contract.
- Developing, implementing, and maintaining an appeals mechanism for employees and managing applications received from employees of contractors and subcontractors. Reporting on the implementation of the appeal mechanism to the PIUs
- Implementing a system for regular auditing and reporting on work performance and occupational health and safety standards.
- Organizing regular training courses for employees on topics including, but not limited to, health and safety at work, social issues, and prevention of sexual exploitation and abuse/sexual harassment.
- Ensuring that all employees of the contractor and subcontractors understand and sign the Code of Conduct before starting employment, and that they receive training on preventing sexual exploitation and abuse/sexual harassment and the Code of Conduct at the start of their employment. Monitoring the implementation of these preventive measures throughout the project is also required.
- Establishing a dedicated mechanism for reporting sexual exploitation and abuse/sexual harassment, and monitoring and reporting on its implementation.
- Developing and implementing a procedure for documenting specific incidents, such as work-related injuries, illnesses, accidents resulting in absenteeism, and incidents related to sexual exploitation and abuse/sexual harassment. Maintaining records and requiring third parties and primary suppliers to do the same. These records will be used for regular performance reviews and working conditions in occupational health and safety.
- Enforcing disciplinary measures in cases of sexual exploitation and abuse/sexual harassment.

- Reporting medium, severe, fatal, and mass accidents to law enforcement authorities and the Labor Inspectorate.
- Establishing a dedicated mechanism to ensure that suppliers of solar panels batteries, and other components are not supplying equipment produced in fabrics with potential risks related harmful or exploitative forms of forced labor/harmful child labor.

Once the procurement process is finalized and the contractors are identified, these work management procedures may be updated to include any additional necessary details.

10.6.8. POLICIES AND PROCEDURES

10.6.8.1. 8.1. Employment and Non-Discrimination Measures

Most environmental and social impacts resulting from activities directly under the control of contractors will be mitigated directly by the same contractors. Therefore, ensuring that contractors effectively mitigate project activities related impacts is the core of the projects' approach. The PIUs of Implementing Agencies will incorporate standardized environmental and social clauses in the tender documentation and contract documents, for potential bidders to be aware of environmental and social performance requirements that shall be expected from them, are able to reflect that in their bids, and required to implement the clauses for the duration of the contract. The PIUs will enforce compliance by contractors with these clauses. The contractual arrangements with each project worker will be clearly defined in accordance with national legislation aligned and ESS2 requirements. A full set of contractual requirements related to environmental and social risk and impact management will be provided in the ESMF, ESMFs / ESMP check list as well as project SEP. All environmental and social conditions will be included in the bidding documents and contracts in addition to any additional clauses, which are contained in the projects' environmental and social instruments. The PIUS will prepare and implement reporting procedure in the case of incidents or accidental situations which has, or is likely to have, a significant adverse effect on the environment, cultural heritage, the affected communities, the public, or the project workers (including employees of sub-contractors) and any third party, including, inter alia, cases of sexual exploitation and abuse (SEA), sexual harassment (SH), and accidents that result in death, serious or multiple injury, and other significant events.

Contractors are required to develop work management procedures that align with this Labor Management Procedures and relevant domestic labor acts and by laws.

As stipulated by the Labor Act of Montenegro, employment on the project must adhere to the principles of non-discrimination and equal opportunity. Discrimination in any aspect of employment, including hiring, compensation, terms of employment, access to training, promotion, or termination, is strictly prohibited. Contractors must implement the following measures, which will be overseen by the Project Implementation Unit (PIU) to ensure fair treatment of all employees:

- Employment procedures must be transparent, public, and non-discriminatory with respect to ethnicity, religion, sexual orientation, disability, gender, and other protected categories as per the Labor Law and other relevant regulations.
- Applications for employment must be reviewed according to established procedures by the contractors.
- Clear job descriptions, outlining the required skills for each position, must be prepared before the recruitment process begins.
- All employees must have written contracts detailing the working conditions, which will be explained to them. The employee is required to sign the employment contract, and working conditions will be accessible at the workplace.

- Recruitment should be merit-based; however, contractors may prioritize candidates from local communities and disadvantaged groups, including women and persons with disabilities.
- Unskilled labor should primarily be sourced from communities, settlements, and municipalities impacted by the project.
- Employers planning to carry out collective dismissals of at least 20 employees within 90 days must initiate consultations, consider the opinions and proposals of the trade union or employee representatives, and ensure that these consultations last no less than 30 days before making any dismissal decisions.
- Contractual employees are not responsible for any employment fees. If such fees are applicable, they must be covered by the employer.
- Contracts must be drafted in a language understood by both the employer and the employee, depending on their origins.
- For employees who may have difficulty understanding documentation, an oral explanation of the employment conditions should be provided in addition to the written documentation.
- Although communication issues are not anticipated, it is important to ensure coordination among contractors and to address any potential language barriers.
- Foreign workers must obtain a residence permit, allowing them to work in Montenegro.
- All contractor and subcontractor employees must be at least 18 years old.
- The Labor Act allows night work for persons under 18 only under certain legally defined circumstances.

For occupational health and safety concerns, the following approach is recommended:

Occupational Health and Safety Plans: The Borrower will include in the tender documentation specific occupational health and safety standards which all contractors and subcontractors involved in the project must meet. These standards must comply with national regulations, World Bank EHS guidelines, and recognized international and industry best practices. At a minimum, the following elements should be included in the Occupational Health and Safety Plan developed by contractors:

- Risk assessment procedures.
- Work permits for high-risk activities (e.g., working at heights, handling hot materials, working on live electrical lines, working in confined spaces).
- Rules for life-threatening work.
- Emergency response procedures.
- Measures to prevent falls and ensure safety when working at heights.
- Safety protocols for excavation, use of ladders and scaffolding, welding and cutting operations, crane operations, and the use of forklifts, electric and hand tools.
- Measures to prevent respiratory hazards from airborne chemicals and substances (including dust, silica, and asbestos); electrical safety (hazardous energy management, lockout-tagout systems, energy verification, safe distances, wiring and protective design, grounding, circuit protection, arc fault protection, electrical safety, personal protective equipment, and dielectric tools); hazard marking; noise and vibration control; safety during steel structure assembly; fire prevention; safe material handling; and safety in reinforced concrete work.
- Provision of personal protective equipment (PPE) on construction sites.
- Training in occupational health and safety.
- Policies allowing employees to refuse work assignments that pose a risk to their health and safety.

Roles and Responsibilities: Occupational health and safety plans must clearly define the roles and responsibilities of all employees, including the project manager, contract managers, health and safety

officers, supervisors, and all workers. Contractors must employ their own occupational health and safety personnel responsible for implementing and supervising the occupational health and safety program.

Risk Assessment: Contractors are required to conduct a risk assessment to identify workplace hazards and risks. They must develop risk management plans, including risk assessment procedures, to mitigate these risks and ensure a safe working environment. Contractors are also required to keep records of all training sessions.

The Supervision Consultant engineer will conduct periodic supervision of contractor's OHS performance, including through daily site visits. These supervisions will cover compliance with above mentioned standards, accidents, violations of golden safety rules, recommendations, and progress of ongoing corrective actions. The supervisory consultant will review and approve contractors' safety plans and procedures. The Borrower will inform the Bank within 48 hours about any incident or accident related to the project which has, or is likely to have a significant adverse effect on the environment, the affected communities, the public or workers (labor, health and safety, or security incident, accident or circumstance), but no later than three calendar days after the occurrence of the event. Such events can include strikes or other labor protests, serious worker injuries or fatalities, project-caused injuries to community members or property damage. The Borrower will prepare a report on the event and the corrective action and submit to the Bank within 30 calendar days of the event. The construction contractor will develop and implement Code of Conduct. In addition, Contractors shall report to the PIUs about any inspections and audits carried out by authorities responsible for inspection and compliance control with rules set in relevant legislation regulating Labor, OHS, Discrimination in Montenegro. The findings of the labor inspections will be presented to the PIU and the Bank at request. Contractors shall use the recommended Format for Report on Compliance with Conditions of Work with ESS2, provided in Annex 1 of the LMP, to prepare reports on labor & OHS issues. The PIU will inform the Bank promptly about any incident or accident on the project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers (labor, health and safety, or security incident, accident or circumstance) as soon as reasonably practicable, but no later than five calendar days after the occurrence of the event. Such events can include strikes or other labor protests, serious worker injuries or fatalities, project-caused injuries to community members or property damage.

Safety Standards and PPE: Contractors must ensure a safe workplace by completing a risk assessment before starting any construction work and implementing safety measures according to the relevant safety standards. Employees must be provided with PPE and other preventive measures at no cost. Employees must adhere to strict rules for life-threatening work, which are non-negotiable safety and health rules tailored to the job's nature. Employers are responsible for providing and replacing any necessary PPE at their own expense.

Health and Safety Training: Employers must organize health and safety training for employees in a language they understand before employment begins. This training must cover:

- General safety and health principles.
- Work procedures, equipment, machinery, manuals, and instructions for use and maintenance.
- Emergency and evacuation plans and their implementation.
- Existing threats and risks, along with the measures to mitigate them.

Site Access Control: Contractors must control access to the construction site, ensuring that only authorized persons enter. They must verify that employees meet the training and accreditation requirements for their roles, as per the standards for professional training and regulatory requirements (e.g., if a license is required project workers must have it). Employees must be trained to handle dangerous

work, such as working at heights or in confined spaces, and welding. At a minimum, all employees must complete a basic health and safety course to gain access to the construction site.

Refusal to Undertake Risky Work: Employees have the right to refuse tasks or orders that pose a health and safety risk. They are also entitled to leave the workplace if they encounter danger. Contractors are prohibited from dismissing or penalizing employees who exercise this right.

Accident Reporting System: Employers must establish and implement a system for reporting accidents, illnesses, and workplace incidents.

Occupational Health and Safety Committee: An occupational health and safety committee will be established at the construction site, comprising representatives from employees, the PIU, and all subcontractors. This committee will hold regular meetings to discuss prevention measures, deviations, non-conformities, accidents, and corrective actions. Contractors must conduct internal health and safety audits to ensure compliance, documenting non-conformities and implementing corrective actions within a specified time frame.

Daily Safety Briefings: At the beginning of each workday, contractors must conduct safety briefings, emphasizing the specific hazards and preventive measures for each workplace. Contractors must document and report all accidents, illnesses resulting in more than one day of absence, deaths, or serious injuries occurring on site.

First Aid: First aid resources and facilities for serious injuries must be available on site, including pre-arranged healthcare facilities for treatment, care, and transportation of injured employees. Large construction projects should have on-site medical personnel.

Employee Accommodation: If employee accommodation is provided, contractors must ensure that it meets good hygiene standards, with access to fresh drinking water, clean beds, toilets, showers, well-lit and ventilated rooms, secure storage, safe electrical installations, fire and lightning protection, and separate areas for food preparation and consumption. Separate rooms for men and women are required. Contractors must comply with the IFC and EBRD Guidelines "Worker Accommodation: Processes and Standards.

Monitoring and Reporting: The PIUs or its consultants can conduct periodic safety inspections, including site visits. These inspections will verify compliance with safety standards, document accidents, identify violations of the key safety rules and monitor the implementation of corrective actions. Contractors must report regularly on occupational health and safety performance, including accidents, severity levels, non-conformities, safety rules violations, fatalities, and serious injuries, as well as any penalties for non-compliance. The contractors are required to submit periodic performance reports for review to the PIUs and Implementing Agencies. In addition, the contractor is obliged to inform the PIUs and Implementing Agencies about all inspections and audits conducted by relevant ministries, such as the Labor Inspection.

Accident and Incident Reporting: The contractor must immediately report to the PIUs and Implementing Agencies (and then they to the WBs) any fatal, collective, or serious individual injury that results in more than three consecutive days of work absence, or any dangerous event that could endanger employees' health and safety, to the Labor Inspectorate and the Ministry of Internal Affairs (police) immediately, or within 24 hours at the latest.

The Implementing Agencies must inform the Bank within 48 hours of any project-related accidents or incidents that have, or are likely to have, a significant negative impact on the environment, affected

communities, the public, or employees. This includes strikes, serious worker injuries or fatalities, project-related injuries to community members, or property damage. A report on the event and corrective action must be submitted to the Bank within 30 calendar days.

Code of Conduct: Contractors are required to create and implement a Code of Conduct, which must be submitted to the PIUs of the Implementing Agencies for review and approval. The Code of Conduct should reflect the company's core values and work culture. The content of the Code of Conduct is included in the standard tender documentation of the World Bank and contains provisions related to the prevention of sexual exploitation and abuse/sexual harassment.

Sexual Exploitation and Abuse, and Sexual Harassment: Sexual exploitation involves the abuse of power or trust for sexual purposes, including for financial, social, or political gain. Sexual abuse includes any actual or threatened sexual act, either by force or under coercive conditions. Sexual harassment encompasses any unwanted sexual behavior, requests for sexual favors, or other verbal or physical actions of a sexual nature. Project employees are strictly prohibited from engaging in any form of sexual exploitation, abuse, or harassment. They are required to sign the Code of Conduct upon employment and complete training on the prevention of sexual exploitation, abuse, and harassment. Montenegrin law prohibits harassment and sexual harassment in the workplace. Harassment is defined as any unwanted behavior that violates the dignity of a person seeking employment or an employee, creating a hostile, humiliating, or offensive environment. Sexual harassment includes any behavior of a sexual nature that violates the dignity of a person seeking employment or an employee, causing fear or creating a hostile, humiliating, or offensive environment. The Law on Gender Equality of Montenegro (CG 46/7, 73/10, 40/11, 35/15) considers harassment, sexual harassment, or sexual extortion in the workplace as a breach of duty, which can result in the termination of the employment contract and dismissal. Employees must inform the employer in writing about any harassment, sexual harassment, or extortion they experience, and the employer is obligated to provide effective protection.

10.6.9. AGE LIMIT FOR EMPLOYMENT

The minimum age for employment on this project shall be 18 years. National laws prohibit child labor. Contractors are responsible for verifying the identity and age of all employees. Employees must therefore provide official documents to confirm their age, such as a national ID card, passport, driver's license, birth certificate, or valid health or school records. No additional age restrictions will be imposed for employment, and age will not be a criterion for decisions regarding the hiring or promotion of project employees, including termination.

If it is found that a child below the minimum employment age is working on the project, immediate action will be taken to responsibly terminate the child's employment, ensuring the best interests of the child are considered.

Additional mitigation measures may be implemented:

- Conducting training sessions or seminars to raise awareness about the dangers of child labor and to educate on national laws prohibiting it.
- Including procedures for age verification in these training sessions.
- The PIUs will inform project workers about a grievance mechanism available for reporting child labor, including anonymous reporting.
- Contracts will include clauses prohibiting child and forced labor, along with penalties if such labor is found to be in use.

- The PIUs will conduct periodic visits to monitor and ensure that children are not participating in project activities.
- Whenever possible, collaboration with relevant state institutions mandated to prevent and eliminate child labor will be pursued.

10.6.10. CONDITIONS

The conditions for employees in the and Implementing Agencies are governed by their internal regulations or personnel policies, which outline employee rights in accordance with the domestic Labor Act. These internal regulations and labor policies shall apply to PIU members who are directly involved in project-related tasks. Existing collective agreements will also be applicable to the employees of the Implementing Agencies. Wages will be paid at least once per month.

In line with the Labor Act of Montenegro, the standard workweek consists of five days, with regular working hours totaling 40 hours. Overtime is permitted only to the extent necessary to address the reasons it was required, with a maximum of 48 hours per week on average (up to 50 hours) over a four-month period. Exceptionally, collective agreements may allow up to 250 hours of overtime annually. For any workers under 18 years old involved in the project, working hours are restricted to a maximum of 35 hours per week and no more than eight hours per day.

Project employees are entitled to compensation for work performed on public holidays, night work (if not included in the basic salary), and overtime, as per the internal regulations of their employing company. Employees are entitled to a weekly rest period of at least 24 hours, in addition to a break of 12 consecutive hours between two working days within a 24-hour period. Weekly rest is typically on Sundays, although the employer may arrange this differently if the nature of the work or its organization requires it.

Employees are also entitled to annual leave, sick leave, and parental leave in accordance with the Labor Law of Montenegro.

All earned wages, social security benefits, unused vacation time, pension contributions, and other rights will be settled on or before the termination of the employment contract. Notice periods will comply with the requirements of the Labor Act of Montenegro.

The contractor's work management procedures will define the conditions for contract employees. These conditions must at least meet the standards set by these labor management procedures, the Labor Act of Montenegro, the General Conditions of the World Bank's Standard Tender Documentation, and comparable industry standards.

10.6.11. GRIEVANCE REDRESS MECHANISM

A grievance mechanism (GRM) will be provided for all direct workers and contracted workers (and, where relevant, their organizations) to raise workplace concerns. Such workers will be informed of the grievance mechanism at the time of recruitment and the measures put in place to protect them against reprisal for its use. Measure will be put in place to make the grievance mechanism easily accessible to all such project workers. Project workers should be able to raise concerns regarding unsafe or unhealthy work situations through the grievance mechanism. The contractor will establish and describe the details of an appropriate workplace grievance mechanism consistent with the ESS2 requirements (including a written record, established responsibilities and response time, etc.).

The workers GRM will include (Contractor GRM):

- A channel to receive grievances such as comment/complaint form, suggestion boxes, email.

- Stipulated timeframes to respond to grievances.
- A register to record and track the timely resolution of grievances.
- A responsible person/section/committee to receive, record and track resolution of grievances.

The mechanism will be based on the following principles:

- The process will be transparent and allow workers to express their concerns and file grievances,
- There will be no discrimination against those who express grievances, and any grievances will be treated confidentially,
- Anonymous grievances will be treated equally as other grievances, whose origin is known.
- Management will treat grievances seriously and take timely and appropriate action in response. Information about the existence of the grievance mechanism will be readily available to all project workers (direct and contracted) through notice boards, the presence of “suggestion/complaint boxes”, and other means as needed.

-
The PIU will review the records and report on the grievances, response time and resolution status in a semi-annual report to the WB. The grievance mechanism will not impede access to other judicial or administrative remedies that might be available under the law or through existing arbitration procedures, or substitute for grievance mechanisms provided through collective agreements.

The focal point of contact regarding grievance are:

PIU for Component 1: Improving Energy Efficiency of Public Buildings

Martina Bjeletić Vučković

e-mail: martina.bjeletic@ee-me.org

phone number: +382 67 204 747

PIU for Component 2: Enhancing Operational Efficiency of the Electricity Distribution Grid

Name and Surname of Project Coordinator (or other designated person)

e-mails:

name. surname@cedis.me

korisnik@cedis.me

phone number:

CEDIS grievance redress mechanism:

10.6.12. COMMUNITY WORKERS

Project activities will not require the hiring of community workers.

10.6.13. MANAGEMENT OF CONTRACTORS

Contractor selection will follow the procedures consistent with the WB Procurement Policy. The WBs standard documentation for soliciting bids and contracting, includes labor, professional, and occupational health and safety requirements. The PIU will have the responsibility of monitoring contractors' and subcontractors' adherence to the labor management procedures including adherence to provision of wages, working hours, non-discrimination and other ESS2 requirements which are aligned with national legislation.

As part of the contractor selection process, the PIUs and the Implementing Agencies may review the following information:

- Data from public records, such as corporate registries and documentation regarding labor law violations, including records from the labor inspectorate and other regulatory bodies.
- Business licenses, registrations, permits, and approvals.
- Documentation related to the contractor's work management system, including health and safety protocols.
- Identification and qualifications of individuals responsible for work management and occupational health and safety.
- Certifications, permits, and training records for employees performing essential tasks.
- Records of health and safety violations and responses.
- Documentation of accidents, fatalities, and notifications to relevant authorities.
- Records of legally mandated employee benefits and proof of employee enrolment in relevant programs.
- Payroll records, including hours worked, wages paid, and any salary allowances.
- Identification of members of the occupational health and safety committee and minutes from their meetings.
- Copies of previous contracts with contractors and suppliers, showing the inclusion of terms and conditions reflecting ESS2.
- Contracts with selected contractors will include provisions related to labor, working conditions, and occupational health and safety, as outlined in the World Bank's Standard Procurement Document (SPD). Contractors will be required to comply with these labor management procedures as well as Montenegro's labor, health, and safety laws.
- The PIUs will be responsible for managing and supervising the performance of contractors, particularly regarding their adherence to contractual obligations, representations, and guarantees. This supervision may involve periodic audits, inspections, and on-site visits to project locations, as well as reviews of records and reports submitted by contractors. Contractor performance records may include:
 - o A representative sample of employment contracts or agreements between third parties and contract employees.
 - o Records related to grievances received and how they were handled.
 - o Safety control reports, including information on fatalities and accidents, and the implementation of corrective actions.
 - o Records of non-compliance with national regulations.
 - o Training records for contract employees, explaining work conditions and occupational health and safety procedures within the project.

10.6.14. PRIMARY SUPPLY WORKERS

Primary suppliers are suppliers who provide goods or materials directly to the project. The project requires procurement of a substantial amount of materials, equipment, and etc. It is not expected that primary supply workers will be relevant as the project will unlikely source goods or materials from a single supplier on an on-going basis. The primary suppliers for the project will mainly procure construction material (brick, cement, etc.) and electrical and sanitary equipment. The primary suppliers shall be reputed, registered in companies in Montenegro with valid operating licenses. The contractors shall be required to carry out due diligence procedure to identify if there are any risks that the suppliers would exploit child or forced labor or expose worker to serious safety issues.

For the implementation of Component 1 primary supply workers may bring risks of forced /child labor related to supply of solar panels batteries, and other components and potential risks related to child labor, forced labor and safety issues. The contractors must ensure that solar panels are not produced in fabrics

where child labor or forced labor is employed. Suppliers involved in production of solar panels, involving harmful or exploitative forms of forced labor/harmful child labor are not eligible for financing and this will be outlined in the project exclusion list. All E&S measures, including labor related mitigation measures will be incorporated in construction/civil works contracts.

Annex I - Code of Conduct for Contractor's Personnel

We are the Contractor, [enter name of Contractor]. We have signed a contract with, [enter name of Implementing agency] for civil works [enter name of Contract]. These Works will be carried out at [enter the Site and other locations where the Works will be carried out]. Our contract requires us to implement measures to address environmental and social risks related to the Works, including the risks of sexual exploitation, sexual abuse, and sexual harassment, in accordance with ESMP activities.

Note to the Bidder:

The minimum content of the Code of Conduct form as set out by the Employer shall not be substantially modified. However, the Bidder may add requirements as appropriate, including to take into account Contract-specific issues/risks.

The Bidder shall initial and submit the Code of Conduct form as part of its bid.

This Code of Conduct is part of our measures to deal with environmental and social risks related to the Works. It applies to all our staff, laborers and other employees at the Works Site or other places where the Works are being carried out. It also applies to the personnel of each subcontractor and any other personnel assisting us in the execution of the Works. All such persons are referred to as "Contractor's Personnel" and are subject to this Code of Conduct.

This Code of Conduct identifies the behavior that we require from all Contractor's Personnel. Our workplace is an environment where unsafe, offensive, abusive or violent behavior will not be tolerated and where all persons should feel comfortable raising issues or concerns without fear of retaliation.

REQUIRED CONDUCT

Contractor's Personnel shall:

- carry out his/her duties competently and diligently;
- comply with this Code of Conduct and all applicable laws, regulations, ESMP and other requirements, including requirements to protect the health, safety and well-being of other Contractor's Personnel and any other person;
- maintain a safe working environment including by:
 - ensuring that workplaces, machinery, equipment and processes under each person's control are safe and without risk to health;
 - wearing required personal protective equipment;
 - using appropriate measures relating to chemical, physical and biological substances and agents; and
 - following applicable emergency operating procedures.

- report work situations that he/she believes are not safe or healthy and remove himself/herself from a work situation which he/she reasonably believes presents an imminent and serious danger to his/her life or health;
- treat other people with respect, and not discriminate against specific groups such as women, people with disabilities, migrant workers or children;
- not engage in Sexual Harassment, which means unwelcome sexual advances, requests for sexual favours, and other verbal or physical conduct of a sexual nature with other Contractor's or Employer's Personnel;
- not engage in Sexual Exploitation, which means any actual or attempted abuse of position of vulnerability, differential power or trust, for sexual purposes, including, but not limited to, profiting monetarily, socially or politically from the sexual exploitation of another;
- not engage in Sexual Abuse, which means the actual or threatened physical intrusion of a sexual nature, whether by force or under unequal or coercive conditions;
- not engage in any form of sexual activity with individuals under the age of 18, except in case of pre-existing marriage;
- complete relevant training courses that will be provided related to the environmental and social aspects of the Contract, including on health and safety matters, and Sexual Exploitation and Abuse (SEA), and Sexual Harassment (SH);
- report violations of this Code of Conduct; and
- not retaliate against any person who reports violations of this Code of Conduct, whether to us or the Employer, or who makes use of the grievance mechanism for Contractor's Personnel or the project's Grievance Redress Mechanism.

RAISING CONCERNS

If any person observes behavior that he/she believes may represent a violation of this Code of Conduct, or that otherwise concerns him/her, he/she should raise the issue promptly. This can be done in either of the following ways:

- Contact [enter name of the Contractor's Social Expert with relevant experience in handling gender-based violence, or if such person is not required under the Contract, another individual designated by the Contractor to handle these matters] in writing at this address [] or by telephone at [] or in person at []; or
- Call [] to reach the Contractor's hotline (if any) and leave a message.

The person's identity will be kept confidential, unless reporting of allegations is mandated by the country law. Anonymous complaints or allegations may also be submitted and will be given all due and appropriate consideration. We take seriously all reports of possible misconduct and will investigate and take appropriate action. We will provide warm referrals to service providers that may help support the person who experienced the alleged incident, as appropriate.

There will be no retaliation against any person who raises a concern in good faith about any behavior prohibited by this Code of Conduct. Such retaliation would be a violation of this Code of Conduct.

CONSEQUENCES OF VIOLATING THE CODE OF CONDUCT

Any violation of this Code of Conduct by Contractor's Personnel may result in serious consequences, up to and including termination and possible referral to legal authorities.

FOR CONTRACTOR'S PERSONNEL:

I have received a copy of this Code of Conduct written in a language that I comprehend. I understand that if I have any questions about this Code of Conduct, I can contact [enter name of Contractor's contact person with relevant experience] requesting an explanation.

Name of Contractor's Personnel: [insert name]

Signature: _____

Date: (day month year): _____

Countersignature of authorized representative of the Contractor:

Signature: _____

Date: (day month year): _____

ATTACHMENT 1: Behaviors constituting Sexual Exploitation and Abuse (SEA) and behaviors constituting Sexual Harassment (SH)

ATTACHMENT 1 TO THE CODE OF CONDUCT FORM BEHAVIORS CONSTITUTING SEXUAL EXPLOITATION AND ABUSE (SEA) AND BEHAVIORS CONSTITUTING SEXUAL HARASSMENT (SH)

The following non-exhaustive list is intended to illustrate types of prohibited behaviors:

- Examples of sexual exploitation and abuse include, but are not limited to:
 - A Contractor's Personnel tells a member of the community that he/she can get them jobs related to the work site (e.g., cooking and cleaning) in exchange for sex.
 - A Contractor's Personnel that is connecting electricity input to households says that he can connect women headed households to the grid in exchange for sex.
 - A Contractor's Personnel rapes, or otherwise sexually assaults a member of the community.
 - A Contractor's Personnel denies a person access to the Site unless he/she performs a sexual favor.
 - A Contractor's Personnel tells a person applying for employment under the Contract that he/she will only hire him/her if he/she has sex with him/her.

- Examples of sexual harassment in a work context
 - Contractor's Personnel comment on the appearance of another Contractor's Personnel (either positive or negative) and sexual desirability.
 - When a Contractor's Personnel complains about comments made by another Contractor's Personnel on his/her appearance, the other Contractor's Personnel comment that he/she is "asking for it" because of how he/she dresses.
 - Unwelcome touching of a Contractor's or Employer's Personnel by another Contractor's Personnel.
 - A Contractor's Personnel tells another Contractor's Personnel that he/she will get him/her a salary raise, or promotion if he/she sends him/her naked photographs of himself/herself.

ANNEX 2 – REPORT ON RESPECT OF WORK AND WORKING CONDITIONS (used by third parties who hire contract workers)

Task:

Contract reference

Name of Service provider

Reporting period

Date

Signature

STATISTICAL DATA ON THE EMPLOYEES⁸ IN THE COMPANY:

Total number of employees by gender

Number of employees with employment contracts⁹

Number of persons engaged without establishing an employment relationship

Number of employees with access to social, pension and health insurance

Number of employees/engaged persons who receive wages/salary compensation regularly, at least once a month

Number of employees who left the company in the reporting period

Number of employees engaged in the reporting period

Number of working hours per employee (monthly average)

Total overtime hours (monthly average per employee)

Number of violations at work (in the reporting period and cumulatively, since the beginning of the implementation of the contract)

Number of deaths at work (in the reporting period and cumulatively)

Number of reported cases of violence

Number of reported harassment/abuse

Availability of an accessible and functional appeal mechanism for employees (Y/N)

Number of applications submitted to the appeal mechanism (in the reporting period and cumulatively, since the beginning of the implementation of the contract)

Number of resolved complaints with the appeals mechanism (in the reporting period and cumulatively, since the beginning of the implementation of the contract)

Number of lawsuits filed in the field of work, employment and occupational health and safety

Number of peacefully resolved disputes/disputes resolved in voluntary arbitration proceedings

Number of arrivals of labor and occupational health and safety inspections

STATISTICAL DATA ON PROJECT EMPLOYEES:

Total number of employees on the project:

Number of employees on the project with an employment contract:

Number of employees on the project with other types of contracts:

Number of employees on the project with access to social, pension and health insurance, confirmed from the register:

⁸ Employed is any natural person employed or hired to perform work or provide services for the employer

⁹ The number of employees refers to the actual number of persons on the date of submission of the report

QUESTIONNAIRE ON WORK AND WORKING CONDITIONS

All employees have a written employment contract or engagement agreement.	If the answer is "No", enter the reason and explanation
All project employees receive their salary at least once a month	If the answer is "No", enter the reason and explanation
All employees on the project work eight hours a day, 40 hours a week, or less	If the answer is "No", enter the reason and explanation
All employees on the project have a regular daily and weekly vacation	If the answer is "No", enter the reason and explanation
Project employees whose employment contract has been terminated	If the answer is "Yes", enter the number and explain the terms of termination
Project employees who have completed a training course related to occupational health and safety	If the answer is "Yes", enter the number and explain If the answer is "No", enter the reason and explanation
Project employees who have been granted leave to which they are entitled	If the answer is "Yes", enter the type and number of leave
Project employees who were involved in an accident that resulted in injury or death	If the answer is "Yes", enter the number and explain
Employees of the project who reported cases of discrimination, harassment, sexual harassment or non-compliance with the law	If the answer is "Yes", enter the number and explain
Employees on the project who initiated an appeal procedure or a voluntary arbitration procedure / legal procedure to resolve the disputes	If the answer is "Yes", enter the number and explain
During the reporting period, were there incidents or non-compliance with Work Management Procedures	If the answer is "Yes", enter the number and explain

Date and place: _____

Signature

ANNEX 3 - STATEMENT OF THIRD PARTIES ON THE OBLIGATION TO COMPLY WITH THE PROVISIONS OF WORK REGULATIONS and PROJECT WORK MANAGEMENT PROCEDURES (LMP)

Date and place of issue: _____

Name and address of the issuer (Bidder): _____

STATEMENT OF LEGAL AND REGULATORY COMPLIANCE

- We hereby declare the following:
- We are informed about and respect the standards established in the ESS2 of the World Bank;
- We respect all domestic laws* and valid regulations related to employment, work and labor relations, working conditions and work-related conditions;
- We undertake to provide a safe and healthy environment for our employees and to implement all requirements related to protection and health at work in accordance with domestic regulations and ESS2 of the World Bank;
- We do not tolerate any form of child or forced labor, or forms of slavery;
- We prohibit any form of harassment, sexual harassment, abuse, violence, including gender-based violence at work, and we prohibit direct and indirect discrimination against any employee or group of employees on any basis and for any reason;
- We confirm that an appeals mechanism will always be available to all our employees and persons engaged to work with us, from the first day of the implementation of the contract.
- We hereby declare that, if we win the contract, we will adopt the Work Management Procedures in accordance with the World Bank's ESS2, which relate to the project, and that we will incorporate them into our operations.
- We hereby confirm that we are aware that authorized representatives of the Client, or independent third parties, can make announced and unannounced visits to our company, inspections at the construction site and audit of work and working conditions in order to check compliance with the above statement.
- We understand that failure to comply with any of the above obligations may lead to termination of the contract and exclusion from the project.

Signature:

Name:

Position:

Domestic laws mean the laws of Montenegro and the laws of the Bidder's country, if the Bidder is a foreign entity.

MONTENEGRO

CEDIS



Montenegro Energy Sector Decarbonization Project (MESDP)
Component 2

P505964

ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK (ESMF)

October 2024.

List of Tables

Table 1. Project components	16
Table 2. Buildings of the University of Montenegro selected for renovation under Component 1.....	17
Table 3. Public buildings in Montenegro selected for renovation under Component 1	17
Table 4. Montenegro 's relevant environmental legal framework.....	35
Table 5. Preliminary assessment of ESS.....	51
Table 6. Compliance analysis of ESS and national legislation.....	55
<i>Table 7. Environmental Risks and Mitigation Measures - preconstruction (design) phase</i>	<i>82</i>
<i>Table 8. Environmental Risks and Mitigation Measures – construction phase</i>	<i>83</i>
<i>Table 9. Environmental Risks and Mitigation Measures – operational phase.....</i>	<i>83</i>
<i>Table 10. Social Risks and Mitigation Measures</i>	<i>86</i>
<i>Table 11. Matrics of risk clasification.....</i>	<i>91</i>
<i>Table 12. Project implementation responsibilities</i>	<i>95</i>
<i>Table 13. Project monitoring and reporting responsibilities.....</i>	<i>97</i>
Table 14. Part I - General project and site information	106
Table 15. Part II - Environmental/Social screening	107
Table 16. Part III - Environmental and social mitigation measures	108
Table 17. Environmental and social mitigation plan template - Civil Works Preparation / Implementation phase.....	120
Table 18. Cultural heritage management plan (CHMP) for the PIU and for the Contractor	133
<i>Table 19. Metrics for reporting (environmental and social monitoring plan for Supervision Engineer to submit to PIU)</i>	<i>134</i>

Abbreviations and Acronyms

AC/DC	Alternating Current/Direct Current
ADMS	Advanced Distribution Management System
AIS	Air-Insulated Switchgear
AMI	Advanced Metering Infrastructure
API	Application Interface
CEDIS	Crnogorski Elektrodistributivni Sistem (<i>engl. Montenegrin Electricity Distribution System</i>)
CGES	Crnogorski Elektroprenosni Sistem
DETEC	Deenergized Tap Changer
EE	Energy Efficiency
EPA	Environmental Protection Agency
EPCG	Elektroprivreda Crne Gore
ERBD	European Bank for Reconstruction and Development
ESCP	Environmental and Social Commitment Plan
ESF	Environmental and Social Framework
ESHG	Environmental, Health and safety Guidelines
ESMF	Environmental and Social Management Framework
ESS	Environmental and Social Standards
ESSQ	Environmental and Social Screening Questionnaire
GHG	Greenhouse Gas
GIS	Gas-Insulated Switchgear
GIIP	Good International Industry Practice
HES	Head-End Systems
HV	high voltage
IED	Intelligent Electronic Devices
kV	kiloVolt
LMP	Labor Management Procedures
LV	low voltage
MDM	Meter Data Management
MoE	Ministry of Energy
OLTC	On Load Tap Changer
PCB	Polychlorinated Biphenyls
PSC	Project Steering Committee
PV	Photovoltaic
REAGEN	Energy and Water Regulatory Agency
SCADA	Supervisory Control and Data Acquisition
SEP	Stakeholder Engagement Plan
SF6	Sulphur hexafluoride
TSO	Transmission System Operator
WB	World Bank

Executive Summary

The World Bank will be supporting the Ministry of Energy of Montenegro in implementing the Montenegro Energy Sector Decarbonization Project (P505964). The objective of the project is to improve energy efficiency of public buildings and enable the integration of additional renewable energy capacity into the power distribution grid in Montenegro

The project will support the following activities under three Components:

- Component 1: Improving Energy Efficiency of Public Buildings will support EE renovations of 23 select buildings (16 buildings of the University of Montenegro and 7 other public buildings);
- Component 2: Enhancing Operational Efficiency of the Electricity Distribution Grid will finance i) the rehabilitation and upgrade of electrical switchgear in seven (7) primary substations to reduce technical losses and improve the reliability of power supply, ii) the replacement of thirty-eight (38) old MV/MV and MV/LV transformers with efficient eco-design transformers to reduce technical losses and improve the reliability of power supply and iii) pilot technological solutions to monitor the operational performance and improve the visibility of the LV network;
- Component 3: Technical Assistance and Project Implementation Support will finance technical assistance and project implementation support.

This ESMF is developed to support the environmental and social due diligence provisions for activities under Component 2 Enhancing Operational Efficiency of the Electricity Distribution Grid to be implemented by CEDIS.

The project activities under Component 2 will take place in urban and semiurban areas of Montenegro (Pljeva, Nikšić, Tivat, Ulcinj, Budva, Bar, Berane, Danilovgrad, Podgorica, Zeta, Podgorica-Kuči, Cetinje, Bar-Virpaz, Kotor, Herceg Novi, Bijelo Polje, Kolašin, Mojkovac, Žabljak, Plužine and Gusinje).

This Environmental and Social Management Framework (ESMF) has been prepared to identify the potential environmental and social risks and impacts of proposed Project activities and propose suitable mitigation measures to manage these risks and impacts. It maps out the Montenegrin laws and regulations and the World Bank policies applicable to the Project, and describes the principles, approaches, implementation arrangements, and environmental and social mitigation measures to be followed.

Activities planned under Component 2 of the will improve power supply reliance and increased power flows from renewables resulting in positive impact to the environment by reducing GCG and air pollutant emissions and thus mitigate climate change reduction of other pollutants, coming from fossil fuel combustion for energy purposes, increasing energy savings and encouraging the promotion of the environmentally good practices.

Most of the negative impacts associated with project activities under Component 2 are related to the retrofitting and installation works: dust, noise and air emissions, generation and handling of hazardous materials and waste (dismantling of old transformers, PCBs...) and occupational and community health and safety issues. These risks are site-specific, time limited, predictable and easily manageable. The potential negative impacts of the operational phase will have a negligible footprint are primarily related to the risk of equipment malfunctions and inadequate maintenance and expertise of the personnel operating the equipment.

The potential environmental and social risks for project activities are identified as:

- air, water and soil pollution;
- waste generation (hazardous and nonhazardous) and inadequate waste management;
- temporary power outages,
- increased noise;
- traffic disturbance;
- risk of endangering community health and safety;
- labor management risk including OHS;
- sexual Exploitation and Abuse/Sexual Harassment (SEA/SH).

Activities that may cause long term, permanent and/or irreversible (e.g. adversely affecting the natural/critical habitats) adverse impacts; that have a high probability of causing serious adverse effects to human health and/or the environment; that may have significant adverse social impacts and may give rise to significant social conflict; that may affect lands or rights of vulnerable minorities; that require land acquisition or involuntary resettlement or leading to economic displacement; activities involving harmful or exploitative forms of forced labor/harmful child labor and activities adversely affecting cultural heritage sites other than the building to be renovated will not be financed under the Project. The Project supports activities with low to substantial risk while high risk is excluded.

Environmental and Social risks will be managed and mitigated through the application of mitigation measures prescribed in the ESMP Checklist developed for activities under sub-component 2.1. and 2.2. and by implementation of Project Stakeholder Engagement Plan (SEP) and provisions of Labor Management Procedures (LMP).

The preliminary E&S assessment indicates that, at the moment of ESMF drafting, none of the project activities are assessed to be of high or substantial risk.

The implementation of activities under Component 2: Enhancing Operational Efficiency of the Electricity Distribution Grid will be set by following entities: Inter-Agency Project Steering Committee providing overall policy and strategy guidance, Project Implementation Unit (PIU) for Component 2 that will be established within the CEDIS to carry out day-to-day project implementation of Component 2., and TSU housed at the MoF responsible for all fiduciary functions.

The CEDIS PIU will be responsible for Component 2 and will be accountable for reporting to both the World Bank and the Project Steering Committee (PSC) on all Project activities and progress. The PIU for Component 2 will be responsible for project coordination and preparation of consolidated reports.

Regular reports, as set out in the Environmental and Social Commitment Plan (ESCP) must be provided to the World Bank as a result of the monitoring. Such reports will provide an accurate and objective record of project implementation, including compliance with the ESCP and the requirements of the ESMP checklist. Monitoring and evaluation will be carried out by the PIU for Component 2 on the basis of the PDO indicators developed in the Results Framework. Project monitoring will be a periodic function and will include carrying out process reviews/audits, reporting on outputs, and maintaining progressive records, as well as third-party monitoring and social auditing.

A separate Stakeholder Engagement Plan (SEP) has been prepared for the Project, based the World Bank's Environmental and Social Standard 10 on Stakeholder Engagement.

1. Introduction

The World Bank (WB) is providing support to the Government of Montenegro in implementing the “Montenegro Energy Sector Decarbonization Project”. The main objective of the Project is decarbonization of the energy sector in rural and urban zones in south and north of Montenegro through i) energy efficiency improvements of public buildings, and ii) enhancing operational performance of the national distribution electricity grid to reduce energy losses, strengthen reliability, and enabling integration of renewable energy.

This Environmental and Social Management Framework (ESMF) is developed to support the environmental and social due diligence provisions for activities financed by the World Bank in the Montenegro Energy Sector Decarbonization Project (P505964) under **Component 2** Enhancing Operational Efficiency of the Electricity Distribution Grid. CEDIS will be implementing the Project activities under Component 2.

ESMF follows the World Bank Environmental and Social Framework (ESF) as well as the national laws and regulations of Montenegro. The objective of the ESMF is to assess and mitigate potential negative environmental and social risks and impacts of the Project consistent with the Environmental and Social Standards (ESSs) of the World Bank ESF and national requirements. More specifically, the ESMF aims to

- (a) assess the potential environmental and social risks and impacts of the proposed Project and propose mitigation measures;
- (b) establish procedures for the environmental and social screening, review, approval, and implementation of activities;
- (c) specify appropriate roles and responsibilities, and outline the necessary reporting procedures, for managing and monitoring environmental and social issues related to the activities;
- (d) identify the staffing requirements, as well as the training and capacity building needed to successfully implement the provisions of the ESMF;
- (e) address mechanisms for public consultation and disclosure of project documents as well as redress of possible grievances; and
- (f) establish the budget requirements for implementation of the ESMF.

This ESMF is interlinked with other plans prepared for the Project, including the Stakeholder Engagement Plan (SEP), the Environmental and Social Commitment Plan (ESCP).

2. Project Description

2.1. Project development objective

2. The Project Development Objective (PDO) is to improve energy efficiency of public buildings and enable the integration of additional renewable energy capacity into the power distribution grid in Montenegro

2.2. Project components

The Project consist of three (3) Components as shown in the Table 1.

Table 20. Project components

Component 1 Improving Energy Efficiency of Public Buildings	
Activities	Carry out energy efficiency renovations in National University buildings and selected Public buildings by implementing a range of EE Measures
	Operationalize the budget capture scheme for EE renovations established under MEEP2
Component 2 Enhancing Operational Efficiency of the Electricity Distribution Grid	
Activities	Replace power distribution transformers
	Retrofit the switchgear on the 35 kV side of a 110/35 kV substation
	Install/replace 100,000 smart meters and finance grid digitalization investments
	Upgrade distribution grid code and enhance integrated system planning
Component 3 Technical Assistance and Project Implementation Support	

This ESMF covers Component 2 - Enhancing Operational Efficiency of the Electricity Distribution Grid and further in document this project component will be analyzed.

Component 2 Enhancing Operational Efficiency of the Electricity Distribution Grid

Proposed aim of activities under Component 2 is to reduce energy losses, provide additional operational flexibility to the system, improve reliability of supply, and enhance visibility of LV network for streamlining grid integration of renewable energy.

Subcomponent 2.1: Retrofit of 35 kV switchgear in primary substations will finance supply and installation of 35 kV - switchgears in seven 110/35 kV substations of CEDIS (shared with TSO), considering AC/DC auxiliary services and additional MV sections to cover future expansion of the network / integration of rooftop solar PV.

