

Standard Summary Project Fiche – IPA centralised programmes
Project Fiche: 13

1. Basic information

1.1 CRIS Number: 2009/021-170

1.2 Title: **Support to the Digitalisation of the Montenegrin Public Broadcasting**

1.3 ELARG Statistical code: 03.10

1.4 Location: Montenegro

Implementing arrangements:

1.5 Contracting Authority: Delegation of the European Commission to Montenegro

1.6 Implementing Agency: N/A

1.7 Beneficiary (including details of project manager):

Broadcasting Centre of Montenegro Ltd.

(Radio-difuzni centar doo) - RDC

Bulevar Revolucije 19

Tel.: +382 20 408 000

Fax: +382 20 224 056

Project Manager: Steering Committee chaired by representative of competent Ministry for electronic communications will appoint proper Project Manager.

E-mail: name.surname@rdc.co.me

Financing:

1.8 Overall cost: 2,695,000 EUR

1.9 EU contribution: 1,600,000 EUR

1.10 Final date for contracting: Two years from the date of the conclusion of the Financing Agreement

1.11 Final date for execution of contracts: Two years from the final date for contracting

1.12 Final date for disbursements: One year from the final date for execution of contracts.

2. Overall Objective and Project Purpose

2.1 Overall Objective

To support development of the information society and audio – visual media services in Montenegro by providing added value services and faster access to new technologies to citizens of Montenegro that will ultimately contribute to an improvement of their standard of living and of citizens/consumers' rights.

2.2 Project purpose

To assist digital switchover of the Public Broadcasting Service of Montenegro (RTCG) by providing equipment and training to RDC.

2.3 Link with AP/NPAA/EP/SAA

European Partnership and the European Partnership Implementation Action Plan (part: I. Political criteria / 2. Human Rights And Protection Of Minorities), define a short-term priority to continue the transformation of Radio and Television of Montenegro (RTCG) into a public service broadcaster and provide appropriate means for it. The Plan (III. European standards/ 2. SECTORAL POLICIES/ 2.6 Information society and media) also contains a short-term priority related to the ensuring a smooth transformation of Montenegrin Radio and Television into a public service provider, and ensure means for its efficient functioning.

National Program for Integration 2008 – 2012 (NPI) defined the following short-term priorities:

- Law on Changes and Amendments to the Law on Broadcasting¹ and the Law on RTCG², timeframe: December 2008;
- Digital Switchover Law, timeframe: 3rd quarter of 2009;
- Digitalization Action Plan, timeframe: 4th quarter of 2009.

As for the mid-term priorities, the NPI contains the following priority: transition from analogue to digital broadcasting to be implemented by the end of 2012.

Stabilisation and Association Agreement between the European Communities and their Member States and the Republic of Montenegro addresses field pertinent to this Project in Articles: 104 - Co-operation in the audio-visual field, 105 - Information society and 106 - Electronic communications networks and services. More details are laid down in the Annex IV.

2.4 Link with MIPD

Multi-annual Indicative Planning Document (MIPD) for Montenegro stated that "the assessment of the progress of Montenegro against the requirements of the SAP has led to a number of three clusters of priorities under Component I: Transition Assistance and Institution Building". Specifically, in the area of Political Requirements, it has been indicated that the "specific attention will be given to civil society and media development" (part 1.2: Objectives of pre-accession assistance).

¹ This Law is expected to be adopted as „Audio Visual Media Service Law“ during 2009

² Official Gazette of Montenegro, No. 79/08 (Law on Public Broadcasting Services “Radio of Montenegro” and “Television of Montenegro”)

The MIPD defines the following main priorities and objectives in the area of media (MIPD - 2.2.1.1.): "promote the public service character of the RTCG and contribute to its restructuring, including though the involvement of civil society organisations in the sector".

As for the European Standards (MIPD - 2.2.3.), it has been noted that "Montenegro has not advanced much in the EU 'acquis' regarding electronic communications and information society. A well implemented regulatory framework in this sector is a prerequisite for the development of this sector to the benefit of consumers and the overall economic development in the country."

Following that, the activities related to the "Capacity building in the field of information society and electronic communications" (MIPD - 2.2.3.3.) have been identified as the activities to be programmed and implemented.

2.5 Link with National Development Plan

Not applicable

2.6 Link with national/ sectoral investment plans

The project will be one of the key steps for the implementation of the Digital Switchover Strategy of Montenegro that has incorporated the following objectives:

- ❖ analogue switch-off not later than 31.12.2012 (target date).
- ❖ for all public broadcasting services and existing holders of transmission and broadcasting licences to envisage the possibility for free-to-air digital distribution, and pay TV for other programme contents;
- ❖ to provide the availability of digital broadcasting services to all citizens of Montenegro, either by terrestrial transmission network (free-to-air), or by satellite digital broadcasting by the target date;
- ❖ during the switchover process, to ensure the preservation, protection and promotion of national heritage and cultural diversity;
- ❖ to create and promote possibilities to satisfy the needs of people with disabilities and of vulnerable groups among Montenegrin population;
- ❖ to increase the production both in terms of quantity and quality programming and reduce transmission/distribution costs for public service broadcasters;
- ❖ to ensure a stimulating framework for creating added value services compared to the existing analogue broadcasting systems for all stakeholders.

3. Description of project

3.1 Background and justification

During the last decade the broadcast media in Montenegro have been developed rapidly, which created a greater demand for more space in the broadcasting frequency spectrum. It has become evident that this important public resource is insufficient for such demand.

