



GOVERNMENT OF MONTENEGRO

MINISTRY OF SCIENCE

- HERIC -

**HIGHER EDUCATION AND RESEARCH FOR INNOVATION
AND COMPETITIVENESS PROJECT**



GUIDELINES FOR APPLICANTS

FOR

COLLABORATIVE RESEARCH AND DEVELOPMENT SUBPROJECTS GRANTS

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Ministry of Science

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ABBREVIATIONS AND ACRONYMS

CRDS	Collaborative Research and Development Subprojects
EA	Environmental Assessment
EIA	Environmental Impact Assessment
EMF	Environmental Management Framework
EMP	Environmental Management Plan
FEC	Final Evaluation Committee
GoM	Government of Montenegro
HERIC	Higher Education And Research for Innovation and Competitiveness Project
IBRD	International Bank for Reconstruction and Development
IFC	International Finance Corporation
IPIE	International Project Implementation Experts
ISPR	International Scientific Peer Reviewer
IT	Information Technology
ITQ	Invitation to Quote
MoE	Ministry of Education of Montenegro
MoF	Ministry of Finance of Montenegro
MoS	Ministry of Science of Montenegro
PMT	Project Management Team
R&D	Research and Development
TSU	Technical Services Unit

1. Purposes of these Guidelines

The purposes of the Guidelines for Applicants for Collaborative Research and Development Subprojects (CRDS) are as follows:

- i. To provide information to the Ministry of Science (MoS), Council for Science, Higher Education and Research for Innovation and Competitiveness Project Management Team (HERIC-PMT), Montenegrin researchers and evaluators on CRDS applications/proposals regarding the objectives of the CRDS grants and eligibility criteria.
- ii. To provide details on the overall process of awarding and implementation of the CRDS grants, including legal, administrative and financial obligations of all parties involved.
- iii. To provide details to prospective CRDS grants applicants on application procedures in order to be proficient in using the forms during preparation of the application/proposal.
- iv. To provide guidelines for: (i) Call for proposals; (ii) Review/evaluation and selection of applications/proposals; (iii) Contracting for grants; (iv) CRDS implementation; (v) Finance, management and administration; and (vi) Reporting on the CRDS.

2. Higher Education and Research for Innovation and Competitiveness (HERIC) Project

2.1 Background

An important mechanism for increasing the competitiveness of the Montenegrin economy encompasses improvements in the quality and efficiency of higher education and strengthening the links between research, innovation and business.

Strengthening the human resource and research infrastructure capacities is a prerequisite for effective participation in the EU framework programmes and for integration into the European Research Area. The HERIC Project is an important instrument for promotion of the large-scale improvements in Montenegro's higher education and research sectors and will strengthen national research and development (R&D) system in order to create better links between universities and businesses.

2.2 Overview of HERIC Project

The Government of Montenegro implements, through the Ministry of Science and Ministry of Education, the *Higher Education and Research for Innovation and Competitiveness Project*, supported by the World Bank loan.

The HERIC Project supports initiatives to ensure that innovation becomes a pillar of development of the dynamic and relevant higher education and research environment and that the universities and public and private enterprises benefit from playing a more active role in R&D efforts and technology transfer opportunities. The Project Development Objective is to strengthen the quality and relevance of higher education and research in Montenegro, through reforming the

higher education finance, quality assurance systems and strengthening R&D capabilities.

CRDS grants, which are the subject of these Guidelines and separate annexes, will be allocated through the HERIC Project Component 3 ("Establishing a Competitive Research Environment").

3. Objectives and anticipated results of CRDS Grants Programme

CRDS Grants Programme aims to integrate scientific and professional potential in Montenegro in order to contribute to development of the knowledge-based society. In particular, the objectives of the Programme are:

- To support larger and more impactful R&D subprojects that nurture international collaboration, generate commercial innovations and strengthen the Montenegrin economy.

The CRDS Grants Programme encourages applied and developmental scientific research creating potential to be competitive on international level. Projects are expected to attract researchers, experts and investments into Montenegro, enabling the cooperation at European and international level.

- To encourage and facilitate cooperation between domestic and international institutions, as well as with business sector, strengthening the Montenegrin economy.

The CRDS Grants Programme supports projects that directly or indirectly strengthen the Montenegrin economy. Development of innovations, patents, commercial and other scientific results will be financed.

- To try-out quality and sustainable partnerships that show potential to integrate research into mainstream economic drivers for Montenegro and to grow into the future centres of excellence.

The CRDS Grants Programme supports research that will be competitive at the international level and supports scientific excellence and improvement of education for researchers in order to make Montenegro a desirable place for top scientists from abroad (including those from Diaspora).

4. Overview of CRDS grants scheme

CRDS grant scheme will operate within the amount of €2,133,720.00 during the realization of the HERIC project, until March 2017. Single grant can reach amount between €150,000 and €400,000. CRDS grant scheme will support applied and development projects, within the following priority areas: Energy; ICT; Medicine and Health; Sustainable Development and Tourism; Agriculture and Food; and New Materials, Products and Services.

CRDS process will operate through call for proposals. The first call for proposals will be launched in the fourth quarter 2013. If the CRDS grant funds will not have been all allocated in the first round, later round(s) shall be completed by the end of realization of the HERIC project. One licensed scientific research institution from Montenegro may apply for and receive more than one grant in one round, but the proposed subprojects have to be from the different thematic areas within one research priority. Also, scientific research institution that received grant in the first

round, may apply for grants in later round(s), but not from the same thematic area within one research priority that is being implemented through the first round. The HERIC Project Grants Officer, in cooperation with responsible person in the MoS, will provide support to potential applicants during the process of preparation of proposals and will supervise and monitor the implementation of selected subprojects.

More details can be found in the following chapters.

5. Eligibility for CRDS grants participation

- I. Requested grant should be in amount between €150.000 and €400.000, with duration of the project up to three years.
- II. Submitted proposal has to be applied or developmental research project, within the following priority areas: Energy; ICT; Medicine and Health; Sustainable Development and Tourism; Agriculture and Food; and New Materials, Products and Services.
- III. Application/proposal for CRDS grant has to be submitted by the national licensed scientific research institution (university, research institute, independent research body, or company), from the Register in the Ministry of Science.
- IV. Applicant has to submit proposal in partnership with at least one international scientific partner (scientific research institution, registered in a similar way according to the national law in its country).
- V. Applicant has to submit proposal in partnership with at least one company whose main legal activities enable the partners to achieve the aims and objectives of the CRDS. Both domestic and international companies can be included as a partner. However, involvement of domestic companies is highly encouraged.
- VI. Another national licensed scientific research institution that will contribute to the interdisciplinarity of the proposed project is highly recommended as a partner, although not obligatory. This is important as the interdisciplinarity is one of the evaluation criteria.
- VII. Maximum number of partners is not limited.
- VIII. Proposal shall contain an appointed Project leader, who will be responsible for the implementation of the project. Project leader has to be a person full time employed at the institution applying for CRDS grant.
- IX. Applicant has to provide a written guarantee of its own contribution to the project, as well as of all involved partners, which include financial and/or non-financial means (i.e. in kind contribution – salaries/honoraria, equipment, human resources, etc) depending on the type of partner. More details can be found in Annex 3b (Example Guarantee Form).
- X. Lead Applicant that has the on-going CRDS, started in the previous CRDS rounds, cannot submit application/proposal in the same thematic area within the research priority.
- XI. If the Applicant/Project leader has not fulfilled contractual obligations from the previous scientific research projects, funded from the national budget in the last five years, the proposal will be automatically rejected.