Components in medium voltage switchgear will be replaced for several reasons:

- aging and wear lead to degradation, increasing the risk of failure, while faults and failures demand immediate replacement to prevent outages;
- technological obsolescence necessitates upgrades for compatibility and futureproofing, and performance degradation requires restoration for optimal functionality;
- safety concerns, including hazards like arc flash and electrical shocks, mandate timely replacement.

CEDIS adopted Air-Insulated Switchgear - AIS technology for implementing the project, avoiding the use of SF₆ Gas-Insulated Switchgear -GIS, reducing environmental impacts, as AIS uses air with zero global warming potential.

The project includes the deployment of a local SCADA at substation level (35kV switchgear and HV section of the step-down transformer), composed by Intelligent Electronic Devices – IEDs (e.g., protection system), the local communication network, and required communication frontend with the Master SCADA to be deployed by CEDIS under an EBRD project. A state-of-the-Art SCADA system is one the most cost-efficient solutions that not only helps utilities increase reliability through automation but also helps to lower costs and enable problem areas to be detected and addressed automatically and remotely.

Table 21. Location of 110/35 kV primary substations

No.	Substations selected for retrofitting	Scope of Works
1.	110/35 kV Pljevlja 1	Reconstruction and expansion of 35kV switchgear - 16 cells of 35 kV in the primary and secondary equipment sections AC+DC auxiliary voltage and backup power supply Internal SCADA
2.	110/35 kV Nikšić	Reconstruction and expansion of 35kV switchgear - 20 cells of 35 kV in the primary and secondary equipment sections AC+DC auxiliary voltage and backup power supply Internal SCADA
3.	110/35 kV Tivat	Reconstruction and expansion of 35kV switchgear - 12 cells of 35 kV in the primary and secondary equipment sections AC+DC auxiliary voltage and backup power supply Internal SCADA
4.	110/35 kV Ulcinj	Reconstruction and expansion of 35kV switchgear - 12 cells of 35 kV in the primary and secondary equipment sections AC+DC auxiliary voltage and backup power supply Internal SCADA
5.	110/35 kV Bukva	Reconstruction and expansion of 35kV switchgear - 13 cells of 35 kV in the primary and secondary equipment sections AC+DC auxiliary voltage and backup power supply Internal SCADA
6.	110/35 kV Bar	Reconstruction and expansion of 35kV switchgear - 14 cells of 35 kV in the primary and secondary equipment sections AC+DC auxiliary voltage and backup power supply Internal SCADA
7.	110/35 kV Berane	Reconstruction and expansion of 35kV switchgear - 11 cells of 35 kV in the primary and secondary equipment sections AC+DC auxiliary voltage and backup power supply Internal SCADA

The objectives of reconstruction and expansion of depreciated 35kV switchgear include enabling the connection of new renewable energy sources - solar power plants if technically feasible, equipment standardization, increased reliability, improved efficiency, reduced maintenance costs, greater safety, better control and monitoring, compliance with standards, flexibility and scalability and improvement in power quality.

Subcomponent 2.2. Transformer Replacement will finance replacement of 38 transformers. These comprise thirty-six 35/10 kV and two 10/0.4 kV eco-design transformers, with focus on the replacement of oldest units (installed between mid-1960s and mid-1980s) located in areas experiencing voltage issues. Replacing transformers that are over 40 years old is essential for ensuring the reliability and efficiency of the electrical network. Aging transformers are more prone to failures and inefficiencies, leading to increased maintenance costs and potential outages. Modern transformers offer improved energy efficiency and service quality, reducing electrical losses and operational costs. Investing in new transformers ultimately contributes to a more robust, efficient, and sustainable electrical infrastructure. The installation works will be conducted by CEDIS that has the required expertise and experience. Transformers will be manufactured with eco design approach to minimize environmental impact through material efficiency (using eco-friendly and fewer hazardous materials) and low energy loss technology, designed as per Directive 2009/125/EC of the EU. As the transformers to replace have oil trumps and will be replaced with transformers of the same capacity, there will be no need to conduct any upgrade / civil work under the scope of the project. Existing transformers, to be replaced, do not have PCB Polychlorinated Biphenyls, which minimize potential environmental impacts of the project. Some of the new transformers (6 x 35/10 kV and 2 10/0.4 kV) incorporate On Load Tap Changer – OLTC to dynamically regulate voltage, and other transformers consider Deenergized Tap Changer – DETEC. OLTC is a crucial device in transformers used to regulate output voltage by changing tap settings under load conditions without interrupting the power supply. It maintains voltage levels within desired ranges, crucial for stability and efficiency, especially amid fluctuating load demands and integration of distributed energy resources like rooftop solar PV systems.

Table 22. Location of 35/10 kV and 10/04 kV substations selected for transformer replacement

No.	Substations selected for retrofitting	Scope of Works
1.	TS 35/10 kV Trebjesa – TRANSFORMATOR 1 (Nikšić)	Procurement of new transformer 35/10 kV made according to ECO Design TIER2, Power: 12.5 MVA
2.	TS 35/10 kV Trebjesa – TRANSFORMATOR 2 (Nikšić)	Procurement of new transformer 35/10 kV made according to ECO Design TIER2, Power: 12.5 MVA
3.	TS 35/10 kV Podanje – TRANSFORMATOR 1 (Danilovgrad)	Procurement of new transformer 35/10 kV made according to ECO Design TIER2, Power: 8 MVA
4.	TS 35/10 kV Podanje – TRANSFORMATOR 2 (Danilovgrad)	Procurement of new transformer 35/10 kV made according to ECO Design TIER2, Power: 8 MVA
5.	TS 35/10 kV Centar – TRANSFORMATOR 2 (Podgorica)	Procurement of new transformer 35/10 kV made according to ECO Design TIER2, Power: 8 MVA
6.	TS 35/10 kV Ponari - TRANSFORMATOR (Zeta)	Procurement of new transformer 35/10 kV made according to ECO Design TIER2, Power: 4 MVA
7.	TS 35/10 kV Ubli - TRANSFORMATOR (Podgorica - Kuči)	Procurement of new transformer 35/10 kV made according to ECO Design TIER2, Power: 4 MVA

8.	TS 35/10 kV Bioče - TRANSFORMATOR (Podgorica)	Procurement of new transformer 35/10 kV made according to ECO Design TIER2, Power: 4 MVA
9.	TS 35/10 kV Stari Obod - TRANSFORMATOR 1 (Cetinje)	Procurement of new transformer 35/10 kV made according to ECO Design TIER2, Power: 4 MVA
10.	TS 35/10 kV Stari Obod - TRANSFORMATOR 2 (Cetinje)	Procurement of new transformer 35/10 kV made according to ECO Design TIER2, Power: 4 MVA
11.	TS 35/10 kV Novi Obod - TRANSFORMATOR 2 (Cetinje)	Procurement of new transformer 35/10 kV made according to ECO Design TIER2, Power: 8 MVA
12.	TS 35/10 kV Centar Berane - TRANSFORMATOR 1 (Berane)	Procurement of new transformer 35/10 kV made according to ECO Design TIER2, Power: 4 MVA
13.	TS 35/10 kV Virpazar – TRANSFORMATOR 1 (Bar - Virpazar)	Procurement of new transformer 35/10 kV made according to ECO Design TIER2, Power: 4 MVA
14.	TS 35/10 kV Virpazar – TRANSFORMATOR 2 (Bar - Virpazar)	Procurement of new transformer 35/10 kV made according to ECO Design TIER2, Power: 4 MVA
15.	TS 35/10 kV Stari Bar – TRANSFORMATOR 1 (Bar)	Procurement of new transformer 35/10 kV made according to ECO Design TIER2, Power: 4 MVA
16.	TS 35/10 kV Stari Bar – TRANSFORMATOR 2 (Bar)	Procurement of new transformer 35/10 kV made according to ECO Design TIER2, Power: 4 MVA
17.	TS 35/10 kV Veliki Pijesak - TRANSFORMATOR 2 (Bar - Veliki pijesak)	Procurement of new transformer 35/10 kV made according to ECO Design TIER2, Power: 8 MVA
18.	TS 35/10 kV Lazi – TRANSFORMATOR 1 (Budva)	Procurement of new transformer 35/10 kV made according to ECO Design TIER2, Power: 8 MVA
19.	TS 35/10 kV Miločer – TRANSFORMATOR 2 (Budva)	Procurement of new transformer 35/10 kV made according to ECO Design TIER2, Power: 8 MVA
20.	TS 35/10 kV Grad - TRANSFORMATOR 2 (Ulcinj)	Procurement of new transformer 35/10 kV made according to ECO Design TIER2, Power: 8 MVA
21.	TS 35/10 kV Velika Plaža 1 – TRANSFORMATOR 2 (Ulcinj)	Procurement of new transformer 35/10 kV made according to ECO Design TIER2, Power: 8 MVA
22.	TS 35/10 kV Veliki Pijesak –	Procurement of new transformer 35/10 kV made according to ECO Design TIER2, Power: 8 MVA

	TRANSFORMATOR 1 (Bar)	
23.	TS 35/10 kV Herceg Novi - TRANSFORMATOR 2 (Herceg Novi)	Procurement of new transformer 35/10 kV made according to ECO Design TIER2, Power: 8 MVA
24.	TS 35/10 kV Grbalj - TRANSFORMATOR 1 (Kotor)	Procurement of new transformer 35/10 kV made according to ECO Design TIER2, Power: 12,5 MVA
25.	TS 35/10 kV Risan - TRANSFORMATOR 1 (Kotor)	Procurement of new transformer 35/10 kV made according to ECO Design TIER2, Power: 4 MVA
26.	TS 35/10 kV Risan - TRANSFORMATOR 2 (Kotor)	Procurement of new transformer 35/10 kV made according to ECO Design TIER2, Power: 4 MVA
27.	TS 35/10 kV Nedakusi – TRANSFORMATOR 1 (Bijelo Polje)	Procurement of new transformer 35/10 kV made according to ECO Design TIER2, Power: 8 MVA
28.	TS 35/10 kV Mojkovac – TRANSFORMATOR 2 (Mojkovac)	Procurement of new transformer 35/10 kV made according to ECO Design TIER2, Power: 4 MVA
29.	TS 35/10 kV Drijenak – TRANSFORMATOR 1 (Kolašin)	Procurement of new transformer 35/10 kV made according to ECO Design TIER2, Power: 4 MVA
30.	TS 35/10 kV Žabljak – TRANSFORMATOR 2 (Žabljak)	Procurement of new transformer 35/10 kV made according to ECO Design TIER2, Power: 4 MVA
31.	TS 35/10 kV Plužine - TRANSFORMATOR 1 (Plužine)	Procurement of new transformer 35/10 kV made according to ECO Design TIER2, Power: 4 MVA+OLTC
32.	TS 35/10 kV Plužine - TRANSFORMATOR 2 (Plužine)	Procurement of new transformer 35/10 kV made according to ECO Design TIER2, Power: 4 MVA+OLTC
33.	TS 35/10 kV Gornja Zeta - TRANSFORMATOR 1 (Zeta)	Procurement of new transformer 35/10 kV made according to ECO Design TIER2, Power: 8 MVA+OLTC
34.	TS 35/10 kV Gornja Zeta - TRANSFORMATOR 2 (Zeta)	Procurement of new transformer 35/10 kV made according to ECO Design TIER2, Power: 8 MVA+OLTC
35.	TS 35/10 kV Gusinje - TRANSFORMATOR (Gusinje)	Procurement of new transformer 35/10 kV made according to ECO Design TIER2, Power: 2,5 MVA+OLTC
36.	TS 35/10 kV Čokrlije - TRANSFORMATOR (Bijelo Polje)	Procurement of new transformer 35/10 kV made according to ECO Design TIER2, Power: 4 MVA+OLTC
37.	Kličevo - Izvor 10/0,4 kV (630kVA) (Nikšić)	Procurement of new transformer 10/0,4kV made according to ECO Design TIER2, Power: 400kVA+OLTC

38.	TS KOSIC 10/0,4 kV (400 kVA) (Danilovgrad)	Procurement of new transformer 10/0,4kV made according to ECO Design TIER2, Power: 630kVA+OLTC
-----	--	--

Subcomponent 2.3 - Advanced Metering infrastructure - AMI / LV network visibility will pilot technological solutions to supervise the operational performance and improve visibility of the LV network. Investments will include installation of meters and sensor together with accompanying software and systems, comprising specialized tool (SW) and an Application Interface (API) for integrating the new system to the future MDM and ADMS to be implemented by CEDIS under a project financed by EBRD. The meters/sensors will be handled by one of the three Head-End Systems (HES) operated by CEDIS and will provide information on key electrical parameters (voltage, current, power, energy, harmonic distortion, alarms, etc.), required by CEDIS for planning and operating the system in the face of the high penetration of rooftop solar PV. Optimizing AMI utilization will enhance energy efficiency, support the development of smart grid technologies in line with the EU Green Agenda, and support further reduction in distribution network losses, accounting for about 12 percent.

2.3. Results Chain

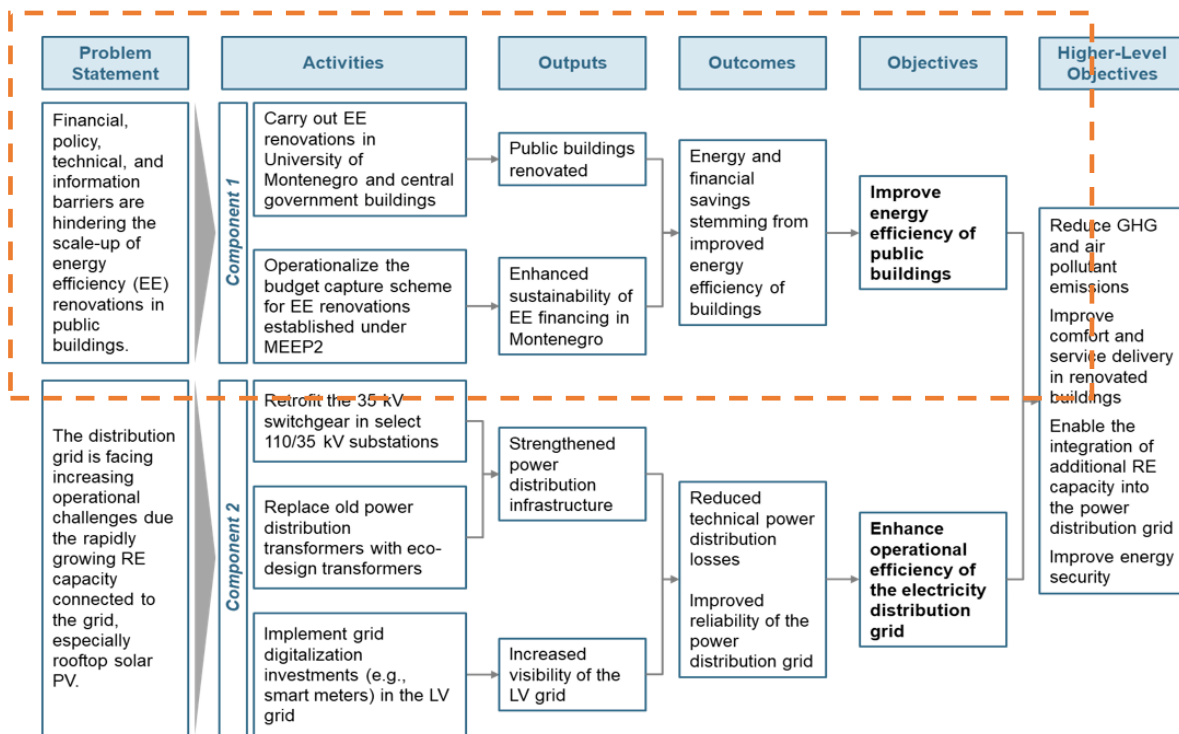


Figure 3. MESDP Theory of Change, Source: WB Staff

2.4. Project beneficiaries

The direct beneficiary of the activities under Component 2 Enhancing Operational Efficiency of the Electricity Distribution Grids is CEDIS. The new substation and transformer equipment will reduce energy

losses, improve the reliability of the energy supply, and decrease maintenance costs and operational challenges, allowing CEDIS to achieve financial savings and provide better customer service.

Indirect beneficiaries will be electricity consumers and consumers interested in investing in solar rooftop PV systems: i.e. households, citizens, businesses, public institutions providing key services and their representatives (i.e. kindergartens, schools, healthcare services, emergency services such as police, firefighters, ambulances), local authorities such as representatives of towns and municipalities. Electricity consumers will benefit from a more reliable and efficient energy supply. The upgraded distribution grid will facilitate the integration of RSPV systems into the grid, enabling more households and businesses to generate their own electricity in a sustainable manner and sell excess power back to the grid. The environmental advantages of increased renewable energy usage and reduced emissions will contribute to healthier living conditions and support climate goals.

2.5. E&S risks rating

Environmental and social risk of implementing activities under Component 2 is assessed as moderate, primarily related to the small to moderate scale civil works (retrofitting the switchgears in substations and replacing old power distribution transformers).

The Component 2 will bring positive impacts in the form of improved power supply reliance and increased power flows from renewables.

Environmental risks that may arise from activities under Component 2 are dust, air and noise generation and handling of hazardous materials and waste, as well as occupational and community health and safety issues.

Occupational and community health and safety risks include exposure to physical and chemical hazards, falls, injuries from construction equipment, noise, dust, and vibration.

These risks are localized, site-specific, time limited, with low probability of serious adverse effects to environment and human health and safety, predictable and therefore can be easily mitigated through standard mitigation measures outlined in the SEP and the ESMF and enforced through ESCP.

2.6. Implementation institutions

The CEDIS PIU team will coordinate project activities, including day-to-day implementation, coordination, supervision, and overall management of project activities.

As needed, CEDIS will hire an external project coordinator who will take care of reporting, deadlines, communication and general administration of the project, and within CEDIS we will work in accordance with CEDIS procedures as for all other projects.

3. Environmental and Social Policies, Regulations, and Laws

3.1. National environmental and social legislation and institutions relevant for the Project implementation

3.1.1. National environmental legislation

ENERGY EFFICIENCY

Ministry of Energy is responsible for creating and implementing energy efficiency policies in Montenegro. Law on Efficient Use of Energy is the key piece of primary legislation that creates a legal basis for EE regulation in the country. The Law on energy efficiency (Official Gazette of Montenegro No. 57/14, 3/15, 25/19, 140/22) develops regulations within the area of efficient energy use in the sectors which consume final energy; sets out the obligation of adopting programs and plans for improving energy efficiency at national and local levels, as well as at the level of energy entities and consumers; describes the public authorities' responsibilities for the introduction and implementation of energy efficiency policy, as well as all additional energy efficiency measures and entities responsible for their implementation. Law does not refer to the energy efficiency of generation facilities or to the transmission and distribution of energy. Energy efficiency in these facilities is regulated by the Energy Law.

The Directorate for energy efficiency has developed a comprehensive set of by-laws, as Rulebooks, Decisions, and Instructions in addition to four Action Plans. The latest, the fourth Energy Efficiency Action Plan for period of 2019-2021, was adopted in June 2019. The same Directorate oversees monitoring implementation of these plans. The fourth Energy Efficiency Action Plan is prepared based on the requirements of the Law on energy efficiency and the EU Directive 2012/27/EU on energy efficiency. Through the planned measures, it elaborates the strategic commitments established by the Montenegro's Energy Development Strategy until 2030. Also, the measures from the fourth Energy Efficiency Action Plan correspond to the measures from the National Strategy for Sustainable Development until 2030, which recognizes energy efficiency as a key priority for achieving the Sustainable Development Goals and transforming the economy towards an efficient use of resources.

The EU energy efficiency directives have undergone recent revisions. Energy Efficiency Directive was revised in 2023 (EU/2023/1791) and significantly raises the EU's ambition on energy efficiency. It establishes 'energy efficiency first' as a fundamental principle of EU energy policy, giving it legal-standing. Energy efficiency must be considered by EU countries in all relevant policy and major investment decisions taken in the energy and non-energy sectors. The 2023 revision of the directive follows a proposal for a recast directive on energy efficiency put forward by the Commission in July 2021, as part of the EU Green Deal package. The 2021 proposal was further enhanced as part of the REPowerEU plan, presented by the Commission in May 2022. Full implementation of the Energy Efficiency Directive will be key for the EU to comply with the commitment of the Global Pledge to double the global rate of energy efficiency improvements from about 2% to over 4% by 2030.

In August 2024, the Law on Energy Use from Renewable Sources (Official Gazette of Montenegro No. 82/24) was published and entered into force (OG 28/12).

The provisions of articles 24, 25 and 26 of the Law on Protection from Negative Impact of Climate Change (Official Gazette of Montenegro No. 73/19) shall apply from the date of Montenegro's accession to the European Union. In 2024, the new Law on Protection from Negative Impacts of Climate Change and

Protection of the Ozone Layer was drafted. NECP and amendments to the Law on Energy are expected to be adopted in the fall of 2024.

WASTE MANAGEMENT

Waste management in Montenegro is regulated by Law on Waste Management (Official Gazette of Montenegro No. 034/24) and Ordinance on Waste Classification, Waste Catalogue, Waste Treatment Procedures, i.e. Waste Processing and Disposal (Official Gazette of Montenegro No. 064/24).

Law on Waste Management regulates the principles of waste management, types and classification of waste, rights and obligations related to waste management.

Waste management is based on the following principles:

- sustainable development: more efficient use of resources, reduction of waste and management of waste in a way that contributes to the reduction of negative environmental impacts and improvement of resource efficiency;
- the principle of proximity and regional waste management;
- precautionary principle, i.e. preventive action;
- "the polluter pays" according to which the waste producer bears the costs of waste management, as well as the costs of the necessary infrastructure and its operation, the costs of preventive action and the costs of remedial measures due to negative impacts on the environment and human health;
- a waste hierarchy that ensures that the order of priorities in waste management is respected: waste prevention, preparation for reuse, recycling, other processing (energy recovery) and waste disposal;
- the principle of separate collection of waste and the prohibition of mixing with other waste;
- the waste or substances derived from it must not present a higher hazard potential in the case of recycling than comparable primary raw materials or virgin products;
- extended producer responsibility, under which any natural or legal person who professionally develops, produces, processes, sells or imports products bears responsibility for the management of waste remaining after the use of those products, as well as financial responsibility for these activities.

The obligations of the original waste producer are described in Article 13 of the Law:

- the original waste producer is obliged to apply a technological procedure, use raw and other materials, organize service activities, i.e. act in a way that prevents the generation of waste or produces the smallest amount of waste;
- the original waste producer may carry out the treatment of waste independently or entrust it to a waste dealer or a company, i.e. an entrepreneur who collects or treats waste, in accordance with this Law;
- if waste, other than municipal waste, is transported for treatment from the original waste producer to the persons who collect or treat the waste, the responsibility of the original waste producer for the implementation of the full recovery or disposal procedure shall not cease;
- the above provisions do not apply to the original producer of municipal waste in households.

and Article 18 describes the obligations of waste holders:

- the owner of the waste is obliged to manage the waste in accordance with this law;

the waste holder is obliged to ensure the processing of waste, and if the processing is impossible or economically or from the point of view of environmental protection is unjustified, he is obliged to ensure that the waste is removed or exported in accordance with the Law.

Management of waste from electrical and electronic equipment is described in Article 55:

- The holder of waste from electrical and electronic equipment that, according to the waste catalog, is not municipal waste, is handed over to a company or entrepreneur who performs the activity of collecting, processing or removing special types of waste, in accordance with this law.

Management of waste batteries and accumulators is defined in Article 58:

- The holder of waste batteries and accumulators that, in accordance with the waste catalog, are not municipal waste, are handed over to a company or an entrepreneur who performs the activity of collecting, processing or removing special types of waste, in accordance with this law.

PCB and waste containing PCB

Montenegro, as a signatory of several international conventions and directives.

Stockholm Convention on Persistent Organic Pollutants (POPs): Montenegro is a party to the Stockholm Convention, which requires countries to eliminate or reduce the release of POPs, including PCBs. Under the convention, Montenegro is obliged to phase out and dispose of equipment and materials containing PCBs by 2028.

Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal: This convention governs the international movement of hazardous wastes, including PCBs, ensuring that they are managed and disposed of in an environmentally sound manner.

EU Environmental Directives: As a candidate country for EU membership, Montenegro is working to align its environmental laws with EU directives, including the **EU Directive 2012/19/EU** on Waste Electrical and Electronic Equipment (WEEE) and **Directive 96/59/EC** on the disposal of PCBs and polychlorinated terphenyls (PCTs). These directives require safe disposal and proper management of PCB-containing equipment and waste. Montenegro's national legislation (Law on Waste Management and the Law on Chemicals) provides the legal framework for the management, collection, transportation, treatment, and disposal of waste containing PCBs.

Management of PCB and waste containing PCB is described in the Article 69. Of Law on waste Management:

- the reprocessing of PCBs and packaging containing PCBs is prohibited;
- waste containing PCBs can be recovered after the PCB is separated from the waste;
- the owner of the equipment and waste containing PCBs is obliged to ensure the treatment of waste and decontamination of the equipment containing PCBs;
- separation of PCBs from equipment, PCB processing and decontamination of equipment can be carried out by a company or an entrepreneur, provided that it has a permit for the treatment of hazardous waste;
- the incineration of PCBs shall be carried out in waste incineration plants that meet the requirements established by Law;
- the import of equipment containing PCBs is prohibited;
- it is forbidden to burn PCBs on the decks of ships;

- it is prohibited to fill transformers and other closed systems (capacitors) with liquids containing PCBs.

3.1.2. National social legislation

GENDER EQUALITY

Montenegro's legislation on gender equality has been shaped by its aspiration to align with European Union (EU) standards and international human rights norms. Montenegro's Constitution, adopted in 2007, establishes the foundation for gender equality. It guarantees equality before the law and prohibits discrimination based on gender, among other grounds. Article 18 specifically mandates the state to ensure gender equality and promote equal opportunities for all citizens, which sets a broad legal framework for subsequent legislation.

Law on Gender Equality

The cornerstone of Montenegro's gender equality framework is the Law on Gender Equality, first enacted in 2007 and later amended (Official Gazette of Montenegro No. 46/7, 73/10, 35/15). This law aims to ensure equal opportunities for men and women in all areas of public and private life, including employment, education, and political participation. It requires public institutions and employers to implement gender equality measures and report on their progress. Key provisions include:

- Defines gender equality as equal opportunities for women and men in all aspects of life. The law mandates the creation of conditions for achieving gender equality in public and private life.
- Obligates public authorities to incorporate gender equality into all policies, strategies, and programs. This means that every legislative or policy initiative must assess and address its impact on both genders.
- Allows for affirmative action or temporary special measures to accelerate gender equality, especially in areas where women are underrepresented, such as in politics or certain professions.
- Establishes the Gender Equality Department within the Ministry of Human and Minority Rights as the main body for overseeing the implementation of gender equality policies.

Law on the Prohibition of Discrimination

This Law on the Prohibition of Discrimination (Official Gazette of Montenegro No. 46/2010, 40/2011, 18/2014, 42/2017) complements the Law on Gender Equality by providing a broader framework to combat discrimination:

- defines and prohibits both direct and indirect discrimination, including on the basis of gender.
- explicitly prohibits sexual harassment, defining it as unwanted verbal, non-verbal, or physical conduct of a sexual nature that creates a hostile or offensive environment.
- allows victims of discrimination, including gender-based discrimination, to seek redress through legal means. It also establishes fines and sanctions for entities found guilty of discriminatory practices.

International Commitments

Montenegro is a signatory to several international conventions that reinforce its commitment to gender equality:

- Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW): Montenegro ratified CEDAW in 2006, committing to eliminate discrimination against women in all forms.

- Istanbul Convention: Montenegro ratified the Council of Europe's Istanbul Convention on preventing and combating violence against women and domestic violence, which obligates the state to take comprehensive measures to prevent violence, protect victims, and prosecute perpetrators.

PROTECTION OF ETHNIC AND RELIGIOUS MINORITIES

Montenegro has developed a comprehensive legal framework to safeguard the rights of ethnic and religious minorities, rooted in both national legislation and international treaties. The key legal instruments include the Constitution of Montenegro, specific laws addressing minority rights, anti-discrimination measures, and laws on religious freedom. This framework is reinforced by Montenegro's commitment to international conventions that protect minority rights. Article 8 of the constitution prohibits direct and indirect discrimination on any grounds, including ethnicity, race, and religion. Article 79: provides specific guarantees for the protection of the rights of minorities and other national communities. It includes the right to preserve, develop, and express their ethnic, cultural, linguistic, and religious identity. Article 9 ensures the supremacy of international treaties over national laws, which is significant because Montenegro is a party to several international treaties that protect minority rights.

Law on Minority Rights and Freedoms

This Law on Minority Rights and Freedoms (Official Gazette of Montenegro No. 31/06, 51/06, 38/07,002/11, 008/11, 031/17) guarantees minorities the right to preserve and develop their culture, language, and traditions. This includes the right to education in their mother tongue and the establishment of cultural institutions. The law ensures proportional representation of minorities in public institutions, thereby facilitating their participation in decision-making processes and it establishes minority national councils as bodies responsible for managing cultural, educational, and informational activities, which play a crucial role in advocating for minority rights.

Law on Freedom of Religion or Conviction and Legal Position Religious Communities This Law on Freedom of Religion or Conviction and Legal Position Religious Communities (Official Gazette of Montenegro No. 74/2019, 008/21) Guarantees individuals and religious communities the freedom to manifest their religion, both individually and collectively, through worship, observance, practice, and teaching. The law also ensures that all religious communities are treated equally under the law, prohibiting any form of discrimination based on religious beliefs.

International Treaties and Agreements

- Framework Convention for the Protection of National Minorities (FCNM)
- European Convention on Human Rights (ECHR)

PROTECTION OF RIGHTS OF PERSONS WITH DISABILITIES

Montenegro has established a legal framework to protect the rights of persons with disabilities, ensuring their inclusion, equality, and non-discrimination. Article 69 of the Constitution of the Republic of Montenegro guarantees the right to health protection, including special protection for persons with disabilities.

Law on the Prohibition of Discrimination against Persons with Disabilities

The Law on the prohibition of discrimination against persons with disabilities (Official Gazette of Montenegro No. 35/2015) is the primary legal instrument specifically designed to protect the rights of

persons with disabilities in Montenegro and is aligned with international standards, particularly the United Nations Convention on the Rights of Persons with Disabilities. The law defines discrimination broadly, including direct and indirect discrimination, harassment, and failure to provide reasonable accommodation. It covers various spheres, including employment, education, access to goods and services, and healthcare. The law mandates that public and private entities must provide reasonable accommodation to persons with disabilities unless it imposes a disproportionate or undue burden. This provision is crucial for ensuring accessibility and equality in practice. It also allows for positive measures to ensure full participation and equality for persons with disabilities, recognizing that certain accommodations may be necessary to achieve substantive equality.

Montenegro has ratified the United Nations Convention on the Rights of Persons with Disabilities, which is a comprehensive international treaty that outlines the rights of persons with disabilities and the obligations of states to protect and promote these rights.

LABOR AND OHS LEGISLATION

The Labor Act (Official Gazette of Montenegro No. 74/19, 8/21, 59/21, 68/21, 145/21, 77/24) in Montenegro serves as the main legal framework governing labor practices. It ensures that employees have the right to fair earnings, workplace safety, health care, and protection of personal dignity. Special protections are provided to pregnant women, employees under 18, and those with disabilities. Additionally, the Law on Foreigners (Official Gazette of Montenegro No. 12/2018, 3/2019, 86/2022, 77/2024) extends these rights to foreign workers and refugees, granting them access to the labor market and healthcare. In terms of working conditions, employees are guaranteed fair wages, protection in the workplace, and specific rights related to working hours, vacation, and absences. Employment contracts must be written, detailing essential elements such as job description, salary, working hours, and conditions for termination. The law allows for a non-compete clause and sets limits on probation periods and the duration of fixed-term contracts. Employers are prohibited from altering contracts to impose less favorable conditions on women due to pregnancy, childbirth, or breastfeeding. Employee earnings must be fair, paid monthly, and equal for work of equal value. Employers are required to provide pay slips and maintain accurate records. The minimum wage is set at 30% of the average wage over the previous six months. Employers can withhold wages for legal claims but within limits—50% for obligations like child support and 33% for other debts. Employers are also responsible for calculating and deducting social security contributions, including pension, disability, and health insurance. These contributions are mandatory for all workers, including those on temporary contracts. The Pension and Disability Insurance Act (Official Gazette of Montenegro No. 54/03, 39/04, 61/04, 79/04, 81/04, 29/05, 14/07, 47/07, 12/07, 13/07, 79/08, 14/10, 78/10, 34/11, 39/11, 4/11, 66/12, 36/13, 38/13, 61/13, 6/14, 60/14, 60/14, 10/15, 44/15, 42/16, 55/16, 80/20, 145/21, 86/22, 99/23, 125/23, 77/24) outlines conditions for old-age and disability pensions, with eligibility based on age and years of insurance coverage. Standard full-time working hours in Montenegro are 40 hours per week, though this can be reduced in hazardous work environments. Overtime is allowed under specific conditions, with limits set at an average of 48 hours per week over four months, and up to 250 hours annually in exceptional cases. Night work is specially regulated, with restrictions on hours and requirements for additional compensation. Employees are entitled to rest periods during work, with at least 30 minutes for full-time employees, and continuous 12-hour rest between working days. Weekly rest must be at least 24 hours, typically on Sundays. Employees are also entitled to a minimum of 20 days of paid annual leave, with special provisions for those working in hazardous conditions, minors, and individuals with disabilities. Employees who believe their rights have been violated can submit a request to their employer, who must respond within 15 days. If unsatisfied, employees can seek protection from the Labor Inspection or escalate the issue to the Agency for Peaceful Resolution of Labor Disputes or the courts. Former employees can directly proceed to court without going

through the dispute resolution process. The law requires that all due payments to employees be made within 30 days of termination, though this does not fully align with international standards that mandate payments by the termination date. The Labor Act also allows employees to seek redress for discrimination directly through the courts.

The Occupational Safety and Health Act (Official Gazette of Montenegro No. 34/14, 044/18) is the cornerstone of OHS in Montenegro, applying to all employees in the country, including those working abroad under less favorable conditions. Employers must conduct risk assessments, implement preventive measures, and ensure that employees are informed and trained on safety protocols. They are also responsible for providing necessary protective equipment and adapting work conditions to minimize risks. Workplace hazards must be regularly assessed, and the findings communicated transparently to employees. In cases of new risks or inadequate safety measures, employers must update their assessments and implement corrective actions. Additionally, employers are required to report serious workplace injuries and hazardous occurrences to the Labor Inspectorate within 24 hours.

Employers must train employees on safe work practices, especially when introducing new technologies or after significant absences. Training costs are borne by the employer, who must also keep records of these sessions. Emergency preparedness measures, such as first aid, fire protection, and evacuation plans, must be in place, tailored to the specific risks of the workplace. Employers are legally obligated to provide insurance against workplace injuries and occupational diseases. In the event of an injury, the employer must compensate the affected employee. Health examinations are mandatory for employees in high-risk positions, and reassignment is required if they no longer meet the health standards for their role. The OHS Act includes specific provisions for protecting young workers, pregnant women, and individuals with disabilities. However, there is no legal requirement for balanced gender representation in OHS commissions, which could be beneficial for addressing the unique needs of working women.

In summary, Montenegro's labor laws and OHS regulations provide a comprehensive framework for protecting workers' rights, ensuring fair treatment, and promoting safe working conditions. However, there are areas for improvement, particularly in aligning with international standards and addressing the specific needs of vulnerable groups within the workforce.

LEGISLATION ON ACCES TO INFORMATION AND DATA PROTECTION

Law on Free Access to Information

The Law on Free Access to Information (Official Gazette of Montenegro No. 044/12 and 030/17) aims to enhance transparency and guarantee public access to information held by public authorities. It grants every natural or legal person the right to access information possessed by state bodies, local governments, public companies, and other entities that carry out public functions. This right covers information in all forms, whether it be written, electronic, or other formats. Public authorities are mandated to respond to information requests within 15 working days, either by providing the requested information or by justifying any refusal based on specific legal grounds. The law also establishes an appeal process for instances where access to information is denied. These appeals can be lodged with the Agency for the Protection of Personal Data and Free Access to Information, which is tasked with overseeing the law's implementation and ensuring adherence. While the law is designed to promote transparency, it also specifies certain exceptions where access to information may be restricted. Such restrictions are applicable in cases where disclosure could potentially harm national security, public safety, defense, or international relations. However, if it is determined that the public interest in disclosure outweighs the potential harm, the information must still be released. The law also includes provisions for imposing fines on public bodies that fail to meet their obligations related to information access, thereby ensuring accountability. It encourages public authorities to proactively disclose information about their activities, such as decisions, policies, and financial reports, to minimize the need for individual requests. Moreover,

the law addresses the protection of personal data, ensuring that the right to access information does not infringe on individual privacy rights.

Law on the Protection of Personal Information

The Law on the Protection of Personal Information (Official Gazette of Montenegro No. 79/8, 70/9, 44/12, 22/17 and 077/24) is a legal framework designed to safeguard the personal data of individuals within the country. This law aligns with international standards and principles, particularly the European Union's General Data Protection Regulation (GDPR). The law applies to the processing of personal data by public and private entities within Montenegro. Personal data is broadly defined to include any information that can directly or indirectly identify an individual. The law outlines specific legal grounds for processing personal data, such as consent from the individual, the necessity of processing for the performance of a contract, compliance with legal obligations, protection of vital interests, public interest, and legitimate interests of the data controller. Individuals have several rights regarding their personal data, including the right to access, correct, delete, and restrict the processing of their data. They also have the right to object to processing and to data portability. The law provides mechanisms for individuals to exercise these rights, with obligations on data controllers to respond to requests within specified timeframes. Consent must be freely given, specific, informed, and unambiguous. Data subjects must be able to withdraw their consent at any time without negative consequences. Data controllers and processors are required to implement appropriate technical and organizational measures to ensure data security.

In case of a data breach, the law mandates that the supervisory authority and affected individuals be notified promptly if the breach poses a risk to individuals' rights and freedoms. The law establishes a supervisory authority responsible for overseeing compliance, handling complaints, conducting investigations, and imposing penalties for violations. This authority has the power to audit organizations, issue warnings, and impose fines for non-compliance. The law stipulates significant penalties for violations, which can include fines and other sanctions. The severity of penalties is proportionate to the nature and gravity of the breach, taking into account factors like the level of negligence and the impact on data subjects.

Aarhus Convention

Montenegro is party to the United Nations Economic Commission for Europe (UNECE) Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters done at Aarhus, Denmark, on 25 June 1998, which is based on three pillars:

- **The right to information:** citizens have the right to access environmental information held by public authorities upon request;
- **The right to participate** in decision-making during the preparation of plans, programs, policies and legislation relating to the environment; and
- **The right to justice:** citizens have the right to access justice regarding environmental matters; to challenge a refusal or inadequate response to request for information; and to challenge the legality of a plan or challenge actions or omissions that contravene national environmental law.

Any member of the public has the right to submit communications to the Aarhus Convention Compliance Committee concerning alleged non-compliance of a party with the Convention.

3.1.3. Overview of environmental and social legislation

Overview of Montenegro's legislation setting out the legal framework for environmental and social management is shown in Table 4.

