

Institutional Profile of the **proposed Eco-Revolving Fund**, Montenegro

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1. Basic information

Country:	Montenegro
Official name or designation of the institution:	Proposed “Environmental Investments Revolving Fund” or “Eco-Revolving Fund”
Website address of the institution:	Currently there is no Fund website. Updates on the establishment of the Eco-Revolving Fund may be found on the website of the Ministry of Tourism and Environmental Protection
Further information/documentation is available from:	Siniša Stanković, Deputy Minister of Tourism and Ecology Rimski trg 46, 81000 Podgorica Email: sinisas@mn.yu ; Fax: +(382 81) 234 168
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2. Status of preparations for establishing the proposed “Eco-Revolving Fund”

The Environmental Investments Revolving Fund in Montenegro is not established yet but its concept was prepared by the International Association of Development Funds in January 2007 through USTDA (US Trade and Development Agency) funding.

The concept of the Revolving Fund was discussed when developing the “Water utility reform plan for the government of the Republic of Montenegro”. The reform plan was adopted by the government of the Republic of Montenegro in July 2007. The reform plan was prepared by the Water Utility Reform Program Working Group with technical assistance funded by the United States Agency for International Development and the Italian Ministry of Environment.

The adopted reform plan states that “Central government should facilitate capital financing for water utilities, with water utilities improving financial performance to be able to repay all credits.”

One of the Policy Statements adopted by the Working Group: says that “Until such time as the utilities and local governments can fully finance their own capital investment needs through cash flow and negotiated debt, the Government shall, in accordance with its abilities, facilitate access to financial resources for capital investment at the local government unit level for water supply and sewerage facilities as defined in the Strategic Plan”

The concept of the Environmental Investments Revolving Fund was discussed as one of the possible mechanisms supporting the capital investment in the sector and channeling of national, and donor/IFI funds. Siniša Stanković, the Deputy Minister of Tourism and Ecology said that the Montenegrin Government intends to form an eco-revolving fund: the following information was published in the newspaper Republika 08 April 2008:

PODGORICA - Siniša Stanković, the Deputy Minister of Tourism and Ecology said the Fund will have several financing resources, 'primarily ecological taxes'.

The Montenegrin Government intends to form an eco-revolving fund with the purpose of financing ecology projects, strategic master plans in water supply, waste and waste waters as well as improvement of infrastructure. Feasibility study, which assesses sustainability of this financial institution, was completed at the end of last week. It proved the forming of the eco-revolving fund justified. According to the Government's assessment, it is necessary to invest as much as a billion euro in these fields by 2020 what means that the Fund will become a strong financial institution.

Siniša Stanković, the Deputy Minister of Tourism and Ecology said the Fund will have several financing resources, 'primarily ecological taxes'.

'In addition to that, the Fund will largely be financed from privatization projects, i.e. sale of shares owned by the Development Fund, international donations and loans', Stanković told Republika, a Montenegrin daily.

'In cooperation with USAID we have decided that Montenegro does not need two funds. The Fund would be established as an independent institution based on the Law on Eco-Revolving Fund', Stanković explained.

According to him, the Government will soon consider the Feasibility Study for Establishing an Eco-revolving Fund.

The Law on Eco-Revolving Fund would define the management study and a business plan. The Government plan is to adopt the law by the end of the year.

The purpose of the revolving fund in Montenegro is to provide funds for the projects of water supply, managing waste and waste waters, the construction of roads and other infrastructure. The Study which gave positive results analyzed credit abilities of local authorities and water supply companies, the draft of the business plan, financial model of the Fund's structure and models of loan packages for the reconstruction of water supply companies.

Source: [see biz](#)

Once established and operational, www.eco-finance.org will attempt to elaborate a more detailed institutional profile of the proposed "Environmental Investments Revolving Fund" or "Eco-Revolving Fund" of Montenegro.