- XII. Project leader and key researchers must fulfil criteria defined in the Rulebook¹ of the Ministry of Science (the Project leader must have the total coefficients greater than 25 for the last ten years depending on the expertise of his or her scientific field – special focus will be on the achievements in the last five years; a Key researcher must have the sum of the coefficients above 15 in the past ten years depending on the expertise of his or her scientific field – special focus will be on the achievements in the last five years).

6. Responsibilities of the main parties

6.1 Grant Recipient

The Lead Applicant, defined as the Grant Recipient, will submit an application/proposal and is responsible for all activities related to the grant in accordance with procedures established in these Guidelines for Applicants (and relevant annexes issued separately) satisfactory to the Ministry of Science. The responsibility of Grant Recipient includes, among others, the following aspects:

- Elaborating of a proposal for obtaining the grant;
- Justifying the needs for achieving the purpose of the grant;
- When pre-selected for receiving a grant, negotiating the grant contract, including a procurement plan, with the MoS;
- Conducting site-specific Environmental Assessment (EA) and preparing Environmental Management Plan (EMP);
- Developing partnership agreements between the Grant Recipient and other project participants;
- Coordinating the work of all the CRDS partners according to the overall project plan and taking adequate steps to address any delays or deviations from the original plan;
- Nominating the members of commission for evaluation of offers and selection of suppliers of required goods and/or services (Commission will consist of three or five members, out of which one member must be delegated on behalf of the MoS while other members will be representatives of the Grant Recipient);
- Making payments to suppliers and consultants and obtaining receipts for such payments;
- Performing sound contract management;
- Transferring funds to ensure that implementation of all partners' activities are realised without delay;
- Maintaining project records;
- Ensuring a sound financial management;
- Carrying out the CRDS grant in accordance with specific Environmental Assessment and Environmental Management Plan;
- Facilitating monitoring and evaluation by the MoS;

¹ Rulebook on the conditions for approval and methods of usage of funds from the budget of Montenegro for the programmes of general interest – national and international science and research projects and conditions to be fulfilled by the project manager and researchers engaged in the research team

- Resolving any issues affecting project implementation, including procurement; and
- Preparing the necessary periodical and final reports.

6.2 Grants Officer and the Technical Service Unit (TSU)

The Grants Officer (in cooperation with the responsible person in the MoS) performs initial administrative control of grants proposals, and is responsible for monitoring of physical and financial implementation of the CRDS activities, as well as reviewing of progress reports prepared by the grant recipients. The Grants Officer is responsible for performing both the ex-ante and ex-post controls of the CRDS grants, to confirm that subproject investments are adhering to the eligibility criteria. The Grants Officer in cooperation with responsible person in the MoS will also provide necessary support to grant recipients.

The TSU within the Ministry of Finance (MoF) will be responsible for fiduciary issues with regard to grants implementation: (i) manage formal processes of procurement according to the World Bank guidelines (including publishing notices of tenders, issuing bidding documents, receiving bids, providing secretariat for evaluation committees and ensuring that their work is conducted in accordance with the World Bank procurement guidelines); (ii) transfer funds based on withdrawal applications prepared by the grantees (which should be submitted to the TSU in periods no longer than 3 months); and (iii) accept financial reports prepared by these grantees concerning the use of grant funds.

6.3 Environmental Expert

The Environmental Expert (PMT staff) is responsible for the preliminary screening of the proposed CRDS applications/proposals, for supporting the EMP preparation and for reviewing, advising and overseeing compliance of CRDS activities with the Environmental Management Framework (EMF) and specific Environmental Management Plans (EMPs). If the Grant Recipient is required to develop the EMP, hence progress monitoring on EMP implementation will be performed at least twice per year (details given in Annex 15) and will be undertaken in close cooperation with the responsible persons at the MoS.

7. Application/Proposal Process

The grants application/proposal process consists of five (5) main activities (each described more fully below): (i) Call for proposals; (ii) Preparation of applications/proposals; (iii) Review and evaluation of applications/proposals, (iv) Negotiation and award of grants; and (v) Development of CRDS contracts.

7.1 Call for Proposals

(See Annex 1 for key dates in the application process)

- i. For each CRDS grants round the Ministry of Science of Montenegro will prepare a call for proposals, including key dates, specific technical/conceptual information and key administrative procedures.
- ii. The Call will be available: (i) on the website of the Ministry of Science (www.mna.gov.me) and of the HERIC Project (www.heric.me); and (ii) in one

nationwide daily newspaper (advertised twice). The call for proposals is featured in Annex 2.

- iii. MoS and HERIC PMT will organize promotion event for the scientific research community.
- iv. No less than 60 calendar days will be available for preparation of applications/proposals – from the date of publication of the Call until the deadline for its submission.

7.2 Preparation of Applications/Proposals

Institutions/research teams considering the development of a proposal and submission of an application may obtain a copy of these Guidelines for Applicants, which contains all necessary information and the main forms to be filled in. The Guidelines will be available on the website of the MoS (www.mna.gov.me) and on HERIC website (www.herich.me).

Development of applications/proposals will be the responsibility of interested institutions/research teams. During the application/proposal development period, clarifying information may be requested in writing, by submission to the Grants Officer of the HERIC PMT through an e-mail and he/she will respond in the same way. The Grants Officer will consult the responsible person in the MoS regarding the answers.

7.2.1 Eligible costs for applicants (national licensed scientific research institution in Montenegro)

CRDS Grants funds may be requested for research project costs which are in accordance to the objectives of the CRDS Grants Programme. The grants will finance the following:

- a) Purchase and maintenance of new equipment;
- b) New, more economical usage of equipment through cooperation and renting;
- c) Material and consumables;
- d) Purchase of modern information and communication technologies;
- e) Costs for directly involved researchers and R&D staff;
- f) Salaries of young doctoral students (up to 35 years old) and post-doctoral scholars to conduct research;
- g) Patent applications;
- h) Organization of conferences and workshops in Montenegro and participation of Montenegrin scientists in conferences and workshops in Montenegro and abroad;
- i) Other costs for dissemination of results;
- j) Subscriptions to electronic databases of scientific journals; and
- k) Administrative/incidental costs.

7.2.2. Eligible costs for partners (if any) who are licensed national research institution from Montenegro

- a) Purchase and maintenance of new equipment;
- b) New, more economical usage of equipment through cooperation and renting;
- c) Material and consumables;
- d) Purchase of modern information and communication technologies;

- e) Costs for directly involved researchers and R&D staff;
- f) Salaries of young doctoral students (up to 35 years old) and post-doctoral scholars to conduct research;
- g) Patent applications;
- h) Participation of Montenegrin scientists in conferences and workshops in Montenegro and abroad;
- i) Other costs for dissemination of results; and

7.2.3. Eligible costs for international partners that are licensed scientific research institution in accordance to their national regulation

- a) Costs for researchers from international partner's institution, engaged to exchange experience, teach and conduct research under the project; and
- b) Costs for travel expenses - including travel costs, accommodation and subsistence.