Table 23.. Montenegro 's relevant environmental legal framework

Regulation	Description and relevance to Project activities
ENVIRONMENTAL ISSUES	
Law on Energy Efficiency (Official Gazette of Montenegro No 57/14, 3/15, 25/19, 140/22)	Law on Energy Efficiency develops regulations within the area of efficient energy use in the sectors which consume final energy; sets out the obligation of adopting programs and plans for improving energy efficiency at national and local levels, as well as at the level of energy entities and consumers; describes the public authorities' responsibilities for the introduction and implementation of energy efficiency policy, as well as all additional energy efficiency measures and entities responsible for their implementation.
Regulations deriving from the Law on Energy Efficiency	<ul style="list-style-type: none"> - Regulation on Minimum Energy Efficiency Requirements for Buildings (Official Gazette of Montenegro No. 47/24) - Regulation on Certification of Energy Performance of Buildings (Official Gazette of Montenegro No. 47/24) - Rulebook on the Methodology of Performing Energy Audits of Buildings (Official Gazette of Montenegro No. 75/15) - Rulebook on Regular Energy Audits of Air Conditioning and Heating Systems (Official Gazette of Montenegro No. 76/15) - Rulebook on the Training Program for Energy Audits, Content of Applications for Issuance of Authorizations and Register of Authorized Persons (Official Gazette of Montenegro No. 75/15)
Energy Law (Official Gazette of Montenegro No. 005/16, 051/17, 082/20, 029/22, 152/22)	Energy Law defines energy activities, regulates the conditions and manner of their performance for the purpose of quality and safe energy supply to end customers, encouraging the production of energy from renewable sources and high-efficiency cogeneration, organization and management of the electricity and gas markets, as well as other issues of importance to the energy sector.
Law on Energy Use from Renewable Sources (Official Gazette of Montenegro No. 82/24)	The Law regulates the determination of the share of energy from renewable sources, incentives for the production of energy from renewable sources, the conditions and procedure for acquiring the status of a temporary privileged producer and a privileged producer, the issuance of guarantees of origin for energy produced from renewable sources, the status of buyers-producers and communities of renewable energy sources, the use of renewable energy sources in the heating and cooling sector and in the transport sector, sustainability and greenhouse gas emission saving criteria, regional cooperation, as well as other issues of importance for the use of energy from renewable sources.
Law on Protection from Negative Impact of Climate Change (Official Gazette of Montenegro No. 73/19)	This law regulates protection against the negative effects of climate change, reduction of greenhouse gas emissions, protection of the ozone layer and other issues related to protection from the negative effects of climate change.
Law on Environment (Official Gazette of Montenegro No. 52/16, 73/19)	Law on Environment regulates the principles of environmental protection and sustainable development, instruments and measures of environmental protection and other issues of importance for the environment. Environmental protection and sustainable development is being regulated by this Law and special laws governing a number of segments of the environment, including: an assessment of the impact of plans, programs and

	<p>projects on the environment; liability for damage to the environment; integrated pollution prevention and control; the protection of nature; protection of air, water, sea, land, forests and geological resources; chemicals; waste management; protection from the adverse effects of climate change; ionizing and non-ionizing radiation.</p>
Regulations deriving from the Law on Environment	<ul style="list-style-type: none"> - Regulation on the National List of Environmental Indicators (the Official Gazette of Montenegro No. 19/13)
Law on Nature Protection (Official Gazette of Montenegro No. 54/15, 18/19)	<p>This law regulates the conditions and manner of protection and conservation of nature. This Law describes the subjects of nature conservation, nature conservation documents, nature protection and conservation, protected natural resources, management of protected areas and areas of the ecological network, speleological, geological and paleontological objects, conservation of genetic diversity, access to information and promotion of nature conservation, financing of nature conservation and conservation of protected natural resources.</p> <p>Protected natural resources are declared parts of nature of exceptional value, which are characterized by biological, geological, ecosystem and landscape diversity.</p> <p>Protected natural resources are: i) protected areas: strict nature reserve, national park, special nature reserve, nature park, natural monument and area of exceptional features and ii) ecological network areas.</p>
Law on Air Protection (Official Gazette of Montenegro No. 25/10, 40/11, 43/15, 73/19)	<p>Law on Air Protection regulates the manner of air quality monitoring, protection measures, assessment and improvement of air quality, as well as air quality planning and management.</p> <p>This Law defines the competencies and obligations of air protection authorities; air quality assessment; air quality monitoring and air emissions; air quality management; air quality improvement; information and reporting; air protection financing and supervision.</p>
Regulations deriving from the Law on Air Protection	<ul style="list-style-type: none"> - Regulation on Maximum National Emissions of Certain Pollutants (Official Gazette of Montenegro No. 3/12) - Rulebook on Limit Values for Emissions of Pollutants into Air from Stationary Sources (Official Gazette of Montenegro No. 10/11) - Regulation on Substances that Deplete the Ozone Layer and Alternative Substances (Official Gazette of Montenegro No. 79/21) - Regulation on Limit Values for the Content of Pollutants in Liquid Fuels of Petroleum Origin (Official Gazette of Montenegro No. 17/17) - Regulation on Determining the Types of Pollutants, Value Limits and other Air Quality Standards (Official Gazette of Montenegro No. 25/12) - Regulation on the Activities that Affect or may affect the Air Quality (Official Gazette of Montenegro No. 61/12)
Law on Protection from Noise in the Environment (Official Gazette of Montenegro No. 028/11, 001/14, 002/18)	<p>Law on Protection from Noise in the Environment prescribes measures for preventing or reducing the harmful impact of noise in the environment and other issues of importance for the protection of the environment and human health from the impact of noise. This law applies to noise in the environment, especially in built-up areas, city parks and other quiet zones in agglomerations, quiet zones in nature, next to schools, hospitals and other facilities, where the population, and especially vulnerable groups (children, the elderly, the sick, etc.) are exposed to the harmful effects of noise. This law prescribes environmental noise management, strategic noise maps and action plans, environmental noise protection measures, reporting to the European Commission and supervision of the implementation of the law.</p>

<p>Regulations deriving from the Law on Protection from Noise in the Environment</p>	<ul style="list-style-type: none"> - Rulebook on the Methods and Instruments of Noise Measurement and the Conditions to be met by Noise Measure Organizations (Official Gazette of Montenegro No. 27/14, 017/17) - Rulebook on value limits of Environmental Noise, the Method for Determining the Acoustic Noise Indicators and Assessment Methods of the Harmful Effects of Noise (Official Gazette of Montenegro No. 60/11)
<p>Law on Waste Management (Official Gazette of Montenegro No. 034/24)</p>	<p>Law on waste management regulates the principles of waste management, types and classification of waste, rights and obligations related to waste management, waste management plans and programs, permits and registers, special types of waste, incineration and incineration of waste, depositing and storage of waste, cross-border movement of waste and supervision of the implementation of the law.</p>
<p>Regulations deriving from the Law on Waste Management</p>	<ul style="list-style-type: none"> - Ordinance on Waste Classification, Waste Catalogue, Waste Treatment Procedures, i.e. Waste Processing and Disposal (Official Gazette of Montenegro No. 064/24) - Regulation on the method and procedure of establishing the System of receiving, collection and processing of waste from electrical and electronic products and the operation of that system (Official Gazette of Montenegro No. 024/12) - Rulebook on the Treatment of Construction Waste Management, Manner and Method of Construction Waste Treatment, Conditions and Manners of Disposal of Asbestos Cement Waste (Official Gazette of Montenegro No. 050/12) - Rulebook on Waste Oil (Official Gazette of Montenegro No. 048/12) - Regulation on the Procedure for Establishing the System of Taking, Collecting and Treatment of Waste Batteries and Accumulators and System Operation (Official Gazette of Montenegro No. 039/12, 47/12) - Rulebook on the Method and Conditions of Waste Disposal (Official Gazette of Montenegro No. 33/13, 65/15)
<p>Law on Water (Official Gazette of Montenegro No. 27/07, 32/11, 47/11,48/15, 52/16, 55/16, 2/17, 80/17, 84/18)</p>	<p>Law on Water regulates the legal status and manner of integrated management of water, water and coastal land and water facilities, the conditions and manner of performing water activities and other issues of importance for the management of water and water resources. This law applies to surface water, groundwater and mixed waters of estuaries of rivers flowing into the sea; mineral and thermal waters; water well; drinking water deposits in the territorial sea; waters of the coastal sea from pollution from land.</p>
<p>Regulations deriving from the Law on Water</p>	<ul style="list-style-type: none"> - Regulation on the Classification and Categorization of Surface and Underground Water (Official Gazette of Montenegro No. 2/07)
<p>Law on the Transport of Hazardous Substances (Official Gazette of Montenegro No. 33/14, 13/18)</p>	<p>The Law regulates the transport of dangerous goods in road, rail, sea and air transport and is in harmony with the confirmed international treaties governing the transport of dangerous goods. Transport of dangerous goods, within the meaning of this Law, includes loading and unloading of dangerous goods, change of the type of transport as well as stops caused by an accident or traffic accident.</p>
<p>Regulations deriving from the Law on the Transport of Hazardous Substances</p>	<ul style="list-style-type: none"> - Regulation on the List of Dangerous Substances, Permitted Quantities and Criteria for Categorization of Hazardous Substances (Official Gazette of Montenegro No. 5/11)
<p>Law on Communal Activities (Official Gazette of</p>	<p>Law on Communal Activities defines communal activities (public water supply; municipal wastewater management; storm water management; municipal waste management; arrangement and maintenance of public</p>

Montenegro No. 55/16, 74/16, 2/18, 66/19, 140/22)	areas; management of public lighting and others), regulates the conditions and manner of performing communal activities and other important issues for communal activities
Law on Protection and Rescue (Official Gazette of Montenegro No. 013/07, 005/08, 086/09, 032/11, 054/16, 146/21, 003/23)	Protection and rescue include a set of measures and actions taken in order to detect and prevent the emergence of hazard, as well as to mitigate and eliminate the consequences of natural disasters, technical and technological accidents, radiation, chemical and biological contamination, war destruction and terrorism, epidemics, epizootics, epiphytotic and other disasters that can or endanger the population, material goods and the environment. Protection and rescue are carried out by: state authorities, state administration bodies, local self-government units, companies, entrepreneurs and other legal and natural persons. This Law regulates the protection and rescue system, the state of emergency, protection and rescue plans, management and coordination in protection and rescue, rights and obligations of protection and rescue participants, protection and rescue measures, financing, supervision and penal provisions.
Law on Chemicals (Official Gazette of Montenegro No. 51/17)	Law on Chemicals regulates the classification, packaging and labeling of chemicals, the trade, import and export of hazardous chemicals, as well as other issues of importance for the protection of human life and health and the environment from the harmful effects of chemicals. This Law regulates the provisions relating to the Register of Chemicals according to the model prescribed by the provisions on the REACH registration.
Law on Cultural Heritage Protection (Official Gazette of Montenegro No. 049/10, 040/11, 044/17, 018/19)	Law on Cultural Heritage Protection regulates the types and categories of cultural property, the ways of establishing protection, the regime and measures of protection, the rights and obligations of owners and holders of cultural property and other issues of importance for the protection and preservation of cultural property. Cultural property is any immovable, movable and intangible property that, in accordance with the law, has been determined to be of permanent historical, artistic, scientific, archaeological, architectural, anthropological, technical or other social significance. The protected environment of immovable cultural property, an object that forms a historical, artistic, visual or functional unit with immovable cultural property, an object in which movable cultural property is permanently stored or exhibited, documentation on cultural property, property under prior protection, obligatory copy of a publication and public archival material are also protected.
SOCIAL ISSUES	
Law on Gender Equality (Official Gazette of Montenegro No. 46/7 73/10, 35/15)	Aim of this law is to ensure equal opportunities for men and women in all areas of public and private life, including employment, education, and political participation. It requires public institutions and employers to implement gender equality measures and report on their progress.
Law on the Prohibition of Discrimination (Official Gazette of Montenegro No. 46/2010, 40/2011, 18/2014, 42/2017)	This law complements the Law on Gender Equality by providing a broader framework to combat discrimination.
Law on Minority Rights and Freedoms (Official Gazette of Montenegro No. 31/06, 51/06, 38/07, 002/11, 008/11, 031/17)	This law guarantees minorities the right to preserve and develop their culture, language, and traditions.

<p>The Law on Freedom of Religion or Conviction and Legal Position religious Communities (Official Gazette of Montenegro No. 074/19, 008/21)</p>	<p>This law guarantees individuals and religious communities the freedom to manifest their religion, both individually and collectively, through worship, observance, practice, and teaching.</p>
<p>Law on the Prohibition of Discrimination against Persons with Disabilities (Official Gazette of Montenegro No. 35/15)</p>	<p>This law protects the rights of persons with disabilities in Montenegro and is aligned with international standards, particularly the United Nations Convention on the Rights of Persons with Disabilities.</p>
<p>The Labor Act (Official Gazette of Montenegro No. 74/19, 8/21, 59/21, 68/21, 145/21, 77/24)</p>	<p>This law is the main legal framework governing labor practices. It ensures that employees have the right to fair earnings, workplace safety, health care, and protection of personal dignity. Special protections are provided to pregnant women, employees under 18, and those with disabilities.</p>
<p>Law on Foreigners (Official Gazette of Montenegro No. 12/2018, 3/2019, 86/2022 and 77/24)</p>	<p>This law extends rights prescribed in the Labor Act to foreign workers granting them access to the labor market and healthcare.</p>
<p>The Pension and Disability Insurance Act (Official Gazette of Montenegro No. 54/03, 39/04, 61/04, 79/04, 81/04, 29/05, 14/07, 47/07, 12/07, 13/07, 79/08, 14/10, 78/10, 34/11, 39/11, 4/11, 66/12, 36/13, 38/13, 61/13, 6/14, 60/14, 60/14, 10/15, 44/15, 42/16, 55/16, 80/20, 145/21, 86/22, 99/23, 125/23, 77/24)</p>	<p>This law outlines conditions for old-age and disability pensions, with eligibility based on age and years of insurance coverage.</p>
<p>The Occupational Safety and Health Act (Official Gazette of Montenegro No. 34/14, 044/18)</p>	<p>This is the umbrella law for OHS in Montenegro, applying to all employees in the country, including those working abroad under less favorable conditions.</p>
<p>The Law on Free Access to Information (Official Gazette of Montenegro No. 44/12, 30/17)</p>	<p>This law aims to enhance transparency and guarantee public access to information held by public authorities. It grants every natural or legal person the right to access information possessed by state bodies, local governments, public companies, and other entities that carry out public functions.</p>
<p>The Law on the Protection of Personal Information (Official Gazette of Montenegro No. 79/8, 70/9, 44/12, 22/17 and 77/24)</p>	<p>The law is a legal framework designed to safeguard the personal data of individuals within the country. It aligns with international standards and principles, particularly the European Union's General Data Protection Regulation (GDPR).</p>

3.1.4. Overview of the institutional framework

The main central government stakeholders regarding **environmental issues** are Ministry of Ecology, Sustainable Development and Northern Region Development and Eco Fund.

Ministry of Ecology, Sustainable Development and Northern Region Development

The Ministry of Ecology, Sustainable Development and Northern Development performs administrative tasks related to: preparation and monitoring of regulations and strategic planning of systems in the field of ecology, sustainable development and development of the north; a system of integrated environmental protection and sustainable use of natural resources; Environmental Impact Assessment and Strategic Environmental Assessment, Integrated Pollution Prevention and Control; nature conservation; air quality; climate change and the approval and monitoring of projects implemented to mitigate the effects of climate change; protection of the ozone layer; noise and vibration protection; Chemicals; protection from radiation (radioactive substances and ionizing radiation); non-ionizing radiation; protection of the soil from pollution and other tasks related to ecology and sustainable development.

Environmental Protection Agency of Montenegro

The Agency performs professional and related administrative tasks in the field of environmental protection:

- Environmental Monitoring in the field of air quality (including monitoring of pollen suspended in the air), content of hazardous and harmful substances in soil, state of coastal sea ecosystems, state of biodiversity, environmental noise, ionizing and non-ionizing radiation, analysis and reporting on the state of the environment, proposing measures to reduce the negative impact on the environment, Issuance of the Act on Conditions for Nature Conservation for the Purpose of Drafting Plans, Bases and Programs;
- Creating analyses and reports
- Issuing permits: IPPC permits; permits for cross-border transport of waste, processing and/or disposal of waste; permits for monitoring fuel quality; for monitoring air quality; emission measurement permits on permitted emissions of air pollutants, import or export of ozone-depleting substances, alternative substances, products containing them; permits for the measurement of noise levels in the environment and for the production of strategic noise maps; permits for the production, trade and use of sources of ionizing radiation and radioactive materials; permits for the performance of professional activities of protection against non-ionizing radiation, for the use of sources of electromagnetic fields, devices emitting optical radiation or containing sources of optical radiation and devices emitting ultrasound, as well as permits for professional training of persons responsible for the implementation of measures of protection against non-ionizing radiation; permits for import, export and transit of chemicals included in the list of classified substances, for export and import of detergents, for the performance of the activity of trade in hazardous chemicals, import, export and transit of biocidal products; permits to carry out maintenance and/or repair activities, as well as the exclusion from use of products containing ozone-depleting substances and/or alternative substances
- Communicating with relevant national and international bodies and organizations, as well as with the public
- Performing other tasks stipulated by the Law on Environment and special regulations.

The Agency cooperates with international bodies and organizations of other countries dealing with environmental protection, in particular with the European Environment Agency, the International Atomic

Energy Agency, participates in the work of professional networks within the European Union, as well as with similar agencies in other countries.

Eco Fund

The activity of the Eco-Fund is to finance the preparation, implementation and development of programs, projects and similar activities in the field of conservation, sustainable use, protection of environmental improvement, energy efficiency and use of renewable energy sources at the state and local level, namely: implementation of national strategic planning documents in the field of environmental protection, sustainable development and energy efficiency; mediation in connection with the financing of environmental protection, energy efficiency and renewable energy sources from the funds provided from loans, donations and aid, programs and funds of the European Union, the United Nations and international organizations, foreign investments intended for environmental protection, from foreign countries, financial institutions and domestic and foreign legal and natural persons; maintaining a database of programs, projects and similar activities in the field of environmental protection and energy efficiency, the necessary and available financial resources for their realization; establishing and achieving cooperation with international and domestic financial institutions and other legal and natural persons, in order to finance the protection of environmental and energy efficiency, in accordance with national strategic planning documents in the field of environmental protection, energy efficiency and renewable energy sources; and other activities related to the financing of environmental protection and energy efficiency.

Water Administration

The Water Administration is a state administration body responsible for the implementation of water management policy in Montenegro, in accordance with the principles of water management, water and coastal land and water facilities. The Water Administration implements measures and actions with the aim of securing and using water, with long-term protection of water quality and water sources, protection of water from pollution, regulation of waters and watercourses and protection from the harmful effects of water.

Ecological Inspection

The Department of Environmental Inspection performs tasks related to: inspection supervision of the application of laws, bylaws and other regulations in the field of environmental protection and chemicals; undertaking and executing administrative and other measures and actions in order to eliminate the identified irregularities and harmonize operations with regulations; issuing misdemeanor warrants, filing requests for initiating misdemeanor proceedings, filing criminal and other appropriate charges (initiating proceedings before the competent authorities); proposing initiatives to amend laws, other regulations and general acts and proposing measures to improve the situation in this area of supervision; preparation of analyses, reports and information from the scope of work of the Department; coordinating the activities of establishing and implementing the risk management process in the Department; Establishing cooperation with other administrative bodies, institutions and business entities; as well as other tasks within the jurisdiction of the Department.

Municipal Police

Municipal Police performs tasks related to: public purity, transport and disposal of municipal and other waste; construction, maintenance and use of landfills; editing and maintenance of pots, cemeteries, parks, green and other public areas, public lighting, local roads and streets, traffic signs and signaling; passenger transport in urban and suburban line traffic; car taxis and extraordinary transport; the installation of temporary, auxiliary and montage objects of temporary character; housing in residential buildings;

keeping pets; protection against noise in the environment; heat supply; working time controls; water management, collection and discharge of atmospheric waters, carrying out activities in the area of exploration and deposition of river-based waterborne impacts.

The main central government stakeholders regarding **social issues** under are Ministry of Human and Minority Rights, Ministry of Labor Employment and Social Dialogue, Protector of Human Rights and Freedoms (Ombudsman) and Agency for the Protection of Personal Data and Free Access to Information. Montenegro's energy sector is complex, involving various key stakeholders, each with distinct roles, responsibilities, and interests. Main stakeholders in Montenegro's Energy Sector are Ministry of Energy, CEDIS, EPCG, CGES and REGAGEN.

Ministry of Energy (MoE)

The Ministry of Energy is the primary government body responsible for the development and implementation of energy policies in Montenegro. It oversees the formulation of national energy strategies, including the National Energy and Climate Plan (NECP), which aligns with the EU's climate goals.

Crnogorski Elektrodistributivni Sistem (CEDIS) - CEDIS operates Montenegro's electricity distribution network, which spans almost 20,000 kilometers. It was unbundled from EPCG in 2016 and is responsible for distributing electricity to residential, commercial, and industrial consumers. CEDIS is charged with maintaining and upgrading the distribution grid, reducing technical losses, and improving service reliability. It is also responsible for integrating new technologies, such as smart meters and grid management systems, to enhance operational efficiency. CEDIS aims to reduce distribution losses and outages, thereby improving service quality for consumers. The company is also interested in modernizing the grid to accommodate increased renewable energy inputs and meet future demand growth, aligning with national energy efficiency targets.

Elektroprivreda Crne Gore (EPCG)

EPCG is the largest energy company in Montenegro, responsible for generating and supplying electricity across the country. It owns and operates about 80% of the country's installed electricity generation capacity, which includes large hydropower plants like Piva (342 MW) and Perućica (307 MW), as well as the Pljevlja coal-fired power plant (225 MW). EPCG is involved in both the production and distribution of electricity. It is also increasingly investing in renewable energy projects, such as solar photovoltaic (PV) and wind power, as part of its strategy to reduce reliance on fossil fuels and support national decarbonization efforts.

Crnogorski Elektroprenosni Sistem (CGES) operates the national electricity transmission system, managing the high-voltage network that connects Montenegro with neighboring countries. It was spun off from EPCG in 2009 and plays a critical role in ensuring the stability and reliability of the electricity grid. CGES is responsible for maintaining the transmission infrastructure, facilitating cross-border electricity trade, and integrating Montenegro's grid with the wider European network. It also plays a key role in the expansion and modernization of the transmission system to support renewable energy projects.

Energy and Water Regulatory Agency (REGAGEN) is the independent regulatory authority overseeing the energy and water sectors in Montenegro. It is responsible for setting tariffs, ensuring fair competition, and protecting consumer rights. REGAGEN regulates the activities of EPCG, CEDIS, and CGES, ensuring that they operate within the legal and regulatory framework. It also oversees the implementation of energy efficiency measures and the integration of renewable energy sources.

Ministry of Human and Minority Rights

This ministry is responsible for promoting and protecting the rights of various vulnerable groups, including women, ethnic minorities, and persons with disabilities. The ministry oversees the implementation of the Law on Gender Equality, ensuring that public institutions and employers incorporate gender equality measures into their operations. It also coordinates with the Gender Equality Department to monitor the effectiveness of these measures. It supports minority national councils in their efforts to preserve and promote the cultural, linguistic, and religious identities of minority groups. The ministry also ensures that minorities are proportionally represented in public institutions and have access to education in their native languages. The ministry is involved in the protection and promotion of the rights of persons with disabilities, ensuring that their needs are considered in public policies and that they have equal access to services and opportunities.

Ministry of Labor Employment and Social Dialogue

This ministry is responsible for labor policies, social welfare programs, and the protection of workers' rights. It ensures that working conditions meet national and international standards and that vulnerable groups receive adequate social protection. The ministry enforces the Labor Act, ensuring that employees are treated fairly, receive fair wages, and work in safe environments. It also addresses issues such as workplace discrimination and the protection of pregnant women and persons with disabilities. The ministry implements the Occupational Safety and Health Act, requiring employers to conduct risk assessments, provide protective equipment, and train employees on safety protocols. It manages social welfare programs that provide support to vulnerable groups, including persons with disabilities, the elderly, and low-income families.

Protector of Human Rights and Freedoms (Ombudsman)

The Ombudsman is an independent institution tasked with protecting the human rights of all citizens. It investigates complaints of rights violations and works to resolve them through recommendations to public institutions. The Ombudsman addresses complaints related to human rights violations, including discrimination based on gender, ethnicity, or disability. It can initiate investigations, make recommendations to public authorities, and advocate for policy changes to protect citizens' rights. The Ombudsman monitors the implementation of human rights laws and ensures that public institutions comply with both national laws and international human rights standards.

Agency for the Protection of Personal Data and Free Access to Information

This agency oversees the enforcement of laws related to data protection and the right to access public information. It ensures that public and private entities protect personal data and that citizens have access to government-held information. It monitors data processing activities and can investigate breaches of data protection laws. It also ensures compliance with the Law on Free Access to Information, which allows citizens to request and obtain information held by public authorities. The agency handles complaints about denied requests and works to promote transparency in government operations.

3.2. Overview of the World Bank Environmental and Social Standards

The World Bank developed an Environmental and Social Framework (ESF) setting out the World Bank's commitment to sustainable development through application of Bank Environmental and Social Policy and ten Environmental and Social Standards which are designed to support Borrowers' projects, with the aim of ending extreme poverty and promoting shared prosperity.

The ESF supports green, resilient and inclusive development by strengthening protections for people and the environment and making important advances in areas of labor, inclusion and non-discrimination, gender, climate change, biodiversity, community health and safety, and stakeholder engagement.

The ESF places an emphasis on strengthening national environmental and social management systems and institutions and supporting Borrower capacity building.

The Environmental and Social Standards (ESS) present set of obligatory guidelines and instructions for Borrower and the project with the main objective to foster efficient and effective identification and mitigation of potentially adverse environmental and social impacts that may occur in the projects development, with proper stakeholder engagement and sustainable management. WB ESS, supported by WB Group Environmental, Health and Safety Guidelines (ESHG) are applied in parallel to the national policies where, as a rule, the stricter one prevails.

3.2.1. Environmental, Health and safety Guidelines (ESHG)

World Bank Group Environmental, Health, and Safety Guidelines (EHS) <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/157871484635724258/environmental-health-and-safety-general-guidelines> are technical reference documents with general and industry-specific examples of Good International Industry Practice (GIIP).

The EHS guidelines contain the performance levels and measures that are generally considered to be achievable in new facilities. Application of the EHS guidelines to existing facilities involve the establishment of site-specific targets, with an appropriate timetable for achieving them.

The applicability of the EHS should be adjusted to the hazards and risks determined for each project based on the results of an environmental assessment in which site-specific variables, such as country context, assimilative capacity of the environment, and other project factors, are taken into account.

When country regulations differ from the levels and measures presented in the EHS guidelines, projects are expected to achieve whichever is more stringent. If less stringent levels or measures than those provided in these EHS guidelines are appropriate, in view of specific project circumstances, a full and detailed justification for any presented alternatives is needed as part of the site-specific environmental assessment.

The General EHS Guidelines are designed to be used together with the relevant Industry Sector EHS Guidelines which provide guidance to users on EHS issues in specific industry sectors.

General EHS Guidelines are:

5. Environmental

- 1.9. Air Emissions and Ambient Air Quality
- 1.10. Energy Conservation
- 1.11. Wastewater and Ambient Water Quality
- 1.12. Water Conservation
- 1.13. Hazardous Materials Management

- 1.14. Waste Management
- 1.15. Noise
- 1.16. Contaminated Land
- 6. Occupational Health and Safety
 - 2.10. General Facility Design and Operation
 - 2.11. Communication and Training
 - 2.12. Physical Hazards
 - 2.13. Chemical Hazards
 - 2.14. Biological Hazards
 - 2.15. Radiological Hazards
 - 2.16. Personal Protective Equipment (PPE)
 - 2.17. Special Hazard Environments
 - 2.18. Monitoring
- 7. Community Health and Safety
 - 3.8. Water Quality and Availability
 - 3.9. Structural Safety of Project Infrastructure
 - 3.10. Life and Fire Safety (L&FS)
 - 3.11. Traffic Safety
 - 3.12. Transport of Hazardous Materials
 - 3.13. Disease Prevention
 - 3.14. Emergency Preparedness and Response
- 8. Construction and Decomposition
 - 4.4. Environment
 - 4.5. Occupational Health and Safety
 - 4.6. Community Health and Safety

3.2.2. Environmental and Social Standards (ESS)

There are 10 ESS. Each of the ESSs sets out a number of objectives. The objectives describe the outcomes that each of the ESSs is intended to achieve.



ESS1 Assessment and Management of Environmental and Social Risks and Impacts

This standard sets out the Borrower's responsibilities for assessing, managing and monitoring environmental and social risks and impacts associated with each stage of a project in order to achieve environmental and social outcomes consistent with the Environmental and Social Standards (ESSs). ESS1 is applied to all projects supported by the Bank through Investment Project Financing. ESS1 is also applied to all Associated Facilities/Activities which must meet ESSs requirements to the extent that the Borrower has control or influence over such Associated Facilities/Activities¹⁰.

Within ESS1, the Borrower is obliged to:

- conduct an E&S assessment of the proposed project, including stakeholder engagement,

¹⁰ Facilities or activities that are not funded as part of the project and are: (a) directly and significantly related to the project; (b) carried out, or planned to be carried out, contemporaneously with the project; and (c) necessary for the project to be viable and would not have been constructed, expanded or conducted if the project did not exist. For a facility or an activity to be defines as associated facility, all three criteria must be fulfilled.

- undertake stakeholder engagement and disclose appropriate information in accordance with ESS10,
- develop an Environmental and Social Commitment Plan (ESCP)¹¹ and implement all measures and actions set out in the legal agreement including the ESCP,
- conduct monitoring and reporting on the environmental and social performance of the project against the ESSs.

The Bank classifies a proposed projects depending on the type, location, sensitivity, and scale of the project and the nature and magnitude of its potential environmental and social risks and impacts, into one of four categories:

- Projects with high risk,
- Projects with substantial risk,
- Projects with moderate risk,
- Projects with low risks.

The environmental and social assessment must be proportionate to the risks and impacts of the project and must assess all relevant direct, indirect and cumulative E&S risks and impacts throughout project life cycle, including those specifically identified in the ESS2-10.

The E&S assessment process must apply mitigation hierarchy according to which: (a) risks and adverse impacts needs to be anticipated and to the extent possible avoided, while positive impacts and benefits for the community and physical environment need to be maximized, (b) where avoidance is not possible, minimize or reduce risks and impacts to acceptable levels; (c) residual adverse impacts and risks need to be removed or mitigated to the acceptable level; (d) where significant residual impacts remain, compensate where technically and financially feasible.

Depending on the project, a range of instruments can be used to satisfy the Bank's Environmental and Social Assessment (ESA) requirement: environmental impact assessment (ESIA), regional or sectorial EA, Environmental and Social Commitment Plan (ESCP) – material measures and actions required for the project to achieve compliance with the ESSs over a specified timeframe, strategic environmental and social assessment (SESA), environmental audit, hazard or risk assessment, environmental management plan (EMP) and environmental and social management framework (ESMF). EA applies one or more of these instruments, or elements of them, as appropriate. When the project is likely to have sectorial or regional impacts, sectorial or regional EA is required.

For projects which involve a set of subprojects, identified, prepared and implemented during the Project, environmental and social assessment is carried out using the instrument of Environmental and Social Management Framework (ESMF). The ESMF sets out the principles, rules, guidelines and procedures to assess the environmental and social risks and impacts of any future subproject.



ESS2 Labor and Working Conditions

The applicability of ESS2 is established during the environmental and social assessment described in ESS1. The scope of application of ESS2 depends on the type of employment relationship between the Borrower and the project workers¹².

¹¹ ESCP is a summary document that incorporates the material measures and actions that are required for the project to achieve compliance with the ESSs over a specified timeframe in a manner satisfactory to the World Bank. The ESCP should be developed as information regarding the potential risks and impacts of the project, it will take into account the findings of the environmental and social assessment, the Bank's environmental and social due diligence and the results of engagement with stakeholders.

¹² The term "project worker" refers to: (a) people employed or engaged directly by the Borrower (including the project proponent and the project implementing agencies) to work specifically in relation to the project (direct workers); (b) people employed or engaged through third parties to perform work related to core functions of the project, regardless of location (contracted

Main objectives of ESS2 are:

- to promote safety and health at work;
- to promote the fair treatment, non-discrimination and equal opportunity of project workers;
- to protect project workers, including vulnerable workers such as women, persons with disabilities, children (working age) and migrant workers, contracted workers, community workers and primary supply workers, as appropriate;
- to prevent the use of all forms of forced labor and child labor;
- to support the principles of freedom of association and collective bargaining of project workers in a manner consistent with national law;
- to provide project workers with accessible means to raise workplace concerns.



ESS3 Resource Efficiency and Pollution Prevention and Management

ESS3 sets out the requirements to address more efficient and effective resource use, pollution prevention and pollution and GHG emission avoidance, and use of mitigation technologies and practices and management throughout the project life cycle

consistent with GIIP.

Main objectives of ESS3 are:

- to promote the sustainable use of resources, including energy, water and raw materials;
- to avoid or minimize adverse impacts on human health and the environment by avoiding or minimizing pollution from project activities;
- to avoid or minimize project-related emissions of short and long-lived climate pollutants;
- to avoid or minimize generation of hazardous and non-hazardous waste;
- to minimize and manage the risks and impacts associated with pesticide use.

To meet the above-mentioned objectives the Borrower should (considering ambient conditions) apply technically and financially feasible prevention measures regarding: resource efficiency, energy use, water use, raw material use, pollution prevention and management, management of air pollution, management of hazardous and nonhazardous wastes, management of chemicals and hazardous materials according to the requirements and conditions of ESS3. The measures will be proportionate to the risks and impacts associated with the project and consistent with GIIP, in the first instance the EHSs.



ESS4 Community Health and Safety

ESS4 addresses the health, safety, and security risks and impacts on project-affected communities and the corresponding responsibility of Borrowers to avoid or minimize such risks and impacts, with particular attention to people who, because of their

particular circumstances, may be vulnerable.

Main objectives of ESS4 are:

- to anticipate and avoid adverse impacts on the health and safety of project-affected communities during the project life cycle from both routine and nonroutine circumstances;
- to promote quality and safety, and considerations relating to climate change, in the design and construction of infrastructure, including dams;
- to avoid or minimize community exposure to project-related traffic and road safety risks, diseases and hazardous materials;
- to have in place effective measures to address emergency events;

workers); (c) people employed or engaged by the Borrower's primary suppliers (primary supply workers); and (d) people employed or engaged in providing community labor (community workers).

- to ensure that the safeguarding of personnel and property is carried out in a manner that avoids or minimizes risks to the project-affected communities.



ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

ESS5 recognizes that project-related land acquisition and restrictions on land use can have adverse impacts on communities and persons. Project-related land acquisition¹ or restrictions on land use² may cause physical displacement (relocation, loss of residential land or loss of shelter), economic displacement (loss of land, assets or access to assets, leading to loss of income sources or other means of livelihood),³ or both. The term “involuntary resettlement” refers to these impacts. Resettlement is considered involuntary when affected persons or communities do not have the right to refuse land acquisition or restrictions on land use that result in displacement.

Main objectives of ESS5 are:

- to avoid involuntary resettlement or, when unavoidable, minimize involuntary resettlement by exploring project design alternatives;
- to avoid forced eviction;
- to mitigate unavoidable adverse social and economic impacts from land acquisition or restrictions on land use by: (a) providing timely compensation for loss of assets at replacement cost and (b) assisting displaced persons in their efforts to improve, or at least restore, their livelihoods and living standards, in real terms, to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher;
- to improve living conditions of poor or vulnerable persons who are physically displaced, through provision of adequate housing, access to services and facilities, and security of tenure;
- to conceive and execute resettlement activities as sustainable development programs, providing sufficient investment resources to enable displaced persons to benefit directly from the project, as the nature of the project may warrant;
- to ensure that resettlement activities are planned and implemented with appropriate disclosure of information, meaningful consultation, and the informed participation of those affected.



ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

ESS6 recognizes the importance of maintaining core ecological functions of habitats, including forests, and the biodiversity they support. Habitat is defined as a terrestrial, freshwater, or marine geographical unit or airway that supports assemblages of living organisms and their interactions with the non-living environment. All habitats support complexities of living organisms and vary in terms of species diversity, abundance and importance. This ESS also addresses sustainable management of primary production and harvesting of living natural resources.

Main objectives of ESS6 are:

- to protect and conserve biodiversity and habitats;
- to apply the mitigation hierarchy and the precautionary approach in the design and implementation of projects that could have an impact on biodiversity;
- to promote the sustainable management of living natural resources;
- to support livelihoods of local communities, including Indigenous Peoples, and inclusive economic development, through the adoption of practices that integrate conservation needs and development priorities.

Based on the environmental and social assessment, the requirements of this ESS are applied to all projects that potentially affect biodiversity or habitats, either positively or negatively, directly or indirectly, or that depend upon biodiversity for their success. ESS6 also applies to projects that involve primary production and/or harvesting of living natural resources.



ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

ESS7 ensures that the development process fosters full respect for the human rights, dignity, aspirations, identity, culture, and natural resource-based livelihoods of Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities.



ESS8 Cultural Heritage

ESS8 sets out general provisions on risks and impacts to cultural heritage from project activities and sets out measures designed to protect cultural heritage throughout the project life cycle.

Main objectives of ESS8 are:

- to protect cultural heritage from the adverse impacts of project activities and support its preservation;
- to address cultural heritage as an integral aspect of sustainable development;
- to promote meaningful consultation with stakeholders regarding cultural heritage;
- to promote the equitable sharing of benefits from the use of cultural heritage.

The requirements of ESS8 will apply to all projects that are likely to have risks or impacts on cultural heritage. This includes a project which: (a) involves excavations, demolition, movement of earth, flooding or other changes in the physical environment; (b) Is located within a legally protected area or a legally defined buffer zone; (c) is located in, or in the vicinity of, a recognized cultural heritage site; or (d) is specifically designed to support the conservation, management and use of cultural heritage. The requirements of ESS8 apply to cultural heritage regardless of whether or not it has been legally protected or previously identified or disturbed.

If previously unknown cultural heritage is encountered during project activities, a chance finds procedure should be followed. It has to be included in all contracts relating to construction of the project, including excavations, demolition, movement of earth, etc. The chance finds procedure sets out how chance finds associated with the project must be managed. A chance finds procedure is included in relevant procurement documents and instructions to contractors. A chance finds procedure is not a substitute for preconstruction surveys and analyses.



ESS9 Financial Intermediaries

ESS9 recognizes that strong domestic capital and financial markets and access to finance are important for economic development, growth and poverty reduction. The Bank is committed to supporting sustainable financial sector development and enhancing the role of domestic capital and financial markets.



ESS10 Stakeholder Engagement and Information Disclosure

ESS10 recognizes the importance of open and transparent engagement between the Borrower and project stakeholders as an essential element of good international practice. Effective stakeholder engagement can improve the environmental and social sustainability of projects, enhance project acceptance, and make a significant contribution to successful project design and implementation. Stakeholder engagement is an inclusive process conducted throughout the project life cycle. Where properly designed and implemented, it supports the development of strong, constructive, and responsive relationships that are important for successful management of a project's environmental and social risks. Stakeholder engagement is most effective when initiated at an early stage of the project development process and is an integral part of early project decisions and the assessment, management and monitoring of the project's environmental and social risks and impacts.

Main objectives of ESS10 are:

- to establish a systematic approach to stakeholder engagement that will help Borrowers identify stakeholders and build and maintain a constructive relationship with them, in particular project-affected parties;
- to assess the level of stakeholder interest and support for the project and to enable stakeholders' views to be taken into account in project design and environmental and social performance;
- to promote and provide means for effective and inclusive engagement with project-affected parties throughout the project life cycle on issues that could potentially affect them;
- to ensure that appropriate project information on environmental and social risks and impacts is disclosed to stakeholders in a timely, understandable, accessible and appropriate manner and format;
- to provide project-affected parties with accessible and inclusive means to raise issues and grievances and allow Borrowers to respond to and manage such grievances.

3.2.3. Results of the preliminary assessment of Environmental and Social Standards (ESS)

Results of the preliminary assessment of Environmental and Social Standards relevant to the Project are shown in the Table 5.

Table 24. Preliminary assessment of ESS

Environmental and Social Standard (ESS)	Relevance to the Project		Preliminary assessment
	Relevant	Not relevant	
ESS1 Assessment and Management of Environmental and Social Risks and Impacts	✓		<p>This Standard is relevant to the overall project and for Component 2, subject of this ESMF.</p> <p>Environmental and social risks and impacts have been preliminary identified. According to the World Bank criteria Montenegro Energy Sector Decarbonization Project falls into the category of projects with moderate environmental and social risk.</p> <p>Activities under Component 2 carry risks typical for small installation works: operational health and safety and community safety risks, dust and noise emissions, generation of hazardous and nonhazardous waste, exposure of workers to hazard materials (e.g. PCBs); unsafe working conditions; and poor occupational health and safety practices. Expected impacts from these activities will be time-limited, localized, mostly predictable and readily mitigated.</p> <p>As an instrument that details the measures to be taken during the implementation and operation of Component 2 of the project to eliminate or offset adverse environmental and social impacts, or to reduce them to acceptable levels; and the actions needed to implement these measures the templates for ESMP Checklists is prepared. The TA activities will integrate ES concerns into ToRs, studies, capacity building programs. An ESCP outlining project commitments will be prepared by Appraisal.</p>
ESS2 Labor and Working Conditions	✓		<p>This Standard is relevant to the overall project and for Component 2, subject of this ESMF.</p>

			<p>Project workers will include direct workers: CEDIS workers, other contracted workers including employees of subcontractors and, to the extent possible primary supply workers. Most workers will be hired locally (with exceptions for skilled workers unavailable locally). The project will ensure safety of staff and other visitors during the construction works by site-specific ESMPs Checklists and LMP. Labor Management Procedures are prepared based on the assessment of the Labor Law and Law on Safety and Health at Work and taking into account conditions under ESS2.</p>
ESS3 Resource Efficiency and Pollution Prevention and Management	✓		<p>This Standard is relevant to the overall project and for Component 2, subject of this ESMF.</p> <p>Since Project activities include operational efficiency enhancement of the Electricity Distribution Grid, Component 2 will bring positive impacts by improving power supply reliance and increasing power flows from renewables and consequently contribute to reducing greenhouse gas emissions. The Project does not envisage a significant use of water or material resources.</p> <p>The following risks leading to environmental pollution have been identified: emission of pollutants into air, surface and ground water and soil due to accidental circumstances, inadequate noise management, waste management and management of hazardous substances (PCBs.).</p> <p>Described environmental impacts are expected to be manageable, temporary and site specific.</p> <p>Management mitigation measures to address environmental impacts will be prepared in ESMP Checklists (Annex 10.1.).</p>
ESS4 Community Health and Safety	✓		<p>This Standard is relevant to the overall project and for Component 2, subject of this ESMF.</p> <p>Given the scope of construction works that are primarily focused on the retrofitting of substations, smaller and easily manageable impacts and risks on the health and safety of the community are expected.</p> <p>Potential threats to people and communities may be posed by physical and chemical hazard, increased levels of noise, dust, disruptions in electricity supply due to accidents or planned intervention, OHS risk and inadequate organization of works site. These impacts are short-term, limited to the location and the immediate surrounding area, so they should not have a significant negative impact on the health and safety of the community.</p> <p>To ensure safety of staff during works, mitigation measures to address environmental impacts will be prepared in ESMP Checklists (Annex 10.1.)</p>
ESS5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement		✓	<p>This standard is not relevant.</p> <p>All reconstruction activities will be within footprints of the existing substations or on available publicly owned land. There will be no temporary resettlement impacts from the project as all works will be conducted in selected substations.</p>

ESS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	✓		This Standard is relevant to the overall project and for Component 2, subject of this ESMF. Activities adversely affecting the natural/critical habitats will be screened out through the ES screening process. Works will be carried out within the limited intervention scope (rehabilitation and reconstruction within the existing footprint of substations or on available publicly owned land) in urbanized or peri urbanizes areas, though unlikely, temporary and predictable impacts to protected areas should not be completely ruled out. The related risks will be addressed through specific ESMP Checklists.
ESS7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities		✓	This standard is not relevant. Montenegro does not have distinct ethnic, social and/or cultural groups as covered by ESS7.
ESS8: Cultural Heritage	✓		This Standard is relevant to the overall project and for Component 2, subject of this ESMF. If previously unknown cultural heritage is encountered during project activities, a chance finds procedure should be followed.
ESS9: Financial Intermediaries		✓	This standard is not relevant as the project does not envision involvement of financial intermediaries.
ESS10: Stakeholder Engagement and Information Disclosure	✓		This Standard is relevant to the overall project and for Component 2, subject of this ESMF. The Initial Stakeholder Engagement Plan (SEP) is being prepared parallel with the ESMF before project appraisal and will be publicly disclosed and updated periodically as necessary.

3.3. Gap analyses of ESS and national legislation compliance

In December 2010, Montenegro received the status of a candidate member of the EU, and on June 29, 2012, it began negotiations with the European Union. In December 2018, Montenegro opened the 27. negotiation chapter: Environment and Climate Change. It is stated in findings of the European Commission's Enlargement Report 2023 that Montenegro has made "very limited progress" in the area of environment and climate change.

As an EU candidate country Montenegro is in a process of harmonizing its environmental regulations and standards in line with EU directives.

A comprehensive list of the legal and institutional frameworks has been analyzed during the process of developing the current ESMF with the conclusion that the environmental regulations are in general in line with WB safeguards and policies. Several minor differences between national legislation and WB ESS were identified, regarding ESS6 and ESS10.

In relation to social impacts, the Montenegrin legislation is in line with WB safeguards and requirements in terms of human health and safety, public consultation, or provisions for addressing the relation and impact of the project to neighbouring properties and communities. Some differences between national legislation and WB ESS were identified, regarding ESS2 described in the Table 6.

For more information on national legislation see Chapter 3.1 Detailed information on discrepancy between ESSs and national legislation are given in Table 6.

