

ADDENDUM No.2

TO THE FINANCING AGREEMENT

for

the Annual Action Programme for Montenegro for the year 2017 Part 2 IPA/2017/040-217

As originally concluded between the European Commission and Montenegro on 16/01/2018 and as modified on 24/02/2020, hereinafter “**the Financing Agreement**”

The European Commission, hereinafter referred to as “**the Commission**”, acting on behalf of the European Union, hereinafter referred to as “**the Union**”,

of the one part, and

Montenegro, hereinafter referred to as “**IPA II beneficiary**”, represented by the Government of Montenegro, European Integration Office,

of the other part,

jointly hereinafter referred to as “the Parties”,

Whereas,

- (1) The Commission adopted on 17.11.2017 a Commission Implementing Decision C(2017)7756 establishing the Annual Action Programme for Montenegro for the year 2017 part 2. This Programme is implemented by means of a Financing Agreement concluded between the IPA II beneficiary and the Commission on 16.01.2018;
- (2) The Financing Agreement was amended on 24.02.2020;
- (3) On 1st April 2020 and on 6th May 2020, the National IPA Coordinator requested that the Financing Agreement be amended;
- (4) The Annual Action Programme for Montenegro for the year 2017 part 2 has been modified in order to reflect the requested changes and it is therefore necessary to bring the Financing Agreement in line with the amended Programme.

HAVE AGREED ON THE FOLLOWING:

Article 1

Article 2 of the Special Conditions of the Financing Agreement is replaced by the following:

“Article 2 – Execution period and operational implementation period

- (1) The execution period of this Financing Agreement as defined in Article 12 of Annex II (General Conditions) is fixed at **13 years**, from the entry into force of this Financing Agreement.
- (2) The duration of the operational implementation period as defined in Article 12 of Annex II (General Conditions) is fixed at **7 years**, from the entry into force of this Financing Agreement.”



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Article 2

- 1) Annex I to the Financing Agreement is replaced by Annex I to the present Addendum.
- 2) Annex IA to the Financing Agreement is replaced by Annex IA to the present Addendum.

Article 3

All other terms and conditions of the Financing Agreement remain unchanged.

This Addendum shall enter into force on the date on which it is signed by the last party.

Addendum No. 2 to the Financing Agreement is drawn up in duplicate in the English language, one being handed to the Commission and one to the IPA II beneficiary.

For the IPA II beneficiary:



Podgorica, date: 30/11/2020

Mr Aleksandar Drljević
National IPA Coordinator
Chief Negotiator
Government of Montenegro
European Integration Office



For the Commission:



Brussels, date: 5/11/2020

Ms Genoveva Ruiz Calavera
Director, D - Western Balkans
European Commission
Directorate-General for Neighbourhood
and Enlargement Negotiations

ANNEX

to Commission Implementing Decision adopting an Annual Action Programme for Montenegro for the year 2017 Part 2

1 IDENTIFICATION

Beneficiary	Montenegro
CRIS/ABAC Commitment references	IPA/2017/ 040-217 EUR 15 000 000 (22.020101)
Total cost	EUR 15 000 000
EU Contribution	EUR 15 000 000
Budget lines	22.020101
Management Mode/ Entrusted entities	<p>Direct management by the European Commission for all activities with the exception of 2 complementary activities:</p> <ul style="list-style-type: none"> - <i>Support to the elaboration and implementation of a national rightsizing Plan and to upgrade the Single information system for the exchange of data among state registers (SISEDE) and</i> - <i>Digitalization of Public Administration for more accessible services to citizens</i> <p>which will be implemented through indirect management by the United Nations Development Programme (UNDP)</p>
Final date for concluding <u>Financing Agreements</u> with the IPA II beneficiary	At the latest by 31 December 2018
Final date for concluding <u>delegation agreements</u> under indirect management	At the latest by 31 December 2018
Final date for concluding <u>procurement and grant contracts</u>	3 years following the date of conclusion of the Financing Agreement, with the exception of the cases listed under Article 189(2) Financial Regulation
Final date for operational implementation	7 years following the date of conclusion of the Financing Agreement.
Final date for implementing the Financing Agreement (date by which this programme should be de-committed and closed)	13 years following the conclusion of the Financing Agreement.


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Programming Unit	DG NEAR Unit D.1 Montenegro
Implementing Unit/ EU Delegation	Delegation of the European Union to Montenegro



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2 DESCRIPTION OF THE ACTION PROGRAMME

2.1 SECTORS SELECTED UNDER THIS ACTION PROGRAMME

- Rationale for the selection of the specific sectors under this programme:

The Annual Action Programme (AAP) for Montenegro for the year 2014 contributed to the achievement of the objectives identified in the Indicative Strategy Paper 2014-2020 (ISP) of Montenegro¹ through formulating actions covering six of the eight priorities defined in the ISP. The first sectors initially covered by IPA II funds included *Democracy and governance*, the *Rule of law and fundamental rights*, *Environment and Climate Action*, *Transport*, *Competitiveness and Innovation*, and the *Agriculture and rural development* sector. Following the sector approach the *Annual Action Programme for Montenegro for the year 2015* covered *Democracy and governance* and the *Rule of law and fundamental rights* sectors. It also included the first sector budget support programme aimed at supporting the implementation of the Integrated Border Management Strategy.

In 2015 Montenegro developed a *Regional Development Operational Programme 2016-2020 (RDOP)* to provide a multiannual framework for IPA programming in *Environment*, *Competitiveness and Transport* sectors. Three actions have been prepared in parallel, each covering one of the three sectors identified in the RDOP. Two actions, focusing on economic development and growth by providing assistance to the *Environment and Climate Action* and *Competitiveness and Innovation* sectors, were included in the *Action Programme for the year 2016*. A third action aiming at the improvement and development of the *Transport* sector was included in part 1 of the *Annual Action Programme for Montenegro for the year 2017*. In addition to the assistance provided to the *Transport* sector, the IPA allocation of 2017 funds also continued its support to the EU Integration Facility and to the participation of Montenegro in Union Programmes.

The present *Annual Action Programme for Montenegro for the year 2017* part 2 (AAP 2017 part 2) will strengthen and complement the existing EU support to the **Democracy and Governance** sector by focusing this time on the area of **Public Administration Reform (PAR)**.

A well-functioning public administration is of fundamental importance for successful political and economic reforms and for implementing EU rules and standards. Therefore, public administration reform is considered to be one of the key priorities of the Enlargement Strategy. Similarly, the 2014-2020 Indicative Country Strategy Paper identifies the reform of the public administration as one of the key sectors to be supported.

The reform of public administration is also in line with the objective of South East Europe Strategy 2020², which recognises that the establishment of a transparent, well-functioning and efficient public administration is a cross-cutting component and a prerequisite for the achievement of any other objective of the strategy.

With a total EU contribution of EUR 15 000 000, the AAP 2017 part 2 will bring added value to Montenegro, as well as to the European Union by supporting the government's efforts to create an efficient, service-oriented and more transparent public administration. The 2017 allocation will help the country to modernise its public administration human

¹ C(2014)5771 of 18.08.2014 – Commission Implementing Decision adopting an Indicative Strategy Paper for Montenegro for the period 2014-2020"

² <http://www.rcc.int/pubs/20/>



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resources management, transparency mechanisms and improve service delivery as well as to build the necessary capacities within the national institutions to support the negotiation process and the alignment of the national legislation with the EU Acquis.

- Overview of past and on-going EU, other donors' and/or IPA II beneficiary's actions in the relevant sectors:

In the **Democracy and Governance** sector, previous actions under IPA I addressed the reform of the civil service and its legal framework.

The 2014 AAP programme included a number of actions linked to Public Financial Management and *EU acquis* alignment with a total EU contribution of EUR 8.97 million. Moreover, the EU Integration Facility supports IPA II implementation and programming as well as the preparation of the negotiation process with a total of EUR 4.6 million (EUIF 2014), EUR 2.45 million (EUIF 2015) and EUR 2.89 million (EUIF 2017, planned).

The PAR Strategy 2016-2020 was adopted by the Government of Montenegro in July 2016. It is based on the results of the "*Analysis of the effects of the implementation of the AURUM*"³ and on the recommendations of the EU-funded programme Support for Improvement in Governance and Management - SIGMA, as put forward in the "*Baseline Measurement Report Montenegro 2015*". Furthermore, it is consistent with the enlargement objectives and with the priorities described in several national level strategic documents.⁴

This action has been designed taking into consideration the lessons learned and the experience gained during the preparation and implementation of the first Sector Budget Support operation in the Rule of Law sector (Integrated Border Management – IBM programme). The degree of maturity of the sector strategy, the existence of a credible Performance Assessment Framework and the importance of continuous policy dialogue were identified as important factors to ensure the effectiveness of such operations.

Complementarity has been ensured with other cooperation partners' existing or planned activities. In particular, the United Nations Development Programme is working on a Public Administration Reform Programme which focuses on transparency, integrity and accountability in the public administration, as well as on e-services and e-government. The Organisation for Economic Co-operation and Development - OECD, through the EU-funded SIGMA programme, is a key partner in the country for the assessment of public governance systems and for strengthening public administration capacities. The World Bank and the International Monetary Fund play an important role in macroeconomic stability and public finance management, especially in the area of tax administration, debt management and fiscal consolidation. The Westminster Foundation has been working on strengthening parliamentary budgetary oversight and the British Embassy on the quality of Regulatory Impact Assessments and on budget transparency (Open Budget Index).

³ Public Administration Reform Strategy 2011-2016 (AURUM)

⁴ Montenegro EU Accession Programme 2016-2018, Montenegro Development Directions 2015-2018, Montenegro Economic Reform Programme 2016-2018, Public Finance Management Programme 2016-2020, Strategy for Information and Communications Technologies.