7.2.4 Eligible costs for companies (partners)

- a) Costs for researchers, technicians and other supporting staff to the extent employed on the research project;
- b) Costs of instruments and equipment to the extent and for the period used for the research project. If such instruments and equipment are not used for their full life for the research project, only the depreciation costs corresponding to the life of the research project, as calculated on the basis of accounting rules, are considered as eligible;
- c) Cost of contractual research, technical knowledge and patents bought or licensed from outside sources at market prices, where the transaction has been carried out between independent entities;
- d) Participation of company's staff at conferences, workshops, seminars, etc, for the purpose of the project; and
- e) Other operating expenses, including costs of materials, supplies and similar products incurred directly as a result of the research activity.

In case of applied research, the requested grant allocations per identified specific research activity cannot exceed:

- 80% of eligible costs for small undertakings (small companies being partners),
- 75% of eligible costs for medium sized undertakings, and
- 65% of eligible costs for large undertakings.

In case of developmental research, the requested grant allocations per identified specific research activity cannot exceed:

- 60% of eligible costs for small undertakings (small companies being partners),
- 50% of eligible costs for medium sized undertakings, and
- 40% of eligible costs for large undertakings.

For non-research (non-economic) activities the grant covers 100% of expenses.

Since the distribution of the above mentioned costs within the whole amount of the grant (amount dedicated for all partners) can vary considerably depending on the nature of the proposed project, as a rule of thumb, the following structure of budget should be considered:

- Salaries and honoraria shall not exceed the threshold of 40% of the requested grant; and
- Administrative/incidental costs may not exceed the 10% of costs proposed for salaries and honoraria.

The allocation of funds must be well balanced. However, a different budget structure will be considered if strong justification is made by the applicant in the project proposal. In fact, it is up to the international evaluators of the proposal to give opinion to what extent these thresholds are justifiable, realistic and feasible for a successful realization of the proposed activities.

The Ministry of Science will finance CRDS with the amount that depends on the type of research and on the type of partner. Namely, the Ministry of Science will finance the activities conducted by the scientific research institutions, both from Montenegro and abroad, in total project value that will be agreed during the negotiation phase and stated in the Contract. The Ministry of Science will also finance the research activities conducted by the partners from industry, as it is stated above in this Paragraph. However, all partners have to contribute to the project implementation, as follows: partners from industry have to contribute financially but apart from the obligatory amounts depending on the type of the company, they could provide an in kind contribution; other partners (the licensed scientific research institution/institutions from Montenegro and abroad) have to provide contribution which could be financial (not obligatory) or in kind. The contributions need to be clearly defined in the Annex 3b “Example Guarantee Form” that each project partner needs to submit, as well as in the Annex 3d “Budget Plan”.

Along with the Application Form (given in Annex 3) each applicant must also fill in and submit the Environmental Screening Checklist (see Annex 15, Attachment I). In the development of applications/proposals, CRDS Grants funds may not be requested or planned to be used for activities for which a full Environmental Impact Assessment (EIA) is required, in accordance with the Law on Environmental Impact Assessment, or other activities listed in section “Exclusions” in Annex 15.

7.2.5. Non eligible costs

Grants will not be awarded for stand-alone activities from the lists of eligible costs given above (e.g. solely for purchase of the equipment, or organization of workshops, etc).

Grant cannot be requested for activities that include, but are not limited to:

- a) Civil/construction works;
- b) Procurement of vehicles;

- c) Purchase/lease of property.

7.3 Review and Evaluation of Applications/Proposals

Applications/proposals will undergo a review and evaluation process that includes: a) Completeness and administrative/environmental compliance review; b) Scientific evaluation and technical/cost comparison; c) Viability of implementation and comparative impact; and d) Final review and award determination.

The process of evaluation of proposals begins with screening of proposals' administrative and environmental completeness and compliance. All proposals deemed as eligible will be sent for further review and evaluation that will be performed by international experts on the basis of the criteria and marking scheme presented in this chapter. Projects will be equally considered disregarding the difference in the size of requested grant amounts.

- i. The PMT Grants Officer, together with a responsible person in the MoS, will perform initial screening of proposals' administrative completeness and compliance. If applicants fail to submit the requested information it will mean the CRDS proposal will no longer be considered for financing. The applicants may be requested to clarify/modify certain information and add what is missing in submitted documentation in order to avoid their possible disqualification in this initial phase due to some negligible administrative issues. The completeness and administrative compliance, among other things, means that:
- Application is submitted on time;
 - Application/proposal is complete (includes all requested information, documents, chapters, sections, annexes, forms and signatures);
 - Correct number of copies is submitted in the required language and manner;
 - Proposed CRDS falls into defined priority areas;
 - Applicant has not any on-going HERIC CRDS in the same thematic area started in previous competitive rounds;
 - Funds are not requested for non-eligible items;
 - Requested grant amount is within defined limits; and
 - Applicant/Project leader has fulfilled contractual obligations from the previous scientific research projects, funded from the national budget in the last five years.

In parallel with the administrative checks, the HERIC PMT Environmental Expert will conduct the preliminary screening of the applications/proposals and review the Environmental Screening Checklist to classify applications by environmental categories and provide the information on possible necessity of developing an Environmental Management Plan by the applicant. The screening will ensure compliance with the “Exclusions” Section in Annex 15, as well as provide the information on possible necessity of submitting additional documentation according to Montenegrin legislation. If the Expert is of the opinion that certain documentation/permits will or might be obligatory for a concrete project proposal and that it normally takes quite a lot of time to be obtained/regulated, then he/she may request the applicant to submit relevant documentation or to initiate a

process of obtaining it in parallel with the further process of proposals' evaluation (i.e. before pre-selection), thus preventing possible delays in submitting environmental documentation further on. Otherwise, if the Expert is of the opinion that there is no (significant) risk of such kind of problems, i.e. of receiving a negative answer from the competent national authority regarding necessary permits, then the additional documentation/permits could be requested later on, after the pre-selection of the applicant (see chapter 7.4). Each application that meets eligibility, administrative and environmental compliance criteria will be individually remotely evaluated by at least two independent and unbiased International Scientific Peer Reviewers (ISPRs).

The ISPR's are responsible for carrying out the scientific evaluation. Besides, they will review if the predicted research costs and overall budget are reasonably projected and distributed. They must have skills and expertise from the specific scientific field in line with proposal. Each ISPR must have the highest standards of integrity, which preclude any questionable affiliation with applicants, including as an employee, consultant, relative, political or business affiliate. Each candidate should disclose in advance any perceived, potential or actual conflict of interest that can affect their objectivity.

The ISPRs will be asked to remotely evaluate one proposal closely related to their field of expertise and to submit a written review using the template that would be provided by MoS. Each ISPR will prepare a report that both include merit based mark and narrative section highlighting the strengths and weaknesses of the application and indicating any issues that might be clarified with an applicant at the interview.