Table 25. Compliance analysis of ESS and national legislation

Environmental and Social Standard (ESS)	National environmental and social framework	Compliance analysis (gaps)
ESS1 Assessment and Management of Environmental and Social Risks and Impacts	<ul style="list-style-type: none"> - Law on Environment (Official Gazette of Montenegro No. 52/16, 73/19) - Law on the Environmental Impact Assessment (Official Gazette of Montenegro No. 75/18) - Law on Nature Protection (Official Gazette of Montenegro No. 54/15, 18/19) - Law on Occupational Health and Safety (Official Gazette of Montenegro No. 34/14, 044/18) - Labor Law (Official Gazette of Montenegro No. 74/19, 8/21, 59/21, 68/21, 145/21, 77/24) - Law on Spatial Planning and Building Construction (Official Gazette of Montenegro No. 064/17, 044/18, 063/18, 011/19, 082/20, 086/22, 004/23) 	<p>According to ESS1 Borrower must conduct environmental and social assessment of all projects proposed for Bank financing to help ensure that projects are environmentally and socially sound and sustainable. Montenegrin legislation defines different mechanisms for environmental and social assessment of projects. The environmental legal, regulatory and policy framework in Montenegro is ensured through the following main instruments: Environment Impact Assessment, Location and Building permitting process (opinion of competed authorities for meeting environmental conditions has to be issued as a part of permitting procedure, e.g. for water protection, protections of cultural heritage, etc.), Physical Planning. Although for certain projects/interventions legally is not specifically required to conduct procedure of environmental assessment, assessment is ensured by application of mechanisms of building permit process and physical planning (elimination and/or mitigation of possible negative environmental and social impact from a planned project is ensured). The most significant gap between WB standard and Montenegrin national legal framework is that social assessment and management of social risks are not a legal obligation under current legislation.</p>
ESS2 Labor and Working Conditions	<ul style="list-style-type: none"> - Law on Occupational Health and Safety (Official Gazette of Montenegro No. 34/14, 044/18) - Labor Law (Official Gazette of Montenegro No. 74/19, 8/21, 59/21, 68/21, 145/21, 77/24) 	<p>Law on Occupational Health and Safety does not require a balanced representation of women on OHS committees to help design policies responding to the needs of female project workers. Prohibition of retaliation is not explicitly mentioned neither in the Labor Law not in the Law on OHS.</p>
ESS3 Resource Efficiency and Pollution Prevention and Management	<ul style="list-style-type: none"> - Law on Efficient Use of Energy (Official Gazette of Montenegro No 57/14, 3/15, 25/19, 140/22) - Law on Environment (Official Gazette of Montenegro No. 52/16, 73/19) 	<p>Montenegro's Law on Waste Management aligns closely with the requirements of ESS 3 in the areas of waste hierarchy, recycling, hazardous waste management, and pollution control. National legislation prescribes the obligation to prepare a Waste Management Plan only for legal entities that</p>

Montenegro Energy Sector Decarbonization Project ESMF

	<ul style="list-style-type: none"> - Law on Nature Protection (Official Gazette of Montenegro No. 54/15, 18/19) - Law on Air Protection (Official Gazette of Montenegro No. 25/10, 40/11, 43/15, 73/19) - Law on Protection from Noise in the Environment (Official Gazette of Montenegro No. 028/11, 001/14, 002/18) - Law on Waste Management (Official Gazette of Montenegro No. 034/24) - Law on Water (Official Gazette of Montenegro No. 27/07, 32/11, 47/11,48/15, 52/16, 55/16, 2/17, 80/17, 84/18) - Law on the Transport of Hazardous Substances (Official Gazette of Montenegro No. 33/14, 13/18) - Law on Chemicals (Official Gazette of Montenegro No. 51/17) 	<p>generate more than 20 t of non-hazardous and 200 kg of hazardous waste.</p> <p>ESS 3 takes a broader approach by integrating resource efficiency, pollution prevention, and climate change considerations that go beyond the scope of Montenegro's waste-specific legislation. Strengthening the enforcement and expanding the scope of national laws could further align Montenegro's practices with ESS 3's comprehensive standards.</p> <p>Legal requirements in Montenegrin legislation for noise levels are stricter than in WB EHS (for educational and institutional areas WB permitted noise levels for day are 55 dB and for night 45 dB and in Montenegrin legislation 40 dB for day and 35 dB for night).</p> <p>Montenegro's legislation largely aligns with ESS 3 in terms of resource efficiency, pollution prevention, and waste management. This is mainly due to Montenegro's alignment with EU environmental standards, which are comprehensive and stringent. Potential gaps may exist in the implementation and enforcement of these laws. While the legal framework is robust, the capacity to monitor and enforce compliance can vary.</p>
<p>ESS4: Community Health and Safety</p>	<ul style="list-style-type: none"> - The Labor Act (Official Gazette No. 74/19, 8/21, 59/21, 68/21, 145/21, 77/24) serves as the primary - Law on Occupational Health and Safety (Official Gazette of Montenegro No. 34/14, 044/18). - Law on Foreigners (Official Gazette No. 12/2018, 3/2019, 86/2022), - Pension and Disability Insurance Act (Official Gazette No. 54/3, 39/4, 61/4, 79/4, 81/4, 29/5, 14/7, 47/7, 12/7, 13/7, 79/8, 14/10, 78/10, 34/11, 39/11, 4/11, 66/12, 36/13, 38/13, 61/13, 6/14, 60/14, 60/14, 10/15, 44/15, 42/16, 55/16, 80/20, 145/21, 145/21, 86/22, 99/23, 125/23, 77/2024) - Law on Environment (Official Gazette of Montenegro No. 52/16, 73/19) 	<p>There is no gap on the policy level.</p>

Montenegro Energy Sector Decarbonization Project ESMF

	<ul style="list-style-type: none"> - Law on Nature Protection (Official Gazette of Montenegro No. 54/15, 18/19) - Law on Air Protection (Official Gazette of Montenegro No. 25/10, 40/11, 43/15, 73/19) - Law on Protection from Noise in the Environment (Official Gazette of Montenegro No. 028/11, 001/14, 002/18) - Law on Waste Management (Official Gazette of Montenegro No. 034/24) - Law on Water (Official Gazette of Montenegro No. 27/07, 32/11, 47/11, 48/15, 52/16, 55/16, 2/17, 80/17, 84/18) - Law on the Transport of Hazardous Substances (Official Gazette of Montenegro No. 33/14, 13/18) - Law on Chemicals (Official Gazette of Montenegro No. 51/17) 	
<p>ESS5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement</p>	<p style="text-align: center;">/</p>	<p>This standard is not relevant. All reconstruction activities will be within footprints of the existing buildings or on available publicly owned land. There will be no temporary resettlement impacts from the project as all civil works will be conducted in public buildings.</p>
<p>ESS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources</p>	<ul style="list-style-type: none"> - Law on Environment (Official Gazette of Montenegro No. 52/16, 73/19) - Law on the Environmental Impact Assessment (Official Gazette of Montenegro No. 75/18) - Regulation on projects for which an environmental impact assessment is required (the Official Gazette of Montenegro No. 20/07 and 47/13, 53/14, 37/18); - Law on Nature Protection (Official Gazette of Montenegro No. 54/15, 18/19) 	<p>According to the ESS6, if during E&S preliminary impact assessment process significant risks and adverse impacts on biodiversity have been identified, the Borrower is obliged to develop and implement a Biodiversity Management Plan (BMP). BMP typically includes key biodiversity objectives, activities to achieve these objectives, an implementation schedule, institutional and gender-inclusive responsibilities, and cost and resourcing estimates. Indicative content of the BMP is prescribed by ESS6. This obligation is not prescribed in national law. Within the Berne Convention for the Protection of European Wild Flora, Fauna and Natural Habitats, Montenegro established a list of 32 areas that are candidates for the Emerald National Ecological Network, which are therefore defined as areas of special interest for protection. On the website of the Council of Europe there is also a list of 32 Emerald areas from Montenegro. These areas represent</p>

Montenegro Energy Sector Decarbonization Project ESMF

		potential NATURA 2000 areas-ecological network of importance for Europe, whose Montenegro is obliged to submit the proposal to the European Commission before the entry of our country into the EU, as one of the conditions.
ESS7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	/	This standard is not relevant. Montenegro does not have distinct ethnic, social and/or cultural groups as covered by ESS7.
ESS8: Cultural Heritage	- Law on Cultural Heritage Protection (Official Gazette of Montenegro, No. 049/10, 040/11, 044/17, 018/19)	There is no gap on the policy level
ESS9: Financial Intermediaries	/	This standard is not relevant as the project does not envision involvement of financial intermediaries.
ESS10: Stakeholder Engagement and Information Disclosure	<ul style="list-style-type: none"> - Law on Environment (Official Gazette of Montenegro No. 52/16, 73/19) - Law on the Environmental Impact Assessment (Official Gazette of Montenegro No. 75/18) - The Law on Free Access to Information (Official Gazette No. 044/12 and 030/17) 	<p>The processes of public consultation and engagement, information disclosure and grievance mechanism, the right to address petitions, request information on projects carried by public bodies, consultation of neighbours and communities in the process of EIA are in detail covered by national legislation and in line with ESS10 requirements, but according to Montenegrin legislation, preparation of Stakeholder Engagement Plan is not an obligation.</p> <p>The processes for reaching potentially impacted persons and communities can be improved to incorporate WB principles, by engaging actively with these persons/groups, especially with vulnerable groups where such situations will surface.</p>

4. Environmental and Social Baseline Information

4.1. Environmental baseline and relevant potential issues

4.1.1. Air emission and air quality

Montenegro, like many countries, faces challenges related to air emissions and air quality, driven by both natural and human activities. The air quality in Montenegro is primarily affected by urbanization, industry, transport, and seasonal heating, along with natural factors such as topography and climatic conditions. Road traffic is a significant source of air pollution in Montenegro, especially in urban areas. Many vehicles in the country are older and have higher emissions of nitrogen oxides (NO_x), particulate matter (PM), and other pollutants. Industrial activities, including mining, energy production (such as coal - fired power plants), and cement manufacturing, are substantial contributors to air emissions. The Pljevlja coal power plant is particularly notable for its emissions of sulfur dioxide (SO₂), NO_x, and PM. During the winter, the use of wood, coal, and other solid fuels for residential heating contributes to air pollution, particularly in areas with limited access to cleaner heating options. Agricultural activities, including the use of fertilizers and burning of agricultural waste, can contribute to emissions of ammonia (NH₃) and other pollutants. Key air pollutants in Montenegro are Particulate Matter (PM₁₀ and PM_{2.5}), Nitrogen Dioxide (NO₂), Sulfur Dioxide (SO₂); Ozone (O₃) and Carbon Monoxide (CO).

Pollutant	Activity
PM (PM ₁₀ and PM _{2.5})	transport, residential heating, industrial activities
NO ₂	road traffic and industrial processes
SO ₂	coal combustion, particularly in the energy sector
O ₃	reaction of NO _x and volatile organic compounds (VOCs) in the sunlight
CO	heavy traffic

Air quality tends to be worse in urban centers such as Podgorica and Nikšić due to traffic congestion, industrial activities, and residential heating. Air quality can vary significantly with the seasons. Winter months typically show higher levels of particulate matter due to increased heating needs, while summer can see elevated levels of ozone. Northern Montenegro, particularly Pljevlja, often experiences higher pollution levels due to coal combustion for energy production.

Air pollution in Montenegro has significant health implications, including respiratory and cardiovascular diseases, reduced lung function, and premature death. Vulnerable populations, such as children, the elderly, and people with pre-existing health conditions, are particularly at risk.

Permanent monitoring of the air quality is carried out by The Center for Ecotoxicological Testing Podgorica (CETI) laboratory through a network of stations operated by the Environmental Protection Agency (EPA) and local authorities. These stations measure concentrations of following parameters of air quality in Montenegro: SO₂, NO, NO₂, CO, O₃, PM₁₀, PM_{2.5}, C₆H₆, CH₄, THC, Hg, Pb, As, Cd, Ni and benzo(a)pyrene in PM₁₀ particulate matter. The main goal of testing is control and evaluation of the air pollution level in the lower layer of the atmosphere, following of changes of the state pollution, the impact of local and regional emission sources correlated with meteorological conditions. In addition, obtained data serve as the base for the preparation of studies, projects, spatial plans, then for evaluation the impact of pollution from the atmosphere on terrestrial ecosystems, drinking water and irrigation water, agricultural land, cultural and

material assets, construction and other materials, primarily on human health. Air quality monitoring in Montenegro is carried out in accordance with the Air Monitoring Program for 2024 developed by the Environmental Protection Agency. The Agency develops monthly reports in which the results of air measurements at all measuring stations are presented.

Air quality measurements, processing and analysis of results from measuring stations were carried out in accordance with the Law on Air Protection (Official Gazette of Montenegro, No. 25/10, 40/11, 43/15), the Regulation on Determining the Types of Pollutants, Limit Values and Other Air Quality Standards (Official Gazette of Montenegro, No. 25/12), the Rulebook on the Manner and Conditions of Air Quality Monitoring (Official Gazette of Montenegro, No. 21/11, 32/16), the Regulation the Establishment of a Network of Measuring Points for Air Quality Monitoring (Official Gazette of Montenegro, No. 44/10, 13/11, 64/18).

Basic network of air quality monitoring includes 9 stations. The area of Podgorica is covered with two stations for air quality and one station for rainfall quality.

However, the monitoring network faces challenges, including limited coverage in rural areas, maintenance issues, and the need for more advanced equipment.

Montenegro follows both national and EU air quality standards, as the country is a candidate for EU membership. It has set limits for various pollutants and established plans to improve air quality. National Air Protection Strategy includes measures to reduce emissions from transport, industry, and households, promote cleaner technologies, and enhance air quality monitoring. Montenegro is gradually transitioning to cleaner energy sources. However, this is a long-term process given the current reliance on coal, especially for power generation.

There is a need to modernize the monitoring infrastructure and expand it to provide more comprehensive coverage, particularly in less monitored regions. Ensuring compliance with air quality standards and regulations can be challenging due to limited resources and the need for stronger enforcement mechanisms. Raising public awareness about the health impacts of air pollution and promoting behavioral changes, such as reducing car use and adopting cleaner heating options, is crucial. Montenegro cooperates with international organizations and neighboring countries to address transboundary air pollution and implement joint measures to improve regional air quality.

4.1.2. Water quality

Water quality in Montenegro is influenced by the country's diverse geography, hydrology, and human activities. The quality of water resources including rivers, lakes, groundwater, and coastal waters is crucial for Montenegro's environment, public health, and economy, especially considering the country's reliance on tourism and agriculture. Poor water quality can lead to waterborne diseases and other health issues. Contaminated water sources pose risks to both residents and tourists, especially in areas with inadequate sanitation infrastructure. Pollution, eutrophication, and hydrological alterations can degrade aquatic ecosystems, impacting biodiversity, fisheries, and the overall health of rivers, lakes, and coastal areas.

Montenegro is rich in freshwater resources, which include rivers, lakes, groundwater and coastal waters. Major rivers such as the Tara, Lim, Morača, and Zeta flow through the country, providing significant water resources. These rivers are crucial for drinking water, irrigation, and hydropower generation. Montenegro is home to several important lakes, including the largest lake in the Balkans, Lake Skadar (a key freshwater resource and a designated national park). Groundwater sources are essential for Montenegro, especially for supplying drinking water to many rural and urban areas. Montenegro has a coastline along the Adriatic Sea, with important coastal cities such as Kotor, Budva, and Bar. Coastal waters are vital for tourism, fishing, and local communities.

The Institute of Hydrometeorology and Seismology and the Environmental Protection Agency of Montenegro conduct regular water quality monitoring across various water bodies. Parameters monitored include temperature, pH, dissolved oxygen, nutrients, heavy metals, pathogens, and organic pollutants.

Major factors affecting water quality in Montenegro are industrial and urban pollution, agricultural runoff, inadequate wastewater management, tourism and recreational activities, mining and hydropower. Urban wastewater, industrial discharges, and poorly managed landfills can affect water quality by introducing pollutants into surface and groundwater. Major pollutants include heavy metals, organic chemicals, nutrients (nitrogen and phosphorus), and pathogens. The use of fertilizers and pesticides in agriculture contributes to nutrient pollution, particularly in river basins and lakes. Excessive nutrients can lead to eutrophication, which degrades water quality and aquatic ecosystems. The use of fertilizers and pesticides in agriculture contributes to nutrient pollution, particularly in river basins and lakes. Excessive nutrients can lead to eutrophication, which degrades water quality and aquatic ecosystems. Inadequate wastewater treatment infrastructure is a significant issue. In many areas, untreated or partially treated sewage is discharged into rivers, lakes, and the sea, impacting water quality and public health. Montenegro's growing tourism sector, particularly along the coast, can strain local water resources. Increased demand for water, inadequate wastewater treatment facilities, and pollution from boats and coastal activities can degrade water quality. Mining activities, particularly in areas like Pljevlja, can lead to the release of pollutants, including heavy metals, into water bodies. Hydropower generation can alter river flows, affecting sediment transport and ecosystem health.

Water quality in Montenegro's rivers and lakes varies significantly by location. The upper stretches of rivers like the Tara and Lim generally have good water quality due to minimal pollution sources. However, downstream sections, particularly near urban or industrial areas, often face higher levels of pollution. Lake Skadar generally maintains good overall water quality, but faces localized challenges from agricultural runoff, untreated sewage, and tourism and eutrophication is a concern due to nutrient loading. Smaller lakes like Lake Biograd and Lake Plav tend to have better water quality, benefiting from less human activity and pollution. Groundwater quality is essential as it serves as a primary drinking water source for many communities. Groundwaters are generally of good quality, but localized contamination can occur from improper waste disposal, agricultural runoff, and leaking sewage systems. Coastal waters in Montenegro are generally of good quality, especially in less populated areas. However, popular tourist destinations may experience localized pollution from untreated sewage, boat discharges, and recreational activities. In some locations, such as Kotor Bay, there are concerns about microbiological pollution due to inadequate wastewater treatment and heavy maritime traffic.

As a candidate for EU membership, Montenegro has aligned its water management policies with the EU Water Framework Directive. This includes setting water quality standards, improving water management practices, and reducing pollution. National Water Management Strategy outlines goals for water quality improvement, sustainable use of water resources, reduction of pollution, and enhancement of water infrastructure. Montenegro has been investing in wastewater treatment facilities, particularly in tourist areas along the coast. However, many areas still lack adequate infrastructure, and further investment is needed. Efforts are ongoing to regulate and reduce industrial pollution, including improving treatment facilities and monitoring discharges from key industries. Many areas, especially rural communities, lack adequate wastewater treatment facilities, leading to direct discharge of untreated sewage into water bodies. Industrial pollution, abandoned mines, and old infrastructure continue to affect water quality. Remediation efforts are complex and costly. Changes in precipitation patterns, increased frequency of extreme weather events, and rising temperatures as a result of climate change can impact water quality by altering hydrological cycles, increasing the risk of floods, and promoting conditions for eutrophication.

Another challenge are limited resources for monitoring and enforcement, insufficient funding and staffing can inhibit effective water quality monitoring and enforcement of environmental regulations.

4.1.3. Waste management

Waste management in Montenegro faces several challenges, including limited infrastructure, inadequate waste separation and recycling, illegal dumping, and insufficient public awareness.

The country's waste management system is in a transitional phase as it aligns its policies and practices with EU standards, aiming to improve collection, disposal, and recycling rates while minimizing environmental impacts. Insufficient infrastructure for waste collection, separation, recycling, and disposal poses a significant challenge. Many municipalities lack modern landfills or recycling facilities, leading to over-reliance on inadequate dumpsites. Recycling rates in Montenegro are low due to inadequate waste separation at the source, limited public awareness, and the lack of recycling infrastructure. Separate collection systems for recyclables are underdeveloped. Illegal dumping of waste, including hazardous waste, is a widespread problem, particularly in rural areas and along rivers. This practice poses serious environmental and public health risks. Public awareness about waste separation, recycling, and proper disposal is limited. Low public participation in recycling programs and a lack of environmental education initiatives contribute to ineffective waste management. Many municipalities face financial difficulties in maintaining and upgrading waste management infrastructure. Insufficient funding affects the development of new facilities, the maintenance of existing ones, and the implementation of recycling programs.

Montenegro generates various types of waste, including municipal solid waste, industrial waste, construction and demolition waste, hazardous waste, e-waste and medical waste. The management practices vary widely across the country, with urban areas generally having more developed systems than rural areas.

Municipal Solid Waste (MSW) in Montenegro mainly consists of organic waste, plastics, paper, glass, metals, and other materials. Organic waste forms a significant proportion due to household food waste.

Municipal solid waste collection is managed by local municipalities, with waste collection services covering around 75-80% of the population. Urban areas have regular collection services, but coverage and frequency are lower in rural areas. Some areas lack organized waste collection, leading to illegal dumping. Most municipal waste is disposed of in landfills, but many existing landfills do not meet EU standards for environmental protection. Uncontrolled dumpsites, especially in rural areas, pose environmental and public health risks. Recycling rates in Montenegro are low, with most recyclable materials ending up in landfills. Separate collection of recyclables is limited, with only a few municipalities implementing pilot projects for waste separation.

Industrial waste comes from sectors like mining, manufacturing, and energy production. Management of industrial waste varies by sector, with larger industries typically having more structured waste management systems. However, many smaller industries lack adequate waste management practices. Hazardous waste, including medical waste, is a critical concern due to inadequate disposal facilities and limited infrastructure for safe treatment. Hazardous waste is often mixed with other types of waste, increasing the risk of environmental contamination.

E-waste

As electronic devices become outdated or broken, managing e-waste properly becomes a critical environmental and public health challenge. Montenegro has implemented some key aspects of the WEEE Directive (EU Waste Electrical and Electronic Equipment), although it faces significant challenges in fully meeting EU standards. Under the WEEE Directive, producers and importers of electronic goods must take responsibility for the disposal and recycling of their products. In Montenegro, enforcement of this rule is still weak, and many manufacturers do not yet have established systems for collecting and recycling their products. There are very few formal recycling centers in the country. E-waste collection points are limited, and many are located far from urban centers, making them inaccessible for the general population.

Construction and demolition waste are not well-managed, with much of it disposed of in unauthorized dumps or mixed with municipal waste. Recycling and reuse of this waste type are minimal.

The Montenegrin government has taken several steps to improve waste management and align with EU requirements. Government has developed National Waste Management Plan (2023-2028) that outlines a strategic framework for waste management, including reducing waste generation, increasing recycling rates, improving waste collection and disposal infrastructure, and closing non-compliant landfills. Montenegro has adopted laws and regulations in line with EU waste management directives, such as the Law on Waste Management, which establishes guidelines for waste handling, disposal, and recycling. The government is also working to improve enforcement of these regulations. Efforts are underway to modernize existing landfills to meet EU standards and close or rehabilitate non-compliant dumpsites. This includes constructing new regional sanitary landfills and upgrading waste disposal facilities. Some municipalities have introduced pilot projects for waste separation at the source, including the installation of recycling bins and awareness campaigns. The government is also promoting extended producer responsibility (EPR) programs to encourage recycling. The government is working on improving hazardous waste management through better regulation, infrastructure development, and partnerships with international organizations to establish safe disposal methods. Montenegro has benefited from EU funding to develop waste management infrastructure and implement projects to enhance recycling and waste separation. These projects aim to reduce waste to landfills, improve collection systems, and increase recycling rates. The government is exploring partnerships with private companies (Public-Private Partnerships (PPPs)): to develop and manage waste facilities, improve collection services, and introduce recycling programs. Public awareness campaigns on waste separation, recycling, and environmental protection have been launched to encourage public participation in waste management efforts.

Montenegro plans to establish regional waste management centers to provide modern waste disposal and recycling facilities, serving multiple municipalities and reducing the reliance on local dumpsites. Expanding waste collection services to cover all areas, including rural regions, is essential to reducing illegal dumping and enhancing waste management. Promoting recycling through public awareness campaigns, expanding separate collection systems, and supporting recycling industries will help improve Montenegro's recycling rates and foster a circular economy. Remediation of contaminated sites, including old industrial areas and illegal dumps, is a significant challenge requiring substantial resources and long-term commitment. As a candidate for EU membership, Montenegro must align its waste management practices with EU directives. This requires significant investments in infrastructure, capacity-building, and policy reforms to meet EU standards for waste collection, recycling, and disposal.

Montenegro collaborates with international organizations, such as the EU, UNDP, and the World Bank, to improve waste management practices through technical assistance, funding, and capacity-building initiatives. Regional cooperation with neighboring countries also plays a role in addressing transboundary waste management issues.

Polychlorinated biphenyls (PCBs)

PCBs are persistent organic pollutants (POPs) that can accumulate in the environment and pose significant risks, necessitating strict regulations and procedures for their disposal. PCBs are hazardous chemicals that were widely used in electrical equipment, such as transformers and capacitors, as well as in various industrial processes, until they were banned in many countries due to their toxic effects on human health and the environment. Montenegro, as a signatory of several international conventions and directives (Stockholm Convention on Persistent Organic Pollutants (POPs), Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal, EU Directive 2012/19/EU on Waste Electrical and Electronic Equipment (WEEE) and Directive 96/59/EC on the disposal of PCBs and polychlorinated terphenyls (PCTs)) and as a country aspiring to align its environmental policies with those of the European Union, has established specific measures and regulations for the disposal of PCB-containing waste. Montenegro's national legislation, such as the Law on Waste Management and the Law on Chemicals, provides the legal framework for the management, collection, transportation, treatment, and disposal of hazardous waste, including waste containing PCBs. The Ministry of Ecology, Spatial Planning and Urbanism, along with the Environmental Protection Agency, is responsible for overseeing and enforcing these regulations.

Montenegro has conducted an inventory of equipment and materials containing PCBs, primarily focusing on the energy sector, where PCBs were widely used in transformers, capacitors, and other electrical equipment. This inventory is crucial for identifying, labeling, and phasing out PCB-containing equipment.

The disposal process involves the decontamination and safe storage of PCB-containing equipment and materials. This includes draining and removing PCB oils from transformers and capacitors and storing them in secure facilities that meet safety standards to prevent leaks or spills. Due to the lack of specialized facilities for the disposal of PCB waste within Montenegro, the country relies on exporting this waste to facilities in other countries that have the appropriate technology and capacity for safe disposal. This process is conducted in compliance with international regulations, such as the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, to ensure safe transport and treatment. Montenegro works with licensed hazardous waste management companies to handle the collection, transport, and export of PCB waste. These operators must comply with national and international regulations for the safe handling of hazardous materials.

Waste management in CEDIS is defined by the Waste Management Procedure (ID 068-SAFE), which is harmonized with the legal regulations in the field of waste management. Waste management in CEDIS is carried out in accordance with the Waste Management Plan, for which the Approval of the Environmental Protection Agency has been obtained. As a generator of hazardous and non-hazardous waste, CEDIS is obliged, in accordance with the Law on Waste Management (Official Gazette of Montenegro No. 034/24), to hand over waste to a waste operator who has a waste treatment and/or disposal permit issued by the Environmental Protection Agency. CEDIS owns a total of 4,887 substations with transmission ratio: 110/10kV, 35/10kV, 35/6kV and 10/0.4kV, with about 5,000 transformers. Underneath the transformers in the substations, there are absorbent pits for insulating oil. The size and capacity of the absorbent pits correspond to the size of the transformer and the amount of insulating oil contained in the transformer. Waste transformers are disposed of in the Hazardous Waste Warehouse leased by CEDIS until their permanent disposal.

In May 2017, the Ministry of Sustainable Development and Tourism, in cooperation with the United Nations Development Office (UNDP), started the implementation of the National Project "Comprehensive

Environmentally Friendly Management of Polychlorinated Biphenyls (PCBs) in Montenegro," in which CEDIS participated as a partner. The project was related to the safe management of equipment and waste containing PCBs. The goal of the project was to remove all waste and equipment containing PCBs from use, decontaminate or export as waste to a destruction plant by the end of 2021. In the period 2018 - 2019, sampling and testing of insulating oil for PCB content from 4954 transformers was performed. The presence of PCBs was found in 81 transformers. Decontamination was carried out on 66 transformers whose insulating oil had a PCB concentration of less than 5000 ppm. The decontamination was carried out in the company "Rade Končar Service" Skopje, which was engaged in the decontamination of equipment and waste containing PCBs through the National Project "Comprehensive Environmentally Friendly PCB Waste Management in Montenegro." Through the National Project, 5 transformers were exported in which the concentration of PCBs in the insulating oil was above 5000 ppm. 10 transformers were handed over to the authorized waste operator for disposal, in whose insulating oil the presence of PCBs was identified. During 2023, sampling and testing of insulating oil from 202 transformers located in the 35/10kV system were carried out, of which 2 transformers contaminated with PCBs were identified. These transformers are still owned by CEDIS. Since these are waste transformers, they are planned to be exported through the National Project "Reducing Pollution of Harmful Chemicals and Waste in the Mediterranean".

4.1.4. Noise

Noise pollution in Montenegro, like in many countries, is a growing environmental concern, particularly in urban areas, tourist destinations, and regions with significant industrial and transportation activities. Noise pollution can have adverse effects on public health, well-being, and the environment, making its management an essential aspect of sustainable urban planning and environmental protection. Prolonged exposure to high noise levels can lead to various health problems, including hearing loss, sleep disturbances, increased stress levels, cardiovascular diseases, and reduced overall quality of life. Vulnerable populations, such as children, the elderly, and people with pre-existing health conditions, are particularly at risk. Noise pollution can disturb wildlife, particularly birds and marine life, affecting their communication, mating, feeding, and navigation patterns. In coastal and rural areas, noise pollution can disrupt the natural soundscape and affect ecosystems.

Main sources of noise pollution in Montenegro are urbanization and traffic, tourism activities, construction activities, industrial and commercial activities, air traffic and maritime activities. Major cities like Podgorica and Nikšić experience high noise levels due to traffic, construction, and commercial activities. These areas often exceed recommended noise levels, especially during peak hours. Coastal towns such as Budva, Kotor, and Herceg Novi face significant noise pollution during the tourist season, with increased traffic, nightlife activities, and events contributing to elevated noise levels. Areas with concentrated industrial activities, such as Pljevlja, are affected by noise from industrial operations, machinery, and transportation. Communities located near airports, major highways, and railways experience increased noise levels from transportation activities.

The Law on Environmental Protection, Law on Noise Protection, and relevant regulations provide the legal basis for noise control and management in Montenegro. These laws set maximum allowable noise levels for different areas (residential, commercial, industrial) and time periods (daytime, evening, nighttime). As part of efforts to align with EU standards, Montenegro has begun developing noise maps and action plans for major urban areas and transport routes. Noise mapping helps identify areas with high noise levels, assess the impact on public health and the environment, and guide noise reduction measures. New

construction projects, infrastructure developments, and industrial activities are required to undergo environmental impact assessments, which include evaluating noise impacts and proposing mitigation measures. Local municipalities are responsible for monitoring noise levels and ensuring compliance with regulations. Noise monitoring is often carried out in areas with known noise problems or where complaints have been received.

There is a lack of comprehensive noise monitoring infrastructure across the country, limiting the ability to assess noise levels accurately and implement effective measures. Enforcement of noise regulations can be challenging due to limited resources, insufficient staffing, and lack of coordination among local authorities. The rapid growth of urban areas and tourism activities puts additional pressure on noise management, requiring continuous adaptation of strategies and regulations. Low public awareness of noise pollution impacts and resistance to certain noise control measures, such as traffic restrictions or changes in nightlife regulations, can hinder progress.

Montenegro is implementing measures to reduce noise pollution and its impacts through urban planning and zoning, traffic management, implementation of noise barriers and insulation, through regulating nightlife and events and raising public awareness and education. Proper urban planning, including the designation of quiet zones, green spaces, and noise barriers, is being promoted to reduce noise exposure. This involves strategic placement of buildings, use of noise-reducing materials, and establishing buffer zones between noisy and quiet areas. Measures such as traffic calming, speed limits, road maintenance, and the promotion of public transport, cycling, and walking are being implemented to reduce traffic noise. Pedestrian zones and low-emission zones are also being considered to limit vehicle access in sensitive areas. Construction of noise barriers along highways, railways, and near industrial areas helps reduce noise transmission to residential areas. Improving sound insulation in buildings, particularly near noise sources like airports and highways, is another effective measure. In tourist areas, local authorities have implemented measures to control noise from bars, clubs, and events, such as setting noise limits, restricting hours of operation, and requiring soundproofing. Raising awareness about the health impacts of noise pollution and promoting community involvement in noise reduction efforts are crucial steps in managing noise pollution. Campaigns and initiatives to encourage quieter behavior and compliance with noise regulations are part of this strategy.

Expanding noise monitoring networks in urban, industrial, and tourist areas will help provide better data on noise levels and sources, guiding more targeted noise reduction measures. Incorporating noise considerations into urban planning, transport planning, and infrastructure development is crucial for long-term noise management. Using green infrastructure, such as parks, green roofs, and trees, can help mitigate noise pollution while providing additional environmental and social benefits. Establishing quiet areas or zones, especially in urban centers and tourist locations, can help preserve natural soundscapes and provide residents and visitors with noise-free environments. Montenegro collaborates with international organizations, such as the European Union and the World Health Organization (WHO), to align its noise management practices with international standards and receive technical assistance, funding, and guidance on best practices.

4.1.5. Nature protection

Montenegro is renowned for its rich biodiversity and diverse natural landscapes, which include coastal areas, mountains, rivers, lakes, and forests. The country's unique geography and varied ecosystems host a wide range of species, many of which are rare or endangered. As a result, nature protection is a key

priority for Montenegro, both for preserving its natural heritage and supporting sustainable development, including eco-tourism.

Montenegro has numerous protected areas, including national parks, nature reserves, landscapes of exceptional beauty, and areas with unique flora and fauna. These areas are essential for preserving specific habitats and species.

Montenegro has five national parks that cover approximately 10% of its territory (Durmitor National Park, Biogradska Gora National Park, Lake Skadar National Park, Lovćen National Park and Prokletije National Park).

Montenegro's coastal zone along the Adriatic Sea is characterized by a variety of habitats, including seagrass beds, coral reefs, and rocky shores. These habitats support rich marine biodiversity, including dolphins, sea turtles, and numerous fish species. Kotor Bay, a UNESCO World Heritage Site, is one of the most ecologically valuable areas along the coast.

Montenegro has several important rivers (e.g., the Tara, Lim, and Morača) and lakes (e.g., Lake Skadar and Lake Plav), which are crucial for both biodiversity and human activities. The Tara River Canyon is the second deepest canyon in the world and is part of the Durmitor National Park.

Montenegro has established a comprehensive legal and institutional framework to protect its natural environment, in alignment with international agreements and EU directives. Key laws include the Law on Nature Protection, the Law on Environmental Protection, the Law on National Parks, and the Law on Forests. These laws provide the basis for protecting habitats, species, and ecosystems, and for regulating activities that may impact natural areas. Key institutions responsible for nature protection are Ministry of Ecology, Spatial Planning, and Urbanism, Environmental Protection Agency and National Parks of Montenegro. The ministry is responsible for developing and implementing environmental policies, including nature protection. It coordinates efforts with other government agencies, NGOs, and international organizations. The agency is responsible for monitoring environmental quality, enforcing regulations, and managing protected areas. National Parks of Montenegro is a public enterprise responsible for managing and protecting the country's five national parks. It conducts activities such as habitat restoration, wildlife monitoring, visitor management, and education programs.

Montenegro is facing several challenges in nature protection such as urbanization and infrastructure development, illegal activities, pollution, climate change, limited human resources and financing. Rapid urbanization, particularly in coastal areas, poses a threat to natural habitats and ecosystems. Unregulated construction, expansion of tourism infrastructure, and land conversion for agriculture or urban development can lead to habitat loss, fragmentation, and pollution. Illegal logging, poaching, and fishing are significant threats to biodiversity. These activities are driven by a lack of enforcement, weak legal penalties, and economic incentives for illegal exploitation of natural resources. Pollution from various sources, including industrial activities, agriculture, and wastewater, negatively impacts natural habitats, particularly freshwater and marine ecosystems. Pollution can lead to eutrophication, habitat degradation, and the loss of aquatic species. Climate change poses long-term threats to Montenegro's ecosystems and biodiversity, including shifts in species distribution, increased frequency of extreme weather events, and changes in water availability. These changes can affect both terrestrial and marine ecosystems, altering habitats and species dynamics. Insufficient funding and staffing for nature protection agencies and organizations limit their ability to effectively manage and monitor protected areas, enforce regulations, and carry out conservation programs.

Strategies and initiatives developed to enhance nature protection:

- National Biodiversity Strategy and Action Plan (NBSAP) which outlines national goals for biodiversity conservation, sustainable use of natural resources, and the integration of biodiversity considerations into other sectors. It includes specific actions for protecting species and habitats, promoting sustainable tourism, and strengthening environmental governance.
- EU Natura 2000 Network: as a candidate for EU membership, Montenegro is working to establish the Natura 2000 network, a cornerstone of EU biodiversity policy. The network will designate areas for the protection of key species and habitats under the EU Birds and Habitats Directives.
- Protected Area Expansion: Efforts are underway to expand the network of protected areas, both on land and at sea, to increase coverage and ensure the representation of all critical habitats and species.
- Sustainable Forest Management: Forests cover more than 60% of Montenegro's territory. Sustainable forest management practices are being promoted to protect forest ecosystems, prevent deforestation and degradation, and support the livelihoods of local communities.
- Conservation of Endangered Species: Targeted programs are in place to conserve endangered and endemic species, such as the Balkan lynx, brown bear, and Dalmatian pelican. These programs involve habitat protection, anti-poaching measures, and scientific research.
- Ecotourism Development: Montenegro promotes ecotourism as a sustainable alternative to mass tourism. Ecotourism initiatives focus on providing visitors with authentic nature experiences while minimizing environmental impacts and supporting local communities.

Montenegro actively cooperates with international organizations and neighboring countries to enhance its nature protection efforts. As a candidate for EU membership, Montenegro receives technical and financial support from the EU to align its environmental legislation with EU standards and implement nature protection projects, such as the development of the Natura 2000 network. Montenegro collaborates with various UN agencies, such as the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP), on projects related to biodiversity conservation, climate change adaptation, and sustainable development. As a party to the Ramsar Convention, Montenegro is committed to protecting its wetlands of international importance, such as Lake Skadar and Tivat Salina. Montenegro cooperates with neighboring countries, particularly in the Western Balkans, on transboundary conservation initiatives, such as the protection of shared river basins, migratory species, and cross-border protected areas.

4.1.6. Climate change

Climate change poses a significant threat to Montenegro's environment, economy, and society. Due to its unique geography, with a combination of coastal, mountainous, and freshwater ecosystems, Montenegro is particularly vulnerable to the impacts of climate change, such as rising temperatures, altered precipitation patterns, increased frequency of extreme weather events, and sea-level rise.

Climate change indicator	Impact
Rising temperature	Average temperatures in Montenegro have been increasing over the past decades. Observations indicate a warming trend, with an increase of approximately 0.5°C to 1.2°C in the last century. Projections suggest that by 2100, average temperatures could rise by 2.5°C to 4°C, depending on greenhouse gas emission scenarios. The warming trend is expected to be more

	pronounced in summer months, leading to more frequent and intense heatwaves.
Altered Precipitation Patterns	Changes in precipitation patterns have been observed, with a general decrease in annual precipitation, particularly in coastal and lowland areas, and more variable rainfall in mountainous regions. Future projections indicate that Montenegro may experience more intense rainfall events, leading to increased risks of flash floods, especially in winter, while summers are expected to become drier.
Sea-Level Rise	As a coastal country along the Adriatic Sea, Montenegro is vulnerable to sea-level rise. Sea levels are projected to rise by 0.2 to 1 meter by the end of the century, depending on global climate change scenarios. This poses a significant risk to low-lying coastal areas, infrastructure, and ecosystems.
Increased Frequency of Extreme Weather Events	Montenegro has already experienced an increase in the frequency and intensity of extreme weather events, such as heatwaves, heavy rainfall, floods, and droughts. These trends are expected to continue, with extreme events becoming more frequent and severe.
Reduced Snowfall and Glacial Retreat	Higher temperatures are expected to result in reduced snowfall and earlier snowmelt in the mountainous regions, such as the Durmitor and Prokletije ranges. This could lead to a decline in the extent and volume of glaciers and snow cover, impacting water availability and ecosystems dependent on snow and ice.

Environmental impacts of climate change in Montenegro include biodiversity loss, forest degradation and increased wildfires, change in water resources and hydrological changes, affecting coastal and marine ecosystems. Changes in temperature, precipitation, and the frequency of extreme events are affecting Montenegro's diverse ecosystems and species. For example, species that depend on specific temperature ranges, such as the Balkan lynx, may face habitat loss. Altered ecosystems can lead to shifts in species composition, increased risk of invasive species, and potential extinctions. Warmer and drier conditions, particularly in summer, increase the risk of wildfires. Montenegro has experienced a rise in the frequency and intensity of wildfires, which threaten forests, biodiversity, and human settlements. Forests are also affected by increased vulnerability to pests and diseases. Changes in precipitation and increased temperatures are impacting Montenegro's water resources. Reduced snowpack, earlier snowmelt, and altered river flows can lead to changes in water availability, particularly during summer months when demand is high. This affects drinking water supplies, agriculture, hydropower production, and aquatic ecosystems. Sea-level rise, increasing sea temperatures, and ocean acidification threaten Montenegro's coastal and marine ecosystems. Coral reefs, seagrass beds, and fish populations are at risk, affecting biodiversity, fisheries, and the livelihoods of coastal communities. Coastal erosion and saltwater intrusion into freshwater aquifers are additional concerns.

Socioeconomic impacts include impacts on tourism, agriculture, energy sector, public health and infrastructure and human settlements. As a key sector in Montenegro's economy, tourism is highly vulnerable to climate change. Rising temperatures, changing weather patterns, and extreme events can impact the attractiveness of tourist destinations. Coastal areas are particularly at risk from sea-level rise, coastal erosion, and increased storm activity, which could damage infrastructure and reduce the appeal of beaches and historic sites. Changes in temperature and precipitation patterns affect agricultural productivity and crop yields. Droughts, heatwaves, and altered growing seasons may reduce the output of key crops like olives, grapes, and vegetables. The risk of pests and diseases could also increase, requiring greater use of pesticides and fertilizers, which may have further environmental impacts. Montenegro relies heavily on hydropower for electricity generation. Changes in water availability due to altered

precipitation patterns and reduced snowpack can affect hydropower production, particularly during dry periods. This could lead to greater reliance on fossil fuels, increasing greenhouse gas emissions and energy costs. Climate change poses several public health risks, including heat-related illnesses, respiratory problems due to increased air pollution, and the spread of vector-borne diseases like Lyme disease and West Nile virus. Vulnerable populations, such as the elderly, children, and those with pre-existing health conditions, are particularly at risk. Extreme weather events, such as floods, storms, and landslides, can damage critical infrastructure, including roads, bridges, water supply systems, and buildings. Coastal areas are particularly vulnerable to sea-level rise, storm surges, and erosion, which threaten homes, businesses, and public infrastructure.

Montenegro has addressed climate change through national policies, strategies, and international commitments: National Strategy on Climate Change by 2030, Nationally Determined Contribution (NDC), Climate Change Adaptation Strategy and Law on Climate Protection. As a candidate for EU membership, Montenegro is aligning its climate and environmental policies with EU standards. This includes implementing the EU Emissions Trading System (ETS), improving environmental governance, and integrating climate change considerations into development planning.

Montenegro is implementing mitigation and adaptation measures to mitigate greenhouse gas emissions and adapt to the impacts of climate change.

Mitigation measures include:

- Promotion of Renewable Energy: Montenegro is investing in renewable energy sources, such as wind, solar, and biomass, to diversify its energy mix and reduce reliance on hydropower and fossil fuels. Several wind farms and solar projects are already operational or under development.
- Energy Efficiency: Initiatives to improve energy efficiency in buildings, industry, and transport are being promoted. This includes retrofitting public and residential buildings, upgrading industrial processes, and encouraging the use of electric vehicles and public transport.
- Sustainable Agriculture and Forestry: Promoting sustainable agricultural practices, such as water-efficient irrigation, organic farming, and crop diversification, helps reduce greenhouse gas emissions and enhance resilience to climate change. Sustainable forest management practices aim to increase carbon sequestration, reduce deforestation, and protect forest ecosystems.
- Waste Management: Improving waste management practices, such as recycling, composting, and reducing landfill use, can help reduce methane emissions from waste decomposition. Initiatives to reduce single-use plastics and promote circular economy principles are also being implemented.

Adaptation measures include:

- Water Resource Management: Efforts to improve water resource management include enhancing infrastructure for water supply, storage, and distribution, promoting efficient water use, and protecting watersheds and wetlands. Integrated water resource management approaches are being developed to address the impacts of climate change on water availability and quality.
- Disaster Risk Reduction and Early Warning Systems: Strengthening disaster risk reduction measures, such as improving flood defenses, developing early warning systems, and enhancing emergency response capacities, is critical for protecting communities and infrastructure from extreme weather events.
- Coastal Zone Management: Implementing integrated coastal zone management (ICZM) plans aims to protect coastal areas from sea-level rise, erosion, and extreme weather events. Measures

include constructing protective infrastructure, restoring coastal ecosystems, and regulating coastal development.

- **Public Awareness and Education:** Raising public awareness about climate change impacts and promoting community involvement in mitigation and adaptation efforts are essential for building resilience. Environmental education programs, public campaigns, and stakeholder engagement are key components of this approach.

Montenegro receives technical and financial support from the EU to align its climate policies with EU standards and implement mitigation and adaptation projects. Participation in EU programs, such as Horizon 2020 and the Instrument for Pre-Accession Assistance (IPA), provides access to funding and expertise. United Nations Framework Convention on Climate Change (UNFCCC): As a party to the UNFCCC, Montenegro is committed to fulfilling its obligations under the Paris Agreement and participates in international climate negotiations and reporting. Global Environmental Facility (GEF) and Green Climate Fund (GCF): Montenegro accesses funding from the GEF and GCF to support climate change projects, such as renewable energy development, climate resilience building, and capacity building. Bilateral Cooperation: Montenegro cooperates with neighboring countries, international organizations, and development partners on joint climate projects and initiatives, such as transboundary river basin management and regional climate adaptation planning.

The project Component 2 is consistent with Montenegro's climate strategies on mitigation and adaptation and its efforts toward decarbonization. The activities under Component 2 will directly contribute to Montenegro's updated NDC, which commits the country to a 35 percent reduction in total national GHG emissions by 2030 compared to 1990 levels, as it will reduce GHG emissions by reducing technical losses in the power distribution grid. Component 2 activities will indirectly contribute to Montenegro's green energy transition by supporting the integration of variable RE into the grid and providing stronger investment prospects to private sector-led RE development.

4.2. Social baseline and relevant potential issues

4.2.1. Socio-cultural, institutional, historical and political context

Montenegro has undergone significant transformation since gaining independence in 2006. The country is home to a diverse population, with the most recent census data indicating that Montenegrins make up approximately 45% of the population, followed by Serbs at around 28.7%. Bosniaks represent 8.6%, Albanians 4.9%, and Croats 1%. Other smaller ethnic groups constitute the remaining population (Montenegro Statistical Office, 2022). Religiously, Montenegro is predominantly Orthodox Christian, with about 72% of the population adhering to this faith, most of whom belong to the Serbian Orthodox Church. Muslims, who are primarily Bosniaks and Albanians, account for around 19% of the population. Roman Catholics make up approximately 3.5%, predominantly among the Croat and Albanian communities, while the rest of the population adheres to various other religions or none at all (Montenegro Statistical Office, 2022). Montenegro's political landscape is heavily influenced by its aspiration to join the European Union (EU). The country was granted EU candidate status in 2010, and accession negotiations officially began in 2012. As of 2023, Montenegro has opened all 33 negotiating chapters and provisionally closed three. The European path has driven substantial reforms across multiple sectors, particularly in governance, the judiciary, and the energy sector, where alignment with EU standards is a key priority (European Commission, 2023). Historically, Montenegro's energy infrastructure has been less developed compared to other European countries, with much of it dating back to the mid-20th century. This legacy presents a substantial challenge as the country seeks to modernize its energy sector to meet current and future demands. However, the political climate is favorable, with widespread recognition of the need for energy efficiency and renewable energy initiatives to support both environmental sustainability and economic growth. The alignment with the EU's Green Deal and the commitments under the Sofia Declaration on the Green Agenda for the Western Balkans underscore Montenegro's determination to transition towards a carbon-neutral future by 2050 (Energy Community, 2023).