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List of Actions foreseen under the selected Sectors/Priorities:

Democracy and Governance

INDIRECT MANAGEMENT WITH THE IPA II beneficiary		OTHER IMPLEMENTATION ARRANGEMENTS	
		" Action 4- " EU Support to Public Administration Reform in Montenegro Direct Management and Indirect Management	EUR 15 000 000
		TOTAL	15 000 000

2.2 DESCRIPTION AND IMPLEMENTATION OF THE ACTIONS

SECTOR 1	Democracy and Governance		EUR 15 000 000
<i>Action 4</i>	<i>EU Support to Public Administration Reform in Montenegro</i>	<i>Direct Management and Indirect Management</i>	<i>EUR 15 000 000</i>

Sector Budget Support

a) Eligibility for budget support

- Public policy

A Public Administration Reform Strategy 2016-2020 was adopted by the Government of Montenegro in July 2016. It is based on the results of the "Analysis of the effects of the implementation of the AURUM" and on the recommendations of SIGMA, as put forward in the "Baseline Measurement Report Montenegro 2015". Furthermore, it is consistent with the enlargement objectives and with the priorities described in several national level strategic documents. The main objectives of the PAR Strategy are: a) improvement of the competences and organisation of civil servants at all level of the administrative system b) reorganisation of agencies exercising public powers c) improvement of the process of selection of candidates and of the existing performance appraisal system d) delivery of administrative services at the highest possible level e) establishment of a comprehensive system of mid-term policy planning f) more functional and more efficient local self-government units. The Strategy has a detailed action plan for the first two years of implementation (2016-2017), which includes indicators for all specific objectives, with

15

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baselines and targets. An action plan for the period 2018-2020 will be approved in 2017, including an update of the total cost.

The Ministry of Public Administration will be responsible for monitoring and reporting on the implementation of the Strategy, while the primary responsibility for the achievement of the objectives will stay with the identified lead entities. A Performance Assessment Framework has been put in place, with the first progress report to be produced in May 2017.

On the basis of the available information, it can be concluded that **a credible and relevant strategy is in place** for intervention in the public administration sector.

- Macroeconomic policy

The current growth model of Montenegro is dominantly based on investments and services, mainly tourism, transport and retail sales. Montenegro experienced modest GDP growth in the period 2014-2016, averaging 2.6%. After a period of weak inflation and decrease of consumer prices, inflation should gradually rise and stabilise around 2% in the period 2016-2018.⁵

The Government pursues fiscal incentives and public infrastructure projects to promote economic development and connectivity. Although the government's growth strategy can bring substantial gains, it also carries sizable risks, notably to the public finances, especially if combined with social allowances and public wage hikes. The IMF projects budget deficit percent to increase to 7.5% of GDP in 2017. High fiscal deficit feeds into increasing general government debt, which is projected to reach 82% of GDP by 2019.⁶

The trade deficit increased in 2016, mostly due to an increase of imports of construction materials and equipment, mainly driven by the infrastructure projects. Employment growth remains modest, despite stronger investment activity, which reflects, inter alia, the non-alignment of education and skills with labour market needs. The banking sector is stable, although low provisioning and weak asset quality remains a concern and could hold back credit growth if not properly dealt with.

Within this framework, the country continues to be vulnerable to fluctuations in external demand and global financial conditions. With shrinking fiscal buffers, and because the economy lacks monetary policy tools, the ability to absorb shocks will depend crucially on the flexibility and competitiveness of the real economy.⁷

The authorities are committed to address vulnerabilities and, with the assistance of the World Bank and the IMF, they are working on a Fiscal Strategy which will complement the Plan for the Correction of the Budget Deficit and Public Debt adopted in December 2016 with medium-term fiscal consolidation measures in order to put public debt on a downward trajectory. The Fiscal Strategy is foreseen to be approved by June 2017. Together with the implementation of the structural reforms as presented in the Economic Reform Programme 2017-2019, it will foster growth, increase resilience and boost competitiveness of the economy.

⁵ Monstat and Ministry of Finance of Montenegro

⁶ IMF Staff Concluding Statement of the 2017 Article IV mission.

⁷ IMF Staff Concluding Statement of the 2015 Article IV mission, available at: <http://www.imf.org/external/pubs/cat/longres.aspx?sk=43772.0>

The adoption of a sound Fiscal Strategy together with medium-term consolidation measures is crucial to pursue a credible and relevant stability-oriented macroeconomic policy.

- Public financial management

Montenegro adopted a multiannual Public Finance Management Reform Programme (2016-2020) in December 2015 which addresses several key weaknesses of the budget system. The objectives of the strategy are twofold: a) strengthen the capacities to identify, prevent and manage fiscal risks, excessive fiscal deficits and harmful macroeconomic imbalances b) Ensure that public spending is structured in a way that maximizes the development impact on the national economy and ensures better quality of life for the citizens.

Montenegro is progressing according to the schedule for many of the PFM sub-systems reforms, although it is having some difficulties in particularly challenging areas, where technical assistance is needed and stronger efforts are necessary to streamline the reforms. In particular, Montenegro will have to focus on the development of a sustainable fiscal framework and on the creation of an efficient system for public expenditures planning and budgeting. This includes multi-annual sector strategies with reliable recurrent and investment expenditures costing, as well as policy based budgeting.

Despite some delays in the implementation, the overall direction of change of the Montenegrin PFM reform remains positive and the PFM strategy continues to be relevant and credible.

- Budget transparency and oversight of the budget

The Government systematically publishes the budget proposal, the enacted budget and the in-year and final budget execution reports. The State Audit Institution reports are also available.

The Executive's budget proposal for 2016 was published on the website of the Government of Montenegro on 14 November 2015. The enacted budget was published on the web site of the Ministry of Finance on 15 January 2016. Therefore, the entry point for the eligibility criterion on budget transparency and oversight can be considered as satisfied.

A transparency roadmap has been integrated in the Public Finance Management Reform programme 2016-2020. Here transparency is organised as a horizontal activity, including the improvement of the presentation and visualisation of the annual budget and of in-year reports (monthly and quarterly) according to the best international practices. Whereas most of the actions are due to start in 2017 and 2018, some progress was shown in the implementation of the activities planned for 2016.

b) Objectives

The general objective of this sector budget support programme is to **contribute to sustainable growth and to improve competitiveness through the creation of a more transparent, efficient and service-oriented public administration**. This will be done by supporting the implementation of the Public Administration Reform Strategy 2016-2020.



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The programme will support a mix of actions both at policy level and with a clear impact on citizens' life, long-term reforms and quick-win reforms, in order to keep momentum and motivation in the implementation of the reform.

The specific objectives of this sector budget support correspond to the following priorities of the PAR Strategy 2016-2020:

- **Optimization of the number of civil servants in the public administration** in line with state budget constraints and European integration challenges. This will imply the adoption and implementation of a National Rightsizing Plan and the redistribution and/or reduction of human resources according to the needs of the administration, including meeting the challenges of European integration. In this respect, the update and upgrade of the Central Personnel Records (HRMIS) and its link with the payroll registry will be an essential element, without which any efforts to develop the management and monitoring of public administration are not sustainable. In parallel, it will be necessary to ensure an independent oversight of public administration affairs by strengthening the administrative and technical capacities of the Administrative Inspection Service;
- **Enhancement of human resources management**, by giving particular attention to the capacity to plan and to manage new recruitments as well as to the capacity to manage civil servants' and other employees' professional development according to the needs of an efficient, service-oriented and more transparent public administration;
- **Improvement of the quality and accessibility of public service delivery**, with a reduction or simplification of administrative procedures for citizens and business operators. In this respect, the establishment of interoperability among key electronic state registers will be the basis for any further improvement in the provision of services;
- **Improvement of the transparency of public services** by making the exercise of the right to free access to information more effective, by reducing the number of complaints, in particular for "administrative silence", and by decreasing the number of decisions on information requests annulled by the Administrative Court.

The programme focuses on the most challenging objectives of the strategy, notably the ones where the previous public administration reform (AURUM) did not achieve the expected results and which are of key importance in the enlargement perspective. The programme also reflects the will to improve the life of citizens in terms of service delivery and increased transparency. In both cases, policy dialogue plays a central role and represents the real added value of the European Commission intervention in this sector.

The specific objectives are strictly interlinked, which underlines the sectoral approach of this budget support operation. They are also complementary to the interventions of other donors and will have a structural impact on the Montenegrin public administration system. Moreover, they have been selected in order to ensure sustainability of the results and a positive effect on fiscal consolidation and macroeconomic stability.



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The optimization of human resources, in particular, reflects the need to better respond to the citizens' and business' needs, to reduce the increasing weight of annual wages on current expenditures⁸ and to free more financial resources for economic growth and competitiveness. At the same time, better resource planning and a more skilled workforce will benefit the quality of public administration, by creating the conditions for a smoother European Integration process.

Finally, the quality, transparency and accessibility of public services are crucial determinants for a more business friendly administration and a more competitive economy, especially if they are translated in simplified and swifter public administrative procedures. Greater predictability in terms of quality and timing also creates trust and economic benefits for the end users of the services.

c) Expected results

The expected results of this sector budget support programme are the following:

- Public administration human resources are optimised in line with European Integration needs and state budget constraints.
- Increased accuracy of data on number and career of civil servants.
- Increased capacity to plan and manage new recruitment.
- Improved capacity to manage civil servants professional development according to the needs of an efficient, service oriented and more transparent public administration.
- Simplified and swifter public administrative procedures.
- Improved access to public information.

d) Main sector budget support activities

The main activities to implement the budget support package are policy dialogue, financial transfer, performance assessment, reporting and capacity development.