Criteria for evaluating project proposals are:

	Area of evaluation	max. points
1	Scientific/technological quality, expected results, innovativeness and interdisciplinarity	15
2	International cooperation, mobility of researchers	15
3	Cooperation with business sector	15
4	Quality of young researchers involvement	10
5	Quality of the project plan: technical, managerial as well as cost and financing structure	15
6	Quality of the project team: scientific/technological and managerial	15
7	Valorisation of results and market perspectives	15

- ii. The ISPRs will perform an evaluation of all complete and administratively compliant applications/proposals. A maximum of 100 points can be awarded to a proposal – the table above shows the maximum points per evaluation area. Minimum points that one proposal should reach is 70 points, so it could be considered for a second-stage evaluation by other international experts constituting the Final Evaluation Committee (FEC).
- iii. The individual evaluation reports, prepared remotely by the ISPRs, will be examined and discussed by the FEC composed of at least three (3) unbiased

International Project Implementation Experts (IPIEs) and observers from MoS and HERIC.

The IPIEs are responsible for carrying out the final evaluation based on the individual summary reports of ISPRs. They will agree a final ranking of the proposals taking into consideration aspects such as local economic conditions. Each IPIE must have the highest standards of integrity, which preclude any questionable affiliation with applicants, including as an employee, consultant, relative, political or business affiliate. They should have skills and expertise in implementing or monitoring similar grant schemes with a primary objective to improve scientific excellence, competitiveness or innovation. The IPIEs must have expertise in innovation, market trends and experience in project implementation in similar conditions to Montenegro. The FEC may request interviews with applicants to discuss the reports prepared by the ISPRs. IPIEs will meet in Montenegro in the presence of at least one representative of MoS and the HERIC Grants Officer. Both MoS and HERIC will act as moderators. The consensus meeting, as well as agreeing the final ranking, will serve to develop further negotiation guidelines to be used by the MoS in negotiating the Grant Contract terms with the pre-selected applicants. The FEC will make recommendations to the Ministry of Science for the selection of the CRDS proposals for financing, and agree a final list with ranking of the proposals classified in three categories: (i) highly recommended for financing, (ii) recommended for financing, and (iii) not recommended for financing.

- iv. On the basis of the above and taking into account the available budget, the MoS will enter into contract negotiations with applicants whose proposals are classified in the first category – highly recommended for financing. In addition, MoS might also enter into negotiations with applicants whose proposals are classified in the second category – recommended for financing, if proposals from the first category have been withdrawn or failed negotiation and the budget becomes available. Also, the Ministry may decide to finance the projects from the second category if after awarding of funds to all projects from the first category, there are still remaining funds in the budget.

Proposals from the third category – not recommended for implementation, will be automatically rejected and will not be taken into consideration by the MoS.

7.4 Negotiations on CRDS proposals and award of grants

An on-the-spot verification of all applicants from the priority list may be performed by representatives of MoS, Grants Officer and Environmental Expert in order to establish the situation on the spot, that is, whether/how the situation in the field comply with the information presented in the application and the documentation submitted. Information on the things to be verified will be suggested/provided by the ISPRs and FEC, but it should be based also on the opinion of the MoS. Following this controls, proposers will be invited to enter into contract negotiations with the MoS. The purpose of these negotiations is to solve all ambiguities that emerged during evaluation and to obtain all possibly required revisions of the proposals. Negotiations may cover any scientific, technical, legal or financial aspects of the proposal, taking into account the comments of the evaluating experts. The scientific aspects would cover, in particular, revisions to the project plan and adjustments to it. The legal aspects would cover, in particular, review of any special contractual

clauses or conditions required for the project. The financial aspects would cover negotiations of the amount and payment schedule of the CRDS grants contribution and revisions of financial plan. Possible environmental issues would also be discussed – if the project activities are of such nature that the applicant is obliged to submit EMP and obtain approval, then the two parties during those negotiations should agree about the content of EMP, additional environmental documentation/permits to be submitted as required by Montenegrin laws and deadline for submission. The TSU representatives will take part in negotiation phase within their area of responsibility for CRDS grants.

In the event of withdrawal of applicants or unsuccessful negotiations with the research teams initially selected, MoS might contact applicants from the second category of the FEC final list to begin negotiations.

After finishing negotiations and revisions of the involved proposals, the MoS will issue a final list of proposals for financing, accompanied with relevant evaluation reports and negotiation outcomes and make a formal decision on accepting the application and approving the related CRDS grants funding.

All lead applicants for CRDS grants will be informed accordingly about the outcomes of the selection process and the list of selected project proposals will be published on the websites of the Ministry of Science and HERIC project.

7.5 Development and signing of CRDS grant contracts

Contracts will be established, via discussions and negotiations, for all applications/proposals selected for financing and should be signed no later than three (3) weeks after the final/official award of the CRDS grants by the MoS. Parties to the contract will be the MoS, Grant Recipient and Project leader. A template of the contract form will be prepared by the MoS, but it will be defined in details and adjusted during negotiation phase with each Grant Recipient depending on the specificities of the CRDS proposal. The contract will define the rights and obligations of the contracting parties and in particular the arrangements for the scientific and financial implementation, eligibility of expenditure, as well as any rule regarding intellectual property rights that may be required.

Subsequent to the signing the grant contract the Grant Recipient proceeds to sign single partnership contracts with all team members of each partner that will participate in the implementation of project (other institutions and firms), thus regulating their interrelations and hence the project will begin. Signed partnership contracts have to be submitted to the MoS and will be a precondition for releasing the first payment tranche. The overall implementation of the project will be the responsibility of the Grant Recipient.

The contracts between the Grant Recipient and each partner shall determine the following:

- Activities to be undertaken by each team member and timetable;
- Remuneration/payment arrangements;
- Contributions committed by the partners for successful realization of project;
- Intellectual property rights, in particular the access to pre-existing know-how, the use of knowledge, publicity and confidentiality.

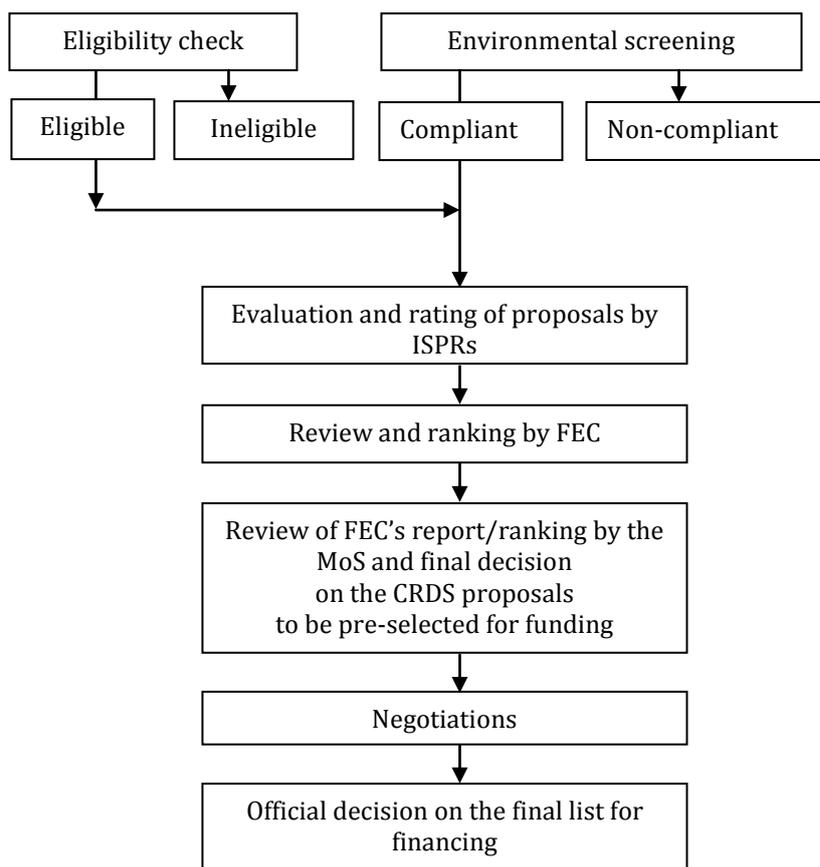
The preparation of all contracts should begin as soon as possible after the receipt of the invitation to enter into negotiations and should be defined in details and adjusted during negotiation phase.