The analogue television has used almost the entire frequency resource allocated for this purpose by the Radio Frequency Assignment Plan in Montenegro (174-223 MHz and 470-862 MHz). The need for new frequency allocations has a growing tendency and the change of technologies is the only solution.

The reasons for digital switchover of television are manifold: higher quality picture, higher resistance to interferences, better utilisation of the radio-frequency spectrum, better possibilities for signal processing, interactivity, and many others.

Over the past several years, there is a trend of accelerated switchover from analogue to digital broadcasting systems in the developed countries. The International Telecommunication Union (ITU) and European Union have adopted the deadlines for the final switchover.

The aim of the European Union Member States is a fast transition to digital broadcasting systems, resulting in more space in the frequency spectrum and creating possibilities for its further rational use. The i2010 initiative of the European Commission³ is a vision of joint and coordinated elimination of limitations related to the spectrum use in all Member States, aimed at the promotion of open and competitive economy. Direct advantages are primarily offered to the citizens who will have faster access to new technologies and pay lower prices for communication services.

Given that modern society relies on advanced electronic communications, the need for radio-frequencies is in high and constant demand. The use of frequency spectrum is present, in different forms, in daily life, ranging from the use of mobile telephones, wireless Internet access, to broadcasting services. In order to introduce new and competitive services, taking into account the scarcity of available frequency spectrum, the switchover to digital broadcasting systems is deemed a necessary and logical solution.

Advantages offered by radio communications, technological development and convergence of services create a dynamic environment, wherein the radio-frequency spectrum is becoming more attractive resource due to its propagation features and width. Higher efficiency of spectrum use and implementation of the European Union objectives in the area of market development, fostering competition and innovation can be achieved only by introducing digital systems.

Radio Television of Montenegro (RTCG) is the only country-wide public broadcasting service in Montenegro. It produces programs of interest to all parts of Montenegrin society, including people with disabilities and minorities (PSB remit):

- two radio and two television programs broadcasted by terrestrial network;
- one radio and one television program broadcasted by satellite network.

RTCG lagged behind in technology, depending largely on analogue systems. Through the IPA 2008 funded project "Support to Transformation of Radio and Television of Montenegro into a Public Broadcasting Service", RTCG will be provided a modern computerised newsroom in order to strengthen the capacity of RTCG to produce better quality news and other public service programming and enhancing the knowledge and skills of RTCG staff to effectively use the new digital workflow technology in television programme production.

The core of the broadcasting system of Montenegro is managed by the Broadcasting Centre of Montenegro (hereinafter: RDC). RDC is the only operator of electronic communication services owned by the state. The system it has at its disposal consists of 125 transmission sites and 9 sites under construction. The company distributes and transmits the signals of public service broadcasters (national and local) and commercial broadcasters.

RDC has carried out substantial reconstruction and extension of the existing infrastructure (sites, antenna posts, electric power supply, access roads...) to enable mounting the above transmission system, and also for the needs of assembling the equipment of the new commercial TV and radio broadcasters and is to continue with these activities in the upcoming period.

³ Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions - "i2010 – A European Information Society for growth and employment".

In 2008, the RDC put into operation a digital radio-relay system based on state-of-the-art IP platform which is initial step in switching from analogue to digital broadcasting and provides a possibility of connecting the most important transmitting cities in Montenegro.

Adequate and timely funding of switchover in 2010 at the latest is necessary for meeting the 2012 deadline. A Steering Committee for this project will be established and comprised of the representatives of the competent ministry for electronic communications (Ministry of Transport, Maritime Affairs and Telecommunications) in charge for electronic communications, the Beneficiary, the Contractor and the Contracting Authority. Independent evaluation of the project from the beginning should be provided by ITU and CEPT, world and European telecommunication organizations, of which Montenegro is a full member. The elected experts should have experience in evaluation of at least two same type projects in the countries (preferably in EU) where the digital switchover has been implemented.

3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact

The introduction of digital broadcasting will have a far-reaching **impact** on mass communications, as it will completely change and improve the delivery of television and interactive services and result in great increase of the number of available channels. Digital technology will not only increase the choice, quality and control of television content for the users, it will also open an entire range of new business opportunities and broadband telecommunication services for broadcasters, cable operators, telecommunication operators, etc. and the entrepreneurs in general involved in this industry as its direct impact on jobs as well as indirect impact on jobs further down the supply chain. Furthermore, the switchover to digital broadcasting systems reduces operational costs of broadcast networks, creates conditions for higher sale of digital receivers, and simplifies storing and processing of contents.

The switchover provides possibilities for meeting the demands of citizens with special needs, offering additional services such as advanced subtitling, descriptive audio and signing. A very important advantage of digital broadcasting systems stems from releasing a part of the spectrum resources enabling the introduction of new convergent services encompassing mobile telephony and terrestrial broadcasting therefore ensuring positive consumer welfare impact by greater choice, as well as new cross-border and pan-European electronic communication services.

This project will have **catalytic effect** since the introduction of new services contributes to further development of freedom of expression and information, at the global, national and local level and promotes the development of media pluralism, therefore contributes to more equitable, just and people-centred Information Society as well as bridging the digital divide.

Sustainability as continuation of benefits after project finalisation is accomplished since the project will be beneficial for broadcast media community but also general public: citizens as the end users of the new services, however the project investments will remain in the ownership of the state owned operator RDC.

As for sustainability at policy level it will contribute to the implementation of the following principles stipulating the relations, rights and obligations in the broadcasting sector:

- 1) freedom, professionalism and independence of broadcast media;
- 2) balanced development of public and commercial broadcast services;
- 3) rational and efficient use of broadcasting frequencies as a limited natural resource;
- 4) free and equitable access of broadcasters to the telecommunication infrastructure for the purposes of broadcasting;

- 5) development of competition and pluralism in broadcasting;
- 6) implementation of international standards and principles relating to broadcasting.