Engagement in dialogue around conditions and government reform priorities, the verification of conditions and the payment of budget support.

e) Complementary actions

With regard to complementary actions, activities will largely focus upon strengthening the institutional and human resource capacities of the principal stakeholders to drive, coordinate and monitor the implementation of the public administration reform. The proposed actions will develop the beneficiaries' capacities to achieve the expected results. The main recipients will be the Human Resources Management Authority, the Administrative Inspection Service, the E-government Directorate of the Ministry of Public Administration and the Agency for the Protection of Personal Data and Free Access to Information. Technical assistance will be provided also to the Statistical Office of Montenegro (MONSTAT) in order to update the methodology for statistics according to EU regulations and to improve the quality of administrative data sources. Additional support will also be provided to the Ministry of Public Administration to manage external and internal communication, which is considered particularly sensitive and to the General Secretariat of the Government, in order to further reinforcing strategic planning as functional to the elaboration of credible medium term budgetary frameworks. This latter

⁸ IMF Staff Concluding Statement of the 2017 Article IV mission.

assistance will mitigate one of the identified PFM risks and will increase state budget credibility. Special support will be provided to developing the capacities of civil society in oversight and control as well as to visibility actions.

The complementary actions are planned to be launched with a suspension clause which will allow for the commencement of the activities early after signature of the Financing Agreement.

Essential elements of the Action for direct management:

Procurement:

- a) the **global** budgetary envelope reserved for procurement: EUR 1 000 000
- b) the indicative number and type of contracts: 4 service contracts
- c) Indicative time frame for launching the procurement procedure: procurement procedures are expected to be launched in Q3 2017.

Grant – Call for proposal – Civil society oversight and awareness activities

a) Objectives and foreseen results:

The objective of the grant is to develop the capacity of civil society organisations to perform its oversight role, monitor the evolution and implementation of the reform strategy as well as raise awareness of PAR issues that affect the citizens such as service delivery and accountability of public institutions.

The foreseen result is an increased transparency of the public administration and a strengthened oversight by the civil society of the PAR sector.

b) The essential eligibility criteria are:

- *be a legal person and*
- *be non-profit-making and*
- *be a civil society organisation and*
- *be a national of Montenegro or registered in Montenegro⁹*

c) The essential selection criteria are financial and operational capacity of the applicant.

d) The essential award criteria are relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.

e) Maximum rate of EU co-financing

The maximum possible rate of EU co-financing is 90% of the eligible cost of the action.

⁹ Registered under at least one of the following laws: Law on Non-governmental Organisations (Official Gazette of Montenegro 27/99, 09, 30/02, 39/11), Labour Law (OG of Montenegro 43/03, 79/04, 49/08, 26/08, 88/09, 26/10, 59/11), Law on Representation of Trade Unions (OG of Montenegro 26/2010), the Bylaw on the representation of employers' organisations (OG of Montenegro, 34/05), the Law on the Chamber of Economy of Montenegro (OG of Montenegro, 42/98).



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The maximum possible rate of EU financing may be up to 100% of the total cost of the action in accordance with Article 192 of Financial Regulation if full funding is essential for the action to be carried out. The necessity for full EU funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

f) Indicative amount of the call: EUR 50 000

g) Indicative date for launch of the call for proposals: Q 3 2017

Grant – Twinning – Call for proposal: *Capacity development for Human Resources Planning, Professional development and Training (TWN 1)*

a) Objectives and foreseen results:

Objective: To develop the capacity of the Human Resources Management Agency (HRMA).

Result: The HRMA capacity is strengthened regarding human resource planning, professional development and training.

b) The maximum possible rate of EU financing may be up to 100% of the total cost of the action in accordance with Article 192 of Financial Regulation if full funding is essential for the action to be carried out. The necessity for full EU funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

c) Indicative amount of Twinning contract: EUR 500 000

d) Indicative date for launching the selection procedure: 2017 Q3

Grant – Twinning – Call for proposal : *Capacity Development for the Administrative Inspection Services (TWN 2)*

a) Objectives and foreseen results:

Objective: To develop the capacity of the Administrative Inspection Services (IAS).

Result: The IAS capacity is strengthened regarding oversight of the legality of human resources management practice

b) The maximum possible rate of EU financing may be up to 100% of the total cost of the action in accordance with Article 192 of Financial Regulation if full funding is essential for the action to be carried out. The necessity for full EU funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

c) Indicative amount of Twinning contract: EUR 250 000

d) Indicative date for launching the selection procedure: 2017 Q3

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Grant – Twinning – Call for proposal ; Capacity development and awareness for the Agency for the Protection of Personal Data and Free Access to Information (TWN 3)

a) Objectives and foreseen results:

Objective: To develop the capacity of the Agency for the Protection of Personal Data and Free Access to Information

Result: The Agency for the Protection of Personal Data and Free Access to Information is better prepared to manage administrative silence cases and raise awareness about access to information rights.

b) The maximum possible rate of EU financing may be up to 100% of the total cost of the action in accordance with Article 192 of Financial Regulation if full funding is essential for the action to be carried out. The necessity for full EU funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

c) Indicative amount of Twinning contract: EUR 250 000

d) Indicative date for launching the selection procedure: 2017 Q3

The essential selection and award criteria for Twinning and Twinning Light:

The essential eligibility criteria: applicants must be EU Member State administrations or mandated bodies.

The essential selection criterion is operational capacity of the applicant.

The essential award criteria are technical expertise of the applicant, and the relevance, methodology and sustainability of the proposed action.

Complementary Activities

The complementary activities with the purpose to Support *the elaboration and implementation of a national rightsizing Plan* and *to upgrade the Single information system for the exchange of data among state registers (SISEDE)* and for the *Digitalization of Public Administration for more accessible services to citizens* will be implemented by indirect management by the UNDP.

Entity entrusted with budget implementation tasks

UNDP has a long-term commitment with the Montenegrin authorities and the European Union Delegation to Montenegro in the area of public administration reform. It has a positive record of working specifically on the local level, in particular by developing a comprehensive functional review of the Human Resources function and management capacities in Montenegrin municipal administrations. Ongoing UNDP projects include a Local Governance programme supporting inter-municipal cooperation and local finance management and the creation of a government service bus for the exchange of data among state registers. The complementary actions foreseen under the present sector budget



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support programme would have a leverage effect on cooperation with the beneficiaries, would increase efficiency and reduce transaction costs. They would also benefit from the acquired know-how and the networks already established by the UNDP at local level.

A delegation agreement will ensure a complete alignment with the work already undertaken and strengthen complementarities and synergies among the activities implemented by the development partners in the sector.

Short description of the tasks entrusted to the entity

The UNDP, in close cooperation with the beneficiaries, will implement a functional review of the Human Resources of 25 local self-governments in order to align it to the process that will be carried out at central level. It will also be in charge of the follow up of the implementation of the optimisation plan at local level, of the elaboration of the personnel annual plans as well as the drafting of the strategic planning for the professional development and training of civil servants at local level.

Additionally, the UNDP will further develop the existing Government Service Bus (Single Information System) in order to connect 7 different state electronic registers (Central Population Register; Register of Business Entities; Register of Tax Payers; Register on Number of Children in Educational Institutions; Criminal Records; Employment Records and Cadastre).

Moreover, the UNDP will further strengthen the digital transformation of public administration as a long-term response measure to the Covid-19 pandemic. This will imply the development of IT platforms and complex e-services, the establishment of an efficient and sustainable integrated system of simplified electronic procedures for citizens and businesses, as well as the improvement of data protection and the digital inclusion of public institutions. Simplification and digitalization will ensure effective provision of public services to all citizens, especially those far from the capital city or obliged to confinement, while protecting them from a further spread of the virus.

The entrusted entity shall be responsible for carrying out all the tasks relating to the implementation of the action. In particular, the entrusted entity shall be responsible for running public procurements, concluding and managing the resulting contracts, implementation (including executing related payments), information and visibility. It will also be in charge of monitoring, reporting and evaluation thereof whenever relevant, in accordance with the principle of sound financial management, and for ensuring the legality and regularity of the expenditure incurred in the implementation of the programme.

3 BUDGET

3.1 INDICATIVE BUDGET TABLE - ANNUAL ACTION PROGRAMME FOR MONTENEGRO FOR THE YEAR 2017 – PART 2

	Indirect Management with the IPA II beneficiary				Other implementation arrangements				MM	Total programme
	where applicable	where applicable	where applicable	Total expenditure	where applicable	where applicable	where applicable	Total expenditure		
	EU Contribution	IPA II beneficiary Co-financing			EU Contribution	IPA II beneficiary Co-financing				
Sector 1					15 000 000			15 000 000	Mixed	15 000 000
Objective 1					15 000 000			15 000 000	Direct, IM IO	15 000 000
					15 000 000			15 000 000		15 000 000

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4 IMPLEMENTATION MODALITIES AND GENERAL RULES FOR PROCUREMENT AND GRANT AWARD PROCEDURES

DIRECT MANAGEMENT:

This programme shall be implemented by direct management by Union Delegation to Montenegro in accordance with article 58(1)(a) of the Financial Regulation and the corresponding provisions of its Rules of Application.

Procurement shall follow the provisions of Part Two, Title IV Chapter 3 of the Financial Regulation No 966/2012 and Part Two, Title II, Chapter 3 of its Rules of Application.

Grant award procedures shall follow the provisions of Part Two Title IV Chapter 4 of the Financial Regulation No 966/2012 and Part Two Title II Chapter 4 of its Rules of Application.

Under the Financial Regulation, Parts One and Three of the Financial Regulation and its Rules of Application shall apply to external actions except as otherwise provided in Part Two, Title IV.

The Commission may also use services and supplies under its Framework Contracts concluded following Part One of the Financial Regulation.

Twining:

Twining projects shall be set up in the form of a grant agreement, whereby the selected Member State administrations agree to provide the requested public sector expertise against the reimbursement of the expenses thus incurred.

The contract may in particular provide for the long-term secondment of an official assigned to provide full-time advice to the administration of the IPA II beneficiary as resident twinning advisor.

The twinning grant agreement shall be established in accordance with relevant provisions of Part Two Title IV Chapter 4 of the Financial Regulation and Part Two Title II Chapter 4 of its Rules of Application. Parts One and Three of the Financial Regulation and its Rules of Application shall apply to external actions except as otherwise provided in Part Two, Title IV.