8. Basic procedure and timing for the evaluation and final approval of proposals:

1. Receiving of proposals (TSU);
2. Eligibility check (HERIC PMT Grants Officer in cooperation with MoS, duration: 14 days);
In parallel, preliminary environmental screening of proposals and reviewing the Environmental Screening Checklist (PMT Environmental Expert);
3. Individual evaluation of proposals (ISPRs, duration: 45 days);
4. Reviewing evaluation reports and pre-selecting the proposals for financing (FEC, duration: 14 days);
5. Reviewing evaluation reports/rankings from FEC and drawing-up a priority and a reserve list of proposals for negotiation (MoS, duration: 7 days);
6. Additional negotiations about selected proposals (MoS and HERIC PMT, duration: 30 days);
In parallel, selected applicants will conduct site-specific Environmental Assessment and develop the Environmental Management Plan;
7. Final approval of applications (MoS, duration: 7 days); and
8. Signing of the grant contract between the MoS, Grant Recipient and Project leader.

The entire period for the completion of the evaluation process from the closure of the call to the approval of proposals can last for seven months at the most.

The overall evaluation process is summarized in the scheme below:



9. Grant implementation

Grant implementation consists of several core processes, including: (i) Planning, (ii) Operations, (iii) Administration and finance, and (iv) Reporting.

Overall grant implementation is the responsibility of the Grant Recipient. The responsibilities between Grant Recipient and Project leader will be regulated in contract signed with MoS. As stated in the contract for grant implementation, the MoS and the Grant Recipient endeavor to use their best efforts to address and solve problems that may arise during project implementation.

The contract will contain an agreed overall implementation plan for the full duration of the project together with its associated indicative financial plan. The Grant Recipient may be allowed to make a modification in the subproject activities with written approval by the MoS. The overall objectives and principal deliverables, as set out in the contract, will not be expected to change during the lifetime of the project.

Grant Recipient may contact the MoS and Grants Officer in order to obtain necessary explanation of procedures and documents/forms to be used.

During implementation, Grant Recipient will carry out all aspects of the project and complete administration, finance and reporting tasks as described below, as well as environmental mitigation measures and monitoring programme in accordance with

the EMP. Grants Officer of the HERIC PMT in cooperation with responsible person in the MoS will perform management and supervision of grants, which includes participation in monitoring of grants implementation and review of progress reports prepared by grant recipients. As each CRDS proposal is expected to be different, each will have clearly defined specific monitoring arrangements including verifiable performance indicators and milestones against which progress and outcomes of the proposed activities can be assessed. These indicators and milestones will be agreed during negotiations between the MoS and the pre-selected applicant prior to signing the contract. Examples of measurable performance indicators are: monographs/publications, PhD and postdoctoral theses, young students involved, patent applications, prototypes, new products or technology in production, significant improvement of existing products or technology, new methods, and awareness/dissemination activities.

At the completion of the project, a final report, prepared by the Grant Recipient, will assess the results of the project against its agreed objectives. This final report will focus on outputs, results, outcomes (impact) and attainment of the agreed verifiable indicators that reflect the objectives of the CRDS, including an analysis and evaluation of the potential economic and social impact of the achievements of the project and description of the project activities and future plans regarding the use and dissemination of knowledge. The final report should be accompanied by the financial statement and financial report for the entire period.

Upon receipt of final financial and progress reports from the Grant Recipient, the MoS shall initiate procedures to close-out the grant. Close-out procedures include approving all required reports, disbursing any outstanding grant payments, and ensuring that any unexpended grant funds are refunded to the MoS. All CRDS grant requirements remain in full force and effect until the grant recipient receives a close-out letter from the MoS, indicating that all obligations have been satisfied. Such a close-out letter will normally be completed in 2 months unless there are unforeseen circumstances which might cause a delay.

10. Social and environmental safeguards

The HERIC Project is not associated with any social safeguard risk and so, no World Bank social safeguards are triggered. Additionally, it is classified as a World Bank Environmental Category “B” Project, which requires a partial Environmental Assessment, but not a full-scale EIA.

An EA evaluates a project’s potential environmental risks and impacts in its area of influence. Furthermore, it examines project alternatives and identifies ways of improving project selection, planning, design, and implementation by preventing, minimizing, mitigating, or compensating for adverse environmental impacts and enhancing positive impacts. Finally, an EA recommends the process of mitigating and managing adverse environmental impacts throughout project implementation. The World Bank favours preventive measures over mitigation or compensatory measures, whenever feasible.

The potential environmental impact of the CRDS grants will be assessed through a screening procedure based on:

- The World Bank Environmental Assessment safeguard policy (OP/BP/GP 4.01 on EA), and

- The World Bank Pollution Prevention and Abatement Handbook (PPAH) and the relevant laws and bylaws of the GoM, in particular the Waste Management Law (Official Gazette of Montenegro, No. 64/11), and the Law on Integrated Prevention and Pollution Control - IPPC (Official Gazette of the RM No 80/05).

The possible key environmental safeguard issues within CRDS activities are primarily related to laboratory safety and disposal of wastes. An Environmental Management Framework (EMF) is given in Annex 15, prepared to provide guidance to ensure compliance with World Bank and GoM environmental requirements. The Lead Applicant must fill in an environmental screening checklist, which will point to environmental risks that the subproject activities might provoke. When the screening procedure outlined in the mentioned EMF indicates that environmental impacts may occur, a grantee shall develop a specific Environmental Management Plan (EMP) for the implementation of the CRDS activities. The EMP will identify and require implementation of mitigation measures recommended for the assessed adverse environmental impacts.

11. Procurement issues

Each pre-selected applicant shall prepare a Procurement Plan, which includes the items to be procured during the implementation of its subproject, and submit it for approval to the MoS and TSU. If justifiable, Procurement Plan may be amended throughout the duration of the subproject, with approval of the MoS and TSU.

The TSU will be responsible for procurement (financed in whole or in part from grant funds) following the procedures explained in these Guidelines for Applicants and relevant annexes provided separately that are in accordance with:

- the World Bank's "Guidelines: Procurement of Goods, Works, and Non-Consulting Services Under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" dated January 2011;
- the World Bank's "Guidelines: Selection and Employment of Consultants Under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" dated January 2011;

The role of the TSU in procurement process is mentioned in chapter 6.2 of these Guidelines for applicants.