As for the **cross border impact** the project is conducive to the higher level of regional coordination in the digital switch-over process and therefore meeting the 2012 EU timeframe for their switchover.

Digitalization as the next phase of broadcasting development is unavoidable, given the unstoppable tendency of general convergence of services.

3.3 Results and measurable indicators

The expected results and measurable indicators for activities are:

Result 1 (in relation with activity 1): RDC staff dealing with digital equipment able to operate equipment and system.

The achievement of this result will be indicated by:

- 15 staff employees of RDC trained for functioning and maintenance of the equipment and system.

Result 2 (in relation with activities 2 and 3): RDC distributes and transmits digital signal of RTCG (national PSB) which by this project becomes the driving force for accelerating the digital switchover.

The achievement of this result will be indicated by:

- successful putting into operation of system for digital broadcasting of national PSB programme consisted of 9 transmitting sites.
- at least 85% of population is covered with RTCG digital signals (two TV programs).

3.4 Activities

The project will be implemented through the following activities

Activity 1:

Provide training sessions, by in-house training and study visits in the EU Member States, to improve the implementing staff competence for functioning and maintenance of the equipment and systems and to provide to the participants the opportunity to exchange experiences with officials of visited countries. It will be provided through the Service Contract financed by Montenegro national authorities.

Activity 2:

Procurement of digital transmission equipment for first MUX – first phase of project implementation with 9 transmission sites into operation. It will be provided through the Supply Contract financed by Montenegro.

Activity 3:

Procurement of digital transmission equipment (including supporting software for management, exploitation and maintenance) for the first MUX – second phase of implementation, accelerated extension of the project with additional transmitting sites into operation. It will be provided through the Supply Contract contracted by EC.

3.5 Conditionality and sequencing

Law on Public Broadcasting Services “Radio of Montenegro” and “Television of Montenegro” was adopted in Q4 2008. In that way, the current status and set of rights related for positioning of the RTCG as the national PSB has been preserved.

A certain preconditions, mainly at policy level should be fulfilled prior to implementation of the project.

By end of Q3 2009, Digital Switchover Law should be adopted and determine that the RDC is the designated 1st MUX operator. According to that expected Law Electronic Communications Law (2008), the RDC will be a designated operator for the distribution and transmitting of the RTCG signals. .

Legislative framework should determine that any modification in the activities of public interest performed by RDC, commencement of bankruptcy proceedings and privatisation of RDC may not be performed without the approval of the Parliament of Montenegro. Furthermore, it should be ensured that the investment provided through this project will remain the public property.

By the end of Q2 2009, RDC will prepare technical specification for digital transmission equipment for the first MUX, which will be done obligatory in coordination with the competent Ministry for Transport, Maritime Affairs and Telecommunications and the Contracting Authority and all concerned stakeholders.

A well designed and timely information campaign is planned to be conducted prior and during the digital switchover process in order to: inform the public about the reasons for digital switchover, increase citizens awareness of the advantages of the digital TV and ensure that Montenegro’s citizens have timely and objective information about the process through various communications channel, as important precondition of the successful fulfilment of the project. This campaign should be driven by the competent Ministry for Transport, Maritime Affairs and Telecommunications.

RDC should demonstrate its readiness to improve the implementing staff competence for functioning and maintenance of the equipment and system to fulfil activities of this project, which will be confirmed by the competent Ministry for Transport, Maritime Affairs and Telecommunications. The contractor shall prepare training for competent staff of RDC and especially on the sites where it has already installed same equipment in any of EU Member States. This training should include real time operating and final evaluation of the staff for autonomous work on sites in Montenegro. RDC should provide that this staff will be bonded with contract for not leaving RDC 4 years after instalment of equipment.

3.6 Linked activities

OSCE Mission in Montenegro supported the drafting of the digital Switchover Strategy of Montenegro engaging experts who provided technical assistance and participated in the public debate organised by the Broadcasting Agency of Montenegro prior to the Strategy adoption.

IPA 2008 project Support to Transformation of RTCG in Public Service Broadcaster (PSB) is closely related to this project.

Through the Capacity Development Program (a joint program funded by the Government of Montenegro, UNDP and Foundation Open Society Institute), an in-house training was provided for the finalisation of the IPA 2009 Project Fiche related to this project and funded by EU.

3.7 Lessons learned

As reported by the Radio Spectrum Policy Group (RSPG), within the European Commission, concerning the introduction of digital broadcasting systems, public opinion poll was conducted by and indicated the following obstacles for rapid switchover process:

- on the political scene, absence of important political decisions, such as setting definite deadlines for final switch from analogue to digital systems (e.g. national switch-off of analogue stations leads to resistance and problems quite often jeopardizing meeting the deadlines and creating negative political image);
- in the economic/market field: (1) the need for a large installed base of analogue receivers, (2) poor consumer demand based on lack of incentives to switch, (3) a reluctance, based on financial risks, from operators to invest.

Therefore, commitment of all the Government of Montenegro to the digital switchover is of utmost importance for its successful fulfilment, as well as importance of the clear communication and transparency in the operation of all the key stakeholders (independent regulators, RDC, RTCG). Constant coordination and control of the process has to be ensured and prompt reaction developed in case of the needed revision of the process milestones, parameters and responsible stakeholders.

Bearing in mind that European Commission has been active in encouraging its member states in the switchover process, even proposing a concrete timetable for the final analogue switch-off to avoid, among other things, market distortion due to possible uneven development of digital terrestrial development in various countries, it is important to adopt and widely announce a concrete timetable for the final analogue switch-off.