INDIRECT MANAGEMENT:

Part of this programme shall be implemented by indirect management with entrusted entities other than the IPA II beneficiary in accordance with Article 58(1)(c) of the Financial Regulation and the corresponding provisions of its Rules of Application.

The general rules for procurement and grant award procedures shall be defined in the Financing Agreement and the relevant delegation agreements between the Commission and the entrusted entity implementing such action.

5 PERFORMANCE MONITORING ARRANGEMENTS

As part of its performance measurement framework, the Commission shall monitor and assess progress towards achievement of the specific objectives set out in the IPA II Regulation on the

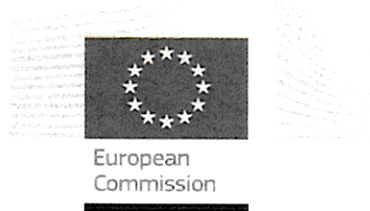
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basis of pre-defined, clear, transparent measurable indicators. The progress reports referred to in Article 4 of the IPA II Regulation shall be taken as a point of reference in the assessment of the results of IPA II assistance.

The Commission will collect performance data (process, output and outcome indicators) from all sources, which will be aggregated and analysed in terms of tracking the progress versus the targets and milestones established for each of the actions of this programme, as well as the Indicative Strategy Paper.

In the specific context of indirect management by IPA II beneficiaries, National IPA Coordinators (NIPACs) will collect information on the performance of the actions and programmes (process, output and outcome indicators) and coordinate the collection and production of indicators coming from national sources.

The overall progress will be monitored through the following means: a) Result Orientated Monitoring (ROM) system; b) IPA II Beneficiaries' own monitoring; c) self-monitoring performed by the EU Delegations; d) joint monitoring by DG Enlargement and the IPA II Beneficiaries, whereby the compliance, coherence, effectiveness, efficiency and coordination in implementation of financial assistance will be regularly monitored by an IPA II Monitoring committee, supported by Sectoral Monitoring committees, which will ensure a monitoring process at sector level.



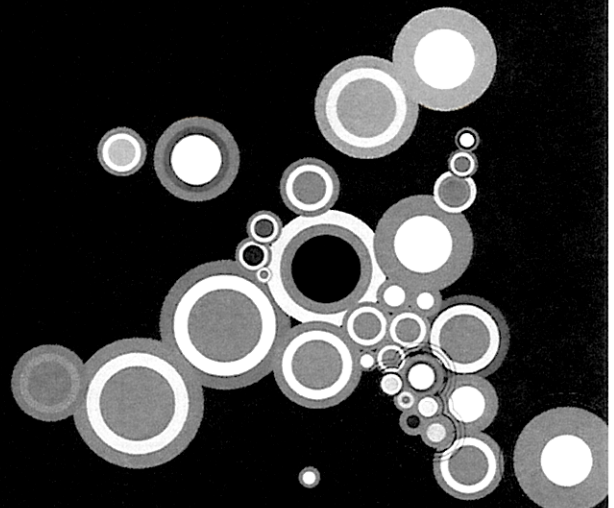
INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020

ANNEX IA BUDGET SUPPORT

of the Financing Agreement the Annual Action Programme for Montenegro for the year 2017
Part 2

MONTENEGRO

EU Support to Public
Administration Reform in
Montenegro



Action Summary

The general objective of this Sector Budget Support programme is to contribute to sustainable growth and to improve competitiveness through the creation of a more transparent, efficient and service-oriented public administration in Montenegro. This will be done by supporting the implementation of the Public Administration Reform Strategy 2016-2020. The specific objectives are the optimization of the number of employees in the public administration, the enhancement of human resources management, the improvement of the quality and accessibility of public service delivery and a more effective right to free access to information. The objectives of the programme are strictly interlinked, which underlines the sectoral approach of this operation and implies an intense policy dialogue in the context of the EU accession process.

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Action Identification	
Action Programme Title	Annual Action Programme for Montenegro for the year 2017 Part 2
Action Title	EU Support to Public Administration Reform in Montenegro
Action ID	IPA 2017/040-217.04/AAP Montenegro 2017 Part 2
Sector Information	
IPA II Sector	1. Democracy and governance
DAC Sector	15110 – public sector policy and administrative management
Budget	
Total cost	EUR 15 000 000
EU contribution	EUR 15 000 000
Management and Implementation	
Method of implementation	Direct Management (Sector Budget Support and Complementary activities, except no. 1 and 4) Indirect Management by Delegation Agreement (Complementary activities no. 1 and 4)
<i>Direct management:</i> EU Delegation <i>Indirect management:</i> National authority or other implementing body	EU Delegation to Montenegro United Nation Development Programme (Complementary activities 1, 4)
Implementation responsibilities	Ministry of Public Administration of Montenegro
Location	
Zone benefiting from the action	Montenegro
Timeline	
Final date for concluding Financing Agreement(s) with IPA II beneficiary	At the latest by 31 December 2018
Final date for concluding delegation agreements under indirect management	At the latest by 31 December 2018
Final date for concluding procurement and grant contracts	3 years following the date of conclusion of the Financing Agreement, with the exception of cases listed under Article 189(2) of the Financial Regulation
Final date for operational implementation	7 years following the conclusion of the Financing Agreement
Final date for implementing the Financing Agreement (date by which this	13years following the conclusion of the Financing Agreement

04/18

programme should be de-committed and closed)			
Policy objectives / Markers (DAC form)			
General policy objective	Not targeted	Significant objective	Main objective
Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gender equality (including Women In Development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Trade Development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
RIO Convention markers	Not targeted	Significant objective	Main objective
Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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1. DESCRIPTION OF THE ACTION

1.1. Objectives/results

The general objective of this Sector Budget Support programme is to contribute to sustainable growth and to improve competitiveness through the creation of a more transparent, efficient and service-oriented public administration. This will be done by supporting the implementation of the Public Administration Reform Strategy 2016-2020.

According to the best practices, the programme will support a mix of actions both at policy level and with a clear impact on citizens' life, long-term reforms and quick-win reforms, in order to keep momentum and motivation in the implementation of the reform.

In this way, the programme specific objectives are:

- Optimization of the number of civil servants in the public administration
- Enhancement of human resources management
- Improvement of the quality and accessibility of public service delivery
- Improvement of the transparency of public services

The expected results of the action are:

1) public administration human resources are optimized in line with European Integration needs and state budget constraints 2) increased accuracy of data on number and career of civil servants 3) increased capacity to plan and manage new recruitment 4) improved capacity to manage civil servants professional development according to the needs of an efficient, service oriented and more transparent public administration 5) simplified and swifter public administrative procedures 6) improved access to public information.

The results will be measured by two SIGMA indicators ("Extend to which the institutional set-up enables consistent HRM practices across the public services" and "Extend to which the training system of public servants is in place and applied in practice")¹ and by four PAR Strategy indicators ("Number of civil servants in central level state authorities and in local self-governments", "Percentage of institutions which apply personnel plans in accordance with regulations", "Percentage of key registers which are connected and which perform automatic data exchange" and "Number of complaints due to administrative silence"). Both results and indicators are in line with the PAR Action Plans and their choice underlines the coherence, ownership and the engagement of the authorities in the reform programme.

1.2. Main activities

1.2.1. Budget support

Main activities of the programme include:

- transfer of EUR 15 000 000 over the period 2018-2021
- continued political and policy dialogue with the Government with a particular focus on areas reflected in the programme's objectives;
- a continued effort to reinforce Government's capacities in the area of PFM in the context of existing complementary support programmes;

¹ SIGMA 2016 Monitoring Methodology

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- continued dialogue between the EU Delegation and other donors to coordinate and further align development cooperation with a view to avoiding duplication of activities and relieving the Government of multiple reporting duties;
- regular monitoring of budget support eligibility criteria:
 - monitoring achievement of the sector's priority objectives will be undertaken on the basis of annual progress reports and other EU or development partners' reviews, supported by regular briefings for, and discussions in, the relevant sector working group;
 - monitoring macroeconomic developments will be performed in the context of the IMF missions and other relevant assessments;
 - monitoring PFM eligibility will be done on the basis of the reviews of the government's PFM reform strategy and associated assessments or ad-hoc analysis from the IMF and other technical and financial partners, including sector specific analysis (e.g. through PETS and PERS);
 - monitoring budget transparency will be undertaken through verifying public availability of appropriate documentation.

1.2.2. Complementary support

Complementary support aims to develop the beneficiaries' capacities to achieve the results and specific outcomes of the programme. The main recipients will be the Human Resources Management Authority, the Administrative Inspection Service, the E-government Directorate and the Agency for the Protection of Personal Data and Free Access to Information. Technical assistance will be provided also to the Statistical Office of Montenegro (MONSTAT) in order to update the methodology for statistics according to EU regulations and to improve the quality of administrative data sources. Additional support will also be provided to the Ministry of Public Administration to manage external and internal communication, which is considered particularly sensitive and to the Ministry of European Affairs, in order to further reinforcing strategic planning as functional to the elaboration of credible medium term budgetary frameworks. This latter assistance will mitigate one of the identified PFM risks and will increase state budget credibility.

Complementary support is coordinated with other donors' activities and with SIGMA Action Plan, which in the period 2017-2018 will focus on: accountability of organizations with public powers, merit-based recruitment, policy development and coordination, elaboration of methodology for the optimization of the number of civil servants, internal financial control, public procurement, commitment management.

Additional assistance will be granted to civil society organisations with the aim to monitor the effective, transparent and accountable implementation of the public administration reform and to encourage inclusive policy making and participatory democracy.

An extensive use of TAIEX for short technical assistance, study visits and the organization of workshops will be encouraged.

1.3. Intervention logic

The programme focuses on the most challenging objectives of the strategy, notably the ones where the previous public administration reform (AURUM) did not achieve the expected results and which are of key importance in the enlargement perspective. The programme also reflects the will to improve the life of citizens in terms of service delivery and increased transparency. In both cases, policy dialogue plays a central role and represents the real added value of the European Commission intervention in this sector.