4.2.2. Demography

Montenegro's population, estimated at approximately 620,000, is aging, with a median age of around 39 years. This demographic trend is a result of declining birth rates and increasing life expectancy, which now stands at approximately 77 years. These factors contribute to a shrinking working-age population, posing challenges for the country's social welfare systems and labor market (Montenegro Statistical Office, 2023). Gender distribution is relatively balanced, with slightly more women than men, particularly in older age groups due to higher male mortality rates. The education system is strong, with a literacy rate exceeding 98% and widespread access to primary and secondary education. However, disparities exist, particularly between urban and rural areas and among different ethnic groups, which could impact the equitable distribution of benefits from development projects (UNESCO, 2023).

Health outcomes are mixed. While life expectancy is relatively high, Montenegro faces significant public health challenges, including a high prevalence of non-communicable diseases like cardiovascular disease and diabetes. Healthcare access is generally good in urban centers but limited in rural and remote areas, leading to uneven health outcomes across the population (World Health Organization, 2023).

Household sizes in Montenegro are decreasing, reflecting a shift towards smaller family units. Traditional family structures are still prevalent, though there is a growing trend towards later marriages and higher divorce rates, particularly in urban areas (Montenegro Statistical Office, 2023).

4.2.3. Economy & employment

Montenegro's economy, heavily reliant on tourism and the service sector, has shown remarkable resilience following the 2020 recession caused by the COVID-19 pandemic. The economy, which contracted by 15.3% in 2020, rebounded with a 13% growth in 2021 and 6.4% in 2022, driven by a strong recovery in tourism and private consumption. This growth continued into 2023, with the economy expanding by an estimated 6%, further boosted by an influx of foreign residents, particularly from Russia and Ukraine (World Bank, 2023). Despite this recovery, unemployment remains a significant issue, with the official unemployment rate around 15%. Youth unemployment is particularly high, reflecting a mismatch between the skills provided by the education system and those demanded by the labor market. Additionally, economic opportunities are unevenly distributed, with urban centers like Podgorica and coastal areas experiencing growth, while rural regions remain economically marginalized (International Labor Organization, 2023). Montenegro's energy sector plays a crucial role in the economy, especially as the country works to reduce its carbon intensity, which is about 70% higher than the EU average. Investments in energy efficiency and renewable energy are expected to create jobs, stimulate economic growth, and help diversify the economy. These projects are essential for meeting Montenegro's climate commitments and ensuring long-term economic resilience (European Bank for Reconstruction and Development, 2023).

4.2.4. Land & livelihood

Montenegro's challenging terrain and limited arable land have a profound impact on land use and livelihoods. The coastal region, characterized by significant tourism development, contrasts sharply with the more rural and less economically developed northern and central regions. While agriculture remains a vital source of income in these rural areas, it is increasingly giving way to service-oriented sectors, particularly in urbanized regions. Land ownership in Montenegro is a mix of private and state holdings, with complex tenure systems that sometimes lead to disputes. The government has made progress in modernizing land registration systems, but challenges persist, especially in rural areas where informal land tenure practices are common. The shift from traditional livelihoods to more service-based employment is uneven across the country. Coastal areas have benefited from significant economic growth due to tourism, while the northern regions have experienced stagnation, leading to internal migration and depopulation of rural areas. Energy infrastructure projects, particularly those involving modernization and the integration of renewable energy sources, are expected to influence land use patterns. For example, the installation of rooftop solar photovoltaic (PV) systems may require adjustments in land use, particularly in urban areas. Ensuring that these projects support sustainable livelihoods and do not exacerbate existing inequalities is crucial for their long-term success.

4.2.5. Infrastructure

Montenegro's infrastructure, particularly in the energy sector, requires significant modernization to meet current demands and future growth. The country's electricity distribution network, much of which was developed in the mid-20th century, is characterized by inefficiencies such as high technical losses and frequent outages. As of 2023, the technical losses in the electricity distribution network were reported at 10.8%, a significant reduction from 18.2% in 2013, yet still above the optimal level of 6-8% observed in the best-performing utilities in the region (REGAGEN, 2023). These inefficiencies not only affect residential consumers but also have broader economic implications, particularly for commercial users who depend on a reliable power supply for their operations. Montenegro's energy consumption per unit of GDP is about 30% higher than the European Union (EU) average, reflecting the country's need for improved energy efficiency and more sustainable practices (European Bank for Reconstruction and Development,

2023). The aging infrastructure, coupled with the rising demand for electricity, underscores the urgency of modernizing the grid. This includes replacing outdated transformers, upgrading substations, and integrating renewable energy sources like solar photovoltaic (PV) systems, which are expected to reach 200 MW of installed capacity by 2026 (EPCG, 2023). Transportation infrastructure in Montenegro, including roads and bridges, also requires substantial improvement. The country's road network is approximately 7,000 kilometers long, with only about 20% classified as highways or primary roads. Many rural areas remain poorly connected, limiting access to markets, healthcare, and education. This lack of infrastructure is particularly problematic in the northern regions, where economic development lags behind the more prosperous coastal areas (Montenegro Ministry of Transport and Maritime Affairs, 2022). The water and wastewater systems in Montenegro show a significant urban-rural divide. In urban centers like Podgorica, the capital, water supply and wastewater services are generally reliable, covering about 90% of the population. However, in rural regions, these services are less developed. Only about 60% of rural households have access to reliable water supply systems, and the situation is even more challenging regarding wastewater treatment, where coverage drops to around 40% (Montenegro Ministry of Sustainable Development and Tourism, 2022). Healthcare infrastructure in Montenegro is concentrated in urban areas, leading to disparities in healthcare access between urban and rural populations. Urban areas such as Podgorica, Nikšić, and Bar have relatively well-developed healthcare facilities, including hospitals and specialized clinics. In contrast, rural regions often rely on basic health centers with limited services, making it difficult to address complex health issues. This disparity is particularly concerning given that 18.7% of Montenegro's population is aged 65 or older, and chronic health conditions like cardiovascular disease are prevalent (World Health Organization, 2023). Modernizing Montenegro's energy infrastructure is critical to addressing these challenges. Renovating public buildings to improve energy efficiency, upgrading the electricity grid to reduce losses and outages, and expanding renewable energy capacity are all essential steps. These improvements are expected to enhance the quality of life for Montenegrin citizens, support economic growth by providing reliable energy for businesses, and contribute to the country's environmental sustainability goals. The focus on reducing energy consumption and integrating renewable sources aligns with Montenegro's commitment to the EU's Green Deal and its climate goals under the Paris Agreement (Energy Community, 2023).

5. Potential Environmental and Social Risk and Impacts and Standard Mitigation Measures

Activities planned under Component 2 of the Project will improve power supply reliance and increased power flows from renewables resulting in positive impact to the environment by reducing GCG and air pollutant emissions and thus mitigate climate change reduction of other pollutants, coming from fossil fuel combustion for energy purposes, increasing energy savings and encouraging the promotion of the environmentally good practices.

Most of the negative impacts associated with project activities under Component 2 are related to the retrofitting and installation works: dust, noise and air emissions, generation and handling of hazardous materials and waste (dismantling of old transformers, PCBs...) and occupational and community health and safety issues. These risks are site-specific, time limited, predictable and easily manageable.

The potential negative impacts of the operational phase will have a negligible footprint are primarily related to the risk of equipment malfunctions and inadequate maintenance and expertise of the personnel operating the equipment.

The following sub-chapters describe the possible negative impacts of the sub-project activities and the proposed mitigation measures.

5.1. Environmental impacts and mitigation measures

5.1.1. Air pollution

The project activities may generate emissions of exhaust gases into the air (CO₂, NO_x, SO₂ and CO) from combustion of machinery and vehicles fuels. The movement of vehicles and the operation of machinery cause may generate emission of fugitive dust (PM₁₀ particles) and their deposition on the surrounding surfaces. The intensity of this pollution depends primarily on weather conditions (the wind strength). These emissions are limited to the narrower area and only to the working part of the day. The densely populated areas are particularly vulnerable to these impacts. Works will take place during limited short-term period, so the impact on air quality will be short-term and negligible scale.

With the following standard work site management practices, air emissions can be significantly reduced: water sprinkling to limit dust emissions in the area near non-asphalted roads, covering of surfaces with plastic coverings during material transportation and storage, limiting vehicles speed in the work site area and access roads, periodical cleaning of work site and access roads, efficient use of modern attested machinery to minimize emissions, provided with mufflers and maintained in good and efficient operation condition, reducing material collection and retention time at the minimum to minimize exposure to wind.

5.1.2. Waste generation and management

The implementation of project activities will generate different types of waste. Waste classification is stipulated by Ordinance on Waste Classification, Waste Catalogue, Waste Treatment Procedures, i.e. Waste Processing and Disposal (Official Gazette of Montenegro No. 064/24). Waste is classified depending on its origin and place of origin into 20 groups (from 01 to 20). According to the processes in which waste is generated, waste groups have 1 or more subgroups that are denoted by 4 figures.

Mainly waste types from the following waste groups are expected to occur:

- group 13 - oil wastes and wastes of liquid fuels (oils containing PCBs);
- group 15 - waste packaging; absorbents, wiping cloths, filter materials and protective clothing not otherwise specified;
- group 16 – waste that is not otherwise specified (waste from electrical and electronic equipment);
- group 17 - construction and demolition wastes (metal);
- group 20 - municipal wastes (household waste and similar commercial, industrial and institutional wastes) including separately collected fractions (paper, plastics, glass, food waste etc.).

Poor waste management practices contribute to soil, water, and air pollution. Exposure to improperly managed waste can lead to health problems, including respiratory issues, infections, and exposure to hazardous substances, particularly in communities near illegal dumpsites or inadequate landfills.

Improper disposal of e-waste has a range of environmental consequences. E-waste often contains harmful substances such as lead, mercury, cadmium, and flame retardants. When discarded in landfills, these materials can leach into the soil and water, causing long-term contamination. E-waste that is not recycled often ends up in landfills, where the decomposition of materials can result in the emission of greenhouse gases, contributing to climate change. Improper e-waste disposal can lead to soil and water pollution, affecting local ecosystems and biodiversity. The improper treatment of e-waste also poses a threat to the health of communities living near disposal sites.

PCBs can accumulate in the environment and pose significant risks, they have toxic effects on human health and the environment.

Following principles should be practiced in waste management:

- establishing waste management priorities at the outset of activities based on an understanding of potential Environmental, Health, and Safety (EHS) risks and impacts and considering waste generation and its consequences;
- establishing a waste management hierarchy that considers prevention, reduction, reuse, recovery, recycling, removal and finally disposal of wastes;
- avoiding or minimizing the generation waste materials, as far as practicable;
- where waste generation cannot be avoided but has been minimized, recovering and reusing waste;
- where waste cannot be recovered or reused, treating, destroying, and disposing of it in an environmentally sound manner¹³.

Each type of generated waste on the location must be temporary stored in separate waste container which have to be labelled with waste type name and waste code and located at the solid surface foreseen for that purpose on the construction site.

Transformers containing PCBs must be properly decontaminated, and PCB containing oils safely collected, stored, and disposed of by licensed hazardous waste management companies. Metal parts and other recyclable materials should be processed in accordance with regulations. Whenever feasible the contractor should reuse and recycle appropriate and viable materials. Non-recyclable waste must be disposed of in approved landfills or treatment facilities. Burning or illegal dumping of waste is strictly prohibited. During and after finishing retrofitting works all waste must be handed over to the companies

¹³ WB Environmental, Health, and Safety General Guidelines (chapter 1.6.)

authorized for the waste management, so the potential for a negative impact on the environment is reduced to a minimum.

Careful decommissioning and disposal must be implemented when replacing old switchgear (subcomponent 2.1.) and decommissioned transformers must be reused or dismantled (subcomponent 2.2.). The dismantling of the old equipment involves removing components (circuit breakers, busbars, and relays), identifying and properly handling any hazardous materials (such as SF₆ gas, possible PCBs), in compliance with environmental regulations. Valuable materials, including metals and plastics, must be dispatched through approved recycling programs.

In the case of reusing the decommissioned transformers, first they must undergo inspection, insulation tests, oil analysis, and performance evaluations to ensure they meet current standards.

If the case of dismantling the transformer's insulating oil will be drained, and components will be separated for recycling valuable materials like copper, aluminum, and steel. Non-recyclable parts must be disposed of according to local regulations.

Montenegro works with licensed hazardous waste management companies to handle the collection, transport, and export of PCB waste. Waste transformers will be disposed of in the Hazardous Waste Warehouse leased by CEDIS until their permanent disposal. Montenegro lacks specialized facilities for the disposal of PCB waste, so the country relies on exporting this waste to facilities in other countries that have the appropriate technology and capacity for safe disposal.

5.1.3. Surface / ground water pollution

During the implementation of project activities there is a possibility of impacting surface water and ground water due to uncontrolled spillage of fuels, oils, equipment lubricants, paints, varnishes and improper waste management during irregularly storage of fuels or some accidental situations. Considering the distance of the surface water from the boundary of the site of individual Sub-project, the surface water body may be affected if the hazardous material is inadequately disposed, and accidental spills occur. There can be no unregulated extraction of groundwater, nor uncontrolled discharge of process waters or any other contaminated waters into the ground or adjacent streams or rivers.

Surface or ground water pollution can be prevented by proper organization of work site; by regular maintenance of vehicles and machinery in service centers outside the site locations and responsible handling of liquid waste; by using containment measures, such as spill kits and proper storage facilities, to prevent and manage accidental spills or leaks during the removal and transport of transformers, by carrying out activities which include oil on the part of the work site that is derived from an impermeable working surface; removing hazardous liquid in the case of an accident, using adsorption materials (sand, sawdust or mineral adsorbents), collecting such waste material in tanks, storing in the space provided for hazardous waste storage and handing over to authorized companies; preventing hazardous spillage coming from tanks, containers (mandatory secondary containment system, e.g. double walled or banded containers), construction equipment and vehicles (regular maintenance and check-ups of oil and gas tanks); by parking (manipulate) machinery and vehicles only on asphalted or concrete surfaces with surface runoff water collecting system; by installing proper storm water drainage systems and not silting, polluting, blocking or otherwise negatively impacting natural streams, rivers, ponds and lakes by construction activities.

5.1.4. Noise

Noise is an unavoidable environment impact during retrofitting and installation works. It occurs during the operation of machine and equipment at the site (mainly in the processes like transport, loading/unloading machinery etc.). Noise and vibration can also have negative impact on the narrower area around the work site, especially if there are sensitive receptors in the vicinity. This impact is short-term, limited to the location of the site and the narrower area around the site, and ceases after completion of foreseen works. Permissible noise level for the construction site is determined by the provisions of Rulebook on value limits of Environmental Noise, the Method for Determining the Acoustic Noise Indicators and Assessment Methods of the Harmful Effects of Noise (Official Gazette of Montenegro No. 60/11). According to the mentioned ordinance, regardless of the acoustic zone and the corresponding limit value, noise originating from construction works in an open space for which a permit has been issued by the competent authority may exceed the prescribed limit value by 5 dB(A), during the time in which construction works can be carried out in accordance with the law.

Emission of noise must comply with legally defined limits. Mechanisms available to monitor potential impacts and introduce mitigation measures in a timely manner will be used. The sub-project-affected parties (residents near the substation) will be adequately informed about the sub-project and GRM. It will be ensured that the GRM is functional. The sub-project-affected parties will be kept informed about construction schedules, progress, and safety precautions. In case that generated noise levels are severely impacting the sub-project-affected parties, it is necessary to choose and apply adequate noise protection measures: adjustment of operating time; use of temporary movable noise barriers; use of alternative working machines with lower noise emission levels.

Regarding impacts on narrower area around the construction site, it is desirable to carry out works in the period from 8 to 18 hours and not to carry works during the nights. Community / public should be informed in advance of any work activities to occur outside of normal working hours or on weekends. All equipment must be maintained in good operating condition and be attested. During operations the engine covers of generators, air compressors and other powered mechanical equipment shall be closed, and equipment placed as far away from residential areas as possible.

5.1.5. Soil pollution or erosion

Possible negative impacts on the soil can be caused by fuels, lubricants and liquid materials used. These pollutants can infiltrate into ground and underground due to elemental disasters, accidents or mismanagement of the equipment, transport vehicles and parts of the devices and system during performing the service when there is a risk of leakage of dangerous substances in the surroundings.

Possibility of soil pollution or erosion can be reduced by regular machines maintenance and servicing, by avoiding fuel and lubricant storage on site and by adhering the measures and standards for construction machinery. If installation of fuel storage tanks will be needed, they should have secondary tanks with sufficient volume to contain a spill from the largest fuel tank in the structure. The containment area will have a device (pump) to remove accumulated water. Containment measures, such as spill kits and proper storage facilities, to prevent and manage accidental spills or leaks during the removal and transport of transformers must be used.

5.1.6. Cultural and historical heritage

If previously unknown cultural heritage is encountered during project activities, a chance finds procedure should be followed. It must be included in all contracts relating to construction of the project. The chance finds procedure sets out how chance finds associated with the project must be managed. Procedure for chance findings is legally defined and must be applied. If during construction works some archaeological finds are encountered, works must be stopped immediately and the competent authority informed. Works will resume only after appropriate measures have been taken as required by relevant authority and after it confirms that works may continue.

5.1.7. Biodiversity

Retrofitting works can affect biodiversity or habitats, although this is unlikely as project activities are taking place in the footprint of existing substations. Impact that can affect biodiversity and habitats is degradation of habitat quality from air/water pollution due to accidental spills or light or noise pollution. Since all retrofitting works will be carried out within the limited intervention scope, within the existing footprint of substations, mainly in nonurbanized areas, in a space already in use for the same purposes and thus significant, long term negative impact on biodiversity are not expected. The effects will be temporary, predictable, and typical for smaller civil works and, as such, easily mitigated.

To protect biodiversity the movement of heavy machinery must be restricted to the road corridor. Handling of equipment and machinery must be professional and careful to avoid accidents (fires or spillage of large amounts of harmful substances into the environment), and thus negatively affect flora and fauna. Work along watercourses and on watercourses and canals should be limited to as small area as possible. Cutting of trees and other natural vegetation should be avoided, where possible. For the restoration of the removed natural vegetation cover, only autochthonous plant species that occur in the vegetation communities present in the wider area of the sub-project should be used. It is desirable that the potential removal of vegetation is planned for the period when birds do not nest. In case of finding the nests of endangered bird species, their disturbance should be prevented, and the central state body responsible for nature protection informed about the discovery. Where possible, the area under retrofitting must be fenced to lessen even occasional disturbance and dust on habitats and biodiversity. If noise barriers need to be constructed, they should be opaque or with a design and density of stickers that will prevent birds from entering the barriers.

5.1.8. Community health and safety

Possible environmental and social impacts on community health and safety are of temporary nature and are predominantly linked to retrofitting activities and analyzed in previous sections. Retrofitting works may cause temporary disruptions to nearby communities such as: increased levels of noise, dust, pollution of surface and ground water due to accidental spills, traffic safety risks due to increased traffic and temporary traffic disruptions, risk of road accidents for pedestrians, disruptions in utility services due to accidents or planned interventions (water, electricity) and poor occupational health and safety practices.

Air emissions from construction activities (emissions from machinery and construction traffic) can in short-term period (during working hours) aggravate the ambient air quality and affect the public health.

One of the key potential risk are road accidents due to increased traffic of construction vehicles and congestion. The risk is particularly higher for sub-projects that will take place in densely populated areas. Accidents can result in injuries including fatalities affecting both the community and workers.

Noise and vibration pollution caused by the movement of vehicles, machinery and other retrofitting and installation activities will have a negative impact on the narrower area around the work site, especially if there are sensitive receptors in the vicinity. These impacts are short-term, limited to the location of the site and the narrower area around the site and by applying adequate mitigation measures will not have significant negative impact on the community health and safety.

There is a limited risk of hazardous materials exposure. Management of hazardous materials, including hazardous waste, is related to construction activities and is short-term.

Contractor must ensure mitigation measure for these risks by adhering to WHO guidelines as well as Environmental Health and Safety (EHS) Guidelines of the World Bank Group and other good international industry practice (GIIP), and national guidance and procedures. Enforcement of environmental legislative framework will ensure minimising risk of affecting public health from deteriorating the ambient air quality and possible noise and vibration pollution.

Air emissions can be significantly reduced with the standard construction site management practices (described in detail in the Annex 10.1. Checklist ESMP).

The sub-project-affected parties (residents near the substation) will be informed about work schedules, progress, and safety precautions and adequately informed about the sub-project and GRM. In case that generated noise levels are severely impacting the sub-project-affected parties, it is necessary to choose and apply adequate noise protection measures: adjustment of operating time; use of temporary movable noise barriers; use of alternative working machines with lower noise emission levels. All equipment must be maintained in good operating condition and be attested. During operations the engine covers of generators, air compressors and other powered mechanical equipment shall be closed, and equipment placed as far away from residential areas as possible. Community / public should be informed in advance of any work activities to occur outside of normal working hours or on weekends.

The contractor who performs the construction works is obliged to arrange the site and to ensure that the works are carried out in accordance with the occupational health and safety regulations (e.g. appoint person responsible for safety at work, determining and marking construction site boundaries, ensure effective and safe transport routes, list of activities indicating hazardous works, define measures and instructions for safety at work, ensure instructions on how to act in case of fires, earthquakes, etc.). Detailed written instructions on how to act in the case of an accident must be present in the vehicle when transporting dangerous goods as defined by Law on the Transport of Hazardous Substances.

If there will be a need for the migrant/foreign workers, the working conditions and terms of employment of migrant workers (domestic or foreign) should be the same or substantially equivalent to those of non-migrant project workers performing the same type of work. This applies to migrant project workers employed or engaged directly by the Borrower or through a third party.

In case of a chance finds procedure defined in the Law on Cultural Heritage Protection (Official Gazette of Montenegro, No. 049/10, 040/11, 044/17, 018/19).

This risk of exposure to hazardous material will be mitigated in accordance with national labor and OHS policies as well as adhering to appropriate measures defined in this ESMF (by which emergency and

preparedness response is defined – e.g., how to respond in the case of an accident during transportation of hazardous waste).

Occupational health and safety

Working with transformers during their replacement or maintenance involves several occupational health and safety risks including electrical hazards, chemical exposure, physical injuries, environmental contamination, and thermal stress. These risks can vary depending on the specific type of transformer, the working environment, and the procedures used.

Accidental contact with live parts can cause severe electrical shocks or burns since transformers carry high voltage. Risks are especially high when de-energizing or re-energizing transformers. Working near energized equipment can expose workers to arc flash hazards, and cause severe burns and injuries from the intense heat and light generated by electrical faults.

Spills or leaks of transformers fluids can expose workers to harmful chemicals. Older transformers may contain PCBs (polychlorinated biphenyls), which are hazardous. Inhalation or skin contact with PCB-containing oils can pose serious health risks, including cancer and endocrine disruption. Transformers use various insulating fluids, such as mineral oil or synthetic oils, which can be toxic or irritant.

Transformers and their components are heavy and require careful handling to avoid injuries from lifting or moving equipment. Installation or maintenance work may involve working at elevated heights, increasing the risk of falls. The operation of heavy machinery and tools can produce high noise levels, potentially leading to hearing loss or discomfort.

Accidental spills of insulating oil can cause environmental contamination and pose health risks to workers. The dismantling of transformers and associated equipment can generate dust and debris, which can be harmful if inhaled or if they contaminate the workplace.

Transformers and associated equipment can become very hot during operation. Workers may be exposed to high temperatures during maintenance or replacement, which can lead to heat stress or burns.

Implementing best practices, adhering to safety regulations, and ensuring proper training and equipment can significantly mitigate these risks :

- Lockout/Tagout (LOTO) procedures,
- use of appropriate PPE,
- training for workers in electrical safety, safe work practices and emergency response procedures,
- following guidelines for hazardous material handling,
- spill containment measures,
- safe handling, storage, and disposal of chemicals used in transformers according to MSDS Material Safety Data Sheets,
- use of proper manual handling techniques, use of harnesses and guardrails, when working at heights,
- proper installation and maintenance of scaffolding and ladders,
- waste management in accordance with environmental regulations,
- hydration and rest, use of heat resistant PPE.

5.1.9. Overview of environmental risks and mitigation measures in pre-construction, construction and use phase

Overview of environmental risks and mitigation measures construction and use phase is given in Tables 7. and 8.

Table 7. Environmental Risks and Mitigation Measures – construction phase

Subcomponent Activity	Risks and Impacts	Mitigation Measures
Retrofitting of 35 kV switchgear in primary substations Replacement of 38 transformers. These comprise thirty-six 35/10 kV and two 10/0.4 kV eco-design transformer	<ul style="list-style-type: none"> - generation of dust, noise, and vibration; - pollution of surface and ground waters and soil due to minor operational or accidental spills of fuel and lubricants; - impact on workers and community health and safety; - waste generation, disposal and pollution (improper disposal of waste containing PCBs and SF₆) - impact on biodiversity (flora and fauna); improper reinstatement of work sites upon completion of works; 	<ul style="list-style-type: none"> - ensure implementation of mitigation measures prescribed in the ESMP Checklist (proposed mitigation measures are given in Annex 10.1. -Table 14. of this ESMF)

Table 8. Environmental Risks and Mitigation Measures – operational phase

Subcomponent Activity	Risks and Impacts	Mitigation Measures
Worker's health and safety	<ul style="list-style-type: none"> - endangered health and safety of workers 	<ul style="list-style-type: none"> - safety and maintenance plan for all equipment will be prepared before use and regularly implemented; - ensure all procedures for safe use of equipment are in place and staff is adequately trained and acquainted with them before use phase, all procedures will be readily available at premises; - regular inspection and maintenance of equipment to ensure that transformers are in good condition and to prevent leaks or failures.
Maintenance of the building	<ul style="list-style-type: none"> - unsafe practices during operation of the equipment 	<ul style="list-style-type: none"> - robust scheduled maintenance programs

5.2. Social impacts and mitigation measures

Some of the social risks identified for Component 2 are typical for small-scale construction works needed to replace the equipment of 35kV switchgear in 7 primary substations; to replace old MV/MV and MV/LV transformers (36 type 35/10 kV transformers located in 27 MV/MV substations around the country, and 2 type 10/0.4 kV transformers located in 2 different 10/0.4 kV substations) as well as to install smart meters and sensors for approximately 6.000 consumers. The civil works and installation of equipment are small in magnitude and as such the impacts can be easily and predictably avoided, minimized and mitigated by proper organization of construction site, continuous communication with all stakeholders and through other ESF tools and national legislation, in particular through the development and implementation of project stakeholder engagement plans and grievance redress mechanisms as well as through the development and implementation of labor management procedures.

The replacement of switchgear, transformers, as well as the installation of smart metering systems for consumers may necessitate temporary power outages. These outages could disrupt daily life of citizens living and/or working in the area. Outages can affect vulnerable groups, in particular the elderly persons and persons with disabilities that depend on electricity powered medical equipment and devices for accessibility (i.e. elevators).

Community health and safety

Community health and safety risks typical for construction / renovation works:

- Increased noise and vibrations caused by increased traffic, use of machinery and equipment at the construction/renovation site.
- Traffic accidents for pedestrians caused by increased and inadequately organized traffic (transportation of materials, equipment and workers);
- Temporary closing of roads without ensuring adequate transport routes may cause inconvenience for local population;
- Disruptions in utility services due to accidents or planned interventions (water, electricity);
- Poor occupational health and safety practices;
- Inadequate disposal of waste from construction site polluting the community environment (including inadequate management of waste containing PCB and exposure of local community with PCBs).

Labor management risks

This Project will most likely include all categories of project workers defined by ESS2, except community workers (direct workers, contracted workers, and primary supply workers). Beside direct workers (persons employed or engaged directly by the implementing agencies such as technical, and environmental experts, architects, civil engineer, procurement, financial management employed within the PIU or by the Implementing Agencies, etc.) both low and high-quality skilled workers, are expected to be engaged by contractors and sub-contractors (i.e. construction company, supervision company). Beside the OHS risks potential labor risks in relation to civil works are related to working conditions and treatment of the project workers during implementation of works (e.g. employment and working conditions, membership and participation in workers' or employers' associations or in any other professional organization, etc.). It can be expected that the greater number of low skill workers will be engaged, including the foreign workers as previously described. Foreign workers can be seen as a vulnerable group due to their non-existent social networks, obstacles in exercising all social rights, and higher general exposure to potential discrimination.

Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH)

With respect to GBV, the risk is low as there will only be small size civil works.

Montenegro has had a national law in place prohibiting workplace harassment, including sexual harassment, since 2012. Additionally, Montenegro ratified the Istanbul Convention in 2013

With respect to GBV, the risk is low as there will only be small to medium size civil works. The project is expected to engage some contractors and workers and will not include type of works which would initiate large labor influx. The project works will take place in areas which can be supervised. However public buildings have a significant share of female population. Therefore, in spite of low GBV risk the project will institute a Code of Conduct for project workers and a dedicated grievance mechanism to receive confidential SEA/SH complaints. The project workers including those engaged on the small construction/installation works will receive training on the prevention of SEA/SH.

Lack of communication and information exchange

There are potential risks of poor or a lack of communication and information exchange among relevant stakeholders including local community. For all works and equipment replacement continuous stakeholder engagement through all project cycle should be ensured as well as easily accessible GRM mechanisms, both for public and project workers. Particular attention should be given to ensure clear and comprehensive communication and information about potential power outages that could disrupt daily life of citizens. Meaningful consultation and stakeholder engagement shall be conducted during the whole life-cycle of the of the subprojects.

Temporary power outages

The replacement of switchgear (subcomponent 2.1.) and transformers (subcomponent 2.2.), as well as the installation of smart metering systems for consumers (subcomponent 2.3.), may require no-voltage conditions, leading to planned power outages. These outages have the potential to disrupt daily life, particularly for vulnerable populations, the elderly and individuals with disabilities, that can be dependent on electrically powered medical equipment and accessibility devices such as elevators, and stairlifts. Moreover, power outages can impact the provision of healthcare services (outpatient services, diagnostic labs, and electronic medical records systems), of emergency services such as police, fire departments, and ambulance services and for municipalities create concerns on failure of traffic lights, increasing the risk of accidents and traffic congestion. Furthermore, concerns arise for educational activities if power outages occur during extreme weather conditions where heating or cooling is essential. Public administration functions can be delayed by power outages. Citizens can face disruptions in functions of phone networks, internet services, and other communications systems impacting everyday communication, disruptions in lighting, heating/cooling systems, and the ability to use household appliances such as refrigerators, cooking devices, and washing machines.

For the replacement of switchgear in Subcomponent 2.1., several planned power outages, each lasting a few hours, will be required. The number of consumers at each location potentially affected by these no-voltage conditions is as follows:

- TS 110/35kV Budva – 40,727 consumers
- TS 110/35kV Tivat – 19,128 consumers
- TS 110/35kV Ulcinj – 18,260 consumers
- TS 110/35kV Bar – 38,495 consumers
- TS 110/35kV Berane – 25,583 consumers
- TS 110/35kV Nikšić – 23,206 consumers
- TS 110/35kV Pljevlja – 22,070 consumers

In Subcomponent 2.2., among all planned transformer replacements, five locations have only one energy transformer each (TS Ponari, TS Ubli, TS Bioče, TS Gusinje, and TS Čokrlije). For these sites, a no-voltage condition (power outage) will be required, with an average duration of 3-4 hours, depending on the specific work needed at each facility. The maximum disconnection duration could extend to 8 hours. For substations equipped with two energy transformers, replacements are planned during periods of the year when consumer load permits the operation of just one transformer, thereby avoiding the need for power outages. The number of consumers at each of the five locations with a single power transformer potentially affected by no-voltage conditions in Subcomponent 2 is as follows:

TS 35/10kV Ponari – 1,566 consumers

TS 35/10kV Ubli – 1,506 consumers

TS 35/10kV Bioče – 664 consumers

TS 35/10kV Gusinje – 1,992 consumers

TS 35/10kV Čokrlije – 1,937 consumers

In Subcomponent 2.3., the plan involves installing approximately 6,000 smart metering devices in consumer facilities. These installations will occur individually at specific consumer locations on the network. As a result, any supply interruptions will be localized in the facility of the consumer and brief, typically lasting no more than 20 minutes, and possibly even less, since the replacement process is straightforward.

In their usual business practices and procedures CEDIS takes several measures to mitigate the impact of power outages on consumers:

- Scheduled outages during low-demand periods such as early morning hours. This helps minimize the disruption to daily activities of consumers;
- Advance notification advance notice to consumers about planned outages. This allows consumers to prepare for the temporary loss of power, reducing the inconvenience;
- Minimizing duration of the power cuts, i.e. less than 20 minutes for the installation of smart metering devices;
- Minimizing the likelihood of power outages, in stations with 2 transformers, replacements are planned during periods of the year when consumer load permits the operation of just one transformer.

CEDIS has a detailed process for informing the public about planned outages and network issues to ensure transparency and minimize disruption. Public Engagement: Through these channels, CEDIS ensures that all stakeholders are well-informed about upcoming outages, helping them to plan accordingly and reduce the impact on their daily activities

The process of informing the public is as follows:

- the Maintenance Department plans the works, which are then coordinated with the Network Management Department. Both departments fall under the Operational Directorate.
- The Network Management Sector sends the worklists to the Corporate Communications Service at least two days before the planned work.
- The Corporate Communications Service sends notifications to all media outlets 48 hours in advance, ensuring the public and businesses can prepare for the power outages.
- Daily updates on planned works are published on the official CEDIS website (cedis.me) and the CEDIS Facebook page (facebook.com/cedisonline). These platforms provide the most current information regarding scheduled outages.

Overview of social risks and mitigation measures is given in Table 9.

Table 9. Social Risks and Mitigation Measures

Subcomponent Activity	Risks and Impacts	Mitigation Measures
Construction and renovation works	Community health and safety risks typical for construction / renovation works (increased noise and vibrations, traffic accidents for pedestrians caused by increased and inadequately organized traffic, temporary closing of roads, disruptions in utility services (water, electricity). Poor occupational health and safety practices.	<ul style="list-style-type: none"> - Proper organization of construction site - Continuous communication with all stakeholders through development, implementation and monitoring of SEP. - Application of the WB ESF instruments and Environmental, Health and Safety (EHS) Guidelines, WHO guidelines and other good international industry practice (GIIP) - Development of labor management procedures (LMP) in relation to the requirements of national legislation and ESS2. - Established, implemented and monitored GRM for receiving, evaluating, and addressing project-related complaints, feedback, questions and suggestions.
	Labor management risks including OHS and contractual treatment of the project workers during implementation of works (employment and working conditions, membership and participation in workers' or employers' associations).	<ul style="list-style-type: none"> - Development of labor management procedures (LMP) in relation to the requirements of national legislation and ESS2. - Established, implemented and monitored workers GRM for grievances from project workers, including employees of contractors/sub-contractors.
	Lack of communication and information exchange	<ul style="list-style-type: none"> - Continuous communication with all stakeholders through development, implementation and monitoring of SEP. - Established, implemented and monitored GRM for receiving, evaluating, and addressing project-related complaints, feedback, questions and suggestions.
	Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH)	<ul style="list-style-type: none"> - Established, implemented and monitored GRM for receiving, evaluating, and addressing project-related complaints, feedback, questions and suggestions. - GRM set up in a way to ensure secure mechanism for lodging SEA/SH complaints. - Provisions of project LBM include requirements for the Contractor to prepare and enforce a Code of Conduct for Workers - The project workers including those engaged on the small construction/installation works will receive training on the prevention of SEA/SH
	For persons with disabilities and elderly population potential impacts on accessibility of the building during energy renovation works (reduced	<ul style="list-style-type: none"> - Proper organization of construction site - Avoid if possible reorganization of spaces (minimal changes to layout) and limit the impact of construction work on work accessibility of the building.

	<p>access to the elevator, changes in organization of spaces)</p>	<ul style="list-style-type: none"> - Contractors encouraged to use notices, signage and information materials in accessible formats and specific physical barriers and markings (i.e. tactile pads, raised strips for altered routes and layouts) and / or temporary structures (i.e. ramps) that comply with accessibility standards.
	<p>Victim and witnesses Potential impacts on safety of the building during energy renovation works due reduced access to dedicated rooms for victims and witnesses, difficulties in securing separate flows (direction of moving within the building organised to avoid contacts between victims and witnesses with potential suspects.</p>	<ul style="list-style-type: none"> - Efforts to assure a room for victims and witnesses and to organise, as much as possible, separate flows through space management of the building and management of the time in which victims, witnesses and eventual suspect are present in the building
	<p>Elderly individuals are vulnerable on power outages if they rely on electric-powered medical devices that are critical for their health. They might face difficulties to move around if elevators, powered stair lifts, or other accessibility devices are non-operational due to the lack of electricity. They have lower level of digital literacy and less access to mobile phones or other digital devices, this means that they have lower access to some of the usual CEDIS communication channels for power outage.</p>	<ul style="list-style-type: none"> - Established, implemented and monitored GRM for receiving, evaluating, and addressing project-related complaints, feedback, questions and suggestions - The project will avoid implementation of works during extreme temperature events - Using usual CEDIS communication channels for power outages the project will encourage the local community (i.e. family members, neighbors, friends) to inform the elderly about the planned power outage (including expected duration and time windows) and to check on check them during outages, ensuring they have adequate food, water, and medical supplies, and helping them access emergency services if needed. - Efforts to schedule equipment replacement during times of the year and day when power demand is lower to reduce the risk of outages.
	<p>If dependent on electrically powered medical equipment (e.g., ventilators, mobility aids) persons with disabilities could face health risks. They face difficulties to move around during a power outage, especially if elevators, powered stair lifts, or other accessibility devices are non-operational. Those with certain disabilities (e.g., hearing or visual impairments) may find it difficult to receive or respond to outage notifications and emergency information.</p>	<ul style="list-style-type: none"> - Established, implemented and monitored GRM for receiving, evaluating, and addressing project-related complaints, feedback, questions and suggestions - Using usual CEDIS communication channels for power outages the project will encourage the local community (i.e. family members, neighbours, friends) to inform the persons with disabilities about the planned power outage (including expected duration and time windows) and to check on check them during outages, ensuring they have adequate food, water, and medical supplies, and helping them access emergency services if needed. - Efforts to schedule equipment replacement during times of the year and day when power demand is lower to reduce the risk of outages.

	<p>Women, LGBT+Q students and teaching staff, Roma students and staff and economically marginalized people - risks of GBV and other forms of discrimination</p>	<ul style="list-style-type: none"> - Established, implemented and monitored GRM for receiving, evaluating, and addressing project-related complaints, feedback, questions and suggestions. - GRM set up in a way to ensure secure mechanism for lodging SEA/SH complaints. - Provisions of project LBM include requirements for the Contractor to prepare and enforce a Code of Conduct for Workers - The project workers including those engaged on the small construction/installation works will receive training on the prevention of SEA/SH
--	---	--

6. Environmental and Social Risk Management

6.1. Methodology E&S impacts screening and assessment

Pursuant to the WB E&S requirements described in ESS 1 - Assessment and Management of E&S Risks and Impacts, the PIU will assess the E&S impacts of activities planned under Component 2 of MESDP Project using this ESMF. For each sub-component (2.1. and 2.2.) under Component 2, the PIU will prepare a common generic ESMP Checklist using guidance provided in this ESMF.

The preliminary E&S assessment indicates that, for now, none of the project activities under Component 2 are assessed to be of high or substantial risk.

Screening procedure

For projects involving multiple sub-projects, the World Bank requirements involve mandatory review of the adequacy of local environmental and social requirements relevant for the sub-projects, as well as assessment of the Borrower's capacity to manage the environmental and social risks and impacts of such sub-projects, particularly, Borrower's capacity to (a) perform sub-projects screening; (b) ensure necessary specialists for conducting environmental and social assessment; (c) review findings of environmental and social assessment for individual sub-projects; (d) implement mitigation measures; and (e) monitor environmental and social impact during project implementation. The World Bank requires that appropriate environmental and social assessment of sub-projects is carried out and that sub-projects of substantial, moderate and low risk are prepared, implemented and monitored in accordance with national legislation and all ESS requirements that the Bank deems relevant by developing and following procedures to secure ESF and regulation compliant implementation.

For Component 2 CEDIS will ensure, that environmental and social management is an integral part of sub-project planning, design, implementation, and operation and maintenance. The PIU for Component 2 will screen, monitor and report on the environmental and social performance, national legislation and ESF compliance under each sub-project, ensuring efficient application of measures as defined in site-specific management instruments including ESMF.

Each sub-component and its activities must undergo environmental and social assessment compliant to this ESMF, and consequently the ESF, integrating stakeholder engagement activities including consultation and feedback. The Environmental and Social assessment follows the 5 step process to identify risks associated with specific sub-projects, screen out any high-risk activity, identify potential impacts and define mitigation measures to prevent or minimize negative impacts and determine the type of management instrument required to meet the project standards.

For implementation of planned sub-component under Component 2, the following 5 steps concerning the E&S assessment process must be undertaken:

Step 1. Sub-project screening and risk classification

Screening according to the World Bank risk classification identifies that sub-projects under Component 2 (sub-component 2.1. and 2.2.) are expected to be of mostly of low (or possible moderate) risk for which ESMP Checklist as an E&S instrument would be sufficient (one generic ESMP Checklist for each sub-component).

Step 2. Sub-Project Preparation

The PIU will engage Consultant company for providing technical documentation needed for implementation of Component 2. Before starting the implementation of the sub-project, the Consultant for the preparation of technical documentation, prepares necessary documentation for sub-projects including technical documentation, for the sub-projects to be financed including the technical description of the sub-project, time schedule of works.

Step 3. Preparation of E&S instruments

Activities under Component 2 (retrofitting and installation works) are expected to have mostly small to medium environmental and social impacts. For activities under Component 2.1. and 2.2. simple common generic ESMP Checklist will be developed, one for each sub-component. All documents need to be prepared in Montenegrin and English language.

When confident that the documents meet WB quality and content requirements ES specialist submits the draft documents in English language for the review by the World Bank.

When satisfied with the quality of ESMP Checklists, the Bank may decide to perform only post review of these documents.

The processes for reaching and informing potentially impacted persons and communities will be amended by WB principles, and by actively engaging with these persons/groups, especially with vulnerable groups. These aspects are addressed in this ESMF, under the provisions for Grievance Redress Mechanism and Social Risk mitigation measures and through Stakeholder Engagement Plan (SEP).

The PIU will include ESMP Checklists in bidding and contracting documentation.

Step 4. Integration of ESMP Checklists in tender documents

ESMP Checklists will be prepared prior to works and the final version integrated into contracts for their execution to be signed with the works contractors (and consequently all its sub-contractors). The Contractors will be required to demonstrate that all mitigation measures have been accounted for to ensure sub-project implementation in environmentally and socially acceptable manner. The Contract agreements shall impose the Contractor's obligation to comply with the requirements specified in the EAs. Standard Bidding Documents of the WB for Procurement of Works already contain clauses for enhancement of environmental, social, health and safety performance. Additional sample clauses are to be included in the Particular Conditions, including requirements for ESHS staff to ensure the successful implementation of ESMPs by the Contractors.

Step 5. Implementation, project supervision, monitoring and reporting

The Contractor (and consequently all its sub-contractors) is responsible for the implementation of ESMP Checklist's measures and monitoring plan.

Selected Contractor will be required to develop Contractor ESMP (C-ESMP) comprising Environmental and Social Management Strategies and Implementation Plans (ES-MSIP) to manage the key Environmental and Social (ES) risks related to: waste management, excessive increase in noise level, water, soil and air pollution, workers and community complaints (establishing Grievance Redress Mechanism (GRM)), occupational health and safety, emergencies (spills, accidents, fire, explosion, earthquake) and fire safety. Proposed content of C-ESMP is presented in Annex 10.2.

The Supervision Engineer and the PIU specialist shall supervise the Contractor's Environmental and Social performance and verify compliance with E&S Instruments. Supervising Engineer is responsible for regular reporting of ESMP Checklist compliance to the CEDIS PIU.