One of the key elements for successful fulfilment of switchover process is to ensure broad industry consensus and support, particularly from commercial broadcasters whose natural instinct is to try to avoid the increased content and transmission costs. Many European countries have established economic support for consumers and broadcasters, where Governments across Europe have provided indirect financial support mechanisms to facilitate the switchover process. Ranging from tax incentives and loans, to direct subsidies to broadcasters and consumers, these supports have proven effective in switching from analogue to digital broadcasting systems.

Key lessons were learned from those early attempts to launch digital broadcasting networks in other European countries, which set the stage for a new structure and model for digital terrestrial television, including:

- developing strong support and presence of public service broadcasters (PSBs);
- adopting a predominantly free-to-air offering;
- encouraging a free and open market for consumer equipment to put downward pressure on retail prices;
- relying less on interactivity and other features to drive growth.

Public information and marketing have been recognized as crucial elements in accelerating the process of applying digital broadcasting services. In most countries in advanced stages of transition, where the process has been fully or largely completed, the lessons learned show that timely information to consumers on the final analogue switch-off dates is essential. To that end, information campaigns, call centres, internet sites, and other techniques for facilitating dissemination of information about digital terrestrial television are planned for or already established.

Further development of digital broadcasting systems is characterized by the introduction of new technology making HDTV and broadcasting to mobile devices possible, causing

inevitable transition from MPEG-2 to MPEG-4 standard of compression. Countries that have opted for MPEG-2 compression (UK, Sweden, and Croatia) are facing difficulties in the introduction of HDTV. Many European countries, currently initiating the deployment of digital broadcasting systems, are considering or have already decided to adopt the MPEG-4 standards for the purposes of DVB-T. Therefore, in the terms of technological solutions, adoption of enhanced standard of compression (MPEG-4) has been also one of the lessons learned from experience of other countries.

4. Indicative Budget (amounts in EUR)

				SOURCES OF FUNDING								
			TOTAL EXP.RE	IPA COMMUNITY CONTRIBUTION		NATIONAL CONTRIBUTION					PRIVATE CONTRIBUTION	
ACTIVITIES	IB (1)	INV (1)	EUR (a)=(b)+(c)+(d)	EUR (b)	%(2)	Total EUR (c)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
Activity 1												
contract 1 service	X		45,000			45,000	100	45,000				—
Activity 2												
contract 2 supply		X	1,050,000			1,050,000	100	1,050,000				—
Activity 3												
contract 3 supply		X	1,600,000	1,600,000	100		0					—
TOTAL IB			45,000			45,000	100	45,000				
TOTAL INV			2,650,000	1,600,000	60.38	1,050,000	39.62	1,050,000				
TOTAL PROJECT			2,695,000	1,600,000	59.37	1,095,000	40.63	1,095,000				

5. Indicative Implementation Schedule (periods broken down per quarter)

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 3 Procurement of digital transmission equipment for first MUX – second phase of implementation, accelerated extension of the project with additional transmitting sites into operation	Q3 2009	Q1 2010	Q1 2011

Contracts 1 and 2 are responsibility of the national authorities and will be managed according to the following scheme:

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1 Provide training sessions, by in-house training and study visits in the EU Member States, to improve the implementing staff competence for functioning and maintenance of the equipment and systems and to provide to the participants the opportunity to exchange experiences and good practices with officials of visited countries	Q3 2009	Q3 2009	Q4 2009
Contract 2 Procurement of digital transmission equipment for first MUX – first phase of project implementation with 9 transmission sites into operation	Q3 2009	Q1 2010	Q2 2010

6. Cross cutting issues

6.1 Equal Opportunity

Extensive legislation exists in Montenegro related to equal opportunity issues. The Project will ensure, as far as is practicable, that the internal policies, structure or operating procedures of the beneficiary will conform to relevant EU directives and/or laws related to the promotion of equal opportunity.

In general, gender needs will be considered as an analytical instrument, from programme design onwards. The project will be gender sensitive and ensure access of women to its benefits, particularly with regards to access to training and increasing opportunities for employment and career advancement. The advertising of job vacancies and recruitment will be by via a process of fair and open competition. Equal treatment and opportunities for women in the relevant institutions will be taken into account in policies and practices that reflect the working capacities and family obligations of their staff, especially women's participation.

6.2 Environment

Project beneficiary shall ensure that during the implementation of the project due attention is paid to and relevant information is provided where necessary on specific environmental problems.

Digital switchover has two potential environmental effects: on climate change (in terms of transmitter power usage and consumer power usage) and the disposal of waste television sets and other equipment replaced or rendered surplus as a direct consequence of switchover.

Digital transmission is more efficient than analogue in terms of power usage. Replacing the analogue terrestrial transmission network with a nationwide DTT network will lead to a significant net reduction in energy usage by the transmission networks. The reduction in power use by the transmission networks is therefore estimated to be considerable lower, given that one digital transmitter replaces four or even more analogue ones. Bearing in mind that several programmes will be transmitted over only one digital transmitter electromagnetic pollution will be reduced. Nevertheless, the costs caused by digital transmission during the simulcast⁴ are by 50% higher.

However, any savings in energy use after the analogue switch-off will be reduced by additional use caused by new services on UHF spectrum cleared as a result of switchover. It is not possible to quantify this until the range of potential uses for released spectrum has been determined.

In the terms of domestic power consumption, as the range of digital television equipment increases, consumers are expected to replace analogue-only televisions with those that have a digital reception capability. Therefore, digital switchover will increase energy use in households.