- Optimization of the number of civil servants in the public administration in line with state budget constraints and European integration challenges. This will imply the adoption and implementation of a National Rightsizing Plan and the redistribution and/or reduction of human

04/12

resources according to the needs of the administration, including meeting the challenges of European integration. In this respect, the update and upgrade of the Central Personnel Records (HRMIS) and its link with the payroll registry will be an essential element, without which any efforts to develop the management and monitoring of public administration are not sustainable. In parallel, it will be necessary to ensure an independent oversight of public administration affairs by strengthening the administrative and technical capacities of the Administrative Inspection Service;

- Enhancement of human resources management, by giving particular attention to the capacity to plan and to manage new recruitments as well as to the capacity to manage civil servants' and other employees' professional development according to the needs of an efficient, service-oriented and more transparent public administration;
- Improvement of the quality and accessibility of public service delivery, with a reduction or simplification of administrative procedures for citizens and business operators. In this respect, the establishment of interoperability among key electronic state registers will be the basis for any further improvement in the provision of services;
- Improvement of the transparency of public services by making the exercise of the right to free access to information more effective, by reducing the number of complaints, in particular for "administrative silence", and by decreasing the number of decisions on information requests annulled by the Administrative Court.

The specific objectives are strictly interlinked, which underlines the sectoral approach of this budget support operation. They are also complementary to the interventions of other donors and will have a structural impact on the Montenegrin public administration system. Moreover, they have been selected in order to ensure sustainability of the results and a positive effect on fiscal consolidation.

2. IMPLEMENTATION

2.1. Rationale for the amounts allocated to budget support

The amount allocated for budget support component is EUR 10 100 000, and for complementary support is EUR 4 900 000. These amounts are based on the estimated cost of the PAR Strategy (please see paragraph on "Sector Budget Support Readiness – Public Policy") and of the human resources directly engaged in the implementation of the reform.

Complementary support will be implemented via direct management and indirect management with an International Organisation for complementary activities 1 and 4. This will allow the EU to ensure control on the timing of the assistance and, as a consequence, on the achievement of the results under the budget support component.

2.2. Criteria for disbursement of budget support

a) The general conditions for disbursement of all tranches are as follows:

- Satisfactory progress in the implementation of the Public Administration Reform Strategy and continued credibility and relevance thereof;
- Implementation of a credible stability-oriented macroeconomic policy;
- Satisfactory progress in the implementation of the multiannual Public Finance Management Reform Programme (2016-2020);
- Satisfactory progress with regard to the public availability of timely, comprehensive and sound budgetary information.

b) The specific conditions for disbursement that may be used for variable tranches are the following:

- Extent to which the institutional set-up enables consistent human resource management practices across the public service;
- Number of civil servants in central level state authorities (incl. organizations with public powers) and in local self-government units (incl. public services);
- Percentage of institutions which apply personnel plans in accordance with regulations;

04/12

- Extent to which the training system of public servants is in place and applied in practice;
- Percentage of key registers which are connected and which perform automatic data exchange;
- Number of complaints due to administrative silence.

The chosen performance targets and indicators to be used for disbursements will apply for the duration of the programme. However, in duly justified circumstances, the National IPA Coordinator may submit a request to the Commission for the targets and indicators to be changed. The changes agreed to the targets and indicators may be authorised by exchange of letters between the two parties.

In case of a significant deterioration of fundamental values, budget support disbursements may be formally suspended, temporarily suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

2.3. Budget support details

Budget support is provided as direct untargeted budget support to the national Treasury. It will be structured in one fixed tranche (4 000 000 EUR) in 2018, upon the signature of the Financing Agreement, and two variable tranches: one in 2019 (2 100 000 EUR) and one in 2021 (4 000 000 EUR), following the fulfilment of the specific conditions.

The payment of a fixed tranche in the first year is justified by the proven country's commitment to public administration reform and by the intention to facilitate Montenegro's budgetary planning. This will also allow for a reasonable amount of time between the agreement on the indicator targets and their evaluation. Two variable tranches, respectively during the second and third year, will keep the focus of the beneficiaries on achieving the agreed specific objectives and will encourage policy dialogue.

The crediting of the euro transfers disbursed into EURO will be undertaken at the appropriate exchange rates in line with the relevant provisions of the Financing Agreement.

2.4. Organisational set-up and responsibilities

The newly created **Ministry of Public Administration** has been officially designated as the institution in charge of the reform of public administration, while the primary responsibility for the achievement of the objectives stays with the lead entities identified in the PAR Strategy. Within the Ministry, the Department for Managing the Process of Public Administration is in charge of managing, monitoring and reporting on the implementation of the strategy.

The Council for Public Administration Reform is in charge of the coordination of the reform. It is composed by the representatives of the key implementing institutions of the public administration reform, the Ministry of Public Administration, the Ministry of Finance, the Ministry of European Affairs, the Ministry of Foreign Affairs, as well as the Union of Municipalities, the Chamber of Economy, the Trade Unions and the civil society. Representatives of relevant institutions (the Parliamentary Committee on Political system, Administration and Judiciary, the State Audit Institution and the Ombudsman) will be invited to participate as observers when relevant issues will be discussed. The EU will participate as observer. The Council meets at least twice a year and it is chaired by the Deputy Prime Minister in charge of political system, foreign and interior policy.

Operational policy dialogue meetings with the representatives of the EU will be organized regularly during the implementation of the Strategy. Strategic dialogue meetings shall be organized ad hoc for the discussion of particular aspects of the reform and shall be led by the EU Delegation and/or by DG NEAR according to the agenda of discussions. High-level policy dialogue is organized in the framework of the EU-Montenegro PAR Special Group, which meets once a year at ministerial level.

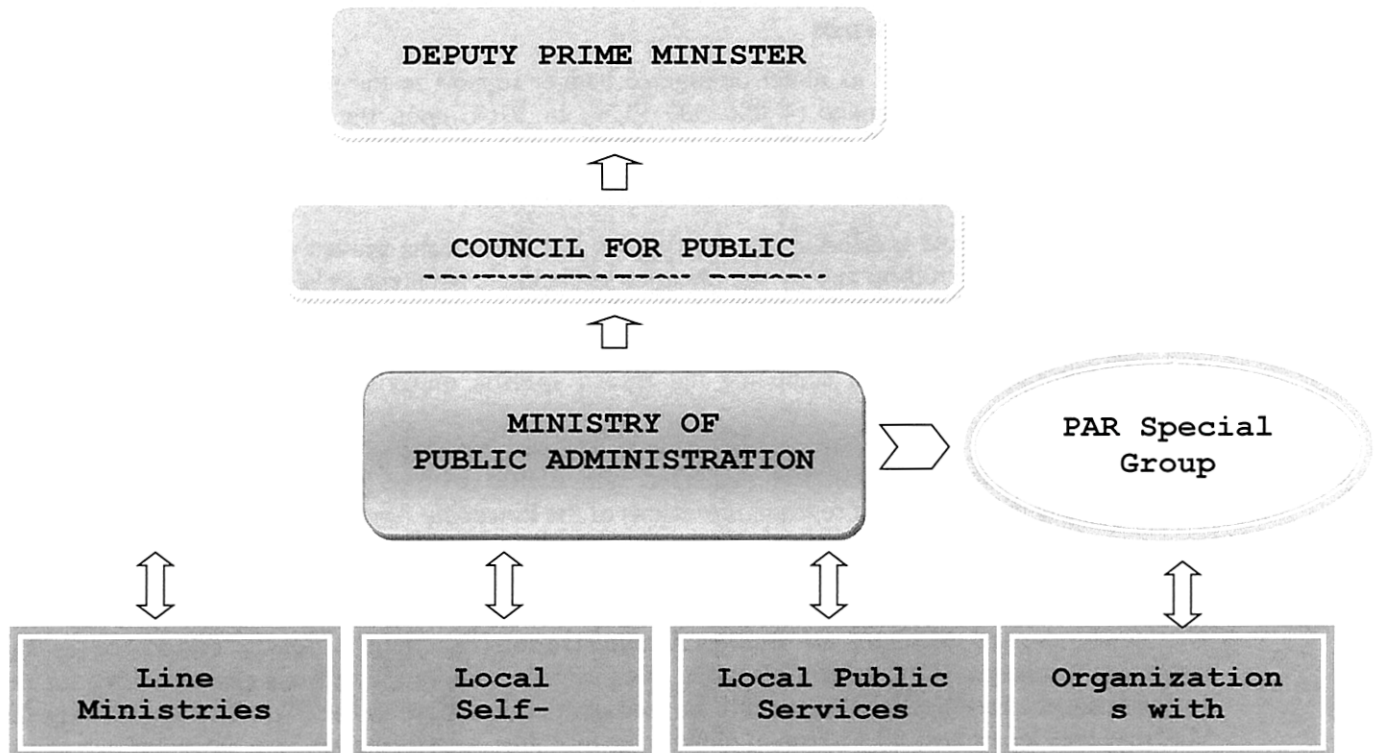
During the implementation phase, policy dialogue will focus on the following issues:

- Progress in the achievement of the reform objectives, including PFM, timing, difficulties in the implementation, coordination of the reform;
- Progress in the implementation of the Fiscal Consolidation Plan;
- Complementary assistance;

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- Follow up of those PAR activities which are not covered by the programme but which are critical for its implementation (i.e. merit-based recruitments, performance appraisal reform, enforcement of the Law on Salaries of Civil Servants and State Employees and of the Law on General Administrative Procedures, accountability of organizations with public powers);
- Institutional capacities of the Ministry of Public Administration;
- External risks which may affect the implementation of the reform;
- Cross-cutting issues;
- Donor coordination.