CEDIS PIU will regularly supervise works through site visits, review of documentations and other available means. Respective inspection services for monitoring of the implementation of the mitigation measures related to the environmental issues shall also oversee and verify the Contractor's E&S Compliance. The overall implementation and compliance responsibilities lie with the CEDIS.

CEDIS PIU reports on ESMF and ESMP Checklist implementation compliance to the WB through regular semiannual progress reports. Reporting arrangements are subject to change depending on the PIU performance and agreement with the WB.

6.2. ESS due diligence documents

ESMF is developed in close cooperation with the relevant ministries. ESMF will be publicly disclosed and will undergo public consultation process. The draft version of the ESMF will be disclosed on CEDIS web site and will also be available in hard copy at its premises.

Details from public consultation process will be given in Chapter 9 once the public consultation process has been completed.

There are two Social Due Diligence instruments that are to be used within the activities planned for this project:

1) Stakeholder Engagement Plan (SEP) is an instrument that is describing the planned stakeholder consultation and engagement process for the Project, as well as the grievance mechanism for people to raise any concerns about the project activities. Stakeholder refers to individuals or groups who are affected or likely to be affected by the project (project-affected parties) and may have an interest in the project (other interested parties). The term "stakeholder engagement" is a way to describe a broader, more inclusive and continuous process between a project developer and those potentially affected by a Projects/sub - projects. Stakeholder engagement can encompass a range of activities and approaches, including consultation, engagement, external relations, information disclosure and dissemination, and community participation. Stakeholder Identification and Analysis involves determining who the project stakeholders with more in-depth look at the interests of stakeholder groups, how they will be affected, and what influence they can have on a project. Grievance Mechanism and Management must be part of it. The Initial Stakeholder Engagement Plan is being prepared parallel with ESMF and will be finalized before project appraisal and disclosed on the CEDIS and WB website. It will be updated periodically as necessary.

2) Labor Management Procedure (LMP) whose purpose is to facilitate planning and implementation of the project. The LMP identifies the main labor requirements and risks associated with the project and helps the Borrower to determine the resources necessary to address project labor issues. The LMP is a living document, which is initiated early in project preparation, and is reviewed and updated throughout development and implementation of the project. Labor Management Procedure is prepared as a part of this ESMF and is given in Annex 10.6.

The Environmental and Social instrument envisaged for managing risks on the sub-project levels is a common generic ESMP Checklist for subcomponent 2.1. and 2.2. (one ESMP Checklist for each subcomponent).

The main objective of **ESMP Checklist** is to ensure that the sub-project activity is compliant to national and EU regulations, as well as to World Bank Environmental and Social Framework (ESF) in all phases of the Project's lifecycle. ESMP Checklist addresses requirements of WB Environmental Health and Safety

Guidelines (EHSG) and Good International Industrial Practices (GIIP). For that purpose, ESMP Checklist defines measures to minimize adverse effects and risks on the biophysical and socio-economic environment during construction works and use of sub-project. Application and content of ESMP Checklist are guided by the Project Environmental and Social Commitment Plan (ESCP) and ESMF, WB ESSs, WB EHSG and GIIP. Template of ESMP Checklist is given in Annex 10.1.

7. ESMF Implementation Procedure

7.1. Implementation arrangements

The implementation of Montenegro Energy Sector Decarbonization Project; Component 2: Enhancing Operational Efficiency of the Electricity Distribution Grid will be set by following entities:

- 4) Inter-Agency Project Steering Committee providing overall policy and strategy guidance,
- 5) Project Implementation Unit (PIU) for Component 2 that will be established within the CEDIS, and
- 6) TSU housed at the MoF responsible for all fiduciary functions.

The Inter-Agency Project Steering Committee will provide overall policy and strategic guidance, ensure institutional coordination, and address issues requiring government involvement. It will be chaired by the Ministry of Energy and comprise concerned Ministries and government bodies, including Ministry of Finance. The Inter-Agency Project Steering Committee will provide oversight and strategic guidance throughout project implementation.

Project Implementation Unit (PIU) for Component 2 will be established within CEDIS to carry out day-to-day project implementation of Component 2. The PIU for Component 2 will have only one team member: Project Coordinator.

The PIU will be responsible for:

- preparing (with the support of external consultants) the detailed design of the interventions financed by the Component 2;
- the TSU through the procurement process and preparing tender documents;
- carrying out (with the support of external consultants) supervision for the contracts signed to implement project activities;
- monitoring of Environmental and Social aspects of Component 2 sub-projects;
- performing monitoring, evaluation and reporting on Project Component 2 results and outcomes; and
- liaise with the government and the World Bank on project related matters.

Specific detailed responsibilities are given in the Table 10.

Table 10. Project implementation responsibilities

Responsible entity	Responsibilities
CEDIS (PIU)	- Ensuring the implementation of the provisions of the ESMF by all parties, such as sub-project Borrowers and Contractors, including environmental and social monitoring, evaluation and reporting;
PIU (E&S aspects)	- Development of sub-project E&S instruments (ESMP Checklist); - Ensuring the implementation of appropriate health, safety, social, and environmental standards and practices in accordance with ESMF, ESMP Checklists); - Advisement and guidance of the contractors on the identification, assessment and mitigation of environmental and social impacts at the sub-project level and preparation of monitoring reports; - Conducting environmental/social supervision by carrying out document reviews, site visits and interviews with Contractor, Construction Supervisors at least once a month; - Holding regular meetings with the Contractor and representatives from PIU and beneficiaries, on a monthly basis;

	<ul style="list-style-type: none"> - Training of project workers regarding Occupational Health and Safety, Codes of conduct, unacceptability of Gender-Based Violence, Sexual Exploitation and Abuse and Sexual Harassment, Workplace Grievance Redress Mechanism, Waste management precautions; - Managing the Grievance Redress Mechanism (GRM); - Responding on WB requirements and Head of PIU.
Contractor	<ul style="list-style-type: none"> - Ensuring the implementation of appropriate health, safety, social, and environmental standards and practices in accordance with E&S standards; - Development of C-ESMP in accordance with mitigation measures defined in the ESMP Checklist; - Reporting to PIU.

Existing central **Technical Support Unit (TSU)** will be responsible for fiduciary functions, including procurement and financial management.

World Bank will provide implementation support to Component 2 through:

- close cooperation with PIU;
- review of implementation performance and progress;
- implementation support missions;
- facilitating knowledge exchange;
- supervision and support on procurement process and financial management.

The World Bank team’s social and environmental specialists will provide technical support and oversight throughout Project Component 2 implementation and will take responsibility for initiating the timely preparation of required safeguards instruments. World Bank specialist will review all prepared ESF documents. Formal implementation support missions and field visits will ensure that the safeguards processes are in line with World Bank requirements. In addition to regular implementation support missions, a mid-term review will be carried out by the World Bank team to assess the overall project progress, identify critical implementation issues, and make necessary adjustments to the project design, its components or implementation schedule. World Bank will provide training on ESF and relevant standards to build capacity of the relevant PIU staff and guide them in the preparation, implementation, and supervision of all project’s environmental and social instruments.

CEDIS PIUs will provide training on implementation of environmental and social due diligence documents to all staff working with contractors and sub-contractors that are responsible for environment, and social issues.

7.2. Monitoring and reporting

The CEDIS PIU will be responsible for Component 2 and will be accountable for reporting to both the World Bank and the PSC on all Project activities and progress. The PIU for Component 2 will be responsible for project coordination and preparation of consolidated reports.

Regular reports, as set out in the ESCP have to be provided to the World Bank as a result of the monitoring. Such reports will provide an accurate and objective record of project implementation, including compliance with the ESCP and the requirements of the ESMP checklist.

Monitoring and evaluation will be carried out by the PIU for Component 2 on the basis of the PDO indicators developed in the Results Framework.

Project monitoring will be a periodic function and will include carrying out process reviews/audits, reporting on outputs, and maintaining progressive records, as well as third-party monitoring and social auditing.

The PIU for Component 2 will prepare consolidated annual progress reports that will cover:

- physical and financial progress achieved against agreed implementation and disbursement indicators;
- issues and problem areas, including comments on actions to address identified problems;
- work programs and cost estimates for the coming year, including revised estimates for the former period;
- data on grievances and resolutions to allow for timely corrective action and incidents/accidents.

Detailed responsibilities during the monitoring and reporting of Project Component 2 are given below in the Table 11.

Table 11. Project monitoring and reporting responsibilities

Responsible entity	Report	Frequency
Contractor (Supervision Engineer)	Monitoring reports to PIU (regarding ESMP Checklist implementation) based on the Metric for reporting (Annex 10.3.)	- 30 days reporting
	Promptly notify PIU of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers within 24 hours.	- within 24 hours
PIU	Progress report for WB on: physical and financial progress achieved against agreed implementation and disbursement indicators; issues and problem areas, including comments on actions to address identified problems; work programs and cost estimates for the coming year, including revised estimates for the former period; data on grievances and resolutions to allow for timely corrective action.	- annually and upon request
	Environmental and Social assessment implementation report (implementation of ESMP Checklist and Stakeholder Engagement Plan)	- annually unless differently required by the WB
	Summaries on complaints, feedback, queries, suggestions and compliments, together with the status of implementation of associated corrective / preventative actions.	- annually unless differently required by the WB
	Environment and Social Incident/Accident Report (Annex 10.4.) for WB to promptly notify of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers within 48 hours.	- immediate

8. Feedback and Grievance Redress Mechanism, Stakeholder Engagement, Disclosure, and Consultations

Stakeholder engagement

The project developed a Stakeholder engagement framework composed of Stakeholder engagement plans (SEP) for Component 1 and Stakeholder engagement plan for Component 2. The overall objective of the SEP is to define a program for stakeholder engagement, including public information disclosure and consultation throughout the entire project cycle. The SEP outlines the ways in which the project team will communicate with stakeholders and includes a mechanism by which people can raise concerns, provide feedback, or make complaints about project activities or any activities related to the project.

Identified stakeholders for Component 2

Affected parties are persons, groups and other entities within the project area of influence that are directly influenced (actually or potentially) by the project and/or have been identified as most susceptible to change associated with the project, and who need to be closely engaged in identifying impacts and their significance, as well as in decision-making on mitigation and management measures. Specifically, the following individuals and groups fall within this category:

- Consumers (i.e. households, citizens, businesses)
- Public institutions providing key services and their representatives (i.e. kindergartens, schools, healthcare services, emergency services such as police, firefighters, ambulances)
- Local authorities such as representatives of towns and municipalities

The projects' stakeholders are also **other interested parties** that are individuals/groups/entities that may not experience direct impacts from the Project but who consider or perceive their interests as being affected by the project and/or who could affect the project and the process of its implementation in some way. Specifically, the following individuals and groups fall within this category:

- national and local media channels

The following internal stakeholders can also be included in the category of "other interested parties":

- World Bank
- Ministry of Finance
- Implementing Agencies: CEDIS and Ministry of Energy
- Component-specific Project Implementation Units (PIUs)
- Stakeholders in Montenegro's Energy Sector (Elektroprivreda Crne Gore (EPCG), Crnogorski Elektroprenosni Sistem (CGES), Energy and Water Regulatory Agency (REGAGEN)
- Parties involved in construction activities (Contractors, OHS specialist, Supervision engineer, Designer)

Disadvantaged/vulnerable individuals or groups

Within the Project, vulnerable or disadvantaged groups are persons who may be disproportionately impacted or further disadvantaged by the project as compared with any other groups due to their vulnerable status, and that may require special engagement efforts to ensure their equal representation in the consultation and decision-making process associated with the project. Disadvantaged/vulnerable individuals or groups may include but are not limited to the following:

- Elder persons
- Persons with Disabilities
- Foreign workers

Vulnerable groups within the communities affected by the Project may be added, further confirmed, and consulted through dedicated means, as appropriate. Description of the methods of engagement that will be undertaken by the project is provided in the following sections.

Strategy for Consultation

Different engagement methods are proposed and cover different stakeholder needs, interests and influence to the project. Examples may include formal meetings, workshops, surveys but also phone and e-mail communication as well as formal press releases. The outreach and stakeholder engagement will be gender appropriate, taking into consideration the after-hour chores of women. Targeted messaging will encourage the participation of women and highlight Project characteristics that are designed to respond to their needs and increase their access to Project benefits. The project will carry out targeted consultations with vulnerable groups to understand concerns/needs in terms of accessing information, medical facilities and services and other challenges they face at home, at workplaces and in their communities. Six months after each launch meeting the PIU will conduct sample-based stakeholder satisfaction surveys to collect feedback on: i) engagement process and the quality and effectiveness of methods ii) level of inclusiveness in the engagement process, iii) quality of the communication and dialogue with the internal stakeholders (PIU, Contractor, GRM etc.) during construction works. The survey results will be soliciting feedback on the effectiveness of the project activities that will be used for communication level improvements. This will allow the PIU to identify potential design issues. The survey data will be disaggregated by age, gender and location. Survey results with proposed corrective measures will be published on CEDIS website and discussed at consultation meetings.

All ESF draft tools and documents will be disclosed before Project Appraisal takes place. ESF documents (i.e. ESMF, ESCP, LMP, RPF and Project level SEP) will be disclosed electronically on the websites of the PIU, PITS and will be available in English at

- <https://energetska-efikasnost.me/>
- www.cedis.me

Institutional stakeholders (i.e. representatives of municipalities, line ministries of public institutions selected in Component 1) will be engaged through e-mail communication with the ESF tools attached. Eventual significant up-dates of ESF documents during project implementation, will be disclosed and open for public consultation again for at least 15 days. Information on public engagement activities undertaken by the Project will be conveyed to the stakeholders through short annual reports published on Implementing Agencies web sites. Printed copies will be made available at the PITs and PIU premises and during public consultation. The Project will be announced through Radio, TV, written and electronic media as well as all available official social media accounts and web pages.

Contractors' documents related to management of environmental and social risks (these may include traffic Management Plan, Emergency preparedness and response plans, Codes of Conduct for Employees and Contracted workers etc.) shall be made available at Contractors website, if they have. During the Project development and construction phase, the Technical and Environmental specialist of the PIU will prepare reports (every 30 days) on E&S performance for the PIU and the WB which will include an update on implementation of the stakeholder engagement plan. These reports will be used to develop annual reports.

Summary of Project Grievance Redress Mechanism

The Grievance Redress Mechanism (GRM) is a structured process designed to receive, evaluate, and address complaints, feedback, questions, and suggestions from citizens and affected communities related to a project. It aims to be accessible, effective, easy to understand, and free for complainants. The GRM is not only concerned with logging complaints but also with resolving them effectively and impartially. All grievances, regardless of the project phase or activity, follow a single, uniform mechanism.

The GRM serves several key functions:

It helps in identifying and resolving issues impacting the project.

It strengthens accountability to beneficiaries and provides a channel for stakeholders and citizens to offer feedback and raise concerns.

An effective GRM is crucial for reducing conflicts, preventing risks such as external interference and corruption, improving project quality, and serving as a feedback mechanism for project management.

During the construction phase of the project, a representative from the contractor (such as a site manager or team leader) is responsible for handling grievances from citizens and stakeholders. Contact information for this representative will be made available at all work locations. All complaints received must be communicated to the Project Coordinator, who logs them in the grievance register. The supervising engineer may also handle complaints if involved in the project phase, and all relevant parties are required to participate in training on the World Bank's Environmental and Social Framework (ESF) and GRMs.

Additionally, informational brochures about the project, the GRM, and smart metering systems will be distributed to the public. The GRM operates as a two-level mechanism, allowing for appeals if the complainant is dissatisfied with the resolution. Complaints can be submitted in person, by phone, email, post, fax, or personal delivery.

Complaints will be acknowledged within three working days, with an interim reply providing basic information about the next steps. The Project Coordinator will then investigate the complaint, which includes understanding the issue, examining evidence, interviewing involved parties, and consulting stakeholders. A provisional decision is discussed with the complainant to reach a satisfactory solution. If an agreement is reached, it is documented and communicated in writing within one month. The complaint is considered closed after the resolution is implemented and verified. Even if a resolution is not reached or the complaint is rejected, all actions, status, and results will be documented.

The Project Coordinator maintains a grievance register that records details such as the complainant's name, location, the nature of the grievance, actions taken, and the status of the complaint. The effectiveness of the GRM is monitored using indicators like the number of grievances received and resolved, the timeliness of acknowledgments, and the resolution timeframe.

If the complainant remains dissatisfied after all possible resolutions have been proposed, they are advised of their right to legal recourse.

In addition to the general GRM, a specific grievance mechanism is provided for workers involved in the project. This mechanism allows workers to raise workplace concerns and ensures protection from reprisal. Workers are informed about this mechanism at recruitment, and it includes channels for submitting grievances, stipulated response times, a register for tracking grievances, and responsible parties for handling them. The Project Implementation Unit (PIU) reviews and reports on worker grievances semi-

annually to the World Bank, and the mechanism does not impede access to legal or administrative remedies.

The CEDIS complaint resolution process, which is familiar to most consumers, is integrated with the project's GRM. Complaints related to the project that are received through the CEDIS mechanism are identified and tracked separately to ensure proper handling. This process is supported by regular briefings to staff, periodic reviews by PIU members, and tracking in semi-annual reports to the World Bank.

Finally, project stakeholders and citizens can also submit complaints through the World Bank's Grievance Redress Service (GRS) or the independent Inspection Panel (IP). These mechanisms ensure that complaints related to World Bank-supported projects are promptly reviewed and addressed. The World Bank and its partners do not tolerate reprisals against stakeholders who share their views about Bank-financed projects.

More details on the GRM are present in the Stakeholder Engagement Framework.

9. Public consultation process

The public consultation process for the developed Environmental and Social tools (ESMF, SEF, and ESCP) prior to the project appraisal commenced on September 9th.

The call for public consultation was published in both Montenegrin and English on:

- the Ministry of Energy's website: <https://energetska-efikasnost.me/>
- the CEDIS website: <https://cedis.me/>

This announcement allowed interested parties to access the ESMF, SEF, and ESCP documents in person at the Ministry of Energy's Directorate for Energy Efficiency, located at Rimski trg 46, Podgorica, on the 2nd floor, during working days from 9:00 AM to 11:00 AM. Additionally, the announcement provided links for free downloading of the documents from the implementing agencies' websites. Furthermore, the call was also published in the national newspaper "Pobjeda" on September 10, 2024.

Stakeholders were given 15 days to submit complaints, remarks, or suggestions regarding the ESMF, SEF, and ESCP documents. Submissions were to be made in writing to the Ministry of Energy, Directorate for Energy Efficiency, Rimski trg 46, Podgorica, or via email at info@ee-me.org.

By the end of the public consultation period, no complaints, remarks, or suggestions were received, either by email, mail, or in person.

Minutes from the public consultation meeting

Venue: Meeting Hall of the Ministry of Energy, Rimski trg 46, Podgorica

Date: September 25, 2024

Time: 10:00 AM - 12:00 AM

Organizer: Ministry of Energy, CEDIS, and PIU

On September 25, 2024, at 10:00 AM (local time), a public meeting and presentation of the ESMF, SEF, and ESCP were held at the Ministry of Energy, Rimski trg 46, Podgorica, in Conference Room 29 on the 2nd floor.

The meeting began with an introductory note and welcome speech by Ms. Marjana Kaluđerović, a representative of CEDIS. She welcomed participants, representatives from the World Bank, and experts involved in the preparation of these documents. Ms. Kaluđerović provided an overview of the World Bank's support and guidance during the project preparation, highlighting its objectives and expected outcomes. This introduction paved the way for a detailed presentation of the Environmental and Social (E&S) documents prepared for the project.

Social specialist Marija Herceg Selandari, engaged by the Ministry of Energy for the SEF preparation, presented Environmental and Social Standard 10, which focuses on Stakeholder Engagement and Information Disclosure. She emphasized the importance of transparent engagement between borrowers

and stakeholders throughout the project lifecycle. Key aspects of the SEF development were presented, including social risks and impacts, stakeholder identification, the stakeholder engagement program, grievance redress mechanisms (GRM), and the requirements for monitoring and reporting on the implementation of the E&S tools.

Environmental specialist Ivana Dubovečak, also engaged by the Ministry of Energy for the preparation of the ESMF, presented the relevant applicable E&S standards, national legislation, the rationale for developing the ESMF, and key elements of the ESMF and ESCP.

Following the presentation, participants were invited to ask questions, provide comments, or seek clarification; however, no questions or comments were raised.

10. Annexes

10.1. Annex 1. ESMP Checklist template

The template presented below will be revised for specific subcomponent to reflect scope of works and E&S concerns.

The ESMP Checklist provides “pragmatic good practice” and it is designed to be user friendly and compatible with WB safeguard requirements. The checklist-type format attempts to cover typical mitigation approaches to common civil works contracts with localized impacts.

This document will help assess potential environmental impacts associated with the proposed subcomponent, identify potential environmental improvement opportunities, and recommend measures for prevention, minimization and mitigation of adverse environmental and social impacts. ESMP Checklist is a document prepared and owned by the final beneficiary.

The checklist has one (1) introduction section and three (3) main parts:

Introduction or foreword part consisted of following sections:

- *Introduction* (sub-project description),
- *Environmental and social risk category* (environmental and social category is defined),
- *Potential environmental and social impacts* (potential impacts are defined)
- *ESMP Checklist* (concept and application of Checklist are explained),
- *Monitoring and reporting* (brief description of the monitoring and reporting process including responsibilities of involved stakeholders)

Part 1 - constitutes a descriptive part (“site-passport”) that describes the project specifics in terms of physical location, the institutional and legislative aspects, the project description, inclusive of the need for a capacity building program and description of stakeholder engagement and the public consultation process.

Part 2 - includes the environmental and social screening in a simple Yes/No format followed by mitigation measures for any given activity.

Part 3 - is a monitoring plan for activities during project construction and implementation. It retains the same format required for standard World Bank ESMPs.

ESMP Checklist implementation report will be submitted to WB semi-annually if not agreed differently.

Worker’s code of conduct (subject to WB approval) will be a part of bidding documentation and contracts with Contractors. Code of conduct will extend to sub-contractors and be a part of Contractor’s contractual agreements.

Table 12. Part I - General project and site information

INSTITUTIONAL & ADMINISTRATIVE				
Country				
Project title				
Scope of project and activity				
Institutional arrangements (WB) (Name and contacts)	(Task Team Leader)	Environmental/Safeguards Specialists:		
Implementation arrangements (Borrower) (Name and contacts)	Safeguard/Environment Supervision	Works supervisor	Inspectorate Supervision	Works Contactor
SITE DESCRIPTION				
Name of sites				
Describe site locations				
Who owns/uses the land?				
Valid operating permit, licenses, approvals etc.				
LEGISLATION				
Identify national & local legislation & permits that apply to sub-component activity(s)				
PUBLIC CONSULTATION				
Identify when / where the public consultation process took place and what were the comments received from the consulted stakeholders and responses by the responsible entities				
INSTITUTIONAL CAPACITY BUILDING				
Will there be any capacity building?	<input checked="" type="checkbox"/> N or <input type="checkbox"/> Y			
ATTACHEMENTS				
Attachment 1: Site plan / photo				
Attachment 2: Agreement for waste disposal				
Other permits/agreements – as required				

Table 13. Part II - Environmental/Social screening

PART 2: ENVIRONMENTAL /SOCIAL SCREENING			
Will the site activity include / involve any of the following potential issues / risks:	Activity	Status	Additional references
	A. General conditions and social risk management		See Section A
	B. Construction/reconstruction <ul style="list-style-type: none"> • Increase in dust from construction/reconstruction activities • Transport of materials • Increase noise level • Increase in sediments loads in water bodies • Changes of water flow • Pollution of water/soil due to temporary waste, fuel, lubricants storage or spill leakage 	<input type="checkbox"/> Yes <input type="checkbox"/> No	If "Yes", See Section A, B, F below
	C. Cultural and historical heritage <ul style="list-style-type: none"> • Risk of damage to known/unknown historical buildings/cultural and historical area • Chance finds are encountered 	<input type="checkbox"/> Yes <input type="checkbox"/> No	If "Yes", See Section C below
	D. Biodiversity <ul style="list-style-type: none"> • Vicinity of recognized protection area or ecological network • Disturbance of protected animal habitats • Cutting of trees/forest 	<input type="checkbox"/> Yes <input type="checkbox"/> No	If "Yes", See Section D below
	E. Waste generation and management <ul style="list-style-type: none"> • Generation of waste including e waste and hazardous waste 	<input type="checkbox"/> Yes <input type="checkbox"/> No	If "Yes", See Section E below
	F. Traffic disturbance <ul style="list-style-type: none"> • Site specific vehicular traffic • Site is in a populated area 	<input type="checkbox"/> Yes <input type="checkbox"/> No	If "Yes", See Section A, B, F below

Mitigation measures

- A. General conditions and social risk management
- B. Construction/reconstruction activities
- C. Cultural and historical heritage
- D. Biodiversity
- E. Waste generation and management
- F. Traffic disturbance

Table 14. Part III - Environmental and social mitigation measures

Activity	Parameter	Mitigation measures checklist
A General conditions and social risk management	Site organization, occupational and health safety, permits and certificates	<ul style="list-style-type: none"> a) Work Plan has to be available at the site (in case that two or more contractors perform construction activities), b) a person responsible for communication and receiving requests/complaints of the local population has been appointed, c) avoid construction activities at night, d) all legally required permits has to be acquired and kept on site, e) contractor/subcontractors have valid operating licenses, f) all work must be carried out in a safe and disciplined manner designed to minimize impacts on neighboring residents and environment, g) mandatory use of protective equipment, workers' personal protective equipment and safety procedures comply with legislation and international good practice (e.g. wearing protective helmets, masks and safety glasses, harnesses and safety boots, etc.), h) appropriate informative and warning signposting of the sites inform workers of key rules and regulations to follow, i) the work site must be fenced and marked, j) public is informed on the works through appropriate notification in the media and/or at publicly accessible sites (including the site of the works), k) entry for unemployed person within the work site is prohibited (within the warning tapes and fences when/where deem needed), l) the surrounding area near the work site must be kept clean, m) machines must be handled only by experienced and appropriately trained personnel, thus reducing the risk of accidents, n) no fires are allowed on site under any circumstance, o) devices, equipment and fire extinguishers must always be functional, so in case of need they could be used rapidly and efficiently. the contractor shall have operational fire-fighting equipment available on site at all times and their position is communicated to workers and marked, the level of fire-fighting equipment must be assessed and evaluated through a typical risk assessment, a person is appointed on the site responsible for the fire protection, procedures in the case of fire are well known to all employees, p) first aid kits must be available on the site and personnel trained to use it, q) staff should be properly trained for the positions and work performed, workers must hold valid workers certificates for e.g. certificates for electrical safety (for li-censed electrician), etc., r) procedures for cases of emergency (including spills, accidents, etc.) must be available at

Activity	Parameter	Mitigation measures checklist
		the site, s) purchased equipment must be installed and used respecting all safety measures prescribed by the producer of equipment and best practices, t) there should be no temporary storage of materials and waste within any type of private property, u) any health and safety incidents should be reported to project manager immediately and to WB within 48 hours according to incident reporting procedure.
	Notification, workers and community safety	a) Emergency Preparedness and Response Plan should be prepared and updated accordance with national legislation, b) OHS implementation Plan should be prepared and updated in accordance with national legislation (part of the plan of works) and ESMF, c) Worker’s code of conduct acceptable to PIU will be a part of contracting documentation and training to all workers to manage Sexual Exploitation and Abuse / Sexual Harassment risks in the sub-projects will be provided, d) all legally required permits must be acquired, e) all work must be carried out in a safe and disciplined manner designed to minimize impacts on students, staff, neighboring residents, and environment, f) workers should be well trained in using potentially dangerous equipment, g) any health and safety incidents should be reported to project manager immediately and to WB within 48 hours, this should be well communicated to the construction staff, h) workers’ PPE must always comply with international good practice (obligatory wearing of hardhats, masks and safety glasses as needed and prescribed, harnesses and safety boots), i) appropriate signposting of the sites will inform workers of key rules and regulations to follow, j) all work sites must be equipped with appropriate sanitary facilities and resting places for workers, k) material stockpiles or stacks, such as pipes, must be made stable and well secured to avoid collapse and possible injury to workers, l) potentially hazardous areas must be clearly marked.
	Stakeholder Engagement	a) CEDIS will engage with stakeholders throughout the project life cycle, commencing such engagement as early as possible in the project development process and in a time frame that enables meaningful consultations with stakeholders on project design and implementation, b) availability of an effective, responsive, and accessible GRM.

Activity	Parameter	Mitigation measures checklist
B Retrofitting and installation works	Air Quality	<ul style="list-style-type: none"> a) sprinkle water to limit dust emissions in the area near the non-asphalted roads. Use water with all activities which may cause dusting and particles emissions, b) cover surfaces with plastic coverings during material storage and transportation, c) adequate locations for storage and loading of materials should be established, d) limit vehicles speed (30 km/h) in the area and access roads, e) periodically clean location and access roads from debris, f) use modern attested construction machinery to minimize emissions, provided with mufflers and maintained in good and efficient operation condition, g) to minimize dust (mainly PM₁₀), material retention time at the site should be reduced to a minimum, to minimize exposure to wind.
	Noise	<ul style="list-style-type: none"> a) it is necessary to adhere to maximum permissible noise levels prescribed by the law, It is desirable to carry out works in the period from 8 to 18 hours and not to carry works during the nights, b) community should be informed in advance of any work activities to occur outside of normal working hours or on weekends, c) all equipment must be maintained in good operating condition and be attested, d) during operations the engine covers of mechanical equipment shall be closed, and equipment placed as far away from residential areas as possible.
	Water quality	<ul style="list-style-type: none"> a) responsible handle liquid waste, b) use containment measures, such as spill kits and proper storage facilities, to prevent and manage accidental spills or leaks during the removal and transport of transformers, c) carry out adding oil activities on the part of the work site that is derived from an impermeable working surface, d) handle all materials in accordance with instructions included in Material safety data sheets (MSDS) which must be available at the construction site, e) in the case of an accident, remove any hazardous liquid from the soil using adsorption materials such as sand, sawdust, or mineral adsorbents. Such waste material must be collected in tanks, stored in the space provided for hazardous waste storage and handed over to authorized companies, f) prevent hazardous spillage coming from tanks, containers (mandatory secondary containment system, e.g. double walled or banded containers), construction equipment and vehicles (regular maintenance and check-ups of oil and gas tanks, tend to park (manipulate) machinery and vehicles only on asphalted or concrete surfaces with surface runoff water collecting system, a) organize and cover material storage areas, b) isolate wash down areas of equipment from watercourse by selecting areas for washing that are not free draining directly or indirectly into watercourse,

Activity	Parameter	Mitigation measures checklist
		<ul style="list-style-type: none"> c) do not extract groundwater on unregulated way, nor discharge cement slurries, or any other contaminated waters into the ground or adjacent streams or rivers on uncontrolled way, d) ensure proper storm water drainage systems installed and take care not to silt, pollute, block or otherwise negatively impact natural streams, rivers, ponds, and lakes by repair / rehabilitation activities.
	Soil	<ul style="list-style-type: none"> a) regular maintain and service the machines, b) adhere the measures and standards for machinery, c) try to avoid fuel and lubricant storage on work site, d) if installation of fuel storage tanks will be needed, they should have secondary tanks with sufficient volume to contain a spill from the largest fuel tank in the structure, the containment area has to have a device (pump) to remove accumulated water, e) the containers with hazardous substances should be kept in a leak-proof container to prevent spillage and leaking, this container should possess secondary containment system such as bunds (e.g. bunded-container), double walls, or similar, secondary containment system must be free of cracks, able to contain the spill, and be emptied quickly, f) the containers with hazardous substances must be kept closed, except when adding or removing materials/waste. They must not be handled, opened, or stored in a manner that may cause them to leak.
	Materials management	<ul style="list-style-type: none"> a) installation equipment must originate from the licensed companies, the company has to present a proof of conformity with all national environmental and H&S legislation, b) organization of works must be such that construction materials is kept at the site in minimal quantities and for minimal amount of time. c) ensure all transportation vehicles and machinery have been equipped with appropriate emission control equipment, regularly maintained and attested.
	Labor Management	<ul style="list-style-type: none"> a) Mitigation of labor related risks will follow the labor management procedures, which will also be included in the contractor ESMP, b) Contractors will ensure that workers are hired, compensated and managed in adherence to national legislation and ESS2, this includes issues of contracts, labor rights, access to workers GRM without retaliation, prevention of SEA/SH including an accessible channel in the GRM to lodge related complaints, adherence to OHS and community health and safety measures.
C Cultural and historical heritage	Chance finds	<ul style="list-style-type: none"> a) if during excavations some archaeological finds are encountered, works must be stopped immediately and the competent authority informed, works should be resumed only after appropriate measures have been taken as required by relevant authority and after it confirms that works may continue for all cases where the cultural heritage and

Activity	Parameter	Mitigation measures checklist
		its fundamental values can be protected at the existing location with special protection measures protect the cultural heritage on the spot.
D Biodiversity	Biodiversity	<ul style="list-style-type: none"> a) limit work to the visible part of the day, b) restrict the movement of heavy machinery to the road corridor, c) professionally and carefully handle of equipment and machinery to try to break out accidents such as fires or spills of large amounts of harmful substances into the environment, and thus adversely impact on the present flora and fauna, d) limit work along watercourses and on watercourses and canals to as small an area as possible, e) avoid, where possible, cutting of trees and other natural vegetation, f) in the case of removing vegetation, to prevent unnecessary loss of vegetation in the project area, clearly marked the areas where vegetation will be removed, g) for the restoration of the removed natural vegetation cover, use only autochthonous plant species that occur in the vegetation communities present in the wider area of the sub-project, h) the potential removal of vegetation plan for the period when birds do not nest, in case of finding the nests of endangered bird species, prevent their disturbance, and inform about the discovery the central state body responsible for nature protection, i) where possible, fence the work site to lessen even occasional disturbance and dust on habitats and biodiversity, if noise barriers need to be constructed, they should be opaque or with a design and density of stickers that will prevent birds from entering the barriers as much as possible.
E Waste generation and management	Waste management	<ul style="list-style-type: none"> a) each type of generated waste on the location must be temporary stored in separate waste containers which have to be labelled with waste type name and waste code and located at the solid surface foreseen for that purpose on the work site, b) records of waste streams and amounts has to be kept for each type of generated waste at the location, c) all waste must be handed over with appropriate documentation to the companies authorized for the waste management (companies that have adequate waste permit), d) in the case of hazardous waste information on handing over waste to the final destination must be obtained, e) whenever feasible the contractor should reuse and recycle appropriate and viable materials (except PCBs), f) burning or illegal dumping of waste is strictly prohibited.
	Hazardous waste	<ul style="list-style-type: none"> a) the containers holding ignitable or reactive wastes must be located at least 15 meters (50 feet) from the working facilities, b) all hazardous wastes, including liquids, contaminated packaging and solids are

Activity	Parameter	Mitigation measures checklist
		<p>transported by specially licensed carriers and disposed in a licensed facility,</p> <ul style="list-style-type: none"> c) all hazardous or toxic liquid substances will be kept in safe containers labelled with appropriate classification code in accordance with the Ordinance on Waste Classification, Waste Catalogue, Waste Treatment Procedures, i.e. Waste Processing and Disposal (Official Gazette of Montenegro No. 064/24), these containers should be leak-proof in order to prevent spillage and leaching, the containers should poses secondary containment system such as bunds (e.g. bunded-container), double walls, or similar, secondary containment system must be free of cracks, able to contain the spill and be emptied quickly, d) solid hazardous waste should be kept in safe containers labelled with appropriate classification code in accordance with the waste management regulations, these containers should be leak-proof to prevent spillage and leaching, covered and protected from weather impact, e) regular checks of containers containing toxic and hazardous wastes must be performed,

Activity	Parameter	Mitigation measures checklist
	Waste generated from decommissioning of the Transformers (E-waste, PCB)	<ul style="list-style-type: none"> a) the dismantling of the old equipment involves removing components, identifying, and properly handling any hazardous materials (such as SF₆ gas, possible PCBs, mercury, lead, asbestos) in compliance with environmental regulations, b) before decommissioning ensure the transformer is completely de-energized and disconnected from the electrical grid, c) in the case of reusing the decommissioned transformers, first they must undergo inspection, insulation tests, oil analysis, and performance evaluations to ensure they meet current standards, d) in the case of PCB and waste containing PCB occurs, they must be properly decontaminated and safely stored, which includes draining and removing PCB oils from transformers and capacitors and storing them in secure facilities that meet safety standards to prevent leaks or spills, e) collection, transport, and export of PCB waste must be carried out by licensed hazardous waste management companies, f) old switchgear must be carefully decommissioned and disposed and decommissioned transformers must be reused or dismantled in accordance with national legislation, international standards and GIIP, g) valuable materials, including copper, aluminum, steel and plastics, must be dispatched through approved recycling programs, h) circuit boards and other electronic components should be separated and sent to e-waste recycling facilities, which can extract precious metals such as gold and silver, i) transformers will be disposed of in the Hazardous Waste Warehouse leased by CEDIS until their permanent disposal, j) detailed records of the disposal process, including hazardous material testing, waste removal, and recycling certificates must be maintained.
F Traffic disturbance relate to the increased frequency of external transport of materials and techniques	Traffic disturbance	<ul style="list-style-type: none"> a) traffic management must be conducted in accordance with provisions of traffic legislation (e.g., appropriate lighting, traffic safety signs, barriers and flag persons that are seen easily or are easy to follow, road speed should be clearly posted), b) construction routes are clearly defined, c) safety measures to prevent accidents are taken, access road speed must not exceed 30 km/h, major transport activities should be avoided during rush hours, d) where construction traffic and public traffic intersect, safe passages and crossings for pedestrians and workers must be ensured, e) all materials prone to dusting are transported in closed or covered trucks or wagons, f) all materials prone to dusting and susceptible to weather conditions are protected from atmospheric impacts either by windshields, covers, watered or other appropriate means,

Activity	Parameter	Mitigation measures checklist
		<ul style="list-style-type: none"> g) roads are regularly swept and cleaned at critical points, spilled materials are immediately removed from a road and cleaned, access roads are well maintained, h) access of the material delivery vehicles are strictly controlled, especially during the wet weather. i) topsoil and stockpiles are kept separate, j) stockpiles are located away from drainage lines, natural waterways and places susceptible to land erosion, k) all loads of soil are covered when being taken off the site for reuse/disposal, l) stockpiles do not exceed 2m in height to prevent dissipation and risk of fall, m) transport on access roads during rush hours should be avoided, n) in an event where the traffic will be interrupted the Contractor needs to organize alternative routes and timely announce alternative traffic regulation to the local communities in line with the SEP, o) temporary traffic signage will be organized on a basis of Project of temporary traffic signage according to Regulation on traffic signage (Official Gazette of Montenegro No. 33/12, 58/14, 14/17 and 66/19).
G Emergency preparedness Procedures	Prepare for safety of project workers during an emergency	<ul style="list-style-type: none"> c) Emergency Preparedness and Response Plan must be prepared for works (as part of C-ESMP) and it must cover actions that must be taken to ensure staff safety from emergencies. It shall include, but it is not limited to a list of all emergency equipment at the work site (such as fire extinguishing systems, spill control equipment, communications), and alarm systems (internal and external), and decontamination equipment (where this equipment is required), contacts of responsible persons, competent authorities, other emergency numbers, communication procedures and evacuation plan. Plan must be kept up to date. In addition, the plan must include the location and a physical description of each item on the list, and a brief outline of its capabilities. d) employees will be trained/instructed in all emergencies, waste management, first aid and firefighting and other relevant procedures and procedures will be available at the site.
G Maintenance and safety in operational period	Maintenance and safety in operational period	<ul style="list-style-type: none"> e) adequate training on the new equipment for CEDIS's operations and maintenance (O&M) staff must be carried out, f) rigorous post-installation testing of transformers must be performed, g) Preventive maintenance plan must be implemented to ensure the reliability and longevity of transformers, plan must be periodically updated, h) Emergency Preparedness and Response Plan is updated in accordance with national legislation.

10.2. Annex 2. C-ESMP content

1. Introduction
2. Environmental characteristics of site location
3. Proposed environmental mitigation Measures, Environmental and Social Management Strategies and Implementation Plans
 - a. Waste Management Plan: defines waste management procedures at the construction site for each category of waste generated during construction, method and place of storage of individual categories of waste.
 - b. Plan for Prevention of Excessive Increase in Noise Level: description of measures and procedures for maintaining legally permitted noise level at the construction site and measures to be taken if these levels are exceeded.
 - c. Plan for Prevention and Control of Water, Soil and Air Pollution: description of measures and procedures for prevention of water and soil pollution during construction works (due to accidental spills of pollutants), description of dust mitigation measures during construction works and response action plan in case of pollution.
 - d. Plan for Establishing Grievance Redress Mechanism (GRM): describes action for planning the establishment of protocols for receiving and resolving complaints and managing incidents and accidents, internal (within the contractor's company) and external (receiving and resolving complaints from the community).
 - e. Safety at Work Plan: measures to reduce health hazards and to ensure safety at work during the execution of works; includes Occupational Health and Safety (OHS) measures during the construction works, accommodation conditions, food and transportation of workers, sanitary facilities and wardrobe, organization of first aid, personal protective equipment, workplaces with special working conditions and medical examination of workers, training of workers in occupational safety, safety measures in the work of subcontractors, measures for identified risks from weather extremes such as strong winds, excessive heat, storms, incident reporting procedure etc.
 - f. Emergency Preparedness and Response Plan: actions that must be taken to ensure staff safety in an emergency (spills, accidents, fire, explosion, earthquake...), including a list of all emergency equipment at the construction site (such as fire extinguishing systems, spill control equipment, communications), and alarm systems (internal and external), and decontamination equipment, contacts of responsible persons, competent authorities, other emergency numbers, communication procedures and evacuation plan.
 - g. Fire Safety Plan: includes a list of major workplace fire hazards, their proper handling and storage procedures, potential ignition sources and control procedures, and a description of fire protection, trainings documentation, equipment, and systems.
4. Legislation
5. Annexes

10.3. Annex 3. Metrics for reporting (environmental and social monitoring plan for Supervising Engineer to submit to PIU)

Table 15. Metrics for reporting

Environmental and Social aspect	Measure to be monitored	A more detailed explanation is required (evidence must be provided upon request)
General conditions		
Permits and certificates (measures to be monitored single time)	Are all required permits acquired prior to works and kept on site?	
	Do Contractor and Subcontractors have operating licenses?	
	Are all relevant competent authorities notified of commencement of works?	
	Are materials quality certificates, vehicles attest, certificates for working at heights, health and safety certificates for workers (e.g., to operate heavy machinery and vehicles) in place before works commence?	
Site organization	Is the Work Plan available at the work site and updated in a timely manner? Indicate the update date.	
	Is the work site properly fenced and marked?	
	Is temporary material storage on the work site clearly marked?	
	Is there temporary storage of materials and waste within any type of private property?	
	Is the surrounding area near the project kept clean?	
	Are all transportation vehicles and machinery equipped with appropriate emission control equipment, regularly maintained and attested?	
	Does the Contractor use unlicensed waste dumps in adjacent areas, or protected areas?	
	Does noise during night work exceed the limits prescribed by the law? Were there any complaints?	
Occupational Health and Safety and Community Safety		
Worker's safety	Is Safety at Work Plan available at the work site and updated in a timely manner? Indicate the update date.	

Montenegro Energy Sector Decarbonization Project ESMF

	Are staff properly trained and certified for the positions and work performed: electrician, workers working with hazardous materials, working at heights, operating dangerous machinery, etc.?	
	Do engaged workers use protective equipment? Are sufficient quantities and quality of equipment available?	
	Are appropriate informative and warning signposting of the sites in place to inform workers (and authorized visitors) of key rules and regulations to follow?	
	Are marking in and out of the work sites /section by section and speed-reduction signs ensured?	
	Are all dangerous spots in the working sites clearly marked and fenced?	
	Is Fire Safety Plan (as part of C-ESMP) available at the construction site and updated in a timely manner? Indicate the update date.	
	Are devices, equipment and fire extinguishers attested and functional, so in case of need they could be used rapidly and efficiently?	
	Is constant presence of attested firefighting devices ensured on sites in case of fire or other damage?	
	Is first aid kits available on the site and is personnel trained to use it?	
	Are procedures for cases of emergency (including spills, accidents, etc.) available at the work site and conveyed to all workers?	
	Are adequate sanitary facilities (toilets and washing areas) provided at the work site with adequate supplies of hot and cold running water and soap?	
Discrimination against women/vulnerable groups in the hiring process of workers	Are wages and contract conditions referred to all employees in accordance with national labor laws or higher standards that should be competitive in all categories of workers?	
Labor influx	Are information regarding Worker Code of Conduct provided in local language and language accessible to foreign workers?	
	Are workers hired through recruitment offices?	