Most of the additional energy usage can be attributable to the rapid increase in the take up of set-top boxes. Power use of digital set-top boxes can be substantially moderated; the technology for this already exists. This can be achieved:

- through improvements in design of set-top boxes. As transistors get smaller in highly integrated chips, they take less power. Dual function chips use less power. Standby power use can also be moderated by redesigning the way set-top boxes access on-air software upgrades (particularly the way chip sets use power)
- by changes to the market for digital television sets, for example the emergence of and development of a market for portable integrated television receivers through policy interventions including promoting energy efficiency standards for new equipment for example through encouraging equipment suppliers to sign up and adhere to the existing EU Code of Conduct on the energy efficiency of digital television services.
- Equipment, procured through this project, must be compliant with the EU standards with regards to the Energy Efficiency and the Renewable Energy Resources. It will be significant asset for contactor who will offer integrated equipment with alternative source of energy supply.
- As envisaged by bylaws which are dealing with frequency fees, any operator who are using alternative sources of energy for supplying power to their radio equipment will have discount on the calculated frequency fees in amount of 25% and for broadcaster in amount of 50%.

⁴ Simulcast - Simultaneous transmission and broadcasting of analogue and digital broadcasting signals

6.3 Minorities

Montenegro has 20-year long practice in broadcasting some of the news outputs in the language of major minority, Albanian. With the digital switchover intensification and acceleration, new opportunities will open up for improving the offer of the programming dedicated to the minority groups.

It is important that the policy of equal opportunities is respected by the beneficiary when it comes to employing people, including news staff, from minorities. The principle of non-discrimination shall also be applied in planning the required training activities.

Bearing in mind that finalisation of the project will ensure the installation of the necessary equipment in all municipalities of Montenegro to be used to broadcast signal to citizens of Montenegro, the project will be sensitive to minority issues and will ensure access of all ethnic groups to resources and services.

ANNEXES

Annex 1- Log frame in Standard Format

Annex 2- Amounts contracted and Disbursed per Quarter over the full duration of Programme

Annex 3 - Reference to laws, regulations and strategic documents:

Annex 4- Description of the Institutional framework

Annex 5- Details per EU funded contract

Annex 1- Log frame in Standard Format

LOGFRAME PLANNING MATRIX FOR Project Fiche	Programme name and number: Support to the Digitalisation of Montenegrin Public Broadcasting (2009/021-170)	
Project	Contracting period expires two years from the date of the conclusion of the Financing Agreement	Disbursement period expires one year from the final date for execution of contracts
	Total budget € 2,695,000	IPA Budget € 1,600,000

Overall objective	Objectively Verifiable Indicators	Sources of Verification	
To facilitate development of the information society and electronic media in Montenegro, offering to citizens of Montenegro added value services and faster access to new technologies that will contribute to improvement of living standards and citizens/consumers rights	Digital Switchover Plan milestones are met Progress toward SAA obligations in the electronic communications and audio-visual sector is confirmed (Article 104 and 106 SAA)	Regulatory Authority Reports Survey for measuring citizens and stakeholders satisfaction for new broadcasting opportunities The EC Annual Progress Report	
Project purpose	Objectively Verifiable Indicators	Sources of Verification	Assumptions
To support Montenegrin public broadcasting in digital switchover by providing equipment and training	Digital Terrestrial Television penetration with target 85% of population covered with RTCG digital signals.	Regulatory Authority reports about the market penetration RDC Reports Media reports Debates/Round tables conclusions	All stakeholders are well informed and fully aware of the benefits of the digital switchover and participate in the activities conducive to it

Results	Objectively Verifiable Indicators	Sources of Verification	Assumptions
<p>1. RDC staff fully trained and able to operate equipment and system</p> <p>2. RDC distributes and transmits digital signal of RTCG (national PSB) who by this project becomes the driving force for accelerating the digital switchover</p>	<p>15 staff employees of RDC trained for functioning and maintenance of the equipment and system</p> <p>Successful putting into operation of system for digital broadcasting of national PSB programme, consisted of 9 transmitting sites</p> <p>At least 85% of population is covered with RTCG digital signals (two TV programs)</p>	<p>RDC Reports</p> <p>Regulatory Authority Reports</p> <p>Media reports</p> <p>Independent International Reports on electronic communications (ITU, CEPT)</p>	<p>RTCG is aware of the role of digitalization for fulfilling its mission in the digital age and committed to the process by producing better quality programs aimed at diverse target groups</p> <p>RTCG is provided with the modern computerized newsroom in order to strengthen its capacity to produce better quality news and other public service programming</p> <p>RTCG staff gained the knowledge and skills to effectively use the new digital workflow technology in television programme production</p> <p>RDC staff committed to training, study and implementation process</p> <p>Market conditions are favourable for investments in the human and technical resources related to the audiovisual services offer development</p>

