

ADDENDUM TO THE FINANCING AGREEMENT

BETWEEN

**THE GOVERNMENT OF MONTENEGRO**

AND

**THE EUROPEAN UNION, REPRESENTED BY THE EUROPEAN  
COMMISSION**

CONCERNING THE NATIONAL PROGRAMME FOR  
MONTENEGRO UNDER IPA – TRANSITION ASSISTANCE AND  
INSTITUTIONAL BUILDING COMPONENT FOR 2013


**ADDENDUM TO:**

**The Financing Agreement concerning the National Programme for Montenegro under the IPA Transition Assistance and Institutional Building component for 2013 as originally concluded on 26 April 2013 between the Government of Montenegro and the European Union, represented by the European Commission.**

**Whereas**

- (a) The Commission adopted on 11 December 2012 (Implementing Decision C(2012)9382) the National Programme for Montenegro under IPA-Transition Assistance and Institutional Building Component for 2012 and 2013. A Financing Agreement was concluded on 26 April 2013 between the Government of Montenegro and the European Union, represented by the European Commission, to implement the programme.
- (b) An amendment to the above Decision was necessary as additional funds have been allocated to Montenegro to address needs emerging from the on-going accession negotiations process, in particular as regards Chapter 23 and 24. Therefore, the 2013 allocation under the National programme for Montenegro for the year 2012 and 2013 has been increased by EUR 2 372 169 to a total of EUR 5 845 589.
- (c) An addendum to the Financing Agreement shall therefore be concluded in line with the amending Commission Implementing Decision C(2013)9433 of 16 December 2013.

*Article 1*

The Annex A (National Programme for Montenegro under IPA – Transition Assistance and Institutional Building Component for 2012 and 2013) to the Financing Agreement is replaced by the one adopted with the Commission Implementing Decision C(2013)9433 of 16 December 2013.

*Article 2*

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

  
ANASTASIA GRIFFIN  
Director

*Signed, for and on behalf of the  
Commission by*



**Mrs Alexandra Cas Granje**  
Director  
European Commission  
Directorate-General Enlargement  
B – Montenegro, Iceland, the former  
Yugoslav Republic of Macedonia,  
Turkey

Date: 19 December 2013

*Signed, for and on behalf of the  
Government of Montenegro*



**H.E. Ambassador Aleksandar  
Andrija Pejović**  
National IPA Coordinator  
Ministry of Foreign Affairs and  
European Integration

Date:

27.12.2013



Stamp: [illegible]

## ANNEX A

### NATIONAL PROGRAMME FOR MONTENEGRO UNDER THE IPA TRANSITION ASSISTANCE AND INSTITUTION BUILDING COMPONENT FOR THE YEARS 2012 AND 2013 ADOPTED BY COMMISSION IMPLEMENTING DECISION C(2013)9433 OF 16 DECEMBER 2013

#### 1 IDENTIFICATION

<b>Beneficiary</b>	MONTENEGRO
<b>CRIS decision number</b>	2012/023-582; 2013/023-583
<b>Year</b>	2012; 2013
<b>EU contribution</b>	2012: EUR 14 546 471 2013: EUR 5 845 589 <b>Total value of the IPA contribution: EUR 20 392 060</b>
<b>Implementing Authority</b>	European Commission, except for Project 8 (Approximation of legislation with EU acquis) through an indirect centralised management with Gesellschaft für Internationale Zusammenarbeit (GIZ) in accordance with Article 54(2) (c) of the Financial Regulation. Project 11 (Technical Assistance and project Preparation Facility) in which one part of the project will be implemented through a joint management with UNDP in accordance with Article 53(d) of the Financial Regulation.
<b>Final date for concluding the Financing Agreements</b>	For the 2012 funds: at the latest by 31 December 2013. For the 2013 funds: at the latest by 31 December 2014.
<b>Final dates for contracting</b>	Three years following the date of conclusion of the Financing Agreement for the 2012 funds. Three years following the date of conclusion of the Financing Agreement for the 2013 funds. No deadline for audit and evaluation projects covered by this Programme, as referred to in Article 166(2) of the Financial Regulation. These dates apply also to the national co-financing.
<b>Final date for execution</b>	Two years following each end date for contracting. These dates apply also to the national co-financing.
<b>Budget line(s) concerned</b>	22.0201: national programmes (Transition and Institution Building assistance to Candidate Countries).
<b>Programming Unit</b>	Unit B1 Montenegro, Iceland



EU Delegation	Delegation of the European Union in Montenegro.
---------------	---

## 2 THE PROGRAMME

### 2.1 PRIORITIES SELECTED UNDER THIS PROGRAMME

The present programme will address the same three areas of priorities as the ones selected in the Multi-annual Indicative Planning Document (MIPD) 2011- 2013 for Montenegro<sup>1</sup> which are the following: (1) support to the seven key priorities set out in the Commission Opinion<sup>2</sup>; (2) the opening of three new components and (3) support to the acquis. The programme aims in particular at concentrating the EU assistance on the shortfalls mentioned in the 2011 Progress report<sup>3</sup> for those which have also been identified as priorities' areas of the MIPD. The programme also takes into account the opening of the accession negotiations and the increasing obligations and needs that this decision implies for Montenegro. Lastly, it is also worth mentioning that this programme is the last under the current financial perspective and under the above mentioned MIPD which is translated in practice by the fact that special attention has been paid to the needed follow up on certain IPA projects.

- (1) Continued support to the seven key priorities and to the accession negotiations related needs: Montenegro applied for membership of the EU in December 2008. Following the endorsement by the Council of the Commission Opinion on Montenegro's membership application in December 2010, the Council invited the Commission to focus its 2011 progress report in particular on the implementation of the seven key priorities set out in its Opinion. The 2011 progress report on Montenegro concluded that the country has made good progress in meeting the Copenhagen political criteria and the Stabilisation and Association Process conditions, achieving overall satisfactory results, in particular in the identified key priorities. In view of the progress made, the Commission recommended that accession negotiations be opened with Montenegro. In December 2011, the European Council welcomed the Commission's assessment on the good progress made by Montenegro. With a view to opening accession negotiations in June 2012, the European Council tasked the Council to examine the country's progress in the implementation of reforms, with particular focus on the area of rule of law and fundamental rights, on the basis of a report presented by the Commission on 22 May 2012<sup>4</sup>. After the European Council has endorsed the decision of the General Affairs Council to open negotiations accession with Montenegro on 29 June 2012, the Intergovernmental conference with Montenegro took place in Brussels and the process was officially launched.

<sup>1</sup> Commission Implementing Decision adopting a MIPD 2011-2013 for Montenegro on 18 November 2011, C(2011) 8220. Entered into force on 1<sup>st</sup> March 2012

<sup>2</sup> The key priorities concern the following areas: legislative framework for elections and Parliament's legislative and oversight role; public administration reform; judicial reform; fight against corruption; fight against organised crime; media freedom and cooperation with civil society; implementation of the anti-discrimination framework and the situation of displaced persons. For the full text of the key priorities, please see COM (2010) 670.

<sup>3</sup> Commission Staff Working Paper Montenegro 2011 Progress Report, 12.10.2011, SEC (2011) 1204

<sup>4</sup> Report from the Commission to the European Parliament and the Council on Montenegro's progress in the implementation of reforms, 22.06.2012 COM(2012) 222

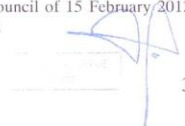


Given the above mentioned political background, the present IPA programme shall continue supporting progress in the implementation of reforms in the areas of the seven key priorities and the needs related to the accession negotiations.