Minutes of the meetings will be kept by the Delegation to document policy dialogue. A dashboard summarizing the progress on key issues at technical, strategic and political level will be regularly updated and shared between the EU Delegation and DG NEAR.



2.5. Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the list of result indicators. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Ministry of Public Administration will be responsible for monitoring and reporting on the implementation of the reform on the basis of the existing **PAR Performance Assessment Framework**. Six-monthly reports will be submitted to the Council for the Public Administration Reform. Once a year, in cooperation with all responsible institutions, annual implementation reports will be submitted for approval to the Government by the end of the first quarter of the current year for the previous year.

The annual report shall provide an accurate account of implementation of the PAR Strategy, difficulties encountered, changes introduced, as well as the degree of achievement of its results.

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(outputs and direct outcomes) as measured by corresponding indicators, using as reference the list of result indicators. An updated action plan will be attached to the report, as well as a description of the visibility actions realized, in accordance with the visibility plan.

The reports will be published to allow for public scrutiny.

Reviews will be organized in spring each year, after the approval by the Government of the PAR Annual Implementation Report, on the results of the previous year. They will take in due account SIGMA baseline assessments and the results of additional monitoring visits organized by the EU staff or through independent consultants recruited directly by the Commission. The results of the reviews will be used as a basis to assess the achievement of disbursement conditions.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

2.6. Evaluation and audit

Evaluations of the budget support component should be aligned with similar exercises of other budget support providers for accountability and learning purposes at various levels (including for policy revision) and carried out via independent consultants.

For complementary support, the Commission may also carry out external evaluations, as follows:

- (a) a mid-term evaluation mission;
- (b) a final evaluation, at the beginning of the closing phase;
- (c) an ex-post evaluation.

Audits for complementary support actions will depend on the nature of the action:

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

The Commission shall inform the implementing partner at least 2 months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation/audit reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

The financing of the evaluation actions shall be covered by another measure.



APPENDIX 1: INDICATIVE SELECTION OF RESULT INDICATORS

The inputs, the expected direct and induced outputs and all the indicators, targets and baselines included in the list of result indicators are indicative and may be updated during the implementation of the action without an amendment to the financing decision. The table with the indicative list of result indicators will evolve during the lifetime of the action: new columns will be added for intermediary targets (milestones), when it is relevant and for reporting purpose on the achievement of results as measured by indicators.¹

	Intervention logic	Indicators	Baselines (2015)	Target 2018	Final Target	Sources and means of verification
Overall objective: Impact	1.To contribute to sustainable growth and to improve competitiveness through a more transparent, efficient and service-oriented public administration	Composite indicator Government effectiveness (WB), and Regulatory Quality (WB)	Percentile rank (0 to100 best)	Percentile rank (0 to100)	Percentile rank (0 to100)	World Wide Governance Indicators Report (WB)
			Government effectiveness: 60.10 (Croatia: 71.63)	Government effectiveness: 62.00	Government effectiveness: 65.00	
			Regulatory quality: 60.10 (Croatia: 64.90)	Regulatory quality: 62.00	Regulatory quality: 65.00	
		Global Competitiveness Index (Public Sector Performance)	Percentile rank (0 best to 138) 69/138	68/138	66/138	Global Competitiveness Report (WEF)
Specific Objective(s): Outcomes	1. To optimize the number of civil servants in the public administration in line with state budget constraints and European integration challenges.	Extend to which the institutional set-up enables consistent HRM practices across the public service**	3/5 (2017)		5	Primary: PAR Annual

¹ It is recommended to use sex-disaggregated data when available.

		<p>No. of civil servants in state authorities (including org. with public powers) and local self-government units (including public services)*</p> <p>Ratio of annual wage bill to current expenditures</p> <p>Extent to which the training system of public servants is in place and applied in practice**</p> <p>Percentage of institutions which apply personnel plans in accordance with regulations*</p> <p>No. of one-stop-shops that provide services for more than three different public institutions**</p> <p>Share of public information requests refused by the public authorities**</p> <p>1.1 Degree of implementation of the National rightsizing plan</p> <p>1.2 Percentage of corrective measures of the Administrative Inspection Service implemented out of the total number of recommendations.</p>	<p>39 306 (2017)</p> <p>12 174 (2017)</p> <p>27%</p> <p>4/5 (2017)</p> <p>30%</p> <p>1</p> <p>24% (2014)</p> <p>0%</p> <p>0% (2014)</p>	<p>-3%</p> <p>-5%</p> <p>25%</p> <p>50%</p> <p>2</p> <p>20%</p> <p>50%</p> <p>40%</p>	<p>-5%</p> <p>-10%</p> <p>23%</p> <p>5</p> <p>95%</p> <p>3</p> <p>15%</p> <p>100%</p> <p>80%</p>	<p>Monitoring Report</p> <p>Secondary:</p> <p>SIGMA Baseline Assessment and monitoring reports</p> <p>Budget Execution Reports</p> <p>NGOs reports on the implementation of the PAR Strategy</p>
<p>High level Induced outputs</p>	<p>1. Human resources in the Public administration optimized according to the identified needs</p>					

	<p>2.1 Human resources recruited according to public administration priorities.</p>	<p>2.1 Percentage of recruitments in state authorities and public agencies compared to the Annual Personnel Plan</p>	<p>0% (2014)</p>	<p>50%</p>	<p>95%</p>	<p>Primary: PAR Annual Monitoring Report Secondary: SIGMA Baseline Assessment and monitoring reports HRMA Annual Report NGOs reports on the implementation of the PAR Strategy</p>
	<p>2.2 Civil servants and employees professional development planned according to public administration needs</p>	<p>2.2. Degree of implementation of the Strategic Planning for the Professional Development and Training of Public Servants</p>	<p>0% (2014)</p>	<p>40%</p>	<p>80%</p>	
	<p>3. Simplified and swifter public administrative procedures (easier exchange of data)</p>	<p>3. Percentage of key registers which are connected and which perform automatic data exchange*</p>	<p>0%</p>	<p>80%</p>	<p>100%</p>	
	<p>4. Improved access to public information</p>	<p>4.1 Number of complaints due to "administrative silence"*</p>	<p>950 (2017)</p>	<p>- 5%</p>	<p>- 10%</p>	
		<p>4.2 Share of Agency's decisions on information requests annulled by the Administrative Court*</p>	<p>64,22% (2014)</p>	<p>60%</p>	<p>50%</p>	



04/17

Lower level Induced outputs						
			No national rightsizing plan	National rightsizing methodology adopted	National rightsizing plan implemented	
<p>1.1 Administrative capacity in the public administration optimized</p> <p>1.2 Increased accuracy of data on number and career of public civil servants and employees</p> <p>2.1 Increased capacity to plan and manage new recruitments</p> <p>2.2 Improved capacity to manage civil servants' and other employees' professional development according to the needs of an efficient, service-oriented and more transparent public administration</p> <p>3. Interoperability among key electronic state registers established and availability of data from registers to users assured</p> <p>4. Law on free access to information properly implemented</p>	<p>1.1 National rightsizing plan adopted*</p>	<p>CPR not updated and not linked to the salary registry</p>	<p>CPR updated and linked to the salary registry</p>	<p>CPR kept updated, oversight ensured, HRMA regularly reports on it</p>	<p>Primary: PAR Annual Monitoring Report</p> <p>Secondary: SIGMA Baseline Assessment and monitoring reports</p> <p>NGOs reports on the implementation of the PAR Strategy</p>	
	<p>1.2.1 Central personnel record (CPR) consolidated and connected with the salaries records of the MoF*</p>	<p>0 (2014)</p>	<p>20</p>	<p>30</p>		<p>Mandatory</p>
	<p>1.2.2 No. of investigations launched by the Administrative Inspectorate</p>	<p>Annual Personnel Plan not mandatory</p>	<p>Mandatory</p>	<p>Strategic Planning adopted</p>		<p>Strategic Planning implemented</p>
	<p>2.1 Annual Personnel Plan mandatory for all state authorities, public agencies and local self-government authorities*</p>	<p>No strategic planning</p>	<p>Single information system established</p>	<p>Single information system fully operational</p>		<p>30%</p>
	<p>2.2 Strategic Planning for the Professional Development and Training of Public Servants adopted*</p>	<p>SISEDE does not exist</p>	<p>10%</p>	<p>70%</p>		<p>1</p>
	<p>3. Single information system for the exchange of data among state registers (SISEDE) established*</p>	<p>0% (2014)</p>	<p>40%</p>	<p>0</p>		<p>3</p>
	<p>4.1 Share of civil servants directly engaged in free access to information who received training in the last year</p>	<p>4.2 Share of public authorities maintaining websites in line with regulatory requirements*</p>	<p>4.3 No. of citizens' awareness campaigns launched</p>			

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<p>Direct outputs</p>	<ul style="list-style-type: none"> • Increased share of external assistance funds made available through the national budget. • Better coordinated policy dialogue and conducive to the implementation of the PAR Strategy • Improvement of human resources capacities for the achievement of PAR specific objectives • Improved macroeconomic and budget management 	<ul style="list-style-type: none"> • Transfer of 12 MEUR to the beneficiary country state budget (fiscal years 2018, 2019, 2020) • Continued political and policy dialogue with the Government in the area of public administration reform • Targeted technical assistance provided to the main implementing institutions • Comprehensive medium-term Fiscal Strategy adopted, including the completion of consolidation measures for the correction of the budget deficit and public debt 			
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LIST OF ANNEXES

- 1. Performance indicators used for disbursements**
- 2. Disbursement arrangements and timetable**
- 3. Complementary activities**



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ANNEX 1: Performance indicators used for disbursements