Activities	Means	Costs	Assumptions
<p>1. Provide training sessions, by in-house training and study visits in the EU Member States, to improve the implementing staff competence for functioning and maintenance of the equipment and systems and to provide to the participants the opportunity to exchange experiences and good practices with officials of visited countries</p> <p>2. Procurement of digital transmission equipment for first MUX – first phase of project implementation with 9 transmission sites into operation</p> <p>3. Procurement of digital transmission equipment for first MUX – second phase of implementation, accelerated extension of the project with additional transmitting sites into operation</p>	<p>1. Service Contract (co-financing)</p> <p>2. Supply Contract (co-financing)</p> <p>3. Supply Contract (EU contribution)</p>	<p>1.1. € 45,000</p> <p>1.2. € 1,050,000</p> <p>1.3. € 1,600,000</p>	<p>Readiness of RDC to improve the implementing staff competence for functioning and maintenance of the equipment and system</p> <p>Pre-conditions</p> <p>By end of Q3 2009, Digital Switchover Law should be adopted and determine that the RDC is the designated 1st MUX operator. According to that expected Law Electronic Communications Law (2008), the RDC will be a designated operator for the distribution and transmitting of the RTCG signals. .</p> <p>By the end of Q2 2009, RDC will prepare technical specification for digital transmission equipment for the first MUX, which will be in coordination with the competent Ministry for Transport, Maritime Affairs and Telecommunications and the Contracting Authority.</p> <p>A well designed and timely information campaign is planned to be conducted prior and during the digital switchover process in order to: inform the public about the reasons for digital switchover, increase citizens awareness of the advantages of the digital TV and ensure that Montenegro's citizens have timely and objective information about the process through various communications channel, as important precondition of the successful fulfilment of the project. This campaign should be driven by the competent Ministry for Transport, Maritime Affairs and Telecommunications and all concerned stakeholders.</p> <p>RDC should demonstrate its readiness to improve the implementing staff competence for functioning and maintenance of the equipment and system to fulfil activities of this project, which will be confirmed by the competent Ministry for Transport, Maritime Affairs and Telecommunications.</p> <p>The contractor shall prepare training for competent staff of RDC and especially on the sites where it has already installed same equipment in any of EU Member States. This training should include real time operating and final evaluation of the staff for autonomous work on sites in Montenegro. RDC should provide that this staff will be bonded with contract for not leaving RDC 4 years after instalment of</p>

			equipment.
--	--	--	------------

Annex 2- Amounts in EUR contracted and Disbursed per Quarter over the full duration of Programme

Contracted	Q1 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011
Contract 3	1,600,000				
Cumulated	1,600,000				
Disbursed	Q1 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011
Contract 3	960,000				640,000
Cumulated	960,000	960,000	960,000	960,000	1,600,000

Annex 3 - Reference to laws, regulations and strategic documents:

Laws:

Law on Public Broadcasting Services “Radio of Montenegro” and “Television of Montenegro” (Official Gazette of Montenegro, No. 79/08)

Electronic Communications Law (Official Gazette of Montenegro, No. 50/08)

Decision on establishing RDC Ltd (Official Gazette of Montenegro, No. 21/09)

European Partnership and the **European Partnership Implementation Action Plan** (part: I. Political criteria / 2. Human Rights And Protection Of Minorities), define a short-term priority to continue the transformation of Radio and Television of Montenegro (RTCG) into a public service broadcaster and provide appropriate means for it.

The Plan (III. European standards / 2. SECTORAL POLICIES / 2.6. Information society and media) also contains a short-term priority related to the ensuring a smooth transformation of Montenegrin Radio and Television into a public service provider, and ensure means for its efficient functioning.

National Program for Integration 2008 – 2012 (NPI) defined the following short-term priorities:

- Law on Changes and Amendments to the Law on Broadcasting⁵ and the Law on RTCG⁶, timeframe: December 2008;
- Digital Switchover Law, timeframe: 3rd quarter of 2009;
- Digitalization Action Plan, timeframe: 4th quarter of 2009.

As for the mid-term priorities, the NPI contains the following one: transition from analogue to digital broadcasting is planned to take place by the end of 2012.

Stabilisation and Association Agreement between the European Communities and their Member States and the Republic of Montenegro

Article 104 - Co-operation in the audio-visual field

The Parties shall co-operate to promote the audio-visual industry in Europe and encourage co-production in the fields of cinema and television.

Co-operation could include *inter alia* programmes and facilities for the training of journalists and other media professionals, as well as technical assistance to the media, the public and private, so as to reinforce their independence, professionalism and links with European media.

Montenegro will align its policies on the regulation of content aspects of cross-border broadcasting with those of the EC and will harmonise its legislation with the EU *acquis*. Montenegro will pay particular attention to matters relating to the acquisition of intellectual property rights for programmes and broadcast by satellite, cable and terrestrial frequencies.

⁵ This Law is expected to be adopted as „Audio Visual Media Service Law“ during 2009

⁶ Official Gazette of Montenegro, No. 79/08 (Law on Public Broadcasting Services “Radio of Montenegro” and “Television of Montenegro”)

Article 105 - Information society

Co-operation shall be developed in all areas related to the Community *acquis* regarding the information society. It will mainly support Montenegro's gradual alignment of policies and legislation in this sector with those of the Community.

The Parties shall also co-operate with a view to further developing the Information Society in Montenegro. Global objectives will be preparing society as a whole for the digital age, attracting investments and ensuring the interoperability of networks and services.

Article 106 - Electronic communications networks and services

Co-operation shall primarily focus on priority areas related to the Community *acquis* in this field. The Parties shall, in particular, strengthen co-operation in the area of electronic communications networks and electronic communications services, with the ultimate objective of the adoption by Montenegro of the Community *acquis* in the sector 3 years after the entry into force of this Agreement.

Multi-annual Indicative Planning Document (MIPD) for Montenegro stated that the "assessment of the progress of Montenegro against the requirements of the SAP has led to a number of three clusters of priorities under Component I: Transition Assistance and Institution Building". Specifically, in the area of Political Requirements, it has been indicated that the "specific attention will be given to civil society and media development".

As far as the Political Requirements are concerned the MIPD stated: "...In spite of some progress, there is still a lot to be done regarding media. The RTCG has started its transformation into a public service broadcaster; the broadcasting authority is an independent body which should further strengthen its independence, whereas upgrading professionalism in the media is a key issue for the political developments in Montenegro."