- (2) The opening of three new IPA components: as Montenegro received the status of candidate country in December 2010, Components III (Regional development), IV (Human resources component) and V (Agriculture and rural development) are opened for IPA support. 2012 is the first year during which Montenegro will benefit from these components with the exception of Component V, to be allocated from 2013 upon approval of the decision to reallocate the IPA 2012 funds from Component V to I. The IPA Regulation has been officially amended early 2012 to transfer Montenegro from Annex II (potential candidates) to Annex I<sup>5</sup> (candidate countries). However, it is worth mentioning that these allocations under Components III to V can only be spent once the Commission confers management powers on Montenegro for the decentralised management of IPA funds by component. This decision has not yet been taken by the Commission for any of the components and it will not take place before 2013, at the earliest, depending on the pace of the progress made by the authorities in preparing for conferral. In that perspective, the priorities for EU financial assistance in this national programme are:
- to prepare Montenegro for the management of the Structural Funds for the future EU cohesion policy, namely the European Regional Fund and Cohesion Fund regarding the environmental sector and the European Social Fund through the institution building component; and
  - to strengthen (i) the environmental administration including for the management of protected areas (ii) the administrative capacity in the sector of agriculture and rural development, including food safety, food processing, veterinary and phytosanitary issues; as well as to foster the development of a social inclusive society.
- (3) Support to the *acquis*: the present programme shall also support the ability to assume EU membership and implement effectively the *acquis*. The 2011 Progress report especially points out limited progress in areas such as freedom to provide services agriculture and coordination of structural funds. In addition, challenges remain in the area of competition law and statistics. In addition, the MIPD also highlighted that Montenegro, as a member of the Energy Treaty Community, is obliged to implement substantial parts of the *acquis* in energy, environment and competition. All of these important shortcomings will be addressed under this national programme.

In addition to the Commission's Progress Report and Enlargement Strategy, to Europe 2020 Strategy, several national strategies have been taken into account for the purpose of IPA support. The main documents are (i) the National Programme for Integration 2008-2012 (NPI) which defines specific short and medium term activities of relevant institutions, and is based on a detailed analysis of its implementation capacities, with emphasis on the compatibility of the national legislation with the EU *acquis*; (ii) the draft Strategic Coherence Framework (SCF) which gives the main strategic intervention areas and priorities for EU investment support through components III and IV. The overall objective of the draft SCF is "to develop Montenegro as an

<sup>5</sup> Regulation (EU) No 153/2012 of the European Parliament and of the Council of 15 February 2012 amending the IPA Regulation (EC) No 1085/2006, OJ L 058, 29.2.2012, p.1



Ecological State, ensuring ongoing sustainable growth and facilitating its progress towards EU accession."

## 2.2 SECTORS SELECTED UNDER THIS PROGRAMME AND DONOR COORDINATION

The 2012-2013 national programme is split between the first three sectors of the MIPD 2011-2013: (1) Justice and home affairs; (2) Public administration and (3) Environment and climate change. The remaining three sectors of the MIPD (4) Transport; (5) Social development and (6) Agriculture and rural development are not addressed *per se* in this national programme because the Strategic Coherence Framework and the relevant Operational Programmes in these areas will be soon adopted and therefore, the needs in these sectors will be financed respectively under Component III, IV and V. However, as explained in the previous section, the present programme will continue supporting the preparations for conferral of management powers under these three components in order to allow a quick implementation of the projects in these sectors. In addition, it is worth noting that a part 2 of the national Programme for Montenegro under IPA 2012-2013 Component I focusing on sector (6) Agriculture and rural development will also complement the present programme upon approval by the Budgetary Authority of the decision taken jointly by the Montenegrin authorities and the Commission services in June 2012 to reallocate the funds under IPA 2012 from Component V to Component I (EUR 3 258 308).

The first two sectors are a priority for Montenegro, as they allow the implementation of the 'key priorities', as well as they prepare for decentralised management of EU funds. Sector 3 is essential for the socio-economic development of the country, for the development the environmental *acquis* as well as for preparing for component III of IPA.

It is worth noting that, despite the efforts of the authorities in elaborating three 'Sector Identification Fiches' related to the three sectors mentioned above as required by DG Enlargement during the programming phase, these documents have assessed that none of the above mentioned sectors was ready to be supported through a fully fledged sector approach. In light of this assessment, two stand-alone projects per sector have been identified to support the most important needs which are sufficiently defined and clear to be financed under IPA 2012 and 2013. Following the increase of the 2013 allocation to Montenegro, two other projects were programmed in the sector of Justice and Home Affairs and added through an amendment of the 2013 programme. In addition to these six projects, 2 projects have been identified to address important shortcomings in terms of *acquis* and 6 projects (three per year) will contribute to the EU integration process through three supporting programmes and facilities: support to the participation in Union programmes, Technical Assistance and Project Preparation Facility and the Support Measures Facility.

**Justice and Home Affairs** The objective is to further support the independence, efficiency and accountability of the judiciary including the quality of judicial statistics and the strengthening the capacity of the Judicial Training Centre as well as the ones of the law-enforcement bodies, in particular with a view to the fight against corruption and organised crime; to enhance cooperation and coordination, at domestic level as well as with relevant international institutions. This sector is especially important to be addressed at an early stage of the accession process and in light of the new approach on chapters 23 and 24 put forward by the European Commission in its



Strategy Paper<sup>6</sup> which requires developing a strong track record of reform in this sector before closing negotiations. A key lesson learnt from the 5<sup>th</sup> enlargement process is indeed to tackle sufficiently early the needed reforms in the judiciary and rule of law.

The 2012-2013 national programme will include a project which will strengthen the capacities of the Judiciary and of the law enforcement authorities.

In addition, the programme will tackle the key priorities on anti-discrimination and on developing sustainable solutions for the Roma, Ashkali and Egyptian (RAE) populations and other vulnerable groups through finding durable solutions for the population of the Konik camp, as a follow up project of the one financed under IPA 2011. This will also be a complementary project to the Regional Programme related to the Sarajevo Process.

Furthermore, following the allocation of additional funds, the programme will address important needs as regards the preparation of Montenegro for the implementation of the Schengen acquis, as well as ensuring secure communications between the Ministry of Foreign Affairs and the consular network of Montenegro.

The European Union (via CARDS, IPA, TAIEX) has continuously financially supported the justice and home affairs sector in addition to other donors such as the United Nations (UNDP, UNICEF and UNODC), the Council of Europe, the International Management Group, the Government of Norway, the Government of Netherlands, the OSCE and GIZ.

**Public administration reform**, is also part of the main key priorities, it includes parliament, media freedom, institution building for the *acquis* and civil society. The objective is to further support the country's efforts (centrally and locally) in its reform; to enhance professionalism and de-politicisation of the public administration; to improve the financial management systems including for decentralised management of EU funds; to consolidate efforts in the statistics in line with EU requirements.

The present programme includes a project that will support the development of an appropriate regulatory framework for administrative actions and the strengthening of the financial management and control systems set up in view of the decentralised management of EU funds.

Another project is foreseen to enhance the quality and range of business, macroeconomic, social and research and innovation statistics in accordance with EU international standards.

**Environment and Climate Change** is a main sector for Montenegro which aims to increase its tourism potential, as one of the highest sources of income. The 2011 Progress Report stresses that Montenegro has made little progress with alignment and implementation of the *acquis* in that sector and that the capacity of the administration has to be strengthened.

Therefore the present programme will finance the strengthening of the environmental protection system in Montenegro. It will on one side improve the institutional and legal framework for the approximation of the EU environmental *acquis* and on the other side the project will also improve the protection of biodiversity in Montenegro.

<sup>6</sup> Communication from the Commission to the European Parliament and the Council, 12 October 2011, COM(2011)666.



Another project in that sector will contribute to a more efficient use of energy and natural resources while also contributing to the mitigation of the effects of natural disaster by training the search, rescue and health teams and providing adequate equipment.

The United Nations, the EBRD, World Bank, GIZ, the Austrian Development Agency and Lux Development have been involved in this sector in addition to the EU assistance.

In addition to the above mentioned sectors, two projects will address two important shortcomings in relation to the **acquis**. One project is part of the Agriculture and Rural Development sector and is a follow up of former EU assistance in the sector. It will improve food safety, veterinary and phytosanitary standards for the benefit of consumers and in view to facilitating the trade of agricultural and processed agricultural products in Montenegro. The other project aims at strengthening the capacities of the Montenegrin authorities to manage and enforce EU legislation related to internal market, competition and free movement of services. This is deeply needed to fasten the development of a market economy. These areas of the **acquis** have already been supported by the European Union and by the German Ministry of Economic Cooperation and Development. However, this 2012 project is a continuation of the previous assistance, and it is not overlapping with any other projects funded in that area.