For any procurement details possibly not covered by the Guidelines for Applicants and relevant separate annexes, the provisions of the above mentioned World Bank's Guidelines will be valid.

Written records and agreements of all selection and procurement processes will be kept in the TSU office. Contractors, subcontractors and suppliers shall permit the World Bank, at its request, to inspect their accounts and records relating to the procurement and performance of the contract and to have said accounts and records audited by auditors appointed by the World Bank.

The procurement methods to be used by the TSU are determined at the stage of Procurement Plan development. Which method would be used for procurement of particular goods and services depends on several factors: cost estimation, type and quantity, complexity and scope, availability in local region, etc.

Procurement of goods (e.g. pilot plant equipment and facilities) and non-consulting services (e.g. organization of conferences, seminars, workshops, etc.) will be done through "shopping" method for purchase for amounts less than USD100,000 equivalent, while International Competitive Bidding method (bidding opportunities to be advertised both internationally and nationally) will be used for more expensive purchase. Shopping is a procurement method where advertising is not required. Requests for quotation are sent directly to local and foreign (where applicable) suppliers or service providers. The method is based on obtaining and comparing at least three price quotations, to assure competitive prices. In justifiable circumstances goods may be procured under direct contracting (single source) with prior approval from the World Bank. e.g. where certain goods are available only from a particular supplier or in cases where compatibility with existing equipment requires specific goods.

Selection of visiting professors/researchers will follow individual selection procedures meaning they are to be selected on the basis of their qualifications and reasonable costs. They may be selected on the basis of references or through comparison of qualifications among those expressing interest in the assignment or approached directly by the Grant Recipient. Written records will be kept of all selection processes and all consultant (personnel) services will be supported by a written agreement between the student/scholar and the Grant Recipient.

Grant Recipient may address the Grants Officer of the HERIC PMT who would provide adequate support and all necessary documents/forms.

Necessary information about procurement rules, procedures, methods and forms will be provided to the pre-selected applicants during the negotiation phase.

12. Administration and Finance

12.1 Administration

- i. Following the award of grant, the Grant Recipient will implement the grant with due diligence and efficiency and in accordance with the terms and conditions of the contract.
- ii. All participants in the CRDS process (contractors, subcontractors and suppliers) shall permit the MoS and the World Bank, at its request, to inspect all their accounts, records and other documents relating to the CRDS activities and to have said documentation audited.
- iii. If the Grant Recipient is required by local legislation to have an annual statutory audit, the Grant Recipient should send to the TSU and the MoS a certified copy of the above mentioned annual audited financial statements, together with a certified copy of the audit opinion thereon, within one month of the completion of the audit. The cost of hiring such auditors by the grant recipient may not be financed by the CRDS grant funds.
- iv. The MoS retains the right to postpone or discontinue the grant activities if the implementation performance of the Grant Recipient does not fulfill the contract provisions. If this happens the Grant Recipient is due to refund the financial resources in next 15 working days.

- v. Delay or failure in the implementation of a contract for an approved grant due to mistakes, errors or negligence on the part of the Grant Recipient will be taken into account in the assessment of any future grant proposals made by the same Grant Recipient.

12.2 Finance

- i. The CRDS grant funds will flow directly to the Grant Recipient, which shall have separate bank account (in further text the Grant Account), opened solely for flows of funds under the grants.
- ii. All CRDS grant funds to be used to implement the grant awarded to the Grant Recipient will be kept in the Grant account. The records and statements of the bank account will be available for review and inspection of the internal financial management review specialists of the HERIC PMT, TSU and the external audits.
- iii. The use of CRDS grant funds will be in accordance with sound financial/accounting principles and records will be maintained by the Grant Recipient for the use of all CRDS grant funds. Records shall include accurate, current and complete disclosure of the grant project income and expenditures and shall include documentation to substantiate all costs incurred by the grant project. Such maintenance of records will assist in periodic financial supervision as well as auditing, being available for review and inspection of the internal financial management review specialists of the HERIC PMT, TSU and the external audits. Financial records and any substantiated documents such as bills, invoices, receipts etc, and any other record pertinent to the grant project, shall be retained by the Grant Recipient in accordance with national legislation. Financial audits of grants implementation will be carried out on randomly selected financial statements of Grant Recipients. These audits will be conducted in accordance with International Standards on Auditing (ISA) as issued by the International Federation of Accountants (IFAC).
- iv. The fund transfer to Grant accounts will be based on the Advance disbursement method i.e. in the amount of initial allocation and payment of further tranches in advance for the expected cost of project expenditures. The Grant Recipient subsequently provides documentation to the TSU (Statement of expenditures along with copies of invoices, receipts, contract or any other record required by the TSU) showing that such expenditures have been incurred and paid for from the advance. Final financial terms and conditions of the grant transfers (amount of advance i.e. initial allocation, timing of payments, funds refund) will be determined separately for each proposed project, depending upon the nature and value of the project, i.e. may be negotiated and will be defined at the time of contract negotiations and subsequently stated/scheduled in the Grant Contract to be signed with the Recipient in relation to the approved grant. Within 30 working days of grant award, the TSU will transfer the initial allocation to the bank account of the Grant Recipient, provided that all partnership agreements (between the Grant Recipient and its partners) are signed and submitted to the MoS for control and written approval submitted to the TSU. When the Grant Recipient wishes to withdraw grant proceeds they provide the TSU with the written request (application), Statement of expenditures and copies of invoices, receipts, contracts etc. The payment of the requested amount, subject to all the requested submitted, reviewed and approved, will be made within 45 working days; to avoid delays in

payment the Grant Recipient should adhere to all the requirements and make certain application is complete and accurate and the supporting documentation is in accordance with the approved Procurement Plan. The TSU must receive reports on the use of all grant proceeds advanced to the Grant account or a refund of the undocumented balance. Normally, all documentation shall be provided no later than the disbursement deadline date (3 month period after the Project closure) and refund of unspent funds executed in next 15 days.

- v. The Grant Recipient may reallocate funds (maximum 20%) between financial items which belong to the same category of expenses and may also reallocate funds from salaries/honoraria to material costs, while the opposite reallocation is not allowed. Any proposal for reallocation of funds must be provided with adequate argumentation for such reallocation and can be made only after written approval by the MoS. Proper notation shall be made in the financial and accounting records.
- vi. No grant funds shall be allocated for payments made for expenditures prior to the date of signature of the CRDS grants contract.
- vii. Funds may be expended on activities not included in the project application/proposal, subject to prior written approval of the MoS, i.e. extended No Objection to the updated Procurement Plan.

13. Reporting

- i. All reports should be prepared by the Project leader in collaboration with the project partners, and should cover all project activities of the respective reporting period, including those executed by the Grant Recipient and those executed by other partners working together on the implementation of the project. All reports should be clearly and logically formulated. Project leader signs the reports and is responsible for their content.
- ii. Written progress reports will be developed on a semi-annual basis by the Grant Recipient. An electronic copy (both PDF and Word format) and three (3) hard copies will be submitted to the HERIC PMT (for PMT, TSU and MoS). The purpose is to report on progress in accordance with the plan for the project, to provide comprehensive information on realisation and achievement of project milestones for the related period and to identify and explain problems. Final reports shall be signed by all project partners.
- iii. Financial reports will also be developed on a semi-annual basis by the Grant Recipient and an electronic copy (both PDF and Word format) and three (3) hard copies will be submitted to the HERIC PMT (for PMT, TSU and MoS). The purpose of the reports is to show progress in disbursement of CRDS grant funds, as well as compliance with the WB finance and disbursement procedures and as a basis for the external audit.
- iv. The second semi-annual consolidated progress report produced each year of the project life will constitute the annual progress report.
- v. The format of physical and financial reports may be modified at the request of Grant Recipient, during negotiations with the MoS. The modified format would be valid only after the final approval by the World Bank.