Furthermore, the MIPD defines the following main priorities and objectives in the area of media (MIPD - 2.2.1.1.): "promote the public service character of the RTCG and contribute to its restructuring, including though the involvement of civil society organisations in the sector".

As for the Expected results and timeframe (MIPD - 2.2.1.2.) it has been suggested that the results will have to be laid down in detail during the annual programming phase. In more general terms, these results are:

"Public service character of the Radio Television of Montenegro fully confirmed; involvement of civil society and other interest groups; significant progress in media compliance with standards on independence and objectivity".

As for the European Standards (MIPD - 2.2.3.), it has been noted that "Montenegro has not advanced much in the EU 'acquis' regarding electronic communications and information society. A well implemented regulatory framework in this sector is a prerequisite for the development of this sector to the benefit of consumers and the overall economic development in the country."

Following that, the activities related to the "Capacity building in the field of information society and electronic communications" (MIPD - 2.2.3.3.) have been identified as the activities to be programmed and implemented.

Annex 4- Description of the Institutional framework

Beneficiary: THE BROADCASTING CENTRE

The Broadcasting Centre (RDC) is a company dealing in the transmission and broadcasting of radio and television signals. In addition, it maintains the overall transmission network on the territory of Montenegro.

RDC was first set up as part of the Radio Television of Montenegro (RTCG) under the name of “Broadcasting Equipment and Links”. It operated under this arrangement until 1995, when it became part of the former Public Postal, Telegraph and Telephone Service of Montenegro, as a separate department. In 2005, at the recommendation of relevant authorities, it demerged from Telecom and became a separate public enterprise. The Public Enterprise for the Transmission and Distribution of Broadcasting Signals was founded by the Republic. The founder’s rights are exercised by the Broadcasting Agency, acting on behalf of the Republic.

Previously, while still part of RTCG, and particularly over the 10 years in Telecom, RDC made considerable investment in terms of expanding the TV and FM coverage of the territory of Montenegro. This particularly refers to the construction of new sites and reconstruction of the existing ones, complete servicing of instruments and equipment, as well as meeting other relevant requirements in order to improve the quality of broadcasting and reception of TV and FM signals. This has been achieved through 125 sites maintained by RDC, three of which are permanently staffed, extending the coverage area of the public broadcasting service to more than 99% of the population.

With the adoption of the Electronic Communications Law in 2008, RDC has become a public enterprise which, among other activities, rents sites, provides consulting and associated project development and technical maintenance services, both to the public broadcasting service (TVCG and RADIO CG) and all other private televisions (TV IN, PINK M TV, ATLAS TV and others).

Today, RDC has grown into a well-established company, making efforts to continue its development and keep up to date with the latest technical developments of the modern times. Linkage of remote centres, cable and digital television are only some of the opportunities RDC provides.

In accordance with the new Law on Public Broadcasting Services “Radio of Montenegro” and “Television of Montenegro”, the RDC has been established by Decision of Government in 2009.

The bodies of the RDC are Board of Directors and Executive Director.

The Board of Directors of RDC is appointed by the Government of Montenegro upon the proposal of the Ministry for Transport, Maritime Affairs and Telecommunications for period of five years.

The Board of Directors is the governing body of RDC.

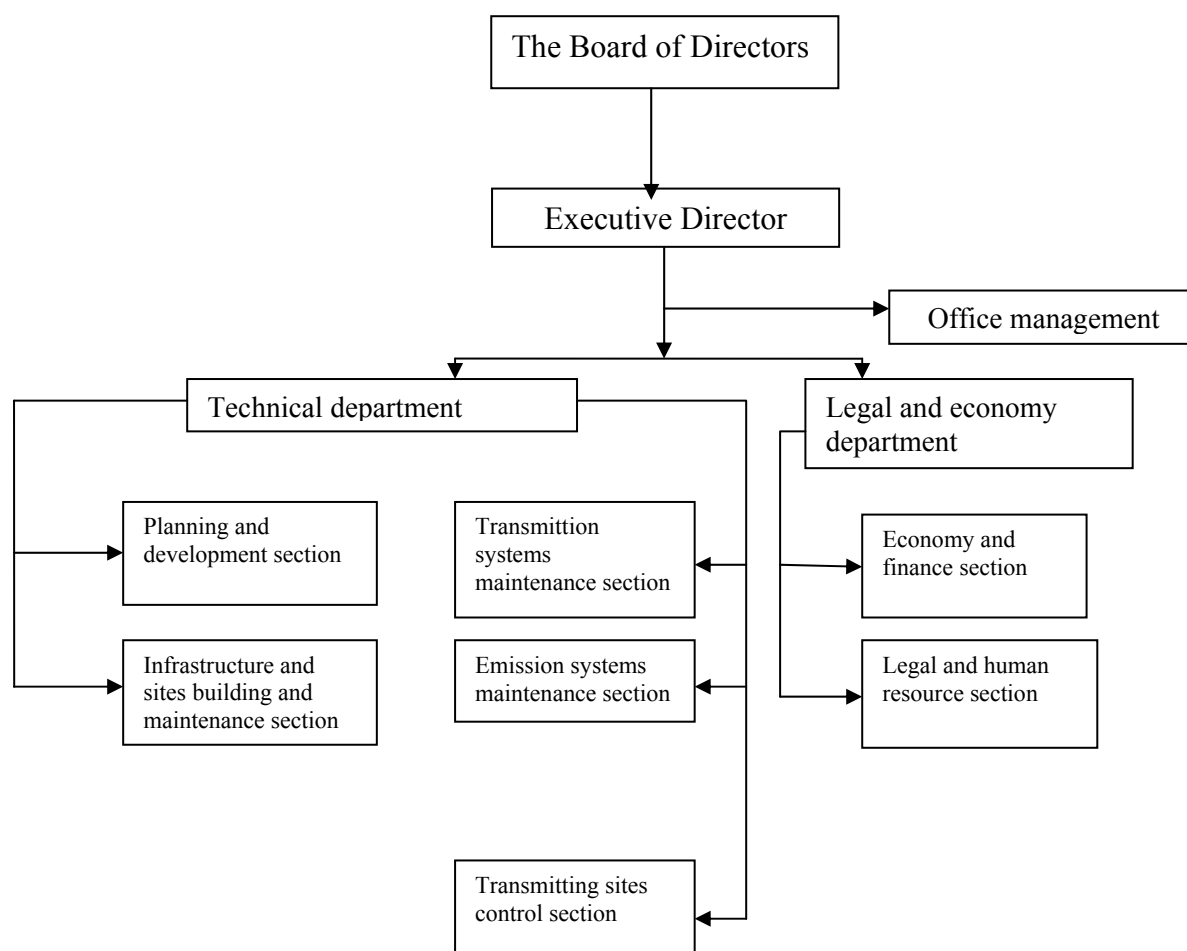
The Board of Directors is consisting of the Chairman of the the Board of Directors, who performs its function professionally, and four members that perform their functions part time.