The present programme also includes the "entry-ticket" for the **Union programmes**, and foresees support for other project preparation activities and technical assistance.

The assistance related to **civil society** is presented in the Civil Society Facility Commission Decision, and therefore is not part of this document. The project supporting civil society to be funded under IPA 2013 (see below) will however be entirely managed by the EU Delegation.

Some sectors have not been included in the MIPD and therefore are not reflected in this programme. Indeed, in view of the involvement of other donors in specific sectors, of the scarcity of IPA funds, of the need to better focus IPA assistance, of the involvement of IPA regional multi-beneficiary funds in specific complementary areas, sectors such as SMEs (due to the IPA regional funds in EFSE, and EBRD) and nuclear aspects (regional IPA funding from previous years) are not foreseen.

**Consultations with donors** held in the country showed that priority areas for future development assistance are environment and climate change, good governance and justice and home affairs, as well as EU accession. Donor coordination with IPA is crucial for the efficient use of scarce funds. To that purpose, in 2010 a specific position for donor coordination has been created within the Prime Minister's office. To date, no "lead donor" from EU Member States was identified for a given sector, due to the small size of the country and given that the European Union is by far the largest donor. Preliminary discussions between the EU Delegation, the Prime Minister's office, the World Bank and the United Nations has started in view to identifying challenges and opportunities for the introduction of the sector approach from IPA 2014 in one or more of the policy areas supported by the IPA programmes.

Montenegro benefits from the EU-12 political and economic transition management experiences, best practices and expertise as detailed in the European Transition Compendium. This Compendium is a useful tool in all priority sectors and objectives

as well as to support the ability to assume EU membership and effectively implement the *acquis*.

In addition, the European Commission has contracted a mid-term Meta Evaluation of the EU Instrument for Pre-Accession Assistance<sup>7</sup> in view to support its planning and programming of IPA Component I. The present programme seeks to comply as much as possible with the main recommendations of the report released in February 2011: the objectives of the programme are more quantified and time-bound; the objectives of the projects are more focussed and linked to individual MIPD objectives and the NIPAC was encouraged to take a more proactive role throughout the project preparation and selection process.

In line with the **Europe 2020** Strategy, Montenegro needs to ensure that the challenges linked to climate change are addressed, in particular by reducing the emission intensity of its economic development. The present programme complies with the principles of sustainable development and meets the requirements of the environmental *acquis*, in particular the Birds and Habitats Directives.

The Government is willing to implement its national strategies and to comply with the recommendations of the sub-committees, which are part of the Stabilisation and Accession Process. The projects selection and identification for the purpose of this 2012 and 2013 programme are the result of a long programming phase. Discussions with the NIPAC office and the final beneficiaries have lead to the programme presented herewith. Ownership has increased with the final beneficiaries involved in the preparation of IPA projects; institutions are showing greater commitments in implementing strategies as well as programmes; civil society is present in a large number of instances.

In 2012, Montenegro has been allocated a total amount of EUR 34 976 068 divided between Component II which amounts to EUR 4 588 551, Component III which amounts to EUR 7 982 738, Component IV which amounts to EUR 2 800 000, and Component I which amounts to EUR 16 346 471. It is worth noting that Component V which amounts to EUR 3 258 308 in 2012 will be reallocated to Component I upon approval of the budgetary authority and will constitute a part 2 of the present programme. Out of Component I, EUR1 800 000 is earmarked for the multi-beneficiary programmes Tempus (EUR 800 000) and the Regional Housing Programme - Sarajevo Process (EUR 1 000 000). Therefore Component I National Programme under IPA 2012 has a final amount of **EUR 14 546 471**.

In 2013, Montenegro has been indicatively allocated a total amount of EUR 34 588 692 divided between Component II which amounts to EUR 4 668 687, Component III which amounts to EUR 14 752 941, Component IV which amounts to EUR 2 808 177, Component V which amounts to EUR 7 285 467, and Component I which amounts to EUR 5 073 420. Out of Component I, EUR 1 600 000 is earmarked for the multi-beneficiary programmes Tempus (EUR 600 000) and the Civil Society Facility (separate Financing Decision, EUR 1 000 000). Therefore Component I National Programme under IPA 2013 had an initial amount of **EUR 3 473 420**.

A further **EUR 2 372 169** were allocated during 2013 to Montenegro, in addition to the funds already programmed for IPA 2013. Therefore, the amended IPA 2013 national programme for Montenegro amounts to **EUR 5 845 589**.

<sup>7</sup> Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA). OJ L 210, 31.07.2006, p.1.

As a consequence, the total of the two budgetary years that are included in this programme amounts to EUR 20 392 060

**Amounts per sector under the National Programme IPA 2012-2013**

SECTORS	EUR	%
Justice and Home Affairs	5 500 000	26.97%
Public Administration	2 000 000	9.81%
Environment & Climate change	5 600 000	27.46%
<i>Acquis</i>	2 700 000	13.24%
Support Programmes including European Union Programmes	4 592 060	22.52%
<b>TOTAL</b>	<b>20 392 060</b>	<b>100.00%</b>

The matrix in section 2.3 presents the distribution of projects throughout this programme.

### 2.3 DESCRIPTION

The projects summarised in this section are described in detail in the respective project fiches, highlighting for each of them: how a project contributes to implementing existing national strategies, the links with the MIPD priorities, the MIPD sectors' objectives and with the NPI. The following information is included: the beneficiary, the objectives of the project, the activities, the expected results and indicators of success, the implementation modalities, as well as the budget, with the tendering, contracting and disbursement indicative time table, and co-financing. The project fiches also indicate lessons learnt, as well as activities carried out in the same sector by the other donors. The present programme, with its projects, has taken due account of the absorption capacity of the Montenegrin administration. Indeed, knowing that a project is implemented during two years, another project in the same field could not be financed in a consecutive year.

Priorities	IPA indicative budget	Beneficiaries, purpose and expected results	Management mode <sup>8</sup> financing procedure and indicative timelines
<b>SECTOR</b> <b>Justice and Home Affairs</b>	<b>M EUR</b>		
<b>Project 01</b> <b>EU Support to the Rule of Law</b> <b>Under IPA 2012</b>	3	<p><b>Beneficiary:</b> Ministry of Justice, Judicial Training Centre, Judicial authorities (Courts and State Prosecution Offices), Law enforcement authorities (Police Administration, Administration for Prevention of Money-Laundering and Financing of Terrorism, Public Property Agency)</p> <p><b>Purpose:</b> To strengthen the independence, efficiency and accountability of the Judiciary, and the fight against corruption and organised crime.</p> <p><b>Expected results (inter alia)</b></p> <p>Component 1 – Efficiency, Independence and Accountability of the Judiciary:</p> <p>1.1. The capacity of the Ministry of Justice (MoJ) to plan, steer and implement judicial reform is strengthened in line with EU best practices.</p> <p>1.2. The quality of judicial statistics is significantly improved.</p> <p>1.3. Independence and efficiency strengthened:</p> <p>1.4. The capacity of the Judicial Training Centre is strengthened through capacity</p>	<p><b>IPA:</b> EUR 3 000 000</p> <p>1 Grant contract<sup>9</sup> (awarded through a call for proposals restricted to EU MS or mandated bodies). The call for proposals will be launched in Q1 2013, and the contract will be signed in Q3 2013</p> <p><b>National co-financing:</b> EUR 635 000</p> <p><b>Overall cost (VAT excluded):</b> EUR 3 635 000</p>

<sup>8</sup> Although the authorities plan to submit their application for conferral of management under Component I by the end of 2012, the management mode for the National Programme for Montenegro 2012 - 2013 is centralised management. Once management powers will be conferred by the Commission on Montenegro as regards Component I, an amendment to the Commission Decision might be adopted to change the management mode of this Financing Decision if deemed needed by the authorities and the Commission.

<sup>9</sup> The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EU external actions. The detailed selection and award criteria will be laid down in the Call for proposals – Guidelines for applicants.