Sexual Exploitation and Abuse (SEA)/ Sexual Harassment (SH)	Has Sexual Exploitation and Abuse (SEA)/Sexual Harassment (SH) between the Contractor and other Contractor's or Employer's Personnel or among workers has been recorded?	
Community safety	Were there power shortages? Was local community timely informed?	
	Is the construction site organized in accordance with the safety at work measures?	
	Are scaffolds and other protection installations installed in line with specific design (if required), regulation, and best industry best practices (GIIP)?	
	Are mitigation measures for noise and dust emission, air, water and soil pollution in place?	
	Are traffic disturbance measures in place?	
Air quality		
Reduced air quality in the nearby construction area and access road due to emission of dust and particulates	Is Plan for Prevention and Control of Water, Soil and Air Pollution (as part of C-ESMP) available at the site and updated in a timely manner Indicate the update date.	
	Are mitigation measures against dust emissions implemented (water sprinkling, limiting vehicles speed, cleaning site from debris, installing mechanical barrier in front of sensitive receptors)?	
Reduced air quality in the nearby area due to gaseous emissions	Are mitigation measures against gaseous emissions implemented (use of modern attested construction machinery, use of low sulphur content fuel when possible, switching of machinery when not in use, regular maintaining, and servicing of engines and construction equipment, minimize material retention time, etc.)?	
Noise		
Increased noise level in the nearby area	Is Plan for Prevention of Excessive Increase in Noise Level (as part of C-ESMP) available at the site and updated in a timely manner? Indicate the update date.	
	Are noise mitigation measures in place in case generated noise levels exceed the maximum permitted noise levels (adjustment of operating	

	time, use of temporary movable noise barriers or use of alternative working machines with lower noise emission levels, during operations the engine covers of generators, air compressors and other powered mechanical equipment shall be closed, and equipment placed as far as possible from the residential houses.)?	
Water and groundwater quality / Soil quality		
Risk of pollution of surface water, groundwater and soil due to spill leakage	Are mitigation measures against surface water, groundwater and soil pollution implemented?	
	- Separate collection of hazardous liquid waste, management of waste by authorized companies, disposing on a licensed filed, secondary containment system.	
	- Fuel and oil handling are performed on impermeable surfaces in safe and responsible manner, if installation of fuel storage tanks is needed, they should be secondary tanks with sufficient volume to contain a spill from the largest fuel tank in the structure (minimum 110%) and will be protected from impact of weather conditions.	
	- Material storage areas are organized and covered.	
	- Adsorption materials such as sand, sawdust or mineral adsorbents are available at the site in case of accident.	
	- Selecting areas for washing that are placed on impermeable surfaces and equipped with/connected to municipal water collection system.	
	- Discharge contaminated waters into the ground or adjacent streams or rivers is prohibited.	
Biodiversity (flora and fauna)		
Risk of endangering flora and fauna by removing vegetation and polluting water and soil	Are mitigation measures against endangering flora and fauna implemented (restrict the movement of heavy machinery to the access road corridor, avoid cutting down trees and other natural vegetation, clearly mark the area from which the vegetation is removed to prevent unnecessary loss of vegetation in the project area, use only autochthonous plant species that occur in the vegetation communities present in the wider area of the sub-project)?	

Material management		
Risk of environmental pollution through inadequate handling of dangerous substances	Is equipment cleaned in areas where there is no impact to the environment or danger of surface run-off?	
	Are all materials temporarily stored on site protected and separated?	
Traffic disturbance		
Increased road traffic	Has temporary traffic regulation been established and maintained (according to the Project of Temporary Traffic Signage)? Have there been any changes in regulation?	
	Are safe passages and crossings for pedestrians and workers where construction traffic interferes ensured?	
Maintenance of road cleanliness	Are all materials prone to dusting and susceptible to weather conditions protected from atmospheric impacts (by windshields, covers, watered or other appropriate means)?	
	Are roads regularly swept and cleaned at critical points?	
	Is access of the construction and material delivery vehicles strictly controlled, especially during the wet weather?	
Waste generation and management		
Waste generation.89	Is Waste Management Plan (as part of C-ESMP) available at the site and updated in timely manner? Indicate the update date.	
	Are mitigation measures for waste management implemented:	
	- Each type of generated waste on the location is temporary stored in separate waste container which are labelled with waste type name and waste code and located at the solid surface foreseen for that purpose on the construction site.	
	- Records on waste streams and amounts is kept for each type of waste generated at the location.	
	- All waste is handed over with appropriate documentation to the companies authorized for the waste management (companies that have adequate waste management permit).	

	Waste is disposed/processed only at licensed landfills/processing plants.	
	- For all waste, information on handing over waste to the final destination is obtained.	
	- Whenever feasible the Contractor is reusing and recycling appropriate and viable materials (except PCBs).	
	- Are PCBs and waste containing PCB properly decontaminated and safely stored and disposed according to national legislation, international standards and GIIP?	
	What is the amount of generated waste by type?	
Accidents and emergencies		
Accident/incident	Were any accidents (fatality, serious injury, larger spilling, fire, and similar) or minor incident recorded and what was the response?	
Cultural heritage		
Potential chance finds	Were there any archaeological finds encountered during excavations?	
Stakeholder engagement		
Social conflicts arising from presence of construction personnel and construction works	Is Code of Conduct for Workers prepared, disseminated, signed, and enforced? Are training courses on the Code of Conduct organized for all workers?	
	How many complaints were received from the local community and users of building and were they resolved?	
Contractor Grievance Redress Mechanism	Is the Plan for establishing Contractor Grievance Redress Mechanism (GRM) as part of the C-ESMP available at site and updated in timely manner? Indicate the update date.	
	Have trainings on Contractor GRM been organized for all workers?	
	Is access to safe GRM for workers ensured?	
	Is access to other grievance mechanisms (unions, arbitration) ensured?	
	What is the number and type of complaints received and their status?	

10.4. Annex 4. Incident notification report

Incident notification reports shall be filled by the Contractor and Supervising Engineer with the assistance of witnesses. Incident notification shall be submitted to PIU.

INITIAL NOTIFICATION REPORT on occurred environmental incidents/accident

Date of reporting	
Report N°	
Person reporting	
INFORMATION ON THE EVENT	
Type of event	<input type="checkbox"/> Emissions into the environment <input type="checkbox"/> air <input type="checkbox"/> water (km) <input type="checkbox"/> soil (ha) <input type="checkbox"/> Fire <input type="checkbox"/> Explosion <input type="checkbox"/> Toxic cloud emission <input type="checkbox"/> Transport <input type="checkbox"/> Other
Location	
Date	
Time	
CASUE OF THE EVENT	
Preliminary identification of the incident cause	
Responsible persons (if identified)	
DANGEROUS SUBSTANCE PRESENT	
Chemical name/key number for waste	
State of aggregation	
Participation	<input type="checkbox"/> caused the incident/accident <input type="checkbox"/> participated in the incident/accident <input type="checkbox"/> created in the incident/accident
The amount of hazardous substance that was involved in the incident/accident	
DESCRIPTION OF EVENT (incident/accident)	
Event description (in as much detail as possible)	
Duration of event	
CONSEQUENCES OF EVENT	
Injuries within the construction site (Y/N)	

Montenegro Energy Sector Decarbonization Project ESMF

Number of injuries within the construction site			
Injuries outside construction sites (Y/N)			
Number of injuries outside construction sites			
Immediate environmental pollution (detailed description)			
Emission into air			
Water pollution			
Soil pollution			
POST-EVENT ACTIVITIES TAKEN BEFORE REPORTING			
Engaged external services/ subcontractors			
Evacuation/Shelter			
Urgent remedial measures			
Decontamination			
Other			
RECOMMENDATIONS FOR NEW MEASURES			
Preventing the reoccurrence of a sudden event			
SIGNATURES			
Reporting person	Supervisor	Witness(es)	

INITIAL NOTIFICATION REPORT
on occurred social incidents and/or injuries

Date of reporting	
Report N°	
Person reporting (please specify name and function)	
Who needs to know about this report (please specify name and function)	
INFORMATION ON THE EVENT	
Classification of the event	<input type="checkbox"/> Indicative <ul style="list-style-type: none"> •Relatively minor and small-scale localized incident that negatively impacts a small geographical areas or small number of people •Does not result in significant or irreparable harm •Failure to implement agreed E&S measures with limited immediate impacts <input type="checkbox"/> Serious <ul style="list-style-type: none"> •An incident that caused or may potentially cause significant harm to the environment, workers, communities, or natural or cultural resources •Failure to implement E&S measures with significant impacts or repeated non-compliance with E&S policies incidents •Failure to remedy Indicative non-compliance that may potentially cause significant impacts •Is complex and/or costly to reverse •May result in some level of lasting damage or injury •Requires an urgent response •Could pose a significant reputational risk for the Bank. <input type="checkbox"/> Severe <ul style="list-style-type: none"> •Any fatality •Incidents that caused or may cause great harm to the environment, workers, communities, or natural or cultural resources •Failure to remedy serious non-compliance that may potentially cause significant impacts that cannot be reversed •Failure to remedy serious non-compliance that may potentially cause severe impacts complex and/or costly to reverse •May result in high levels of lasting damage or injury •Requires an urgent and immediate response •Poses a significant reputational risk to the Bank.
Type of event	<input type="checkbox"/> Injury <input type="checkbox"/> Fatality <input type="checkbox"/> Disease or suspected disease <input type="checkbox"/> Property damage <input type="checkbox"/> Dangerous occurrence <input type="checkbox"/> Harassment <ul style="list-style-type: none"> <input type="checkbox"/> Aggressive Pressure <input type="checkbox"/> Intimidation <input type="checkbox"/> Verbal abuse <input type="checkbox"/> Physical abuse <input type="checkbox"/> Conflict <ul style="list-style-type: none"> <input type="checkbox"/> Verbal <input type="checkbox"/> Physical

Montenegro Energy Sector Decarbonization Project ESMF

Has the event been related to Gender Based Violence (GBV), including Sexual Exploitation and Abuse (SEV)?	<input type="checkbox"/> YES <input type="checkbox"/> NO If the answer is “YES” please provide information where/to whom the incident was reported; what type of incident has been reported; and whether the person who experienced the alleged incident was referred to appropriate services:
If the event is not related to GBV and/or SEV, please continue with providing information about the event	
Location	
Date	
Time	
Persons involved	
Please specify if anyone from the World Bank staff has been involved in the event?	<input type="checkbox"/> YES <input type="checkbox"/> NO If the answer is “YES” please provide information on the name of involved World Bank staff:
Please specify if the event has been related to the Project	<input type="checkbox"/> YES <input type="checkbox"/> NO If the answer is “YES” please explain the relation with the Project:
Work activity involved	
Event description (in as much details as possible) Please make sure to include the following information in the description of the event: <ul style="list-style-type: none"> • What was the incident? What happened? To what or to whom? • Where and when did the incident occur? • What is the information source? How did you find out about the incident? • Are the basic facts of the incident clear and uncontested, or are there conflicting versions? • What were the conditions or circumstances under which the incident occurred? • Is the incident still ongoing or is it contained? • Is loss of life or severe harm involved? • How serious was the incident? 	
Post-event activities taken before reporting (describe in as much details as possible). Please make sure to include in description the following information: <ul style="list-style-type: none"> • How the event is being addressed? • What were the responses and from whom? 	

Montenegro Energy Sector Decarbonization Project ESMF

What are the next steps? Please make sure to include in description the following information: • What, if any, additional follow up action is required, and what are the associated timelines?			
WHEN THERE IS AN INJURY			
Information on injured person	Name: _____ Date of birth: _____ Gender: _____ Job title: _____ Name of the supervisor: _____		
Injury description (in as much details as possible)			
Name of witness(es) – if any			
Observation from the witness(es)			
SIGNATURES			
Reporting person	Person involved	Supervisor	Witness(es)

10.6. Annex 6. Labor Management Procedure (LMP)

10.6.1. OVERVIEW OF LABOR USE ON THE PROJECT

ESS2 categorizes the project workers, depending on the type of employment relationship between the Borrower and the project workers, into direct workers, contracted workers, community workers, and primary supply workers. ESS2 applies to project workers including full-time, part-time, temporary, seasonal and migrant workers. This project will include all categories of the project workers except the community workers and migrant workers.

These procedures elaborate how the project workers will be managed, in accordance with the requirements of national legislation and ESS 2. The procedures will address the way in which this ESS will apply to different categories of project workers and sets out the requirements for third parties to manage their workers.

The LMP applies to all project workers in the following manner:

- People employed or engaged directly by the Implementing Agencies to work specifically in relation to the project (direct workers).
- People employed or engaged through third parties to perform work related to core function of the project, regardless of location (contracted workers).
- People employed or engaged by the Borrower's (Implementing Agencies) primary suppliers (primary supply workers).

Project workers will include civil servants from the Implementing Agencies, consultants, and direct and contracted / subcontracted workers. The project footprint is relatively small and does not entail a significant amount of labor except for construction / renovation works under components 1 and 2 that include renovation of infrastructure in specific areas / locations. It is unlikely, thus, that many workers would be needed.

Project activities will not require hiring of community workers. As currently envisioned, the project will be implemented by the Implementing Agencies staff who are civil or public servants and who will remain subject to the terms and conditions of their existing public sector employment agreements. Institutional capacity strengthening will be done through hiring different consultants to perform specialized tasks. These consultants would be part of PIU and paid through the loan funds. The project will also deploy services of designers, supervising engineers and construction project managers (if relevant) as well as contractors and, very likely, subcontractors for works in Components 1 and 2 but the number of workers to be contracted/subcontracted is not known yet. Primary supply workers will be mainly those that work for companies involved in the provision of equipment and construction materials for renovation works and will thus be engaged by third parties, such as the contractors or sub-contractors under the project components 1 and 2.

Direct Workers

Direct Workers include the Implementing Agencies staff and consultants at the component specific PIUs. The Implementing Agencies staff working on the project will remain public and servants and therefore subject to the terms and conditions of their existing public sector employment agreements.

Two component specific PIUs will be established, within each implementing entity (Ministry of Energy and CEDIS) to carry out implementation of their respective components (Components 1 and 2). Component 3

will be implemented jointly by the two PIUs. The PIUs will be responsible for day-to-day implementation of the project, including: (i) contracting management, (ii) preparing the detailed design of the interventions financed by the project, potentially with the support of external consultants; (iii) participating in preparation of tender documents and supporting the TSU throughout the procurement process; (iv) carrying out supervision for the contracts signed to implement project activities, potentially with the support of external consultants; (v) monitoring E&S aspects; (vi) performing monitoring, evaluation, and reporting on project results and outcomes; and (vii) liaise with the government and the World Bank on project-related matters. Staff of the PIU of Component 1 will be taken over from PIU MEEP 2, and will be composed of Project coordinator/manager and Technical and environmental expert. The PIU MEEP2 staff has sufficient capacity and experience to prepare and implement the project given experience of the MEEP2 project. The PIU for the Component 2 will be composed of Project coordinator/manager.

Contracted Workers

These are workers of third parties hired to deliver primary functions of the project. This will mainly be workers of the contractors hired in relation to the works as well as workers of service companies hired under components 1 and 2.

Workers of service companies hired under component 1 and 2 mostly highly trained staff and professionals in the fields of architecture and engineering, including of design and maintenance of energy systems including Rooftop Solar Photovoltaic (RSPV) installations, and other similar professionals. The service companies will be responsible to ensure that the principles of labor management, including prohibition of child labor and access to a grievance redress mechanism for these workers is in line with national legislation and the ESS 2. Where a GRM is not available, these workers may access the main project GRM.

The civil works under the project are expected to be conducted by authorized contractors for varying durations depending on the works requirements. It is not known at this time whether the contractor will engage any subcontractors to carry out some aspects of the work. Contracted workers will be those working under the civil works contractors. According to the Law on Spatial Planning and Building Construction (CG 64/17, 44/18, 63/18, 011/19, 82/2020, 86/22 04/23) the Contractor shall execute construction in conformity with the relevant project documentation and permits as in line with technical regulations etc. The contractor will be responsible for the performance and management of contracted workers, ensuring that appropriate skillsets are available as well as a construction site manager responsible for safety standards (among others) in line with the provisions of ESS 2 and the national legislation. The designer is responsible for ensuring that the designs comply with the prescribed requirements and that the designed works are in conformity with the relevant permits in line with the Law on Spatial Planning and Building Construction or any other legal or sublegal act defining requirements for foreseen works. The supervising engineer shall be responsible for the completeness and coordination of the building surveillance and for drawing up a final report thereof. The work in a safe manner is drafted and signed by the occupational health and safety specialist of the Contractor.

Contracted and subcontracted workers will have access to a grievance mechanism described afterward. At this stage the exact number of workers is not known, and it will be known when implementation of subprojects begins. The number of workers is expected to vary depending on the works requirements at each location subproject as well as per each component.

Primary supply workers

Primary supply workers are those that work for companies involved in the provision of construction materials and equipment for civil works. These will be engaged by third parties, such as the contractors or sub-contractors under the project. The contractor will be responsible to ensure that the principles of labor management, including prohibition of child labor and access to a grievance redress mechanism for these workers is in line with national legislation and the ESS2. Where a GRM is not available, these workers may access the main project GRM.

Migrant Workers

During project implementation potential shortage of workers in the construction sector could occur and migrant workers (local from outside the sub-project area or foreigners) might be deployed to work on the project. Contractors may engage migrant workers subject to meeting national requirements for work permits.

10.6.2. ASSESSMENT OF KEY POTENTIAL LABOR RISKS

Project activities do not involve activities that have a high potential for harming people or the environment. Civil works and installation of equipment under this project are expected under Component 1 and Component 2. The contractor might engage subcontractors to carry out some aspects of the work.

Many workers will be exposed to occupational health and safety hazards, primarily including but not limited to:

- Working at height.
- Electrocutions and Electrical works.
- Traffic accidents.
- Lifting of heavy structures.
- Accidents with exposed rebars.
- Exposure to construction airborne agents (dust, etc.).
- Ergonomic hazards during construction.
- Vibration of heavy construction equipment.
- Use of rotating and moving equipment.
- Lack of workers' awareness on occupational health and safety requirements such as the use of personal protective equipment (PPE) and safe workplace practices.
- Exposure to hazardous substances (e.g., paints, varnishes, asbestos);
- Working with heavy and dangerous machinery.
- Working around pits, ditches, stacked materials, traffic, loading and unloading, etc.
- Extreme wear conditions (heavy rain, storms, heat stress and UV exposure).
- SEA/SH risks.
- Unequal treatment for migrant workers

Site personnel may experience heat stress (heat rash, cramps, heat exhaustion, heat stroke, etc.) due to a combination of elevated ambient temperatures and the concurrent use of PPE. This will largely depend on the type of work and the time of year. Over exposure to UV radiation in sunlight can result in sunburn to exposed skin. This risk can be mitigated by the execution of works in a way to avoid heavy works at open spaces during sun peak. Storms, strong wind, and other extreme weather condition pose a risk. Limit working in extreme weather conditions is a way of risk mitigation, in addition to the adequate PPE. If asbestos is found during civil works, Asbestos Removal and Management Plan will be prepared adhering to national legislation, WB EHS and GIIP, subject to WB approval.

The project risk is assessed as Low on gender-based violence (SEA/SH) risk. The influx of workers and subsequently followers is not expected to be large and is not expected to have adverse social impacts. The risk factors weighted where the institutional capacity of the implementing agency, low volume Labor influx, no preexisting social conflict and tensions, strong local law enforcement which resulted in the conclusion that it is a low-risk environment and risks can be managed through the requirements of ESMF and this LMP and there is no need to develop a more specialized instrument. As precautionary mitigation measure, the Contractor will be required to prepare and enforce a Code of Conduct for Contractors Personnel (Annex I) and implement workers GRM. Also, for all project workers project GRM is available.

All contractors will be required to have a written contract with their workers materially consistent with national legislation and ESS2.

The working conditions and terms of employment of migrant (foreign) workers should be the same or substantially equivalent to those of non-migrant project workers performing the same type of work. This applies to migrant project workers employed or engaged directly by the Borrower or through a third party. Conditions for the residence and work of third-country citizens in Montenegro are governed by the provisions of the Foreigners Act (CG 12/2018, 3/2019, 86/2022) and Labor Act (CG 74/19, 8/21, 59/21, 68/21, 145/21, 77/24).

According to the 2023 Country Reports on Human Rights Practices on Montenegro by US Department of State, the chapter on Acceptable Conditions of Work states that, according to the National Statistics Office, the national monthly minimum wage was slightly above the government's absolute poverty line. Significant portions of the workforce, particularly in rural areas and in the informal sector, earned less than the minimum wage. The law limited overtime to 10 hours per week, and total work time could not exceed 48 work hours per week on average within a four-month period.

The government set occupational safety and health (OSH) standards that were current and appropriate for the main industries. The government proactively identified unsafe conditions. Workers could remove themselves from situations that endangered health or safety without jeopardy to their employment. Regulations required employers and supervisors to supply and enforce the use of safety equipment, conduct risk assessment analysis, and report any workplace deaths or serious injuries within 24 hours.

Employment in the construction, energy, wood-processing, transportation, and heavy industries presented the highest risk of injury. Most of the injured were foreign nationals. Common causes of injuries on construction sites were unsecured workstations at a height and lack of use of protective equipment. The most frequent reasons cited for unsafe working conditions were the lenient fines for violations of safety rules, failure to use safety equipment, lack of work-related information and training, inadequate medical care for workers, and old or inadequately maintained equipment.

The government did not effectively enforce minimum wage and overtime laws, although penalties for violations were commensurate with those for other similar crimes. Penalties were rarely applied against violators. Employers sometimes failed to pay the minimum wage, other employee benefits, or mandatory contributions to pension funds. Employees often did not report such violations due to fear of retaliation. The practice of only formally paying a worker the minimum wage, thus being responsible for lower mandatory contributions, and giving the employee cash payments as a supplement was common. Also common was the practice of signing short-term work contracts or having lengthy "trial" periods for workers instead of signing them to permanent contracts as prescribed by law.

Administrative and judicial procedures were subject to lengthy delays and appeals, sometimes taking years. As a result, many persons sought recourse through alternative dispute resolution. Most disputes reviewed by the Agency for Peaceful Resolution of Labor Disputes involved accusations of government institutions violating laws on overtime, night work, holidays, social insurance contribution requirements, or other administrative regulations.

The government effectively enforced OSH laws. Penalties for violations of OSH standards were generally commensurate with those for other similar crimes in the formal sector. Penalties were sometimes applied against violators. The Labor Inspectorate was responsible for enforcing wage, hour, and OSH laws. The number of labor inspectors was sufficient to enforce compliance in the formal economy. Inspectors had the authority to make unannounced inspections and initiate sanctions, but rarely did so. The government did not have sufficient resources to enforce labor laws in the informal sector.

No other labor management risks are relevant for the project activities. However, in case they arise, the Implementing Agencies will revise these procedures to prevent further any negative impact.

10.6.3. BRIEF OVERVIEW OF LABOR LEGISLATION: TERMS AND CONDITIONS

The Labor Act (CG 74/19, 8/21, 59/21, 68/21, 145/21, 77/24) serves as the primary legislation governing labor practices in Montenegro. It establishes the fundamental rights of employees, including the right to fair earnings, workplace safety, health care, and the protection of personal integrity and dignity. Additionally, it covers rights related to illness, loss or reduction of working capacity, old age, and unemployment benefits during periods of temporary unemployment, as well as other protections provided under the law, by-laws, and employment contracts. Employed women are entitled to special protection during pregnancy and after childbirth. The law also guarantees special protection for employees under the age of 18 and for individuals with disabilities.

Under the Law on Foreigners (CG 12/2018, 3/2019, 86/2022), foreign citizens working in Montenegro have the same rights regarding employment and self-employment as Montenegrin citizens, as long as they meet the legal requirements. Moreover, according to the Asylum Act (OG 12/2018, 3/2019, 86/2022) asylum seekers, upon obtaining refugee status, have the right to access the labor market in line with the law governing the employment of foreign nationals as well as the access to health care.

Management of Labor Relations and Working Conditions

In Montenegro, employees are entitled to specific working conditions that include limited working hours, vacation time, and absences, as well as the suspension of rights and obligations arising from employment. They are also guaranteed protection in the workplace, fair wages, salary compensation, and other benefits as defined by law, collective agreements, and their employment contracts. If an employee starts work without signing a written contract, the law assumes that the employment relationship is for an indefinite period (Labor Act). In such cases, a written indefinite employment contract must be signed within five days from the commencement of work.

Employment Contracts

Employment contracts in Montenegro can only be concluded with individuals who meet the general and specific requirements as outlined by law, organizational policies, by-laws, and job systematization. These contracts must be documented in writing and signed by both the employer and the employee or their authorized representatives.

The contract must specify several key details, including: 1) the employer's name and headquarters; 2) the employee's full name and place of residence; 3) the employee's unique identification number or, in the case of a foreign employee, their personal identification number; 4) the required education level or professional qualification for the position; 5) the job title and description; 6) the place of work; 7) whether the contract is for an indefinite or definite period; 8) the duration of a fixed-term contract; 9) the start date; 10) the nature of working hours (full-time, part-time, or reduced); 11) the notice period required for contract termination; 12) the names of collective agreements applied by the employer; 13) details regarding salary, compensation, and other forms of income; and 14) the rights, duties, and responsibilities of both the employee and employer concerning workplace safety. Additional relevant information may also be included as deemed necessary by the contracting parties, in line with the law and collective agreements. Under certain conditions stipulated by the Labor Law, contracts may include a non-compete clause.

Probationary periods may also be included in employment contracts but are generally limited to six months. It is important to note that an employer cannot sign one or more contracts with the same employee if the combined duration exceeds 36 months, whether continuously or with breaks of less than 70 days. Exceptions to this rule include internships or extensions due to temporary incapacity, such as during pregnancy or maternity leave. These restrictions do not apply to employment contracts for specific cases such as directors or contracts facilitated by temporary employment agencies. Part-time work contracts may be signed for either a fixed or indefinite duration. An employer can also sign a fixed-term internship contract with someone entering the workforce for the first time. These contracts are typically limited to six months, or nine months for interns with higher education qualifications. For temporary and occasional tasks, an employer can engage a person registered as unemployed with the Employment Service. Such contracts are valid for up to 120 working days within a calendar year. Temporary assignments of employees to another employer can be managed through an employment agency. In this case, the agency serves as the employer and enters into a contract with the employee to assign them to the user for a specified period. The conditions for temporary work and the necessary contractual details—including the number of employees assigned, the duration of the assignment, the place of work, occupational health and safety measures, and compensation—are all specified by the law. However, these contracts cannot be used to replace employees who are on strike or in similar situations.

Lastly, employers are prohibited from altering contracts to impose less favorable conditions on women due to pregnancy, childbirth, or breastfeeding.

Earnings and Deductions

In Montenegro, employee earnings must be fair, paid at intervals not exceeding one month. Employees are entitled to equal pay for equal work or work of comparable value, with wages determined according to legal standards, collective agreements, and employment contracts. Employers are required to provide employees with a pay slip upon salary payment, detailing the composition of their earnings. Employee salaries generally consist of a basic salary, additional components, salary increases, and performance-related pay, in accordance with the Labor Act. Salary increments may arise from working at night, overtime, on public holidays, or due to years of service. Additionally, employers are required to maintain accurate records of earnings and salary compensations. The minimum wage is set to be at least 30% of the average wage in Montenegro, calculated over the previous six months based on official statistics. Employers are permitted to withhold a portion of an employee's wages to satisfy claims, but only under legally defined circumstances, such as following a final court decision or with the employee's consent. However, the amount withheld for mandatory obligations like child support cannot exceed 50% of the employee's earnings, while other debts can result in deductions of up to 33% of earnings.

Pension and Social Insurance Contributions

Employers are responsible for calculating and deducting social security contributions for pension, disability, and health insurance from the employee's salary. All workers, are required to participate in mandatory pension and disability insurance (Pension and Disability Insurance Act (CG 54/3, 39/4, 61/4, 79/4, 81/4, 29/5, 14/7, 47/7, 12/7, 13/7, 79/8, 14/10, 78/10, 34/11, 39/11, 4/11, 66/12, 36/13, 38/13, 61/13, 6/14, 60/14, 60/14, 10/15, 44/15, 42/16, 55/16, 80/20, 145/21, 145/21, 86/22, 99/23, 125/23, 77/2024)). The employer is obligated to register employees for mandatory social insurance from the date they begin work and must submit this registration to the relevant authority within a number of days set by the Labor Act. Employees engaged under contracts for temporary or occasional work are also entitled to health and pension insurance.

Old-Age Pension

An individual becomes eligible for an old-age pension upon reaching the age of 66 for men or 64 for women, provided they have at least 15 years of insurance coverage. Alternatively, eligibility is granted at the age of 61 with 40 years of insurance experience. The Pension and Disability Insurance Act, also allows for early retirement starting at age 63 with a minimum of 15 years of insurance coverage.

Disability Pension

A disability pension is granted when an individual suffers a complete loss of working ability due to health conditions that cannot be remedied through treatment or rehabilitation. A partial disability, defined as a 75% loss of working capacity, also qualifies if it is due to work-related injuries, occupational diseases, or other health issues. A full disability pension is awarded for complete loss of working ability, while partial disabilities qualify for a partial disability pension.

Rights During Absence from Work

Employees are entitled to compensation during periods of absence due to national and religious holidays, vacations, paid leave, and other specified circumstances, such as responding to state authorities or engaging in professional development at the employer's request. This also includes temporary incapacity due to illness or maternity, parental, adoptive, or foster care leave, among other situations defined by law, collective agreements, and employment contracts. Moreover, if an employee is absent from work due to circumstances beyond their control, they are entitled to salary compensation, which is set at 60% of their normal wage and cannot be less than the minimum wage in Montenegro. Employees engaged in additional, casual, or temporary work also retain rights to health and pension insurance.

Compensation During Temporary Incapacity

Under the Law on Compulsory Health Insurance Act (CG, 145/21, 48/2024) employees who are temporarily unable to work due to illness or injury are entitled to compensation, provided they have not yet retired. This compensation is available under various conditions, including illness, injury, quarantine, or the need to care for a sick family member. Initial approval for temporary incapacity is granted by a medical team for up to 30 days, after which a competent medical commission must authorize continued absence. The employer is responsible for paying wage compensation during the first 60 days of incapacity, after which the Health Insurance Fund reimburses the employer. If incapacity extends beyond ten months, the case must be referred to the relevant authority for disability assessment.

Working Hours

Working hours are defined as the time during which an employee performs tasks associated with their job, including periods when the employee is available to the employer, regardless of location. However, time spent on standby does not count as working hours unless the employee is called to perform work.

Full-time working hours are typically set at 40 hours per week, though they may be reduced in workplaces where safety and health measures cannot fully mitigate harmful conditions. In such cases, working hours may be reduced to as little as 36 hours per week without affecting the classification of full-time employment.

Overtime and Redistribution of Working Hours

Employees may be required to work beyond their standard hours during sudden increases in workload, emergencies, or other exceptional circumstances. Overtime must be formally introduced by the employer through a written decision, though verbal approval is allowed in urgent situations, provided a written confirmation follows within three days. Overtime work is limited to what is necessary to address the issue at hand, with a maximum of 48 hours per week on average over a four-month period, though up to 50 hours may be permitted. In exceptional cases, the collective agreement may allow up to 250 hours of overtime annually. Additionally, an employee who works full-time may enter into a supplementary work contract with the same or another employer, limited to half of the full-time hour. The Labor Act also permits the redistribution of working hours to better utilize labor resources or adapt to the nature of the work. Redistribution can last between one and six months within a calendar year, with total working hours not exceeding 48 hours per week during extended periods. In certain circumstances, working hours may extend to 54 or even 60 hours per week, particularly in seasonal jobs. Employees working in environments where safety measures cannot fully protect against harmful effects are prohibited from working overtime. Additionally, special provisions apply to parents of children with developmental disabilities or single parents of children under seven, who can only work overtime or at night with written consent.

Working in Night Shifts

Work that is conducted between 10 p.m. and 6 a.m. the following day is classified as night work under the Labor Act. Employees who perform night shifts for at least three hours of their daily working hours are entitled to special protection, in line with occupational health and safety regulations. Those working night shifts over a period of four months must not exceed an average of eight hours of night work within any 24-hour period. This same limit applies to employees who work three hours of their daily shift at night and are exposed to significant dangers or physical or mental strain during their work. Employers who schedule night work are required to inform the labor inspection authority accordingly. The Labor Law also limits the duration of night shifts to a maximum of one week. Additionally, the law provides for increased earnings as compensation for night work.

Rest Periods During Work

Full-time employees are entitled to a minimum 30-minute break during their working day. For those working between four and six hours a day, the break must last at least 15 minutes. If an employee works more than full-time, particularly for shifts lasting at least 10 hours, they are entitled to a 45-minute break during the workday. Employees must also have a continuous rest period of at least 12 hours between two consecutive working days.

Weekly Rest and Exceptions

Employees are entitled to a weekly rest period of at least 24 hours, which is usually observed on Sundays, along with a continuous 12-hour rest period between two working days. Employers must provide alternative rest days to employees who work on the designated weekly rest day. There are exceptions that allow for different arrangements of daily and weekly rest periods, depending on the nature of the job and work organization requirements.

Annual Vacation

In general, employees are entitled to the following regarding annual leave: (1) if an employee has not worked for six continuous months in a calendar year, they are entitled to 1/12 of the annual leave for each month worked; (2) the minimum paid vacation is 20 working days; (3) employees working a six-day workweek are entitled to at least 24 days of paid vacation; and (4) those working under conditions harmful to their health are entitled to at least 30 days of paid vacation. An employee cannot forfeit their right to vacation, nor can it be denied or replaced by monetary compensation, except upon termination of employment. Employees with disabilities are entitled to a minimum of 26 working days of paid vacation. Employees under 18 years of age are entitled to at least 24 working days of annual leave. Adoptive parents of a child under eight years old are entitled to one year of leave from work. Public holidays that are non-working days, absences with compensation, and temporary incapacity for work as per health insurance regulations do not count toward annual leave days.

Paid Leave

Employees are entitled to paid leave under specific circumstances, such as marriage, the birth of a child, serious illness of a close family member, taking a professional exam, and other cases specified in the collective agreement or employment contract. The duration of such paid leave is determined by these agreements. In addition, employees are entitled to seven working days of paid leave due to the death of an immediate family member.

Unpaid Leave

Employees have the right to unpaid leave as stipulated in collective agreements and employment contracts. During unpaid leave, the employee retains their right to health insurance, which is covered by the employer, while other work-related rights and obligations are suspended. Furthermore, parents are entitled to unpaid leave until their child reaches three years of age. However, once this leave is interrupted before the specified period ends, the parent cannot resume it. During this period, the employee is entitled to health and pension-disability insurance, with these funds provided by the respective insurance agencies.

Maternity/Family Leave

An **employed** woman is entitled to mandatory maternity leave totaling 98 days, which includes 28 days prior to the expected delivery date and 70 days following the child's birth. In certain situations, such as if the mother dies during childbirth, is seriously ill, abandons the child, is deprived of parental rights, or is serving a prison sentence, the father can take leave from the day the child is born. If multiple children are born, both parents can simultaneously take the 70-day maternity leave following the birth. Parental leave, which allows parents to take time off work to care for their child, is a separate entitlement. This leave can be taken after the initial 98-day period and lasts up to one year from the child's birth. Both parents are eligible, and after 30 days of one parent using the leave, it can be transferred to the other parent.

Absence from Work for Health Reasons

Employees are entitled to take leave from work in cases of temporary inability to work due to illness, work-related injuries, or other health-related reasons, in accordance with health insurance regulations. The employee must provide a certificate of temporary incapacity to the employer within three days of its issuance. Additionally, employees may take leave for the voluntary donation of blood, tissues, or organs, as per legal and collective agreement provisions.

Notice Period and Obligations Regarding Wages and Compensation

Employment relationships can be terminated by law, mutual agreement, or by the employer or employee terminating the employment contract. The employer has the right to terminate an employment contract

without following the procedure for determining employee responsibility if there is a valid reason. However, the employer must first issue a written warning outlining the reason for termination and provide the employee with a response deadline, which must be at least five working days. Documents related to warnings, notices, and decisions must be personally delivered to the employee at the workplace or at their home address. If delivery is not possible, the employer must document the attempt and post the notice on the company's bulletin board. After eight days, the employee is considered notified. Employees are required to continue working for at least 30 days after receiving notice of termination, unless the employment contract is terminated immediately due to a serious breach of duty as defined in the collective agreement. If the employer asks the employee to stop working before the notice period ends, the employee is still entitled to salary compensation and other benefits as if they had worked until the notice period's completion. During the notice period, employees are entitled to at least four hours per week to search for new employment. Upon termination of employment, the employer is required to pay the employee all unpaid wages, salary allowances, and other earnings, as well as to ensure that social insurance contributions are fully paid, in accordance with the law, collective agreements, and the employment contract. These payments must be made within 30 days of termination. However, this provision does not fully comply with ESS2 requirements, which mandate that all due payments be made before or on the day of termination. To address this, a bridging measure is outlined in Chapter related to Procedures, requiring employers to make all due payments on or before the termination date.

Prohibition of Discrimination and Equal Opportunities

The Constitution of Montenegro prohibits both direct and indirect discrimination on any grounds. The Labor Act further prohibits discrimination against job seekers and employees based on race, color, national affiliation, social or ethnic origin, connection with a minority nation or community, language, religion, belief, political or other opinion, gender, gender change, gender identity, sexual orientation, health status, disability, age, property status, marital or family status, pregnancy, group membership or presumed group membership, political party affiliation, trade union membership, or other personal characteristics. Discrimination is also prohibited in relation to working conditions, rights arising from employment, education, training, advancement, and termination of employment. Harassment and sexual harassment in the workplace are also explicitly prohibited.

Employee Organizations

Employees have the right to form and join trade unions, while employers can establish and join employers' organizations. These organizations can be established without prior approval, and membership is voluntary. Employers are required to inform the trade union annually about significant developments and other issues as specified by the Labor Act.

Collective Agreements

Collective agreements can be concluded at various levels, including general, sectoral, and individual agreements with employers. Employers are required to submit any collective agreements made with their employees to the Ministry of Labor. If an employer changes, the successor employer must honor the collective agreement of the predecessor for at least one year from the change date, unless the agreement's term expires or a new agreement is reached with the successor employer before that time.

B Seasonal Work

Seasonal jobs are characterized by their occurrence during specific periods of the year, typically lasting no more than eight months. These jobs are governed by the same rules as fixed-term employment contracts. Workers employed under a fixed-term contract enjoy the same rights, obligations, and responsibilities as

those with an indefinite-term contract. Seasonal work may involve up to 60 hours per week if agreed upon by the employees and specified in the collective agreement.

10.6.4. LABOR PROTECTION

Minimum Age for Employment

In Montenegro, minors aged 15 to 18 are permitted to enter into an employment contract, provided they have the consent of their legal guardian and a medical certificate confirming their general health and ability to work. Additionally, the work must not pose a significant risk to their health, development, moral integrity, or education. Minors in this age group are prohibited from working in environments such as underground or underwater settings and cannot be assigned jobs outside their place of residence. Furthermore, children who are still in compulsory primary education, even if they are between 15 and 18 years old, are not allowed to engage in employment. Minors under 18 years old may have their working hours reduced through a collective agreement with the employer. They are also entitled to a continuous break of at least 30 minutes if they work for at least four hours a day, a weekly rest period of at least two consecutive days, and at least 24 working days of paid annual leave.

Forced Labor

Forced labor is strictly prohibited under Article 68 of the Constitution of Montenegro, and this prohibition is further reinforced by the Criminal Code, which also addresses human trafficking. Montenegro has also ratified the International Labor Organization (ILO) Convention on Forced Labor.

10.6.5. GRIEVANCE MECHANISM

Labor Disputes

If an employee believes their rights have been violated by their employer, they can submit a request to the employer to rectify the situation. The filing of such a request does not postpone the implementation of the decision or action in question. The employer must respond in writing or make a decision within 15 days of receiving the request. This decision is considered final. If the employee is dissatisfied, they can also seek protection from the Labor Inspection. Employees have the right to contest amendments to their contract by appealing to the labor inspectorate, the Agency for Peaceful Resolution of Labor Disputes, the Center for Alternative Dispute Resolution, or a competent court, within 15 days of the contract's amendment. Before initiating court proceedings, an employee who believes their employment rights have been violated must first seek resolution through the Agency for Peaceful Resolution of Labor Disputes or the Center for Alternative Dispute Resolution. The employer is obligated to participate in this process. If the dispute remains unresolved, the employee can then take the matter to court. However, former employees whose employment has been terminated can proceed directly to court without delay. Job seekers who believe they have been discriminated against may also file a complaint directly with the court, bypassing the dispute resolution process. Court proceedings must be initiated within 15 days of receiving the decision that suspends the peaceful resolution process. The employer is required to implement the court's legally binding decision within 15 days unless a different deadline is specified by the court.

Summary

In summary, there are minor areas where Montenegro's domestic regulations are not fully aligned with ESS2 standards. For instance, the Labor Act permits employers to make final payments to employees up to 30 days after the termination of employment, which does not align with ESS2's requirement for all due

payments to be made by the termination date. Regarding overtime, employees may work more than 40 hours per week under certain circumstances, such as sudden increases in workload or force majeure. However, overtime is limited to what is necessary and must not exceed an average of 48 hours per week (or up to 50 hours) over a four-month period. Exceptionally, collective agreements may allow up to 250 hours of overtime annually. While the Labor Law provides for salary increases for overtime work, it does not specify the rate of increase. The law also allows for the redistribution of working hours to optimize labor resources, with the condition that overall working hours do not exceed the limits set in employment contracts. Redistribution must last between one and six months within a calendar year. During periods of extended working hours, the total must not exceed 48 hours per week, though it may go up to 54 or even 60 hours per week for seasonal jobs. Additionally, while the law mandates a general risk assessment for all workplaces, it does not require a specific assessment before employing minors.

10.6.6. OVERVIEW OF LABOR LEGISLATION: OCCUPATIONAL HEALTH AND SAFETY

This chapter reviews key aspects of Montenegrin legislation related to occupational health and safety, particularly as they pertain to the provisions of ESS2.

The Occupational Safety and Health Act (CG 34/14, 044/18) is the primary legislative framework in this area. It outlines the responsibilities of employers and the rights and duties of employees regarding workplace safety, preventive measures against workplace hazards, and the overall management of health and safety at work. The law applies to all employees working in Montenegro, including those employed by legal entities, state bodies, and local government units. It also applies to Montenegrin employees working abroad if the host country's regulations offer less favorable protection than Montenegrin law.

Identification of Workplace Hazards

Employers are required to conduct a risk assessment for all workplaces, identify methods and measures to eliminate risks, and ensure their implementation. The risk assessment must identify hazardous workplaces, assess the probability of workplace injuries or occupational diseases, and introduce measures to mitigate unacceptable risks. Employers must update the risk assessment when new hazards emerge, when protection measures prove inadequate, during significant changes like adaptations or reconstructions, or following serious workplace injuries or fatalities. Employees must be transparently informed about the risk assessment results and related safety measures. Employers are also obligated to post safety signs, warnings, and instructions in the official language and any other officially recognized languages at workplaces, as well as on work equipment.

Preventive and Protective Measures

The employer is required to implement protection measures by proactively preventing, eliminating, and managing workplace risks, while also ensuring that employees are well-informed and properly trained. This must be supported by appropriate organizational structures and resources. Moreover, the employer must inform all employees who are currently exposed or could potentially be exposed to serious or immediate dangers about the nature of these risks and the protective measures that have been put in place.