- vi. Reports shall be submitted no later than 30 days after the end of the relevant period. In the case of delay of reports' submission, the Grant Recipient should present written notification to the MoS and explain the reasons for such delay.
- vii. The environmental monitoring and supervision reporting will be prepared by the Environmental Expert (PMT staff) twice per year, and will be submitted to the World Bank and the MoS for review and endorsement. The purpose is to report on compliance of the CRDS activities with the EMF and specific EMP.
- viii. One copy of all reports should be forwarded to the MoS.

14. Fraud and Corruption

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

- "corrupt practice" is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;
- "fraudulent practice" is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;
- "collusive practice" is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
- "coercive practice" is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;
- "obstructive practice" is:
 - deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a World Bank investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or
 - act intended to materially impede the exercise of the World Bank's inspection and audit rights.

The World Bank will reject a proposal for award if it determines that the bidder recommended for award, or any of its personnel, or its agents, or its sub-consultants, sub-contractors, service providers, suppliers and/or their employees, has, directly or indirectly, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for the contract in question. In that case, the World Bank will sanction an organisation or individual, at any time, in accordance with the prevailing World Bank's sanctions procedures, including by publicly declaring such organisation or individual ineligible, either indefinitely or for a stated

period of time: (i) to be awarded a Bank-financed contract; and (ii) to be a nominated sub-contractor, consultant, supplier, or service provider of an otherwise eligible organisation being awarded a World Bank-financed contract.

FULL LIST OF ANNEXES

Annex 1: Key dates for the 2013 CRDS grants round

- Call for proposals published:
October 18, 2013
- Due date for applications/proposals:
December 17, 2013
- Administrative/eligibility check completed:
December 30, 2013
- Evaluation of applications/proposals completed:
February 20, 2014
- Review of evaluation reports and ranking/selection completed:
March 17, 2014
- Additional negotiation process completed:
April 22, 2014
- Final approval:
April 30, 2014
- Award of CRDS grants by MoS:
May 12, 2014
- Contracts come into force:
May 12, 2014
- Implementation period:
June 2014 to March 2017

Published on the websites of the Ministry of Science (www.mna.gov.me) and HERIC project (www.heric.me/en/grantovi/pozivi):

Annex 2 – Call for Proposals

See separate WORD and Excel documents for:

Annex 3a – Application Form

Annex 3b – Example Guarantee Form

Annex 3c – Curriculum Vitae template

Annex 3d – CRDS Budget Plan

Internal documents that do not form part of the Guidelines portfolio

The following internal documents do not form part of the Guidelines portfolio. They are listed for completeness and clarity only:

Annex 4: Format for initial screening of completeness and administrative compliance of proposal, and environmental screening

Annex 5a: Code of Conduct for independent experts appointed as evaluators

Annex 5b: Draft Contract for international evaluators

Annex 6: Format for evaluation of proposals by international evaluators

Annex 7: Format for verification of pre-selected CRDS proposals

The following documents will be made available to the pre-selected CRDS applicants immediately after the decision on pre-selection and at the beginning of the negotiation phase:

Annex 8: Procurement Plan Draft Format

Annex 10: Reporting and payment schedule

The following documents will be made available to the selected CRDS applicants after the negotiations are completed:

Annex 9: CRDS Grant Contract

Annex11: Progress Report Format (narrative)

Annex 12: Financial Report Format

Annex 13: Form for CRDS grant monitoring

Annex 14: Format for requesting modifications in CRDS implementation

Annex 15: Environmental Management Framework (EMF)

Environmental Management Framework (EMF) for CRDS grants

The HERIC Project is classified as a World Bank Environmental Category “B” Project, which requires a partial environmental analysis, but not a full-scale Environmental Assessment. Potential environmental impacts of Category B projects are likely to be site specific and reversible through the application of appropriate mitigation and monitoring measures. The Environmental Management Framework (EMF) for CRDS grants is prepared to provide guidance to ensure compliance with World Bank and Montenegrin environmental requirements.

1. Main impact of the project

The key environmental safeguard issues associated with CRDS implementation are:

- laboratory safety; and
- safe disposal of wastes.

In addressing these environmental safeguard issues, all screening, monitoring and remedial measures will have to comply both with Montenegrin legislation and World Bank safeguard policies and procedures.

CRDS projects are not expected to have any major environmental impact and are not expected to trigger World Bank Safeguard Policies related to Natural Habitats, Pest Management, Involuntary Resettlement, Indigenous People, Forests, Safety of Dams, Cultural Property, Projects in Disputed Areas or Projects on International Waterways (including aquifers). However, these issues are included in the sub-project environmental screening checklist, so that any potential impacts can be identified and appropriate mitigation measures adopted.

In case that Montenegrin legislation do not cover some of safeguards issues, the World Bank safeguard policies and procedures and the best international practices for laboratory safety, waste disposal and operating procedures will be applied. Therefore, in addition to helping to develop Montenegro’s research and scientific capacity, this project will help to introduce world class safety and environmental procedures and ensure that those facilities supported by the project serve as a model for other facilities. Thus, during the implementation of project, the Grant Recipient should realise the activities related to safety of research laboratories in accordance with International Best Practice in Safety of Research Laboratories – guidance on those best practices are provided in a separate word file that can be found on the following HERIC web page: <http://www.heric.me/en/grantovi/dokumentacija>. On the same page, FAO Code of Conduct for Pesticides is provided for applicants whose subprojects may involve agricultural productivity improvements (including pest management).

2. Environmental Safeguards Procedure

Environmental Safeguards Procedure is made up of five steps listed below:

- Screening and Exclusions;
- Disclosure and Public Consultation;
- Review and Approval;
- Conditionality; and
- Monitoring and Reporting.

Screening

The purpose of environmental screening is to determine the environment risk associated with the proposed grant sub-project, classify applications by environmental categories, reject applications which are unacceptable and identify the type of environmental document that will be required for acceptable applications.

The Environmental Screening Questionnaire (Attachment I) filled in by the applicant will be required and will be a part for every CRDS application/proposal.

Under the World Bank system, activities will be categorized in accordance with the following three screening categories.

- **Category I (Low Risk):** grant activities whose environmental impacts are expected to be negligible, for which no environmental evaluation will be required, corresponding to a World Bank Category C. Category I activities have no further environmental assessment requirements.
- **Category II (Intermediate Risk):** grant activities with impacts that can be readily identified and standard preventative and/or remedial measures can be prescribed without a full EIA as per the Law on Environmental Impact Assessment. Mitigating measures are standard, readily identified, and would be carried out by the beneficiary as a condition of the sub-project. This category corresponds to World Bank Category B and requires a subproject Environmental Management Plan (EMP).
- **Category III (Not Eligible for Financing):** activities which may have potential and highly significant or irreversible environmental impacts, for which a full Environmental Impact Assessment is required, corresponding to World Bank Category A. In addition, activities which involve resettlement or land acquisition, any type of new construction or rehabilitation activities, as well as those that include activities on the World Bank Group-International Finance Corporation (IFC) Exclusion List (given in Attachment III) are not eligible for financing.