		<p>building/training support</p> <p>1.5. Capacity of IT system for the Justice sector (MoJ, courts, prosecutors) enhanced.</p> <p>Component 2 – Strengthening administrative, technical and operational capacities of the Police Directorate, Administration for prevention of money laundering and financing of terrorism and Public Property Agency</p> <p>2.1. The strategic capacity of the Police is strengthened.</p> <p>2.2. The operational capacity of the Police is enhanced.</p> <p>2.3 Improved law enforcement inter-agency coordination.</p> <p>2.4. The effective management of the seized criminal assets is ensured.</p> <p>2.5. The anti-money laundering legal and regulatory framework and its enforcement system is strengthened.</p>	
<p><b>Project 02</b></p> <p><b>Identifying durable solutions for (I)DPs and residents of Konik camp – II phase</b></p> <p>Under IPA 2013</p>	1	<p><b>Beneficiary:</b> Ministry of Labour and Social Welfare</p> <p><b>Purpose:</b> To improve the social integration of Roma, Ashkali and Egyptians population and other internally displaced persons in Konik through better access to education (component I), employment (component II) and health protection (component III).</p> <p>Note: this is the second phase of the IPA 2011 Konik project currently under implementation. The housing component will be implemented under the Regional Housing Programme of the Sarajevo process which includes contributions from IPA funds.</p>	<p><b>Indicative IPA:</b> EUR 1 000 000</p> <p>1 Grant<sup>10</sup> to NGO</p> <p>The call for proposals will be launched in Q3 2013 and will be contracted by Q1 2014.</p> <p>Implementation will start in Q2 2014.</p> <p><b>National co-financing:</b></p> <p>EUR 112 000</p>

<sup>10</sup> The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EU external actions. The detailed selection and award criteria will be laid down in the Call for proposals – Guidelines for applicants.



			<b>Overall cost (VAT excluded):</b> EUR 1 112 000
<b>Project 15</b> Strengthening the capacities of the Ministry of Interior for the preparation and introduction of the Schengen Acquis	1	<p><b>Beneficiary:</b> Ministry of Interior</p> <p><b>Purpose:</b> To prepare the Ministry of Interior of Montenegro for implementing measures required to accede and strengthen its capacities in police cooperation.</p> <p>This project will assist in drafting the Schengen Action Plan, as well in strengthening capacities of the Ministry of Interior regarding implementation of the Schengen acquis.</p> <p><b>Expected results (inter alia):</b></p> <ol style="list-style-type: none"> <li>1. Schengen Action Plan prepared</li> <li>2. Capacity of the Border Police for performing risk assessment strengthened</li> <li>3. Capacity of the Ministry of Interior in international police cooperation and implementation of Schengen acquis strengthened</li> </ol>	<p><b>Indicative IPA allocation:</b> EUR 1 000 000</p> <p><b>Indicative Implementation schedule:</b></p> <p>1 Twinning contract to be launched in Q4 2013. Implementation will start in Q1 2014.</p> <p>1 Supply contract to be launched in Q3 2014. Implementation will start in Q4 2014</p> <p><b>National co-financing:</b> EUR 130 000</p> <p><b>Overall cost (VAT excluded):</b> EUR 1 130 000</p>
<b>Project 16</b> Strengthening the Capacities of Diplomatic-	0.5	<p><b>Beneficiary:</b> Ministry of Foreign Affairs and European Integration</p> <p><b>Purpose:</b> To facilitate the business processes within the Montenegrin diplomatic-consular network and improve the efficiency of the Ministry of Foreign Affairs and European Integrations by providing a secured computer network.</p>	<p><b>Indicative IPA allocation:</b> EUR 500 000</p> <p><b>Indicative Implementation</b></p>

<b>Consular Network of Foreign Affairs and European Integration</b>		<p><b>Expected results (inter alia):</b></p> <ol style="list-style-type: none"> <li>1. Server infrastructure established, able to support the IT systems with the Ministry of Foreign Affairs and European Integration.</li> <li>2. Secure, encrypted communication network established between the consulates and the Ministry of Foreign Affairs</li> <li>3. Implemented secure transfer of voice data using VOIP technology</li> </ol>	<p><b>schedule:</b></p> <p>1 Supply contract to be launched in Q4 2013. Implementation will start in Q1 2014.</p> <p>1 Service contract to be launched in Q1 2014. Implementation will start in Q2 2014.</p> <p><b>National co-financing:</b> EUR 150 000</p> <p><b>Overall cost (VAT excluded):</b> EUR 650 000</p>
<b>SECTOR</b> <b>Public Administration Reform</b>			
<b>Project 03</b> <b>Strengthening the management of EU funds and general administrative procedures</b> Under IPA 2012	1.3	<p><b>Beneficiary:</b> Ministry of Finance, Ministry of Interior, Human Resources Management Authority</p> <p><b>Purpose:</b> to create an appropriate regulatory framework for administrative actions and to strengthen the management of the public and EU funds.</p> <p><b>Expected results (inter alia):</b> Component 1 - Financial management and control systems for IPA components I - IV</p>	<p><b>IPA :</b> EUR 1 300 000</p> <p>A service contract (EUR 1 300 000) will implement all expected results. It will be tendered in Q1 2013 and be contracted in Q3 2013</p> <p><b>National co-financing :</b></p>



		function smoothly under decentralised management.  Component 2 - Administrative Legislation aligned with the new Law on General Administrative Procedures, effective implementation of the Law and awareness raising.	EUR 130 000  <b>Overall cost (VAT excluded):</b> EUR 1 430 000
<b>Project 04</b> <b>Enhanced statistical capacity and provision of economic and social statistics</b> Under IPA 2013	0.7	<p><b>Beneficiary:</b> Statistical Office of Montenegro - MONSTAT</p> <p><b>Purpose:</b> To improve the quality of business, macroeconomic, social, and research and innovation statistics in accordance with EU and international standards.</p> <p><b>Expected results (inter alia):</b></p> <ol style="list-style-type: none"> <li>1. Improvement of macroeconomic statistics,</li> <li>2. Improvement of business statistics,</li> <li>3. Improvement of Science, Technology and Innovation (STI) statistics,</li> <li>4. Improvement of social statistics.</li> </ol>	<p><b>Indicative IPA:</b> EUR 700 000</p> <p>1 Service contract to be tendered in Q3 2013 and contracted in Q2 2014.</p> <p><b>National Co-financing:</b> EUR 70 000</p> <p><b>Overall cost (VAT excluded):</b> EUR 770 000</p>
<b>SECTOR</b> <b>Environment and Climate Change</b>			
<b>Project 05</b> <b>Strengthening the environmental protection system</b>	2.85	<p><b>Beneficiary:</b> Ministry of Sustainable Development and Tourism</p> <p><b>Purpose:</b> To contribute to the approximation of environmental legislation and to protection of Montenegro's biodiversity, following the EU standards and policies.</p>	<p><b>IPA:</b> EUR 2 850 000</p> <p>1 Service contract (EUR 2 600 000) and 1 supply contract (EUR 250 000) will be tendered in Q2 2013 and</p>

<p><b>in Montenegro</b> Under IPA 2012</p>	<p><b>Expected results (inter alia):</b></p> <ol style="list-style-type: none"> <li>1. The National Environmental Approximation Strategy (NEAS) and the National Investment Environmental Strategy (NEIS) are completed and approved by the beneficiary;</li> <li>2. National database of habitats of annex 1, annex 2 and 4 of the Habitats directive and also the annex 1-4 of the Birds directive available. Database to be used as a basis for proposal of Natura 2000 sites. Descriptions of the annex 1 habitats added to the catalogue produced in the WWF project. A monitoring system established;</li> <li>3. The legal process to implement Birds and Habitats directives by consultations of the lists of annex species and habitats has been carried out. Delineation of proposed Natura 2000 sites has been made and put into GIS. Consultations with stakeholders have been carried out successfully. The Natura 2000 data base has been completed. Management plans have been made for 10 different types of sites (wetland, forest, grassland etc). The legal process of art 6.3 and 6.4 has been described. The final legal implementation to be done includes species protection part.</li> </ol>	<p>contracted in Q4 2013. <b>Co-financing:</b> EUR 320 000 <b>Overall cost</b> (VAT excluded): EUR 3 170 000</p>
<p><b>Project 06</b> <b>Optimal use of energy and natural resources and mitigating</b></p>	<p><b>Beneficiary:</b> Ministry of Economy, Ministry of Interior Affairs, Ministry of Health <b>Purpose:</b> To better satisfy national energy needs through enhanced market conditions and efficient use of resources, to improve rescue and emergency health response to recurrent natural disasters.</p>	<p><b>IPA:</b> EUR 2 750 000 A service contract (EUR 1 000 000 IPA) (results 1-4) to be tendered in Q1 2013 and</p>