The Executive Director is the managing body of the RDC.

Sources and methods of finance for the Broadcasting Centre of Montenegro are as follows:

- Budget of the Republic of Montenegro (transmission of PSB signals)
- Commercial TV and radio stations fees
- GSM operators fees
- Local public broadcasting services fees
- Other clients - Electric Power Industry, emergency services (fire, dept, police), taxi services...

Organisational Chart of the Beneficiary:



Annex 5- Details per EU funded contract

The Project will be implemented through one service contract and two supplies contracts. The first contract will fund Activity 1. The beneficiary will co-finance the Project through the Contract 1 and Contract 2 and EU will fund Contract 3. The sequence of the implementation of the Contract 1 doesn't depend on the implementation of the Contracts 2 and 3. Contract 3 depend on implementation of Contract 2 since both Contracts 2 and 3 are supply contracts for procurement of digital transmission equipment for implementation of the same broadcasting network for transmitting of RTCG digital signals. First phase of network implementation with 9 transmitting sites into operation will be achieved by Contract 2 and second phase of network implementation with all other transmitting sites into operation (indicated in Annex 2) will be provided by Contract 3.

The project will be managed according to the Practical Guide for contract procedures.

The following table presents how total funds are likely to be distributed:

Contract/type	Title	Estimated Cost (€)	Funded by
Contract 1/service		45.000	Beneficiary (100%)
Contract 2/supply		1,050,000	Beneficiary (100%)
Contract 3/supply		1,600,000	EU (100%)
Total:		2,695,000	EU (59.4%) and Beneficiary (40.6%)

RDC and competent Ministry for electronic communications will organize Contract 1 related with employees training.

RDC, competent Ministry for electronic communications and EC will coordinate tendering process for the Contracts 2 and 3. Taking into account that the equipment tendered under contracts 2 and 3 is the same type and functionality such coordination will facilitate compatibility of equipment and lower offered price. The tenders should be prepared simultaneously and realization of the first tender (Contract 2) will be closely followed by realization of the second tender (Contract 3).

The project investments will remain in the ownership of the Broadcasting Centre of Montenegro.

Indicative / estimate cost breakdown for the Beneficiary contribution (Contract 2)	
A. Accelerated digital switchover first phase - Transmitting network	
Site name	Transmitter Power (W)
Lovćen	5000
Sjenica	2500
Cetinje	50
Volujica	500
Možura	2500
Suđina Glava - Tović	2500
Tvrdaš	500
Jejevica	250
Obrov	250
B. MPEG -4 over IP encoder 4:2:0 – 3 pieces	
C. Multiplexer – 1 pieces	
D. Diplexers and IP to ASI converters for each transmitter from table A	
E. Measurement equipment	
TOTAL A + B + C + D + E (€)	1,050,000

Indicative / estimate cost breakdown for the EU contribution (Contract 3)	
B. Accelerated digital switchover second phase - Transmitting network	
Site name	Transmitter Power (W)
Velja Gora	250
RTV Dom	250
Stegvaš	250
Luštica	2,500
Žvinje	250
Strp	50
Vrmac	250
Spas	1,250
Velji Grad	250
Babac	50
Pinješ	100
Stari Grad	20
Kurilo DG	250
Bratogošt	100
Zavorovi	100
Krnovska Glavica	50
Košice	20
Bablja Greda	100
Katuničko Brdo	100
Mrčevac	20
Pitomine	50
Bandžovo Brdo	100
Balj	250
Kurilo BP	100
Kofiljača	250
Bjelasica	5,000
Durmitor	2,500
TOTAL A (€)	760,600

B. Gap fillers network	
Number of gap fillers	Power of a single gap filler (W)
60 gap fillers	20
TOTAL B (€)	594,000
C. Diplexers and IP to ASI converters for each transmitter from table B	
TOTAL C (€)	95,400
D. Supporting software for management, exploitation and maintenance	
Radio communication planning software (at least 2 licences)	
Cartographic layers to be used for radio communication planning software: digital elevation model of Montenegro plus 100 km from the borders, raster 1:10; raster images; clutter files (population density, buildings, types of natural environment etc.)	
Management and remote control software	
TOTAL D (€)	150,000
TOTAL A + B + C + D (€)	1,600,000