<p>Indicator 1: Programme: Objective: Action: Department responsible:</p>	<p>Extent to which the institutional set-up enables consistent HRM practices across the public service Public Administration Reform Strategy Optimization of the number of civil servants in the public administration Human Resources Management for the purpose of public sector employees optimization Human Resources Management Authority and Ministry of Finance</p>
<p>Description of the Indicator Indicator type: Measurement unit: Periodicity of measurement: Last known result: (last three years if available):</p>	<p>Quality (impact) indicator One point for each dimension considered Yearly 2017 3/5 according to 2016 SIGMA Methodology</p>
<p>Development and quality of the indicator Method of data collection: Departments responsible for collection: Method of calculation:</p>	<p>SIGMA baseline assessment and monitoring reports Department for Managing the Process of Public Administration, Ministry of Public Administration 1 point: 0% 2 points: 50% 3 points: 100%</p>
<p>Means of interpretation Known limits and bias: Means of interpretation:</p>	<p>The Central Personnel Record (CPR) does not contain the data of organizations with public powers and of institutions at local level (self-government units, public services, public enterprises) Only the data in the CPR (117 state institutions) are considered in the calculation and are in the scope of HRMA monitoring, reporting and evaluating. The payment of the second variable tranche requires that the CPR has been fully updated and upgraded and it is regularly cross-checked with the salary registry</p>
<p>Documentation schedule Delivery date:</p>	<p>In March each year on the results of the previous year</p>

<p>Indicator 2: Programme: Objective: Action: Department responsible:</p>	<p>Number of civil servants in central level state authorities (incl. organizations with public powers) and in local self-government units (incl. public services) Public Administration Reform Strategy Optimization of the number of civil servants in the public administration Human Resources Management for the purpose of public sector employees' optimization Human Resources Management Authority, local self-government units</p>
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Description of the Indicator
 Indicator type: Quantitative indicator
 Measurement unit: Percentage
 Periodicity of measurement: Yearly
 Last known result: 2017 39 306 employees at central level, including organizations with public powers
 12 174 in local self-government units and local public services
 (last three years if available):

Development and quality of the indicator
 Method of data collection: PAR Annual Monitoring Report
 Departments responsible for collection: Department for Managing the Process of Public Administration, Ministry of Public Administration
 Method of calculation: N/A

Means of interpretation
 Known limits and bias: It includes organizations with public powers as well as local self-government units, local public services and local public enterprises.
 Means of interpretation: All staff is included (CPR and separate databases for organizations with public powers, local self-government units, local public services, and local public enterprises).

Documentation schedule
 Delivery date: In March each year on the results of the previous year

Indicator 3:
 Programme: Public Administration Reform Strategy
 Objective: Enhancement of human resources management
 Action: Human Resources Management for the purpose of public sector employees' optimization
 Department responsible: Human Resources Management Authority

Description of the Indicator
 Indicator type: Quantitative indicator
 Measurement unit: Percentage
 Periodicity of measurement: Yearly
 Last known result: 2017 30 %
 (last three years if available):

Development and quality of the indicator
 Method of data collection: PAR Annual Monitoring Report
 Departments responsible for collection: Department for Managing the Process of Public Administration, Ministry of Public Administration
 Method of calculation: N/A

4/4/20

Means of interpretation

Known limits and bias: According to the existing regulations, it refers only to central level institutions (without organization with public powers). After the approval of the new Law on Local Self-Governments, it will also involve local self-government units. . The accomplishment of this indicator implies the approval of the new Law on Civil Servants and State Employees (LCSSE) and the new Law on Local Self-Governments (and bylaws related to personnel planning), which make compulsory not only the adoption but also the implementation of personnel plans. Local public services are not included because covered by the General Labour Law.

Means of interpretation: Local self-government units will be considered in the calculation only after the approval of the new Law on Local Self-Government. The target for the second variable tranche refers to the results from 2020 only.

Documentation schedule
 Delivery date: In March each year on the results of the previous year

Indicator 4: **Extent to which the training system of public servants is in place and applied in practice**

Programme: Public Administration Reform Strategy

Objective: Enhancement of human resources management

Action: Human Resources Management for the purpose of public sector employees optimization

Department responsible: Human Resources Management Authority

Description of the Indicator

Indicator type: Qualitative indicator

Measurement unit: One point for each dimension considered

Periodicity of measurement: Yearly

Last known result: 2017 4/5 according to SIGMA 2016 monitoring methodology
 (last three years if available):

Development and quality of the indicator

Method of data collection: SIGMA Baseline Assessment and monitoring reports

Departments responsible for collection: Department for Managing the Process of Public Administration, Ministry of Public Administration

Method of calculation:
 1 point: 0%
 2 points: 50%
 3 points: 100%

Means of interpretation

Known limits and bias: According to the existing regulations, it refers only to central level institutions (without organization with public powers). After the approval of the new Law on Local Self-Government, it will also involve local self-government units. The accomplishment of this indicator implies the approval of the new Law on Civil Servants and State Employees (LCSSE), and the new Law on Local Self-

24/11

Means of interpretation: Governments (and bylaws related to training), which make compulsory not only the adoption but also the implementation of training plans. Local public services are not included because covered by the General Labour Law.
Local self-government units will be considered only after the approval of the new Law on Local Self-Government, the calculation.

Documentation schedule
Delivery date: In March each year on the results of the previous year

Indicator 5: **Percentage of key registers which are connected and which perform automatic data exchange**
 Programme: Public Administration Reform Strategy
 Objective: Improvement of public service delivery
 Action: E-Government
 Department responsible: Directorate for E-Government and IT security

Description of the Indicator
 Indicator type: Quantitative indicator
 Measurement unit: Percentage
 Periodicity of measurement: Yearly
 Last known result: 2017 0%
 (last three years if available):

Development and quality of the indicator
 Method of data collection: PAR Annual Monitoring Report
 Departments responsible for collection: Department for Managing the Process of Public Administration, Ministry of Public Administration
 Method of calculation: N/A

Means of interpretation
 Known limits and bias: It refers to the following registers: Central population register, register of business entities, register of tax payers, Ministry of Education register on number of children in educational institutions, criminal records, employment records, cadastre and statistical business register.
 Means of interpretation: All the above mentioned registers are considered in the calculation

Documentation schedule
 Delivery date: In March each year on the results of the previous year

Indicator 6: **Number of complaints due to "administrative silence"**
 Programme: Public Administration Reform Strategy
 Objective: A more effective right to free access to information
 Action: Right to free access to information
 Department responsible: Agency for the Protection of Personal Data and Free Access to Information

Description of the Indicator	
Indicator type:	Quantitative indicator
Measurement unit:	Percentage
Periodicity of measurement:	Yearly
Last known result: (last three years if available):	2017 950 complaints
Development and quality of the indicator	
Method of data collection:	PAR Annual Monitoring Report
Departments responsible for collection:	Department for Managing the Process of Public Administration, Ministry of Public Administration
Method of calculation:	N/A
Means of interpretation	
Known limits and bias:	The Agency for the Protection of Personal Data depends on the data provided by all parties (central level institutions and local self governments) involved in the implementation of the Law on Free Access to Information
Means of interpretation:	The Agency for the Protection of Personal Data and Free Access to Information is the ultimate responsible for the data provided. The target for the second variable tranche refers to the number of complaints received in 2020 only.
Documentation schedule	
Delivery date:	In March each year on the results of the previous year

C4487

ANNEX 2: Disbursement arrangements and timetable

This appendix covers the following four main areas according to the country/intervention sector context: (1) responsibilities; (2) the indicative disbursement timetable; (3) the general conditions for each disbursement tranche; (4) the specific conditions for each disbursement tranche.

1. Responsibilities

On the basis of the disbursement conditions stipulated in the Financing Agreement, the National Authorising Officer will send a formal request to the European Commission for the disbursement of each tranche in accordance with the timetable specified in Table A below. The request must include: (i) a full analysis and justification for payment of the funds, with the required supporting documents attached; (ii) a financial information form, duly signed, to facilitate the corresponding payment.

2. Indicative disbursement timetable

An indicative timetable is given below:

Table A: Indicative disbursement timetable

Country fiscal year	2018				2019				2021				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Total
Type of tranche													
Fixed tranche		4 M€											4 M€
Variable tranche						2.1M€					4 M€		6.1 M€
Total		4 M€				2.1M€					4 M€		10.1 M€

3. General conditions for the disbursement of each tranche

The general conditions set out below for the disbursement of each tranche shall apply to the disbursement of all tranches and all tranche release requests must be accompanied by all appropriate information and documents.

Table B: General conditions for the release of tranches

Area	Conditions	Verification source
Public Policy	Satisfactory progress in the implementation of the Public Administration Reform Strategy 2016-2020 and continued credibility and relevance of that or any successor strategy.	Fixed tranche, variable tranche I, variable tranche II: Primary: PAR Annual Monitoring reports; Secondary : SIGMA Baseline Assessment and monitoring reports; Reports of non-governmental organizations
Macroeconomic stability	Implementation of a credible stability-oriented macroeconomic policy.	Fixed tranche, variable tranche I, variable tranche II: Primary: Economic Reform Programme of Montenegro (ERP); Secondary: EC DG ECFIN Assessments; IMF Art. IV Assessments.
Public financial management	Satisfactory progress in the implementation of the programme to improve public financial management	Fixed tranche, variable tranche I, variable tranche II: Primary: PFM Annual Monitoring Report; Secondary: PAR Special Group Reports; SIGMA Baseline Assessment on Public finance Management; IMF Art. IV Assessments.
Budget Transparency	Satisfactory progress with regard to the public availability of accessible, timely, comprehensive, and sound budgetary information.	Fixed tranche, variable tranche I, variable tranche II: Primary: PFM Annual Monitoring Report; Secondary: PAR Special Group Reports; PEFA Framework: Open Budget Survey (International Budget Partnership)

4. Specific conditions for the disbursement of tranches

The specific conditions for the disbursement set out in Table C and D shall apply to the disbursement of variable tranches. Tranche release requests must be accompanied by all appropriate information and documents on the specific conditions.