<p><b>natural disaster effects</b> Under IPA 2012</p>	<p><b>Expected results (inter alia):</b></p> <ol style="list-style-type: none"> <li>1. Environmentally sustainable, secure and competitive market for electricity and gas developed through harmonisation with the 3<sup>rd</sup> EU energy package for electricity and gas.</li> <li>2. Good investment environment for development of sustainable energy on local level created in order to assure environmentally friendly economic development.</li> <li>3. Strategic and regulatory framework for environmentally and technically optimal usage of regionally shared natural resources developed.</li> <li>4. Favourable legislative and market conditions created and concrete energy efficiency investments and measures in industrial and SMEs sectors implemented</li> <li>5. Search and rescue and health staff trained in order to improve the rescue skills in the situation of natural disasters, especially floods and water related disasters.</li> <li>6. Adequate and properly functioning rescue equipment for flood, other water rescue activities, medical equipment for first aid, ambulances with life-support unit and vehicles for urgent transport needed for natural disaster situations acquired.</li> </ol>	<p>contracted in Q3 2013</p> <p>A grant<sup>11</sup> of EUR 1 750 000 (including a subcontract of EUR 1 300 000 for supply to be procured according to Annex 4, result 6) awarded through a call for proposals restricted to EU MS, which will be launched in Q1 2013 and be contracted in Q3 2013</p> <p><b>Co-financing:</b> EUR 445 000</p> <p><b>Overall cost (VAT excluded):</b> EUR 3 195 000</p>
<p><b>EU Acquis</b></p>		

<sup>11</sup> The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EU external actions. The detailed selection and award criteria will be laid down in the Call for proposals – Guidelines for applicants.



<p><b>Project 07</b>  <b>Development of the Food Safety, Veterinary and Phytosanitary Services in Montenegro</b>  Under IPA 2012</p>	<p><b>Beneficiary:</b> Ministry of Agriculture and Rural Development, Veterinary Directorate, Phytosanitary Directorate</p> <p><b>Purpose:</b> To further improve food safety, veterinary and phytosanitary standards for the benefit of human, animal and plant health and to facilitate the trade of agricultural and processed agricultural products in Montenegro.</p> <p><b>Expected results (inter alia):</b></p> <p><u>Component 1 - Food safety</u></p> <p>1.1 Legislation compliant with the EU food safety standards for food safety in place;</p> <p>1.2 Institutional and administrative capacity strengthened in the field of food and feed safety;</p> <p>1.3 Upgraded food processing established;</p> <p>1.5</p> <p><u>Component 2 - Veterinary-Rabies and Classical Swine Fever (CSF) eradication;</u></p> <p>2.1 Oral rabies vaccination campaigns implemented via aerial distribution of baits</p> <p>2.2 Public awareness of public affected in rabies control measures maintained</p> <p>2.3 Supervision of oral rabies vaccination performed and the effectiveness of vaccination campaign monitored and evaluated</p> <p>2.4 Implementation of Oral CSF vaccination campaigns in wild boar is rationally implemented.</p> <p><u>Component 3 - Phytosanitary</u></p> <p>3.1 National legal framework in the phytosanitary area harmonised with EU legislation;</p> <p>3.2 Laboratory method and operational procedures in the phytosanitary area developed and</p>	<p><b>IPA:</b> EUR 1 500 000</p> <p>1 service contract EUR 900 000 to be tendered in Q2 2013 and contracted in Q4 2013</p> <p>1 supply contract EUR 600 000 to be tendered in Q1 2013 and to be contracted in Q3 2013</p> <p><b>Co-financing:</b> EUR 200 000</p> <p><b>Overall cost (VAT excluded):</b>  EUR 1 700 000</p>
--	--	---



		<p>adopted;</p> <p>3.3 Inspectors and administration are capable to properly carry out related duties in accordance to the acquis;</p> <p>3.4 Laboratory staff trained to apply different methods (seed testing, identification of harmful organism);</p> <p>3.5 System for plant variety protection established;</p> <p>3.6 System for plant passport established.</p>	
<p><b>Project 08</b></p> <p><b>Approximation of the legislation with EU Acquis</b></p> <p>Under IPA 2012</p>	1.2	<p><b>Beneficiary:</b> Ministry of Economy, Agency for Protection of Competition</p> <p><b>Purpose:</b> To strengthen the capacities of the Agency for Protection of Competition in order to foster the competition on Montenegrin market and to build the capacity of the Ministry of Economy to effectively transpose and implement the Directive on Services in the internal market 32006/L0123 and to enforce the new Law on Competition.</p> <p><b>Expected results (inter alia):</b></p> <p>Component 1 - Competition</p> <p>1.1 Agency for Protection of Competition fully operational and prepared for the effective implementation and efficient enforcement of the competition protection legislation;</p> <p>1.2. Improved competition culture and awareness among sector regulators, business society and journalist.</p> <p>Component 2 - Services Directive</p> <p>2.1 Comprehensive screening on the legislation in this area and further harmonisation of the legislation</p> <p>2.2 Administrative capacity in Montenegro built for continuous screening and amending of</p>	<p><b>IPA:</b> EUR 1 200 000</p> <p>1 contract: Delegation agreement to GIZ (through indirect centralised management) to be contracted in Q1 2013</p> <p><b>Co-financing:</b> EUR 120 000 (as part of co-financing from GIZ)</p> <p><b>Overall cost (VAT excluded):</b> EUR 1 320 000</p>

		the legislation according to the requirements of the Services Directive after the end of the project.	
<b>SECTOR</b>			
<b>Other Supports</b>			
<b>Projects 09 and 10</b>			<b>Total IPA: EUR 1 245 210</b>
<b>Support for participation in Union programmes</b>			IPA 2012: EUR 622 605 IPA 2013 EUR 622 605
<b>Under IPA 2012 and IPA 2013</b>			<b>Co-financing: EUR 1 245 212</b>
	Total: 1.245210	<b>Beneficiary:</b> all public institutions <b>Purpose:</b> Co-finance the costs of the "entry-tickets" in accordance with the relevant Memoranda of Understanding establishing Montenegro's participation in Union programmes, inter alia Culture 2007-2013 Programme, Competitiveness and Innovation Framework Programme (CIP-Entrepreneurship and Innovation Framework Programme), 7 <sup>th</sup> and CIP-Information and Communication Technologies Policy Support Programme), 7 <sup>th</sup> Framework Programme for Research and Development and Customs 2013.	IPA 2012: 622 606 IPA 2013: 622 606
			<b>Overall cost (VAT excluded)</b> 2012: EUR 1 245 211 2013: EUR 1 245 211
<b>Projects 11 and 12</b>			<b>Total IPA: EUR 1 946 850</b> for an indicative number of 17-18 services, grants, and twinning <sup>12</sup> light contracts, amounting from EUR 50,000 to EUR 250,000 per project or above if duly justified in case of more complex project
<b>Technical Assistance and Project Preparation Facility (TA/PPF)</b>	Total: 1.95	<b>Beneficiary:</b> all public institutions <b>Purpose:</b> Support the preparation and early implementation of the activities envisaged under IPA National Programmes, as well as better programming of new IPA programmes for components I-IV and prepare the negotiation process wherever needed.	
<b>Under IPA 2012</b>			

<sup>12</sup> The essential selection and award criteria for selection of the proposals are laid down in the twinning manual referred to in point 4.3 of this financing proposal. Where a twinning call for expression of interest is not successful, alternative methods of recruiting expertise will be employed. These may include service contract or twinning light agreement.