The applicant will be responsible for ensuring that all of the adequate documentation has been submitted if/when needed and filed, including: (a) all of the Montenegrin EA documentation; (b) official approvals for the documentation

from responsible authorities for protection of environment, and (c) copies of the environmental permit. The applicants will be responsible to meet all of the legally prescribed requirements and to submit proof of doing so – through the documentation listed above. The incomplete applications will not be considered for financing.

The HERIC Environmental Expert is responsible for the preliminary screening of the proposed CRDS applications, or for checking the screening questionnaire already filled in by the applicants to ensure compliance with the criteria listed below (Exclusions). The Ministry of Science of Montenegro (MoS) does not bear any liability for information that may be untruthfully and intentionally provided by the applicants.

For grant applications corresponding to Category II (or the World Bank Category B) an Environmental Management Plan (EMP) will be required. The format for a comprehensive EMP is presented in Attachment II. The EMP will identify and require implementation of mitigation measures recommended for the assessed adverse environmental impacts. The applicant is responsible for preparing the EMP. The HERIC Environmental Expert will support the CRDS applicant in proper EMP preparation, if needed. If the applicant refuses to prepare the EMP, the application would be ineligible to access funds from the Project.

If a Request for an Environmental Permit was prepared by the applicant to meet Montenegrin Environmental Assessment requirements, this documentation should be used to prepare the EMP. The HERIC Environmental Expert should check the Request and the EMP to insure, as a minimum, consistency in terms of: (a) identifying the same priority environmental issues, mitigating measures and implementing responsibility, (b) monitoring programme, (c) institutional arrangements for environmental management.

Exclusions

The project will not finance:

- Any activities which would have an irreversible and substantial environmental impact, or correspond to a World Bank Category A project. This means that the Project will not finance activities for which a full Environmental Impact Assessment is required as per the Montenegrin Law on Environmental Impact Assessment.
- Any activities which involve land acquisition or any form of resettlement.
- Subprojects involving: involuntary taking of land resulting in relocation or loss of shelter; loss of assets or access to assets; loss of income sources or means of livelihood.
- Subprojects involving the involuntary restriction of access to legally designated parks and protected areas.
- Any of the activities listed in the World Bank Group - IFC Exclusion List given in Attachment III.
- Any civil works, i.e. new construction or rehabilitation activities.

Disclosure and Public Consultation

The Grant Recipients are responsible for disclosing the EMP (both the draft EMP used for consultations and the final EMP revised following comments received during consultations) in a public place (library, municipal or government building etc.) near the project site and on the enterprise website, and place a notification in the local media (e.g. newspaper) as to where the EMP may be viewed, with a suitable feedback mechanism in place for comments or queries (both on-line and hard copy).

The final version of the EMP will contain an annex on the public consultations, to include:

- Manner in which notification of the consultation was announced: media(s) used, date(s), description or copy of the announcement;
- Date(s) consultation(s) was (were) held;
- Location(s) consultation(s) was (were) held;
- Who was specifically invited (Name, Organization or Occupation, Telephone/Fax/e-mail number/address (home and/or office));
- List of Attendees (Name, organization or occupation, contact details);
- Meeting Agenda;
- Summary Meeting Minutes (Comments, Questions and Response by Presenters); and
- List of decisions reached, and any actions agreed upon with schedules and deadlines and responsibilities.

Within the HERIC Project the grant funds will be provided for innovation purposes. Innovation and technological development are very sensitive issues with regards to disclosure of details related to the processes and activities involved. As such, the Grant Recipient reserves the right to abbreviate the EMP in a manner where information disclosed will not disclose any of the confidential information related to the innovation process itself but will sufficiently explain how the financed activities will mitigate any of the associated environmental impacts.

Review and Approval

The HERIC Environmental Expert is responsible for supporting the EMP preparation and for review and approval of the sub-project EMP forms. The Ministry of Science of Montenegro (MoS) does not bear any liability for information that may be untruthfully and intentionally provided by the applicant.

Conditionality

The MoS will include Grant Recipient commitment to implement the requirements set forth in the EMP into the grant agreement. The Grant Recipient will be required to show best effort to ensure that the funded activity is carried out with attention to good environmental management. The Recipient will be held responsible for all mitigation measures and monitoring programme that have been listed in the EMP.

Monitoring and Reporting

As part of normal monitoring activities the MoS and the HERIC Environmental Expert will perform desk and field-based monitoring functions to assure compliance by the grant recipients with overall and environmental obligations specified in the grant agreement. The performance reports will contain details on supervision of potential environmental impacts and report on implementation of EMPs for grants that were required to prepare an EMP. Through this report, the MoS and HERIC Environmental Expert will verify whether or not environmental requirements as detailed in the grant agreement have been met. If requirements have not been met, the MoS will provide recommendations for further action to insure compliance. Depending on the severity of a compliance failure, the MoS may terminate the project financing.

See separate WORD document for:

ATTACHMENT I – Environmental Screening Checklist
(to be completed by applicants)

ATTACHMENT II

ENVIRONMENTAL MANAGEMENT PLAN FORMAT
(TO BE COMPLETED BY ALL CATEGORY “B” SUB-PROJECTS)

A) MITIGATION PLAN

Phase	Issue	Mitigating measure	Cost of mitigation (If substantial)	Responsibility*	Supervision observation and comments (to be filled in during supervision)

* Items indicated to be the responsibility of the contractor shall be specified in the bid documents

B) MONITORING PLAN

Phase	What <i>parameter is to be monitored?</i>	Where <i>is the parameter to be monitored?</i>	How <i>is the parameter to be monitored/ type of monitoring equipment?</i>	When <i>is the parameter to be monitored- frequency of measurement or continuous?</i>	Monitoring Cost <i>What is the cost of equipment or contractor charges to perform monitoring?</i>	Responsibility	Supervision observation and comments <i>(to be filled in during supervision with reference to adequate measuring reports)</i>

ATTACHMENT III

IFC Exclusion List:

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, polychlorinated biphenyls (PCBs), wildlife or products regulated under CITES;
- Production or trade in weapons or munitions;
- Production or trade in alcoholic beverages (excluding beer and wine);
- Production or trade in tobacco;
- Gambling, casinos, and equivalent enterprises;
- Production or trade in radioactive materials (this does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where the World Bank considers the radioactive source to be trivial and/or adequately shielded);
- Production or trade in unbounded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%;
- Drift net fishing in the marine environment using nets in excess of 2.5 km in length;
- Production or activities involving harmful or exploitive forms of forced labor/harmful child labor;
- Commercial logging operations for use in primary tropical moist forest;
- Production or trade in wood or other forestry products other than from sustainably managed forests;
- Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals (includes gasoline, kerosene, and other petroleum products); and
- Production or activities that impinge on the lands owned, or claimed under adjudication, by indigenous peoples, without full documented consent of such peoples.