Table C: Specific conditions for the release of tranches

Tranche	Amount	Indicative date of the disbursement request (month/year)	Indicative disbursement date (month/year)	Conditions/criteria/activities for disbursement	Verification source including timing or data availability (where applicable)
First variable tranche	2.1 M€	February 2019	April 2019	Variable tranche indicators detailed in table D	Primary: Performance Assessment Framework (PAF) reports; Secondary: SIGMA Baseline Assessment and monitoring reports, NGOs reports on the implementation of the PAR Strategy
Second variable tranche	4 M€	May 2021	September 2021	Variable tranche indicators detailed in table D	Primary: Performance Assessment Framework (PAF) reports Secondary: SIGMA Baseline Assessment and monitoring reports, NGOs reports on the implementation of the PAR Strategy

The disbursement conditions for the variable tranche are set for the first year and may be amended.

04/07

5. Variable tranche calculation

Each indicator will be scored 0, 0.5 or 1 depending on whether there was (i) no or insignificant progress, (ii) significant but partial progress, or (iii) target met. The variable tranche disbursement will be calculated by summarizing the scores of the six indicators:

Indicators as per Table D	Weight Year 2 - Year 4	Year 2 maximum amount EUR	Year 4 maximum amount EUR
1. Extent to which the institutional set-up enables consistent HRM practices across the public service	0% - 15%	0	600,000
2. Number of civil servants in central level state authorities (incl. organizations with public powers) and in local self-government units (incl. public services)	0% - 25%	0	1,000,000
3. Percentage of institutions which apply personnel plans in accordance with regulations	14% - 15%	300,000	600,000
4. Extent to which the training system of public servants is in place and applied in practice	48% - 25%	1,000,000	1,000,000
5. Number of key registers which are connected and which perform automatic data exchange	19% - 10%	400,000	400,000
6. Number of complaints due to "administrative silence"	19% - 10%	400,000	400,000
Total	100%	2,100,000	4,000,000

Table D: Variable Tranche

Sector Reform Contract "EU Support to Public Administration Reform in Montenegro"		
First Variable Instalment Achievement: by December 2018 Assessment: by March 2019	Second Variable Instalment Achievement: by December 2020 Assessment: by March 2021	Weight Y2 and Y4
1 – Indicator: Extent to which the institutional set-up enables consistent HRM practices across the public service		
<p><u>Target</u></p> <p>The Central Personnel Record is updated and upgraded and regularly cross-checked with the salary registry</p>	<p><u>Target</u></p> <p>1) The Central Personnel Record is effectively linked to the payroll system 2) independent oversight is ensured 3) HRMA regularly monitors, evaluates and reports on the state of affairs in the public service</p>	0% - 15%
<p><u>Baseline (2017)</u></p> <p>The institutional set-up is in place, but there are challenges in the implementation: the Central Personnel Record (CPR) has limitations, it is not updated and not linked to the salary registry; oversight of civil service is weakened by the lack of human resources and limited implementation of recommendations, HRMA does not report regularly on the state of affairs in the public service (Score 3/5 according to 2016 SIGMA monitoring methodology)</p>		
<p><u>Source of verification:</u></p> <p>Primary: Public Administration Reform Annual Report Secondary: SIGMA Baseline Assessment and monitoring reports; NGOs reports on the implementation of the PAR Strategy</p>		
2 – Indicator: Number of civil servants in central level state authorities (incl. organizations with public powers) and in local self-government units (incl. public services)		
<p><u>Target</u></p> <p>Minus 3% of the total number of employees at the central level (incl. public agencies) compared to the baseline Minus 5% employees in local self-government units (incl. public services) compared to the baseline</p>	<p><u>Target</u></p> <p>Minus 5% of the total number of employees at the central level (incl. public agencies) compared to the baseline Minus 10% employees in local self-government units (incl. public services) compared to the baseline</p>	0% - 25%

24/12/20

Sector Reform Contract "EU Support to Public Administration Reform in Montenegro"		Weight Y2 and Y4
First Variable Instalment Achievement: by December 2018 Assessment: by March 2019	Second Variable Instalment Achievement: by December 2020 Assessment: by March 2021	
<p><u>Baseline (2017)</u> :</p> <p>39 306 employees in central level institutions, including organizations with public powers.</p> <p>12 174 employees in local self-government units, local public services and public enterprises established by local self-government units.</p>		
<p><u>Source of verification:</u></p> <p>Primary: Public Administration Reform Annual Report and data extracted from the CPR and separate databases for local self-government units, local public services/enterprises and organizations with public powers.</p> <p>Secondary: NGOs reports on the implementation of the PAR Strategy.</p>	<p><u>Source of verification:</u></p> <p>Primary: Report on Optimization, Public Administration Reform Annual Report and data extracted from the CPR and separate databases for local self-government units, local public services/enterprises and organizations with public powers.</p> <p>Secondary: NGOs reports on the implementation of the PAR Strategy.</p>	
<p>3 – Indicator: Percentage of institutions which apply personnel plans in accordance with regulations</p>		
<p><u>Target</u></p> <p>50% of institutions apply personnel plans in accordance with regulations, covering at least 50% of involved civil servants.</p>	<p><u>Target</u></p> <p>95% of institutions apply personnel plans in accordance with regulations, covering 95% of involved civil servants.</p>	
<p><u>Baseline (2017):</u></p> <p>30% of institutions</p>		14 - 15%
<p><u>Source of verification:</u></p> <p>Primary: Public Administration Reform Annual Report, Personnel Plans.</p> <p>Secondary: NGOs reports on the implementation of the PAR Strategy.</p>	<p><u>Source of verification:</u></p> <p>Primary: Personnel Plans at central and local level, HRMA Annual Report, Public Administration Reform Annual Report,</p> <p>Secondary: NGOs reports on the implementation of the PAR Strategy.</p>	
<p>4 – Indicator: Extent to which the training system of public servants is in place and applied in practice</p>		
<p><u>Target</u></p> <p>A Strategic Planning for the Professional Development and Training of Public Servants is adopted for all state and local self-government authorities, in line with human resources planning, assessment and rewarding.</p>	<p><u>Target</u></p> <p>a) Training is based on Training Needs Assessment b) Implementation of training plans is monitored with more than 70% of planned training courses implemented c) Individual training programmes are assessed for quality (training reports are produced)</p>	48 - 25%

26

Sector Reform Contract "EU Support to Public Administration Reform in Montenegro"		Weight Y2 and Y4
First Variable Instalment Achievement: by December 2018 Assessment: by March 2019	Second Variable Instalment Achievement: by December 2020 Assessment: by March 2021	
<p><u>Baseline (2017):</u> Training is not strategically planned in line with human resources planning, needs, assessment and rewarding; decreasing number of participants in trainings, especially at managerial level; no evaluation of impact of training programmes (score 4 according to SIGMA 2016 monitoring methodology)</p>		
<p><u>Source of verification:</u> Primary: Public Administration Reform Annual Report Secondary: SIGMA Baseline Assessment and monitoring reports; NGOs reports on the implementation of the PAR Strategy.</p>	<p><u>Source of verification:</u> Primary: Training plans, training needs assessments, training evaluation reports, HRMA Annual Report, Public Administration Reform Annual Report Secondary: SIGMA Baseline Assessment and monitoring reports; NGOs reports on the implementation of the PAR Strategy.</p>	
<p>5 – Indicator: Number of key registers which are connected and which perform automatic data exchange</p>		
<p><u>Target</u> Single Information System established with 4 out of 8 registers interconnected for exchange of data</p>	<p><u>Target</u> 8 out of 8 registers interconnected for exchange of data</p>	
<p><u>Baseline 2017:</u> 0% - Key electronic registers (Central population register, register of business entities, register of tax payers, Ministry of Education register on number of children in educational institutions, criminal records, employment records, cadastre and statistical business register) are established but there is no Single Information System for the exchange of data.</p>		
<p><u>Source of verification:</u> Primary: Public Administration Reform Annual Report Secondary: NGOs reports on the implementation of the PAR Strategy.</p>	<p><u>Source of verification:</u> Primary: UNDP report, Public Administration Reform Annual Report. Secondary: NGOs reports on the implementation of the PAR Strategy.</p>	19 - 10%
<p>6 – Indicator: Number of complaints due to "administrative silence"</p>		
<p><u>Target</u> Minus 5% compared to the baseline</p>	<p><u>Target</u> Minus 10% compared to 2018</p>	19 - 10%

Sector Reform Contract "EU Support to Public Administration Reform in Montenegro"		
First Variable Instalment Achievement: by December 2018 Assessment: by March 2019	Second Variable Instalment Achievement: by December 2020 Assessment: by March 2021	Weight Y2 and Y4
<p><u>Baseline (2017):</u> 950</p> <p><u>Source of verification:</u> Primary: Public Administration Reform Annual Report, Complaints. Secondary: NGOs reports on the implementation of the PAR Strategy.</p>	<p><u>Source of verification:</u> Primary: Public Administration Reform Annual Report, Complaints. Secondary: NGOs reports on the implementation of the PAR Strategy.</p>	

28

ANNEX 3: Complementary activities: indicative budget breakdown and planning for contracting procedures

IMPLEMENTATION MODALITIES *	BUDGET (€)		TIMELINE ³	
	Total	EU contribution	Launch of procedure	Contract signature ⁴
PROCUREMENT				
Service contracts – Minimum of 4 contracts	1 000 000	1 000 000	Q3 2017	Q2 2018
GRANTS				
Call for proposals (1 contract)	50 000	50 000	Q3 2017	Q2 2018
TWINNING				
Maximum 3 twinning contracts	1 000 000	1 000 000	Q3 2017	Q2 2018
OTHER				
Indirect management with and IO	2 850 000	2 850 000	Q3 2017 & Q3 2020	Q1 2018 & Q4 2020
TOTAL		4 900 000		

* All contracts may be launched with a suspensive clause on Q4 2017.

³ Timeline: QUARTER (Q1, Q2, Q3, Q4) YEAR

⁴ Contract signature date: if relevant; i.e. for Direct Grants mainly

04/07