and IPA 2013	<p>The project in IPA 2012 will include some pilot actions towards a sector approach and capacity building in the programming and implementation of assistance.</p>	<p>preparation activities.</p> <p>This includes a Contribution Agreement (under joint management) to be financed under the budgetary year 2012 for UNDP/CDP for programming, sector approach and coordination of an indicate amount of EUR 250 000 according to Art 53(d) of the Financial Regulation and the corresponding provisions of the Implementing Rules (UNDP/CDP already implemented two IPA projects assisting the Montenegro authorities with the programming IPA 2008, 2010 and 2011 National Programmes).</p> <p>IPA 2012: EUR 823 866</p> <p>IPA 2013: EUR 1 122 984</p> <p><b>Co-financing:</b> n.a.</p> <p><b>Overall cost (VAT excluded):</b> EUR 1 946 850</p>
--------------	---	---

<b>Projects 13 and 14 Support Measures Facility</b> Under IPA 2012 and IPA 2013	<b>Beneficiary:</b> all public institutions <b>Purpose:</b> A facility to cover the costs of activities linked to follow-up directly necessary for the implementation of other activities already defined in the programme and the attainment of their objectives. Activities may cover grants, studies, trainings, seminars, small works or supplies, supervisory services and related technical assistance.	<b>Total IPA:</b> EUR 1 400 000 for an indicative number of 14 to 20 contracts (mostly services, grants <sup>13</sup> , supplies and minor works) IPA 2012: EUR 500 000 IPA 2013: EUR 900 000 <b>Co-financing:</b> n.a. <b>Overall cost (VAT excluded):</b> EUR 1 400 000
<b>TOTAL COMPI</b>		<b>Total IPA:</b> EUR 20 392 060 <b>IPA 2012:</b> EUR 14 546 471 <b>IPA 2013:</b> EUR 5 845 589

<sup>13</sup> The essential selection and award criteria for selection of the proposals are laid down in the (winning manual referred to in point 4.3 of this financing proposal. Where a winning call for expression of interest is not successful, alternative methods of recruiting expertise will be employed. These may include service contract or winning high agreement.



## 2.4 CROSS-CUTTING ISSUES

Each project fiche explains how cross-cutting issues shall be mainstreamed for that specific project.

- Equal opportunities and non-discrimination

Equality between men and women is one of the fundamental principles of any democratic society. Yet, many women in Montenegro do not enjoy such rights. The projects will take specific account of the need for gender mainstreaming and the needs of disadvantaged and marginalised groups. And special efforts shall be made to ensure that women are fully included in project activities and benefit from project results. Since poverty is the cause of many forms of gender inequalities (in the workplace and in families) it will be tackled across a wide range of areas through the projects. In general, gender needs will be considered as an analytical instrument, from programme design onwards. The present programme will also benefit from the IPA 2010 Gender equality project.

- Environmental protection and climate change

The Constitution envisages that the country will become an “ecological state” and requires strict environmental standards to be enforced. However, recent years have seen environmental degradation which directly affects the quality of life, notably of people living in urban areas, and of minorities who are at greater risk of being exposed to environmental hazards. Protecting the environment is also crucial to Montenegro’s growing tourist industry. The projects shall take into account environmental consideration along the EU *acquis*, during the implementation of projects activities. Disaster resilience and risk prevention and management should be also integrated in the planning, preparation and implementation of projects. The whole 2012-2013 programme will in addition benefit from the IPA 2010 awareness raising project and from the project on strengthening the environmental protection system in Montenegro.

- Respect for and protection of minorities and vulnerable groups

Although Montenegro has policies in place to promote the inclusion of minorities and vulnerable groups, implementation (e.g.; in education, use of languages, public administration, access to health care, etc.) often lags behind. The detailed preparation of projects has taken into account the specific needs of ethnic communities, in particular Roma, who are generally considered to be the most marginalised ethnic group in Montenegro. The activities will include where possible initiatives, which meet the needs of ethnic communities. Activities will be organised so as to encourage/facilitate their participation, so as to reflect the diversity of Montenegrin society. The programme will also benefit from the 2010 Social Inclusion project and will ensure that these issues are closely looked at throughout any project. The implementation of a special project for durable solutions for RAE populations in the Konik area funded under the 2011 national programme will also start by the end of 2012 in order to serve as an example for such initiatives in the future.

- Civil Society/Stakeholders involvement

The assistance related to civil society is presented in the Civil Society Facility Commission Decision, and therefore is not part of this document (EUR 1 million to be financed under IPA 2013). The project will however be entirely managed by the EU Delegation. In addition, in each of the projects of this programme, local actors/bodies, including civil society, are consulted to assist Montenegrin institutions/organisations in effectively mainstreaming, in line with European standards, appropriate practices. A portion of the projects' budgets may be allocated for this purpose.

- Good governance, with particular attention to fight against corruption

Good governance is being largely addressed by past IPA programmes. The fight against corruption and organised crime is largely being supported since IPA 2007, annually. Examples are the support to the implementation of the anti-corruption strategy and action plan in IPA 2010, as well as the IPA 2009 strengthening the police administration. The 2012-2013 programme will as well benefit from a project specifically dedicated to rule of law which will address on one side the strengthening of the independence, efficiency and accountability of the Judiciary. On the other side it will address the strengthening fight against corruption and organised crime. Another project financed in this programme aims at supporting the reform of administrative procedures and building capacity of public civil servants, which is also addressing the issue of good governance. In addition, anti-corruption measures are being implemented at local government levels through IPA projects as well. Special care is being paid in the monitoring of the implementation of these projects. The present programme will benefit from past assistance, and specific actions for the good governance, with particular attention to fight against corruption, will be incorporated on a horizontal basis.

## 2.5 ASSUMPTIONS AND PRE-CONDITIONS<sup>14</sup>

The programme includes assumptions and pre-conditions expressed in detail in each project fiche. Before contracting, there is enough time to ensure that the pre-conditions are met. These relate to the following aspects, here below presented in general terms:

- The government formally endorses the projects described in the fiches, including the identified parallel co-financing commitments.
- The government will ensure that the beneficiary institutions have adequate financial, material and human resources in order that EU financial support is used in the most effective and sustainable manner possible.
- Beneficiary institutions will formally endorse the design and tender documents, including terms of reference.

<sup>14</sup> Assumptions are external factors that have the potential to influence (or even determine) the success of a project but lie outside the control of the implementation managers. Such factors are sometimes referred to as risks or assumptions but the Commission requires that all risks shall be expressed as assumptions. Pre-conditions are requirements that must be met before the project can start.

- The government shall ensure the availability of land, free of ownership claims or disputes, for the construction of the planned works. The Government shall ensure long-term sustainability of the actions by allocating the necessary resources, including running costs and maintenance costs.
- Beneficiary institutions organise, select and appoint members (respecting gender and ethnic balance) of working groups, steering and coordination committees, and seminars as required by the project activities.

These conditions are detailed and made specific in the project fiches, which are formally approved by Exchange of Letters between the Commission and the Government. In the event that these conditions are not met, suspension or cancellation of the project or specific activities will be considered by the implementing authority.

## 2.6 ROADMAP FOR THE DECENTRALISATION OF THE MANAGEMENT OF EU FUNDS

In view of the conferral of management (Decentralised Management (DM)) of IPA funds in the future, Montenegro has prepared several roadmaps, corresponding to components I (and II, to components III and IV, and to component V. These preparations are broadly under the responsibility of the Minister of Finance, being the Competent Accrediting Officer (CAO), and for the operational level, of the National Authorising Officer (NAO) who have been appointed in 2011, following the changes of Government in December 2010.

A prerequisite for accessing funds of IPA components III, IV and V - as obtained following the granting of the status of candidate country - is indeed the actual conferral of management of IPA funds by the European Commission to the country. This process requires the establishment of the necessary management and control structures in the country's administration and a Commission conferral decision following a system audit (the accreditation). Montenegro has started its preparations in order to be able to spend in a timely manner the amounts foreseen for components III, IV in 2012 and 2013 for components V in 2013<sup>15</sup>.