Protection measures are systematically integrated into all stages of the employer's work processes to prevent or minimize risks to employees' life and health. These measures include: (1) the design, construction, utilization, and maintenance of work facilities and auxiliary spaces, as well as outdoor work environments, with the goal of safely facilitating work processes; (2) the planning, construction, use, and upkeep of technological work processes and all related work tools, ensuring safe working conditions while aligning with standards for chemical, physical, and biological hazards, microclimates, and lighting at

workplaces and in auxiliary rooms; (3) the design, production, use, and maintenance of work tools, structures, and collective protection systems to prevent injury or health damage to employees during their use; (4) the safe handling, transport, storage, use, and disposal of hazardous substances, following regulations to eliminate any risk of harm to employees; (5) the design, production, and use of personal protective equipment, specifically to mitigate risks that cannot be eliminated through other safety measures; (6) providing education, training, and awareness in the field of occupational health and safety. The design, production, and use of work tools and personal protective equipment, particularly those used to eliminate risks that cannot be mitigated through other means, must be conducted according to established technological procedures. The employer is responsible for acquiring and providing employees with the necessary work tools and personal protective equipment, only if these items come with the required documentation in the official language, which details all safety and technical information critical to assessing workplace risks. All prescribed protection measures must be implemented according to occupational health and safety regulations. In cases where the employer is unable to obtain the required documentation, they may seek it from a legally registered entity or entrepreneur authorized to perform these tasks. The employer must also ensure that employees use the provided tools and personal protective equipment correctly, in accordance with their intended purpose, and that all prescribed safety measures are followed during their use. Employers are further obligated to keep employees informed about their duties and responsibilities as per health and safety regulations. Additionally, when safety and health measures at work cannot fully protect an employee from harmful effects, working hours may be reduced proportionally to the adverse impact on the employee's health and working capacity, but these hours cannot be reduced below 36 hours per week. For those organizing night or shift work, the employer must take special care in adapting the work organization to the employees' needs, ensuring that health and safety conditions are maintained in line with the nature of the work. Employers are also required to provide employees who work at least three hours during night shifts with appropriate personal protective equipment. Furthermore, regular health checks must be provided to these employees. If a medical examination reveals that night work is causing health problems, the employer must reassign the employee to perform the same tasks during daytime hours.

Training and Record-Keeping

Employers must train employees on safe work practices when they are hired, assigned to new positions, introduced to new technology, or after returning from an absence of more than one year. Training must be tailored to new or changing risks and repeated periodically as needed. Training costs are borne by the employer. Employers must also instruct any workers from other employers on potential workplace hazards and safety measures. Training records must be maintained, although specific record-keeping requirements are not explicitly outlined in the Labor Act or the Occupational Health and Safety Act.

Documentation and Reporting of Workplace Injuries

The employer is required to maintain and preserve official records of workplace injuries, occupational diseases, and work-related illnesses. Furthermore, the employer must promptly, and no later than 24 hours after the incident, report in writing to the Labor Inspectorate any fatal, collective, serious, or other significant workplace injury that results in the employee being absent from work for more than three days, as well as any hazardous occurrence that could pose a risk to employee health and safety. Additionally, the employer is obligated to provide the injured employee and the health institution where the employee was treated with a report on the workplace injury, adhering to the prescribed timeline and using the form mandated by the state authority responsible for health matters. The employer must also inform the employee or their representative in writing about any workplace injuries that result in the employee being absent from work for more than three days.

Emergency Preparedness and Response

Employers are responsible for implementing measures for first aid, fire protection, and employee evacuation based on the specific risks and workplace conditions.

Legal Advice and Compensation for Workplace Injuries

Employers are required to provide insurance coverage for employees against workplace injuries, occupational diseases, and work-related illnesses. The cost of these insurance premiums is borne by the employer and is determined based on the level of risk associated with workplace injuries, occupational diseases, and work-related illnesses. Moreover, if an employee sustains an injury or suffers damage in connection with their work, the employer is obligated to compensate them for the harm incurred. The extent of the damage, the circumstances surrounding the incident, the party responsible, and the method of compensation are all determined by a special commission established by the employer. If the matter cannot be resolved through this process, it will be settled by the competent court. The employer is also required to arrange health examinations for employees assigned to positions with special working conditions or increased risk, particularly for those returning to such positions after an absence of more than a year. Upon the employee's request, the employer must provide a medical examination appropriate to the specific health and safety risks associated with their job, with such examinations occurring at least once every three years if not covered by other provisions. Should the health examination reveal that the employee no longer meets the health requirements for their current role, the employer must reassign them to a position suited to their health capabilities, as outlined in the job classification system. If reassignment is not possible, the employer is required to grant the employee other entitlements as prescribed by law.

Maintaining a Safe Work Environment

Employers must adopt and utilize safe technologies that do not harm employee health or the environment. They are also required to implement specific health care measures, such as medical exams to assess work ability, monitoring of employee health, and preventive actions to reduce the risk of occupational diseases and injuries.

Reporting Unsafe Conditions

Employees have the right and obligation to report any situation they believe poses a risk to life and health. They may refuse to work if they are not informed of potential dangers or if the necessary safety measures are not in place.

Worker Facilities and Safety Compliance

Employers are required to ensure that workplaces, including all facilities and equipment, meet prescribed safety standards. This includes protecting employees from chemical, physical, and biological hazards in accordance with occupational health regulations.

Contractors and Safety Collaboration

When planning and introducing new technologies, the employer is obliged to consult with employees or their representatives for health and safety at work (hereinafter: employee representative) on matters of choice of means of work, working conditions, working environment and their consequences for health and safety at work. The employee has the right and obligation to give suggestions, comments and notifications to the employer on occupational health and safety issues.

System for Ongoing Review of Occupational Health and Safety

Employers are required to organize and execute professional tasks based on the organization, nature, and scale of the work process, the number of employees involved, the number of work shifts, the assessed risks, and the number of geographically separate units. To fulfill these responsibilities, employers may: (1) appoint a qualified individual; (2) establish a professional occupational health and safety service (hereafter referred to as the professional service); or (3) hire a legal entity or entrepreneur authorized to carry out such tasks. The professional service is restricted from performing professional work for other employers. Regardless of how these tasks are managed and executed, the employer remains accountable for the health and safety of employees at work. Employers must provide the designated professional with the necessary leave from work, with compensation as if they were working, and must supply all required resources to conduct work related to occupational health and safety. Professional tasks may be carried out by a legal entity or entrepreneur who meets the personnel, organizational, technical, and other requirements set by the state administration responsible for labor.

Occupational Health and Safety Risks Unique to Women and Children

Specific rights, obligations, and measures concerning the protection and health of young workers (especially regarding their mental and physical development), women in potentially motherhood-endangering roles, disabled employees, and those suffering from occupational illnesses are regulated by the Labor Act, the Act on Occupational Health and Safety, other relevant regulations, collective agreements, general employer acts, and employment contracts. The law does not require balanced gender representation in occupational health and safety commissions, which could facilitate the development of policies addressing the specific needs of working women involved in the project.

Summary

Although occupational health and safety regulations cover many of the core requirements of ESS2 related to workplace safety and health, there are areas where coverage is only partial. While the Law allows representatives from occupational health and safety services, relevant commissions, employees, and their representatives to propose initiatives, provide information, suggest measures, and request inspections, it does not mandate balanced gender representation in occupational health and safety commissions. Such representation could be crucial for shaping policies that better serve the needs of working women in the project. Regarding employee training in occupational health and safety, employers are obligated to ensure employees receive training for safe work practices in accordance with the law. The cost of this training is the employer's responsibility. Training sessions are to be conducted during working hours if they pertain to health and safety; however, there is no legal requirement for employers to maintain records of such training. Additionally, neither the Labor Act nor the Occupational Health and Safety Act specifies contractors' obligations concerning workplace health and safety. However, when planning and introducing new technologies, employers must consult with employees or their representatives on matters such as the choice of work equipment, working conditions, the work environment, and their implications for health and safety at work. In situations of immediate and serious risk to life and health, employees are empowered to take appropriate actions based on their knowledge and available technical resources. If faced with imminent danger, employees have the right to leave the hazardous work area or environment, provided that they are not placed at a disadvantage for any damage resulting from their actions unless they acted with negligence or carelessness. The prohibition of retaliation is not explicitly mentioned in either the Labor Law or the Occupational Health and Safety Act.

10.6.7. RESPONSIBLE STAFF

The Project Implementation Units (PIUs) within the Implementing Agencies (Ministry of Energy and CEDIS) will have the following responsibilities:

- supervising the implementation of the ESMF, ESMPs/ESMP Checklist, SEP and report on the same,
- manage the project Grievance Redress Mechanism (GRM)
- supervise the work performed by contractors (e.g. engineering/design companies, supervisors) to ensure that they are applying adequate standards and are following agreed procedures,
- advise the contractors on the mitigation of environmental and social impacts at the local level and preparation of monitoring reports,
- organize tendering procedures, review tender evaluation performed by the architectural/engineering firms, and arrange for the contracts to be signed in accordance with agreed procedures,
- training of the contractors on implementation of World Bank environmental and social policy and instruments
- on the spot checks
- Implementing the labor management procedures for direct workers of the project.
- Maintaining and managing records related to the engagement and employment of direct workers.
- Overseeing the employment process of direct workers, to ensure it adheres to the established labor management procedures and domestic labor regulations.
- Establishing an appeal mechanism for direct workers, along with monitoring and reporting on its implementation.

The PIU is also charged with the following responsibilities:

- Applying the labor management procedures to all other project workers.
- Verifying that contractors develop their labor management procedures in alignment with this labor management procedures and relevant occupational health and safety plan prior to the construction phases.
- Monitoring and reporting on the application of labor management procedures by contractors
- Checking that contractors meet their obligations toward contracted and subcontracted employees as outlined in the General Terms of Contract, the World Bank's Standard Tender Documentation, and in compliance with ESS2, the Labor Act, and Montenegro's Occupational Health and Safety Acts and bylaws.
- Monitoring the compliance of occupational health and safety standards at workplaces as per national regulations, ESS2, and the Occupational Health and Safety Plan.
- Ensuring project employees receive training on preventing sexual exploitation and abuse/sexual harassment and the Code of Conduct at the start of their employment and monitoring the implementation of these preventive measures throughout the project.
- Organizing and overseeing safety and health at work training, as well as other necessary training courses for project employees.
- Establishing and implementing project grievance redress mechanism for all project workers as well as workers grievance redress mechanism and monitoring its effectiveness.
- Set up a dedicated mechanism for reporting sexual exploitation and abuse/sexual harassment and monitor and report on its implementation.
- Oversee the adherence to the Code of Conduct for all employees.
- Develop and implement a procedure for documenting specific incidents, such as work-related injuries, illnesses, accidents leading to absenteeism, and incidents related to sexual exploitation and abuse/sexual harassment. This includes maintaining records and ensuring third parties and primary

suppliers also maintain such records. These records will serve as input data for regular audits of occupational health and safety performance and working conditions.

- Enforce disciplinary measures in cases of sexual exploitation and abuse/sexual harassment.
- Report medium, severe, fatal, and mass accidents to law enforcement authorities and the Labor Inspectorate.

Management of individuals hired or to be hired as direct workers by the Implementing agencies for the purpose of the Project means that the Labor Management Procedure provisions will be disseminated among them. Personnel matters will be handled by the Implementing Agencies according to their own personnel policy. For consultants engaged under service contracts by MoE and CEDIS, the responsibility for managing work will of MoE and CEDIS Human Resources Department. Occupational health and safety management falls under the purview of the MoE and CEDIS occupational health and safety officers. Third parties hiring employees on a contract basis are responsible for managing labor relations and personnel issues in compliance with these labor management procedures and national labor and occupational health and safety regulations. These requirements will be incorporated into the contract, making the Labor Management Procedures contractually binding for all third parties involved in the project. The contract will also include a written commitment mandating adherence to the Labor Management Procedures upon contract award, with a monitoring form used to assess the procedures' effectiveness.

10.6.7.1. Contractors' Responsibilities:

- Hiring qualified experts in social issues, labor, and occupational health and safety to prepare and implement project-specific labor management procedures, occupational health and safety plans, and subcontractor work management.
- Developing their work management procedures and occupational health and safety plans in line with these procedures and ESS2, which will be applied to contractors and subcontractors.
- Supervising the implementation of work management procedures and occupational health and safety plans by subcontractors.
- Maintaining records of the hiring and employment process as outlined in the contract.
- Clearly communicating job descriptions and working conditions to contracted personnel and providing them with a copy of their employment contract.
- Developing, implementing, and maintaining an appeals mechanism for employees and managing applications received from employees of contractors and subcontractors. Reporting on the implementation of the appeal mechanism to the PIUs
- Implementing a system for regular auditing and reporting on work performance and occupational health and safety standards.
- Organizing regular training courses for employees on topics including, but not limited to, health and safety at work, social issues, and prevention of sexual exploitation and abuse/sexual harassment.
- Ensuring that all employees of the contractor and subcontractors understand and sign the Code of Conduct before starting employment, and that they receive training on preventing sexual exploitation and abuse/sexual harassment and the Code of Conduct at the start of their employment. Monitoring the implementation of these preventive measures throughout the project is also required.
- Establishing a dedicated mechanism for reporting sexual exploitation and abuse/sexual harassment, and monitoring and reporting on its implementation.
- Developing and implementing a procedure for documenting specific incidents, such as work-related injuries, illnesses, accidents resulting in absenteeism, and incidents related to sexual exploitation and abuse/sexual harassment. Maintaining records and requiring third parties and primary suppliers to do the same. These records will be used for regular performance reviews and working conditions in occupational health and safety.

- Enforcing disciplinary measures in cases of sexual exploitation and abuse/sexual harassment.
- Reporting medium, severe, fatal, and mass accidents to law enforcement authorities and the Labor Inspectorate.
- Establishing a dedicated mechanism to ensure that suppliers of solar panels batteries, and other components are not supplying equipment produced in fabrics with potential risks related harmful or exploitative forms of forced labor/harmful child labor.

Once the procurement process is finalized and the contractors are identified, these work management procedures may be updated to include any additional necessary details.

10.6.8. POLICIES AND PROCEDURES

10.6.8.1. 8.1. Employment and Non-Discrimination Measures

Most environmental and social impacts resulting from activities directly under the control of contractors will be mitigated directly by the same contractors. Therefore, ensuring that contractors effectively mitigate project activities related impacts is the core of the projects' approach. The PIUs of Implementing Agencies will incorporate standardized environmental and social clauses in the tender documentation and contract documents, for potential bidders to be aware of environmental and social performance requirements that shall be expected from them, are able to reflect that in their bids, and required to implement the clauses for the duration of the contract. The PIUs will enforce compliance by contractors with these clauses. The contractual arrangements with each project worker will be clearly defined in accordance with national legislation aligned and ESS2 requirements. A full set of contractual requirements related to environmental and social risk and impact management will be provided in the ESMF, ESMPs / ESMP check list as well as project SEP. All environmental and social conditions will be included in the bidding documents and contracts in addition to any additional clauses, which are contained in the projects' environmental and social instruments. The PIUS will prepare and implement reporting procedure in the case of incidents or accidental situations which has, or is likely to have, a significant adverse effect on the environment, cultural heritage, the affected communities, the public, or the project workers (including employees of sub-contractors) and any third party, including, inter alia, cases of sexual exploitation and abuse (SEA), sexual harassment (SH), and accidents that result in death, serious or multiple injury, and other significant events.

Contractors are required to develop work management procedures that align with this Labor Management Procedures and relevant domestic labor acts and by laws.

As stipulated by the Labor Act of Montenegro, employment on the project must adhere to the principles of non-discrimination and equal opportunity. Discrimination in any aspect of employment, including hiring, compensation, terms of employment, access to training, promotion, or termination, is strictly prohibited. Contractors must implement the following measures, which will be overseen by the Project Implementation Unit (PIU) to ensure fair treatment of all employees:

- Employment procedures must be transparent, public, and non-discriminatory with respect to ethnicity, religion, sexual orientation, disability, gender, and other protected categories as per the Labor Law and other relevant regulations.
- Applications for employment must be reviewed according to established procedures by the contractors.
- Clear job descriptions, outlining the required skills for each position, must be prepared before the recruitment process begins.

- All employees must have written contracts detailing the working conditions, which will be explained to them. The employee is required to sign the employment contract, and working conditions will be accessible at the workplace.
- Recruitment should be merit-based; however, contractors may prioritize candidates from local communities and disadvantaged groups, including women and persons with disabilities.
- Unskilled labor should primarily be sourced from communities, settlements, and municipalities impacted by the project.
- Employers planning to carry out collective dismissals of at least 20 employees within 90 days must initiate consultations, consider the opinions and proposals of the trade union or employee representatives, and ensure that these consultations last no less than 30 days before making any dismissal decisions.
- Contractual employees are not responsible for any employment fees. If such fees are applicable, they must be covered by the employer.
- Contracts must be drafted in a language understood by both the employer and the employee, depending on their origins.
- For employees who may have difficulty understanding documentation, an oral explanation of the employment conditions should be provided in addition to the written documentation.
- Although communication issues are not anticipated, it is important to ensure coordination among contractors and to address any potential language barriers.
- Foreign workers must obtain a residence permit, allowing them to work in Montenegro.
- All contractor and subcontractor employees must be at least 18 years old.
- The Labor Act allows night work for persons under 18 only under certain legally defined circumstances.

For occupational health and safety concerns, the following approach is recommended:

Occupational Health and Safety Plans: The Borrower will include in the tender documentation specific occupational health and safety standards which all contractors and subcontractors involved in the project must meet. These standards must comply with national regulations, World Bank EHS guidelines, and recognized international and industry best practices. At a minimum, the following elements should be included in the Occupational Health and Safety Plan developed by contractors:

- Risk assessment procedures.
- Work permits for high-risk activities (e.g., working at heights, handling hot materials, working on live electrical lines, working in confined spaces).
- Rules for life-threatening work.
- Emergency response procedures.
- Measures to prevent falls and ensure safety when working at heights.
- Safety protocols for excavation, use of ladders and scaffolding, welding and cutting operations, crane operations, and the use of forklifts, electric and hand tools.
- Measures to prevent respiratory hazards from airborne chemicals and substances (including dust, silica, and asbestos); electrical safety (hazardous energy management, lockout-tagout systems, energy verification, safe distances, wiring and protective design, grounding, circuit protection, arc fault protection, electrical safety, personal protective equipment, and dielectric tools); hazard marking; noise and vibration control; safety during steel structure assembly; fire prevention; safe material handling; and safety in reinforced concrete work.
- Provision of personal protective equipment (PPE) on construction sites.
- Training in occupational health and safety.
- Policies allowing employees to refuse work assignments that pose a risk to their health and safety.

Roles and Responsibilities: Occupational health and safety plans must clearly define the roles and responsibilities of all employees, including the project manager, contract managers, health and safety officers, supervisors, and all workers. Contractors must employ their own occupational health and safety personnel responsible for implementing and supervising the occupational health and safety program.

Risk Assessment: Contractors are required to conduct a risk assessment to identify workplace hazards and risks. They must develop risk management plans, including risk assessment procedures, to mitigate these risks and ensure a safe working environment. Contractors are also required to keep records of all training sessions.

The Supervision Consultant engineer will conduct periodic supervision of contractor's OHS performance, including through daily site visits. These supervisions will cover compliance with above mentioned standards, accidents, violations of golden safety rules, recommendations, and progress of ongoing corrective actions. The supervisory consultant will review and approve contractors' safety plans and procedures. The Borrower will inform the Bank within 48 hours about any incident or accident related to the project which has, or is likely to have a significant adverse effect on the environment, the affected communities, the public or workers (labor, health and safety, or security incident, accident or circumstance), but no later than three calendar days after the occurrence of the event. Such events can include strikes or other labor protests, serious worker injuries or fatalities, project-caused injuries to community members or property damage. The Borrower will prepare a report on the event and the corrective action and submit to the Bank within 30 calendar days of the event. The construction contractor will develop and implement Code of Conduct. In addition, Contractors shall report to the PIUs about any inspections and audits carried out by authorities responsible for inspection and compliance control with rules set in relevant legislation regulating Labor, OHS, Discrimination in Montenegro. The findings of the labor inspections will be presented to the PIU and the Bank at request. Contractors shall use the recommended Format for Report on Compliance with Conditions of Work with ESS2, provided in Annex 1 of the LMP, to prepare reports on labor & OHS issues. The PIU will inform the Bank promptly about any incident or accident on the project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers (labor, health and safety, or security incident, accident or circumstance) as soon as reasonably practicable, but no later than five calendar days after the occurrence of the event. Such events can include strikes or other labor protests, serious worker injuries or fatalities, project-caused injuries to community members or property damage.

Safety Standards and PPE: Contractors must ensure a safe workplace by completing a risk assessment before starting any construction work and implementing safety measures according to the relevant safety standards. Employees must be provided with PPE and other preventive measures at no cost. Employees must adhere to strict rules for life-threatening work, which are non-negotiable safety and health rules tailored to the job's nature. Employers are responsible for providing and replacing any necessary PPE at their own expense.

Health and Safety Training: Employers must organize health and safety training for employees in a language they understand before employment begins. This training must cover:

- General safety and health principles.
- Work procedures, equipment, machinery, manuals, and instructions for use and maintenance.
- Emergency and evacuation plans and their implementation.
- Existing threats and risks, along with the measures to mitigate them.

Site Access Control: Contractors must control access to the construction site, ensuring that only authorized persons enter. They must verify that employees meet the training and accreditation

requirements for their roles, as per the standards for professional training and regulatory requirements (e.g., if a license is required project workers must have it). Employees must be trained to handle dangerous work, such as working at heights or in confined spaces, and welding. At a minimum, all employees must complete a basic health and safety course to gain access to the construction site.

Refusal to Undertake Risky Work: Employees have the right to refuse tasks or orders that pose a health and safety risk. They are also entitled to leave the workplace if they encounter danger. Contractors are prohibited from dismissing or penalizing employees who exercise this right.

Accident Reporting System: Employers must establish and implement a system for reporting accidents, illnesses, and workplace incidents.

Occupational Health and Safety Committee: An occupational health and safety committee will be established at the construction site, comprising representatives from employees, the PIU, and all subcontractors. This committee will hold regular meetings to discuss prevention measures, deviations, non-conformities, accidents, and corrective actions. Contractors must conduct internal health and safety audits to ensure compliance, documenting non-conformities and implementing corrective actions within a specified time frame.

Daily Safety Briefings: At the beginning of each workday, contractors must conduct safety briefings, emphasizing the specific hazards and preventive measures for each workplace. Contractors must document and report all accidents, illnesses resulting in more than one day of absence, deaths, or serious injuries occurring on site.

First Aid: First aid resources and facilities for serious injuries must be available on site, including pre-arranged healthcare facilities for treatment, care, and transportation of injured employees. Large construction projects should have on-site medical personnel.

Employee Accommodation: If employee accommodation is provided, contractors must ensure that it meets good hygiene standards, with access to fresh drinking water, clean beds, toilets, showers, well-lit and ventilated rooms, secure storage, safe electrical installations, fire and lightning protection, and separate areas for food preparation and consumption. Separate rooms for men and women are required. Contractors must comply with the IFC and EBRD Guidelines "Worker Accommodation: Processes and Standards.

Monitoring and Reporting: The PIUs or its consultants can conduct periodic safety inspections, including site visits. These inspections will verify compliance with safety standards, document accidents, identify violations of the key safety rules and monitor the implementation of corrective actions. Contractors must report regularly on occupational health and safety performance, including accidents, severity levels, non-conformities, safety rules violations, fatalities, and serious injuries, as well as any penalties for non-compliance. The contractors are required to submit periodic performance reports for review to the PIUs and Implementing Agencies. In addition, the contractor is obliged to inform the PIUS and Implementing Agencies about all inspections and audits conducted by relevant ministries, such as the Labor Inspection.

Accident and Incident Reporting: The contractor must immediately report to the PIUs and Implementing Agencies (and then they to the WBs) any fatal, collective, or serious individual injury that results in more than three consecutive days of work absence, or any dangerous event that could endanger employees' health and safety, to the Labor Inspectorate and the Ministry of Internal Affairs (police) immediately, or within 24 hours at the latest.

The Implementing Agencies must inform the Bank within 48 hours of any project-related accidents or incidents that have, or are likely to have, a significant negative impact on the environment, affected communities, the public, or employees. This includes strikes, serious worker injuries or fatalities, project-related injuries to community members, or property damage. A report on the event and corrective action must be submitted to the Bank within 30 calendar days.

Code of Conduct: Contractors are required to create and implement a Code of Conduct, which must be submitted to the PIUs of the Implementing Agencies for review and approval. The Code of Conduct should reflect the company's core values and work culture. The content of the Code of Conduct is included in the standard tender documentation of the World Bank and contains provisions related to the prevention of sexual exploitation and abuse/sexual harassment.

Sexual Exploitation and Abuse, and Sexual Harassment: Sexual exploitation involves the abuse of power or trust for sexual purposes, including for financial, social, or political gain. Sexual abuse includes any actual or threatened sexual act, either by force or under coercive conditions. Sexual harassment encompasses any unwanted sexual behavior, requests for sexual favors, or other verbal or physical actions of a sexual nature. Project employees are strictly prohibited from engaging in any form of sexual exploitation, abuse, or harassment. They are required to sign the Code of Conduct upon employment and complete training on the prevention of sexual exploitation, abuse, and harassment. Montenegrin law prohibits harassment and sexual harassment in the workplace. Harassment is defined as any unwanted behavior that violates the dignity of a person seeking employment or an employee, creating a hostile, humiliating, or offensive environment. Sexual harassment includes any behavior of a sexual nature that violates the dignity of a person seeking employment or an employee, causing fear or creating a hostile, humiliating, or offensive environment. The Law on Gender Equality of Montenegro (CG 46/7, 73/10, 40/11, 35/15) considers harassment, sexual harassment, or sexual extortion in the workplace as a breach of duty, which can result in the termination of the employment contract and dismissal. Employees must inform the employer in writing about any harassment, sexual harassment, or extortion they experience, and the employer is obligated to provide effective protection.

10.6.9. AGE LIMIT FOR EMPLOYMENT

The minimum age for employment on this project shall be 18 years. National laws prohibit child labor. Contractors are responsible for verifying the identity and age of all employees. Employees must therefore provide official documents to confirm their age, such as a national ID card, passport, driver's license, birth certificate, or valid health or school records. No additional age restrictions will be imposed for employment, and age will not be a criterion for decisions regarding the hiring or promotion of project employees, including termination.

If it is found that a child below the minimum employment age is working on the project, immediate action will be taken to responsibly terminate the child's employment, ensuring the best interests of the child are considered.

Additional mitigation measures may be implemented:

- Conducting training sessions or seminars to raise awareness about the dangers of child labor and to educate on national laws prohibiting it.
- Including procedures for age verification in these training sessions.
- The PIUs will inform project workers about a grievance mechanism available for reporting child labor, including anonymous reporting.

- Contracts will include clauses prohibiting child and forced labor, along with penalties if such labor is found to be in use.
- The PIUs will conduct periodic visits to monitor and ensure that children are not participating in project activities.
- Whenever possible, collaboration with relevant state institutions mandated to prevent and eliminate child labor will be pursued.

10.6.10. CONDITIONS

The conditions for employees in the and Implementing Agencies are governed by their internal regulations or personnel policies, which outline employee rights in accordance with the domestic Labor Act. These internal regulations and labor policies shall apply to PIU members who are directly involved in project-related tasks. Existing collective agreements will also be applicable to the employees of the Implementing Agencies. Wages will be paid at least once per month.

In line with the Labor Act of Montenegro, the standard workweek consists of five days, with regular working hours totaling 40 hours. Overtime is permitted only to the extent necessary to address the reasons it was required, with a maximum of 48 hours per week on average (up to 50 hours) over a four-month period. Exceptionally, collective agreements may allow up to 250 hours of overtime annually. For any workers under 18 years old involved in the project, working hours are restricted to a maximum of 35 hours per week and no more than eight hours per day.

Project employees are entitled to compensation for work performed on public holidays, night work (if not included in the basic salary), and overtime, as per the internal regulations of their employing company. Employees are entitled to a weekly rest period of at least 24 hours, in addition to a break of 12 consecutive hours between two working days within a 24-hour period. Weekly rest is typically on Sundays, although the employer may arrange this differently if the nature of the work or its organization requires it.

Employees are also entitled to annual leave, sick leave, and parental leave in accordance with the Labor Law of Montenegro.

All earned wages, social security benefits, unused vacation time, pension contributions, and other rights will be settled on or before the termination of the employment contract. Notice periods will comply with the requirements of the Labor Act of Montenegro.

The contractor's work management procedures will define the conditions for contract employees. These conditions must at least meet the standards set by these labor management procedures, the Labor Act of Montenegro, the General Conditions of the World Bank's Standard Tender Documentation, and comparable industry standards.

10.6.11. GRIEVANCE REDRESS MECHANISM

A grievance mechanism (GRM) will be provided for all direct workers and contracted workers (and, where relevant, their organizations) to raise workplace concerns. Such workers will be informed of the grievance mechanism at the time of recruitment and the measures put in place to protect them against reprisal for its use. Measure will be put in place to make the grievance mechanism easily accessible to all such project workers. Project workers should be able to raise concerns regarding unsafe or unhealthy work situations through the grievance mechanism. The contractor will establish and describe the details of an appropriate workplace grievance mechanism consistent with the ESS2 requirements (including a written record, established responsibilities and response time, etc.).

The workers GRM will include (Contractor GRM):

- A channel to receive grievances such as comment/complaint form, suggestion boxes, email.
- Stipulated timeframes to respond to grievances.
- A register to record and track the timely resolution of grievances.
- A responsible person/section/committee to receive, record and track resolution of grievances.

The mechanism will be based on the following principles:

- The process will be transparent and allow workers to express their concerns and file grievances,
- There will be no discrimination against those who express grievances, and any grievances will be treated confidentially,
- Anonymous grievances will be treated equally as other grievances, whose origin is known.
- Management will treat grievances seriously and take timely and appropriate action in response. Information about the existence of the grievance mechanism will be readily available to all project workers (direct and contracted) through notice boards, the presence of “suggestion/complaint boxes”, and other means as needed.

-

The PIU will review the records and report on the grievances, response time and resolution status in a semi-annual report to the WB. The grievance mechanism will not impede access to other judicial or administrative remedies that might be available under the law or through existing arbitration procedures, or substitute for grievance mechanisms provided through collective agreements.

The point of contact regarding grievance are:

PIU for Component 1: Improving Energy Efficiency of Public Buildings

Martina Bjeletić Vučković

e-mail: martina.bjeletic@ee-me.org

phone number: +382 67 204 747

PIU for Component 2: Enhancing Operational Efficiency of the Electricity Distribution Grid

Name and Surname of Project Coordinator (or other designated person)

e-mails:

name. surname@cedis.me

korisnik@cedis.me

phone number:

CEDIS grievance redress mechanism:

10.6.12. COMMUNITY WORKERS

Project activities will not require the hiring of community workers.

10.6.13. MANAGEMENT OF CONTRACTORS

Contractor selection will follow the procedures consistent with the WB Procurement Policy. The WBs standard documentation for soliciting bids and contracting, includes labor, professional, and occupational health and safety requirements. The PIU will have the responsibility of monitoring contractors' and subcontractors' adherence to the labor management procedures including adherence to provision of wages, working hours, non-discrimination and other ESS2 requirements which are aligned with national legislation.

As part of the contractor selection process, the PIUs and the Implementing Agencies may review the following information:

- Data from public records, such as corporate registries and documentation regarding labor law violations, including records from the labor inspectorate and other regulatory bodies.
- Business licenses, registrations, permits, and approvals.
- Documentation related to the contractor's work management system, including health and safety protocols.
- Identification and qualifications of individuals responsible for work management and occupational health and safety.
- Certifications, permits, and training records for employees performing essential tasks.
- Records of health and safety violations and responses.
- Documentation of accidents, fatalities, and notifications to relevant authorities.
- Records of legally mandated employee benefits and proof of employee enrolment in relevant programs.
- Payroll records, including hours worked, wages paid, and any salary allowances.
- Identification of members of the occupational health and safety committee and minutes from their meetings.
- Copies of previous contracts with contractors and suppliers, showing the inclusion of terms and conditions reflecting ESS2.
- Contracts with selected contractors will include provisions related to labor, working conditions, and occupational health and safety, as outlined in the World Bank's Standard Procurement Document (SPD). Contractors will be required to comply with these labor management procedures as well as Montenegro's labor, health, and safety laws.
- The PIUs will be responsible for managing and supervising the performance of contractors, particularly regarding their adherence to contractual obligations, representations, and guarantees. This supervision may involve periodic audits, inspections, and on-site visits to project locations, as well as reviews of records and reports submitted by contractors. Contractor performance records may include:
 - o A representative sample of employment contracts or agreements between third parties and contract employees.
 - o Records related to grievances received and how they were handled.
 - o Safety control reports, including information on fatalities and accidents, and the implementation of corrective actions.
 - o Records of non-compliance with national regulations.
 - o Training records for contract employees, explaining work conditions and occupational health and safety procedures within the project.

10.6.14. PRIMARY SUPPLY WORKERS

Primary suppliers are suppliers who provide goods or materials directly to the project. The project requires procurement of a substantial amount of materials, equipment, and etc. It is not expected that primary supply workers will be relevant as the project will unlikely source goods or materials from a single supplier on an on-going basis. The primary suppliers for the project will mainly procure construction material (brick, cement, etc.) and electrical and sanitary equipment. The primary suppliers shall be reputed, registered in companies in Montenegro with valid operating licenses. The contractors shall be required to carry out due diligence procedure to identify if there are any risks that the suppliers would exploit child or forced labor or expose worker to serious safety issues.

For the implementation of Component 1 primary supply workers may bring risks of forced /child labor related to supply of solar panels batteries, and other components and potential risks related to child labor, forced labor and safety issues. The contractors must ensure that solar panels are not produced in fabrics where child labor or forced labor is employed. Suppliers involved in production of solar panels, involving harmful or exploitative forms of forced labor/harmful child labor are not eligible for financing and this will be outlined in the project exclusion list. All E&S measures, including labor related mitigation measures will be incorporated in construction/civil works contracts.

Annex I - Code of Conduct for Contractor's Personnel

We are the Contractor, [enter name of Contractor]. We have signed a contract with, [enter name of Implementing agency] for civil works [enter name of Contract]. These Works will be carried out at [enter the Site and other locations where the Works will be carried out]. Our contract requires us to implement measures to address environmental and social risks related to the Works, including the risks of sexual exploitation, sexual abuse, and sexual harassment, in accordance with ESMP activities.

Note to the Bidder:

The minimum content of the Code of Conduct form as set out by the Employer shall not be substantially modified. However, the Bidder may add requirements as appropriate, including to take into account Contract-specific issues/risks.

The Bidder shall initial and submit the Code of Conduct form as part of its bid.

This Code of Conduct is part of our measures to deal with environmental and social risks related to the Works. It applies to all our staff, laborers and other employees at the Works Site or other places where the Works are being carried out. It also applies to the personnel of each subcontractor and any other personnel assisting us in the execution of the Works. All such persons are referred to as "Contractor's Personnel" and are subject to this Code of Conduct.

This Code of Conduct identifies the behavior that we require from all Contractor's Personnel. Our workplace is an environment where unsafe, offensive, abusive or violent behavior will not be tolerated and where all persons should feel comfortable raising issues or concerns without fear of retaliation.

REQUIRED CONDUCT

Contractor's Personnel shall:

- carry out his/her duties competently and diligently;
- comply with this Code of Conduct and all applicable laws, regulations, ESMP and other requirements, including requirements to protect the health, safety and well-being of other Contractor's Personnel and any other person;
- maintain a safe working environment including by:
 - ensuring that workplaces, machinery, equipment and processes under each person's control are safe and without risk to health;
 - wearing required personal protective equipment;
 - using appropriate measures relating to chemical, physical and biological substances and agents; and
 - following applicable emergency operating procedures.

- report work situations that he/she believes are not safe or healthy and remove himself/herself from a work situation which he/she reasonably believes presents an imminent and serious danger to his/her life or health;
- treat other people with respect, and not discriminate against specific groups such as women, people with disabilities, migrant workers or children;
- not engage in Sexual Harassment, which means unwelcome sexual advances, requests for sexual favours, and other verbal or physical conduct of a sexual nature with other Contractor's or Employer's Personnel;
- not engage in Sexual Exploitation, which means any actual or attempted abuse of position of vulnerability, differential power or trust, for sexual purposes, including, but not limited to, profiting monetarily, socially or politically from the sexual exploitation of another;
- not engage in Sexual Abuse, which means the actual or threatened physical intrusion of a sexual nature, whether by force or under unequal or coercive conditions;
- not engage in any form of sexual activity with individuals under the age of 18, except in case of pre-existing marriage;
- complete relevant training courses that will be provided related to the environmental and social aspects of the Contract, including on health and safety matters, and Sexual Exploitation and Abuse (SEA), and Sexual Harassment (SH);
- report violations of this Code of Conduct; and
- not retaliate against any person who reports violations of this Code of Conduct, whether to us or the Employer, or who makes use of the grievance mechanism for Contractor's Personnel or the project's Grievance Redress Mechanism.

RAISING CONCERNS

If any person observes behavior that he/she believes may represent a violation of this Code of Conduct, or that otherwise concerns him/her, he/she should raise the issue promptly. This can be done in either of the following ways:

- Contact [enter name of the Contractor's Social Expert with relevant experience in handling gender-based violence, or if such person is not required under the Contract, another individual designated by the Contractor to handle these matters] in writing at this address [] or by telephone at [] or in person at []; or
- Call [] to reach the Contractor's hotline (if any) and leave a message.

The person's identity will be kept confidential, unless reporting of allegations is mandated by the country law. Anonymous complaints or allegations may also be submitted and will be given all due and appropriate consideration. We take seriously all reports of possible misconduct and will investigate and take appropriate action. We will provide warm referrals to service providers that may help support the person who experienced the alleged incident, as appropriate.

There will be no retaliation against any person who raises a concern in good faith about any behavior prohibited by this Code of Conduct. Such retaliation would be a violation of this Code of Conduct.

CONSEQUENCES OF VIOLATING THE CODE OF CONDUCT

Any violation of this Code of Conduct by Contractor's Personnel may result in serious consequences, up to and including termination and possible referral to legal authorities.

FOR CONTRACTOR'S PERSONNEL:

I have received a copy of this Code of Conduct written in a language that I comprehend. I understand that if I have any questions about this Code of Conduct, I can contact [enter name of Contractor's contact person with relevant experience] requesting an explanation.

Name of Contractor's Personnel: [insert name]

Signature: _____

Date: (day month year): _____

Countersignature of authorized representative of the Contractor:

Signature: _____

Date: (day month year): _____

ATTACHMENT 1: Behaviors constituting Sexual Exploitation and Abuse (SEA) and behaviors constituting Sexual Harassment (SH)

ATTACHMENT 1 TO THE CODE OF CONDUCT FORM BEHAVIORS CONSTITUTING SEXUAL EXPLOITATION AND ABUSE (SEA) AND BEHAVIORS CONSTITUTING SEXUAL HARASSMENT (SH)

The following non-exhaustive list is intended to illustrate types of prohibited behaviors:

- Examples of sexual exploitation and abuse include, but are not limited to:
 - A Contractor's Personnel tells a member of the community that he/she can get them jobs related to the work site (e.g. cooking and cleaning) in exchange for sex.
 - A Contractor's Personnel that is connecting electricity input to households says that he can connect women headed households to the grid in exchange for sex.
 - A Contractor's Personnel rapes, or otherwise sexually assaults a member of the community.
 - A Contractor's Personnel denies a person access to the Site unless he/she performs a sexual favor.
 - A Contractor's Personnel tells a person applying for employment under the Contract that he/she will only hire him/her if he/she has sex with him/her.

- Examples of sexual harassment in a work context
 - Contractor's Personnel comment on the appearance of another Contractor's Personnel (either positive or negative) and sexual desirability.
 - When a Contractor's Personnel complains about comments made by another Contractor's Personnel on his/her appearance, the other Contractor's Personnel comment that he/she is "asking for it" because of how he/she dresses.
 - Unwelcome touching of a Contractor's or Employer's Personnel by another Contractor's Personnel.
 - A Contractor's Personnel tells another Contractor's Personnel that he/she will get him/her a salary raise, or promotion if he/she sends him/her naked photographs of himself/herself.

ANNEX 2 – REPORT ON RESPECT OF WORK AND WORKING CONDITIONS (used by third parties who hire contract workers)

Task:

Contract reference

Name of Service provider

Reporting period

Date

Signature

STATISTICAL DATA ON THE EMPLOYEES¹⁴ IN THE COMPANY:

Total number of employees by gender

Number of employees with employment contracts¹⁵

Number of persons engaged without establishing an employment relationship

Number of employees with access to social, pension and health insurance

Number of employees/engaged persons who receive wages/salary compensation regularly, at least once a month

Number of employees who left the company in the reporting period

Number of employees engaged in the reporting period

Number of working hours per employee (monthly average)

Total overtime hours (monthly average per employee)

Number of violations at work (in the reporting period and cumulatively, since the beginning of the implementation of the contract)

Number of deaths at work (in the reporting period and cumulatively)

Number of reported cases of violence

Number of reported harassment/abuse

Availability of an accessible and functional appeal mechanism for employees (Y/N)

Number of applications submitted to the appeal mechanism (in the reporting period and cumulatively, since the beginning of the implementation of the contract)

Number of resolved complaints with the appeals mechanism (in the reporting period and cumulatively, since the beginning of the implementation of the contract)

Number of lawsuits filed in the field of work, employment and occupational health and safety

Number of peacefully resolved disputes/disputes resolved in voluntary arbitration proceedings

Number of arrivals of labor and occupational health and safety inspections

STATISTICAL DATA ON PROJECT EMPLOYEES:

Total number of employees on the project:

Number of employees on the project with an employment contract:

Number of employees on the project with other types of contracts:

Number of employees on the project with access to social, pension and health insurance, confirmed from the register:

¹⁴ Employed is any natural person employed or hired to perform work or provide services for the employer

¹⁵ The number of employees refers to the actual number of persons on the date of submission of the report

QUESTIONNAIRE ON WORK AND WORKING CONDITIONS

All employees have a written employment contract or engagement agreement.	If the answer is "No", enter the reason and explanation
All project employees receive their salary at least once a month	If the answer is "No", enter the reason and explanation
All employees on the project work eight hours a day, 40 hours a week, or less	If the answer is "No", enter the reason and explanation
All employees on the project have a regular daily and weekly vacation	If the answer is "No", enter the reason and explanation
Project employees whose employment contract has been terminated	If the answer is "Yes", enter the number and explain the terms of termination
Project employees who have completed a training course related to occupational health and safety	If the answer is "Yes", enter the number and explain If the answer is "No", enter the reason and explanation
Project employees who have been granted leave to which they are entitled	If the answer is "Yes", enter the type and number of leave
Project employees who were involved in an accident that resulted in injury or death	If the answer is "Yes", enter the number and explain
Employees of the project who reported cases of discrimination, harassment, sexual harassment or non-compliance with the law	If the answer is "Yes", enter the number and explain
Employees on the project who initiated an appeal procedure or a voluntary arbitration procedure / legal procedure to resolve the disputes	If the answer is "Yes", enter the number and explain
During the reporting period, were there incidents or non-compliance with Work Management Procedures	If the answer is "Yes", enter the number and explain

Date and place: _____

Signature

ANNEX 3 - STATEMENT OF THIRD PARTIES ON THE OBLIGATION TO COMPLY WITH THE PROVISIONS OF WORK REGULATIONS and PROJECT WORK MANAGEMENT PROCEDURES (LMP)

Date and place of issue: _____

Name and address of the issuer (Bidder): _____

STATEMENT OF LEGAL AND REGULATORY COMPLIANCE

- We hereby declare the following:
- We are informed about and respect the standards established in the ESS2 of the World Bank;
- We respect all domestic laws* and valid regulations related to employment, work and labor relations, working conditions and work-related conditions;
- We undertake to provide a safe and healthy environment for our employees and to implement all requirements related to protection and health at work in accordance with domestic regulations and ESS2 of the World Bank;
- We do not tolerate any form of child or forced labor, or forms of slavery;
- We prohibit any form of harassment, sexual harassment, abuse, violence, including gender-based violence at work, and we prohibit direct and indirect discrimination against any employee or group of employees on any basis and for any reason;
- We confirm that an appeals mechanism will always be available to all our employees and persons engaged to work with us, from the first day of the implementation of the contract.
- We hereby declare that, if we win the contract, we will adopt the Work Management Procedures in accordance with the World Bank's ESS2, which relate to the project, and that we will incorporate them into our operations.
- We hereby confirm that we are aware that authorized representatives of the Client, or independent third parties, can make announced and unannounced visits to our company, inspections at the construction site and audit of work and working conditions in order to check compliance with the above statement.
- We understand that failure to comply with any of the above obligations may lead to termination of the contract and exclusion from the project.

Signature:

Name:

Position:

Domestic laws mean the laws of Montenegro and the laws of the Bidder's country, if the Bidder is a foreign entity.