A High level Working Group on preparation for Decentralised Management was established in the last quarter of 2011. It is headed by the CAO and meets regularly (twice a month) with a clear result of speeding up the preparations for decentralisation for IPA components I-V.

The roadmaps were adopted by the Government of Montenegro in 2011 for Component I to IV. However, there are delays in all components, which at this date are estimated to 3-6 months. Montenegro has submitted its accreditation package for Components I and IIb to the European Commission in July 2012. The expected date for submission of the accreditation packages for Components III and IV is the first quarter of 2013.

<sup>15</sup> The reallocation of funds under the budget year 2012 from Component V to Component I is to be approved by the Budgetary Authority.

The latest information on the stage of each of the 4 components is presented below:

Stage		IPA Component I & II	IPA Component III & IV
Stage 0	Establishment of the management and control system	Completed	Completed
Stage 1	Gap Assessment		Ongoing
Stage 2	Gap Plugging		
Stage 3	Compliance Assessment	20 March - 20 June 2012	Oct – Dec 2012
Stage 4	National accreditation and submission of application for conferral of management	July 2012	March - April 2013

As regards IPA Component V (DG AGRI in charge), a draft Action Plan towards the conferral of management has been submitted at the end of 2011. Montenegro originally envisaged a submission of the application for conferral of management in April 2013 but some delays have been recently announced and an update of the timeline of the action plan is expected to be received by the end of 2012. In order to avoid risks of de-commitment, the Minister asked in June 2012 to DG AGRI for a reallocation of the 2012 allocation from Component V to Component I in agreement with DG ELARG and AGRI (EUR 3 258 308). This reallocation is subject to the approval of the budgetary authority. If the reallocation is completed, Montenegro will benefit over the period 2007-2013 from Component V allocation which will amount to EUR 7 285 467.

The final draft of the IPARD programme has been submitted to DG AGRI in April 2012 and further modification by the Ministry of Agriculture and Rural Development is needed following its request to transfer the 2012 allocation to Component I. The main focus of the preparation for conferral has been given on the preparation of the IPARD agency. The Minister for Agriculture and Rural Development has established a working group for the monitoring and intensifying activities concerning IPARD decentralisation, headed by the Minister.

### 3 BUDGET



### 3.1 INDICATIVE BUDGET TABLE (CENTRALISED MANAGEMENT)

#### IPA 2012

	Institution Building (IB)				Investment (INV)				Total (IB + INV)	Total IPA EU contribution			
	Total expenditure	IPA EU contribution		National contribution*		Total expenditure	IPA EU contribution			National contribution*			
		EUR (a)=(b)+(c)	EUR (b)	% (i)	EUR (c)		% (i)	EUR (d)=(e)+(f)	EUR (e)		% (i)	EUR (f)	% (i)
Justice and Home affairs	2 625 000	2 400 000	91.43%	225 000	8.57%	1 010 000	600 000	59.41%	410 000	40.59%	3 635 000	3 000 000	20.62%
1. EU Support to the Rule of Law	2 625 000	2 400 000	91.43%	225 000	8.57%	1 010 000	600 000	59.41%	410 000	40.59%	3 635 000	3 000 000	
Public Administration	1 380 000	1 300 000	94.20%	80 000	5.80%	50 000	0	0.00%	50 000	100%	1 430 000	1 300 000	8.94%
3. EU funds management and General Administrative Procedures.	1 380 000	1 300 000	94.20%	80 000	5.80%	50 000	0	0.00%	50 000	100%	1 430 000	1 300 000	
Environment and Climate Change	4 835 000	4300 000	88.93%	535 000	11.07%	1 530 000	1 300 000	0.00%	230 000	0.00%	6 365 000	5 600 000	38.50%
5. Environmental protection system	3 170 000	2 850 000	89.91%	320 000	10.09%	0	0	0.00%	0	0.00%	3 170 000	2 850 000	
6. Optimal use of resources to mitigate climate change and natural disaster effects	1 665 000	1 450 000	87.09%	215 000	12.91%	1 530 000	1 300 000	84.97%	230 000	15.03%	3 195 000	2 750 000	



EU acquis	2 820 000	2 700 000	95.74%	120 000	4.26%	200 000	0	0.00%	200 000	100%	3 020 000	2 700 000	18.56%
07. Food safety, veterinary and Phytosanitary services	1 500 000	1 500 000	100%	0	0.00%	200 000	0	0.00%	200 000	100%	1 700 000	1 500 000	
08. Approximation of the legislation with EU acquis	1 320 000	1 200 000	90.91%	120 000	9.09%	0	0	0.00%	0	0.00%	1 320 000	1 200 000	
<b>Other support</b>	2 569 077	1 946 471	75.77%	622 606	24.23%	0	0	0.00%	0	0.00%	2 569 077	1 946 471	13.38%
09. EU programmes	1 245 211	622 605	50%	622 606	50%	0	0	0.00%	0	0.00%	1 245 211	622 605	
11. PPF/TA	823 866	823 866	100%	0	0.00%	0	0	0.00%	0	0.00%	823 866	823 866	
13. Support Measures	500 000	500 000	100%	0	0.00%	0	0	0.00%	0	0.00%	500 000	500 000	
<b>TOTAL</b>	14 229 077	12 646 471	88.88%	1 582 606	11.12%	2 790 000	1 900 000	68.10%	890 000	31.90%	17 019 077	14 546 471	100%

Amounts net of VAT

\* Contribution (public and private national and/or international contribution) provided by national counterparts

(1) Expressed in % of the Total expenditure IB or INV (column (a) or (d)).

(2) Sector or Project rows only. Expressed in % of the grand total of column (b). It indicates the relative weight of the sector or with reference to the total IPA EU contribution of the entire FP

26

IPA 2013

	Institution Building (IB)				Investment (INV)				Total (IB + INV)	Total IPA EU contribution	
	Total expenditure	IPA EU contribution		National contribution*	Total expenditure	IPA EU contribution		National contribution*		EUR	% (2)
	EUR (a)=(b)+(c)	EUR (b)	% (1)	EUR (c)	EUR (d)=(e)+(f)	EUR (e)	% (1)	EUR (f)	% (1)	EUR (g)=(a)+(d)	
<b>Justice and Home affairs</b>	2 112 000	2 000 000	94,70%	112 000	780 000	500 000	0,00%	280 000	0,00%	2 892 000	42,77%
2. Durable solutions for (I) DPs and residents of Komik camp- Phase II	1 112 000	1 000 000	89,93%	112 000	0	0	0,00%	0	0,00%	1 112 000	
15. Schengen Action Plan	1 000 000	1 000 000	100 %	0	130 000	0	0,00%	130 000	100 %	1 130 000	
16. Consular Network	0	0	0,00 %	0	650 000	500 000	76,92 %	150 000	23,08%	650 000	
<b>Public Administration</b>	770 000	700 000	90,91%	70 000	0	0	0,00%	0	100%	770 000	11,97
4. Statistics	770 000	700 000	90,91%	70 000	0	0	0,00%	0	100,00 %	770 000	
<b>Other support</b>	3 268 195	2 645 589	80,95%	622 606	0	0	0,00%	0	0,00%	3 268 195	45,26%
10. EU programmes	1 245 211	622 605	50%	622,606	0	0	0,00%	0	0,00%	1 245 211	
12. PPF/TA	1 122 984	1 122 984	100,00 %	0	0	0	0,00%	0	0,00%	1 122 984	
14. Support Measures	900 000	900 000	100,00 %	0	0	0	0,00%	0	0,00%	900 000	

<b>TOTAL</b>	6 150 195	5 345 589	86.92%	804 606	13.08%	780 000	500 000	0	280 000	0	6 930 195	5 845 589	100.00 %
--------------	-----------	-----------	--------	---------	--------	---------	---------	---	---------	---	-----------	-----------	----------

Amounts net of VAT

\* Contribution (public and private national and/or international contribution) provided by national counterparts

(1) Expressed in % of the Total expenditure IB or INV (column (a) or (d)).

(2) Sector or Project rows only. Expressed in % of the grand total of column (h). It indicates the relative weight of the sector or with reference to the total IPA EU contribution of the entire FP.

### 3.2 PRINCIPLE OF CO-FINANCING APPLYING TO THE PROGRAMME

The IPA 2012 EU contribution, which represents 85.47% of the total budget allocated to this programme, has been calculated in relation to the **eligible expenditure**, which in the case of centralised management is based on the **total expenditure**. Parallel co-financing will be used.

In total, 11.12% of co-financing is foreseen for institution building (IB) and 31.90% for investment. These overall figures exceed the minimum required.

In the case of grants, the maximum rate of EU co-financing for grants is 90 % of eligible costs, unless stipulated otherwise for a specific project in section 2.3.

The IPA 2013 EU contribution, which represents 84.35% of the total budget allocated to this programme, has been calculated in relation to the **eligible expenditure**, which in the case of centralised management is based on the **total expenditure**. Parallel co-financing will be used.

In total, 13.08% of co-financing is foreseen for institution building (IB) and 35.90% for investment. These overall figures exceed the minimum required.

In the case of grants, the maximum rate of EU co-financing for grants is 90 % of eligible costs, unless stipulated otherwise for a specific project in section 2.3.

## 4 IMPLEMENTATION

### 4.1 MANAGEMENT MODES AND IMPLEMENTATION MODALITIES

The programme will be implemented on a direct centralised basis by the European Commission in accordance with Article 53a of the Financial Regulation<sup>16</sup> and the corresponding provisions of the Implementing Rules<sup>17</sup>. This corresponds to most of the projects.

However, project 8 (Approximation of legislation with EU acquis) will be implemented by indirect centralised management with Gesellschaft fuer Internationale Zusammenarbeit (GIZ) in accordance with Article 54(2) (c) of the Financial Regulation. The indirect centralised management modus with GIZ has been chosen on the exclusive experience of GIZ in Montenegro in introducing the EU internal market policies in Montenegro and in contributing to the approximation of the legislation in the key project fields (competition and state aid, from 2005 to 2011).

In addition, one part of the project 11 (Technical Assistance and Project Preparation Facility) will be implemented by the European Commission by joint management (Contribution Agreement) with UNDP – CDP - following Article 53(d) of the Financial Regulation and the corresponding provisions of the Implementing Rules. CDP is a partnership programme of the Government of Montenegro and the United Nations Development Programme. It has proved as a valuable partner for the Government of Montenegro and of the EU Delegation in

<sup>16</sup> Regulation 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 248, 16.9.2002, p.1)

<sup>17</sup> Regulation 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 357, 31.12.2002, p. 1).

strengthening the capacities of the country in preparing for and implementing EU assistance. CDP aims at supporting programming, sector approach and coordination through a grant amounting to EUR 250 000. UNDP/CDP already implemented two IPA projects assisting the Montenegrin authorities with the programming IPA 2008, 2010 and 2011 National Programmes.

#### **4.2 GENERAL RULES FOR PROCUREMENT AND GRANT AWARD PROCEDURES**

Procurement shall follow the provisions of Part One, Title V and Part Two, Title IV of the Financial Regulation No 966/2012 of the European Parliament and of the Council of 25 October 2012 and, Articles 260 *et seq.* of its Rules of Application<sup>18</sup>.

Grant award procedures shall follow the provisions of Part One, Title VI of the Financial Regulation and Part One, Title VI of its Implementing Rules.

The essential selection criteria are the financial and operational capacity of the applicant. The award criteria are relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action. The detailed selection and award criteria will be laid down in the Calls for proposals – Guidelines for applicants.

#### **4.3 IMPLEMENTATION PRINCIPLES FOR TWINNING PROJECTS**

Twinning 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 Montenegro as resident twinning advisor.

The twinning grant agreement shall be established in accordance with relevant provisions of Part One, Title VI of the Financial Regulation and Part One, Title VI of its Implementing Rules.

The Commission shall also use the procedural guidelines and standard templates and models provided in the twinning manual which is available on the Commission website. The essential selection criteria are: (i) financial capacity to sustain its activity for the duration of the action, with the exception of natural persons receiving scholarships, public bodies and international organisations, and (ii) operational capacity consisting in professional competencies and qualifications required to complete the proposed action. The essential award criteria are: (i) the relevance of the proposal in relation to the objectives set out in the Twinning Project Fiche, (ii) the methodology of the activities developed in the proposal, and (iii) the overall sustainability of the proposal.

#### **4.4 ENVIRONMENTAL IMPACT ASSESSMENT AND NATURE CONSERVATION**

All investments shall be carried out in compliance with the relevant EU environmental legislation.

<sup>18</sup> Regulation 1268/2012 of 29 October 2012





## **5 MONITORING AND EVALUATION**

### **5.1 MONITORING**

The Commission may undertake any actions it deems necessary to monitor the programmes concerned.

### **5.2 EVALUATION**

Programmes shall be subject to ex ante evaluations, as well as interim and/or, ex post evaluations in accordance with Articles 57 and 82 of IPA Implementing Regulation<sup>19</sup>, with the aim of improving the quality, effectiveness and consistency of the assistance from EU funds and the strategy and implementation of the programmes.

The results of evaluations shall be taken into account in the programming and implementation cycle.

The Commission may also carry out strategic evaluations.

## **6 AUDIT, FINANCIAL CONTROL AND ANTI-FRAUD MEASURES**

The accounts and operations of all parties involved in the implementation of this programme, as well as all contracts and agreements implementing this programme, are subject to, on the one hand, the supervision and financial control by the Commission (including the European Anti-Fraud Office), which may carry out checks at its discretion, either by itself or through an outside auditor and, on the other hand, audits by the European Court of Auditors. This includes measures such as ex-ante verification of tendering and contracting carried out by the EU Delegation in the Beneficiary.

In order to ensure the efficient protection of the financial interests of the European Union, the Commission (including the European Anti-Fraud Office) may conduct on-the-spot checks and inspections in accordance with the procedures foreseen in Council Regulation (EC, Euratom) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities<sup>20</sup>.

The controls and audits described above are applicable to all contractors, subcontractors and grant beneficiaries who have received EU funds.

## **7 LIMITED CHANGES**

Limited changes in the implementation of this programme affecting essential elements listed under Article 90 of the Implementing Rules to the Financial Regulation, which are of an indicative nature<sup>21</sup>, may be undertaken by the authorising officer by delegation (AOD), or by the authorising officer by sub-delegation (AOSD), in line with the delegation of powers conferred upon him by the AOD, in accordance with the principles of sound financial management without an amending financing decision being necessary.

<sup>19</sup> Commission Regulation (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA) (OJ L 170, 29.6.2007, p. 1).

<sup>20</sup> OJ L 292; 15.11.1996; p. 2

<sup>21</sup> These essential elements of an indicative nature are, for procurement, the indicative number and type of contracts envisaged and the indicative time frame for launching the procurement procedures.

# **List of abbreviations**

AOD	Authorising Officer by Delegation
AOSD	Authorising Officer by sub-Delegation
APMLTF	Administration for the Prevention of Money Laundering and Terrorist Financing
CAO	Competent Accrediting Officer
CARDS	Community Assistance for Reconstruction, Development and Stabilisation
CDP	Capacity Development Programme (UNDP programme)
CIP	Competitiveness and Innovation Union Programme
CSF	Classical Swine Fever
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EFSE	European Fund for Southeast Europe
EU	European Union
GIZ	Gesellschaft fuer Internationale Zusammenarbeit
IPA	Instrument for Pre-Accession assistance
IPARD	Instrument for Pre-Accession assistance in Agriculture and rural development
LGAP	Law on General Administrative Procedures
MIPD	Multi-Annual Indicative Programming Document
MoJ	Ministry of Justice
MONSTAT	Statistical Office of Montenegro
MS	Member States
NAO	National Authorising Officer
NIPAC	National IPA Co-ordinator
NPI	National Programme for Integration 2008-2012
OSCE	Organisation for Security and Cooperation in Europe
RAE	Roma, Ashkali and Egyptian
SCF	Strategic Coherence Framework
SME	Small and Medium-sized Enterprise
TAIEX	Technical Assistance and Information Exchange instrument
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UNODC	United Nations Office on Drugs and Crime
VAT	Value Added Tax