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ANNEX

**of the Commission Implementing Decision on the financing of the multiannual Operational Programme
on Environment and Climate Change in favour of Montenegro for 2024-2027**

MULTIANNUAL OPERATIONAL PROGRAMME

This document constitutes the multiannual work programme in the sense of Article 110(2) of the Financial Regulation, and multiannual action plan in the sense of Article 9 of IPA III Regulation and Article 23 of NDICI-Global Europe Regulation

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List of acronyms

CBA – Cost Benefit Analysis
CETI – Centre for Eco-toxicological Investigations
CFCU – Central Finance and Contracting Unit
CITES - Convention on International Trade in Endangered Species of Wild Fauna and Flora
CPA – Capital Projects Administration
COP – Conference of the Parties
CSO – Civil Society Organisations
CWMF - Central Waste Management Facility
DAC – Digital Address Code
DG NEAR – Directorate General for Neighbourhood and Enlargement Negotiations
DSIP – Directive Specific Implementation Plan
EBRD – European Bank for Reconstruction and Development
EC – European Commission
EEC – European Economic Community
EIA – Environmental Impact Assessment
EIB – European Investment Bank
EIONET – European Environment Information and Observation Network
EIP – Economic and Investment Plan
EPA – Environmental Protection Agency
ERP – Economic Reform Programmes
ESIF – European Structural and Investment Funds
ETS – Emissions Trading System
EU – European Union
FFPA – Financial Framework Partnership Agreement
FLEGT - Forest Law Enforcement, Governance and Trade
FS – Feasibility Study
GEF – Global Environment Facility
GHG – Green House Gases
GoM – Government of Montenegro
HR – Human Resources
IBMF – Intermediate Body for Financial Management
IBPM - Intermediate Body for Policy Management
IFIs – International Financial Institutions
IHMS – Institute of Hydro-Meteorology and Seismology
INSARAG - International Search and Rescue Advisory Group
INSPIRE – Infrastructure for Spatial Information
IPA – Instruments for Pre-Accession
IPARD – Instruments for Pre-Accession for Rural Development
KAP – Aluminum Plant Podgorica
KfW – Germans main development bank
LAUs – Local Administrative Units
LSG – Local Self-Government
LSGU – Local Self-Government Unit
LSU – Local Self Units
LWMF – Local Waste Management Facility
MA – Managing Authority
MAFWM – Ministry of Agriculture, Forestry and Water Management
MED – Ministry of Economic Development
MEM – Ministry of Energy and Mining
MF – Ministry of Finance
MH – Ministry of Health
MI – Ministry of Interior
MIS – Management Information Systems
MJ – Ministry of Justice
MNE – Montenegro
MONSTAT – Montenegrin Statistical Office
MRF – Material Recovery Facility
MRVA – Monitoring, Reporting, Verification and Accreditation
MSFD – Marine Strategy Framework Directive
MSW – Municipal Solid Waste

MTESDNRD – Ministry of Tourism, Ecology, Sustainable Development and Northern Region Development
MUSAR – Equipment for Medium Urban Search and Rescue
NAO – National Authorization Officer
NCSD – National Council for Sustainable Development
NEAS – National Strategy with Action Plan for transposition, implementation and enforcement of the EU acquis on Environment and Climate Change
NGO – Non-Governmental Organization
NIPAC – National IPA Coordinator
NRW – Non-Revenue Water
NSSD – National Strategy for Sustainable Development
NWMP – National Waste Management Plan
OECD – Organization for Economic Cooperation and Development
OG – Official Gazette
OP – Operational Programme on Environment and Climate Change for 2024-2027
OSCE – Organization for Security and Co-operation in Europe
PCB/PCT – Polychlorinated organic compounds
PE – Population Equivalent
PRAG – Practical Guide to procurement and grant reward
PUC – Public Utility Company
RWMS – Regional Waste Management Systems
SDGs – Sustainable Development Goals
SDP – Secretariat for Development Projects
SEA – Strategic Environmental Assessment
SPP – Single Project Pipeline
SOE – National Information on State of Environment
SOER – Indicator-based State of Environment Report
SWD – Staff Working Document
SWG – Sector Working Group
TP – Transitional Period
TS – Transfer Station
UNDP – United Nations Development Programme
UNFCCC – United Nations Framework Convention for Climate Change
UWWT – Urban Waste Water Directive
UWWTD – Urban Waste Water Treatment Directive
WBIF – Western Balkan Investment Framework
WEEE – Waste Electrical and Electronic Equipment
WFD – Water Framework Directive
WMP – Waste Management Plan
WQ – Water Quality
WW – Waste Water
WWTP – Waste Water Treatment Plant

1 Programme synopsis

1.1. Programme Summary Table

Title	Multiannual Operational Programme on Environment and Climate Change in favour of Montenegro for 2024-2027			
OPSYS	ACT-62513			
ABAC	JAD.1406441 Budget line 15.020201			
Basic Act	Financed under the Instrument for Pre-accession Assistance (IPA III)			
Team Europe	No			
IPA III beneficiaries	Montenegro			
Programming document	IPA III Programming Framework			
PRIORITY AREAS AND SECTOR(S) INFORMATION				
Window and thematic priority	Window 3: Sustainable Connectivity and Green Agenda Thematic Priority 1: Environment and climate change (share of the window 100 %).			
Sustainable Development Goals (SDGs)	Main SDG (1 only): <ul style="list-style-type: none"> Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable Other significant SDGs (up to 9) and where appropriate, targets: <ul style="list-style-type: none"> Goal 6 Water and sanitation Goal 12. Ensure sustainable consumption and production patterns Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss 			
DAC code(s)	<ul style="list-style-type: none"> 41010 Environmental policy and administrative management 14015 - Water resources conservation (including data collection) 14050 - Waste management/disposal 41020 - Biosphere protection 			
Main Delivery Channel	12000 – Recipient Government 12001 – Central Government			
Targets	<input type="checkbox"/> Climate <input type="checkbox"/> Gender <input checked="" type="checkbox"/> Biodiversity			
Markers (from DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	Inclusion of persons with Disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Internal markers and Tags	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Tags	<div>YES</div> <div>NO</div>		
	digital connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	digital governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	digital entrepreneurship	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	digital skills/literacy	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	digital services	<input checked="" type="checkbox"/>		
	Connectivity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Tags	<div>YES</div> <div>NO</div>		
	digital connectivity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	energy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	transport	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	health	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	education and research	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Migration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	COVID-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
Amounts concerned	<p>Budget line: 15.020201</p> <p>Total estimated cost for the full duration: EUR 48 484 375</p> <p>Total amount of EU budget contribution for the full duration: EUR 38 787 500</p> <p>The contribution from the general budget of the European Union is split per year as follows:</p> <ul style="list-style-type: none"> - For 2024 - EUR 3 300 000 - For 2025 - EUR 7 757 500 - For 2026 - EUR 12 215 000 - For 2027 - EUR 15 515 000 <p>The contribution from the general budget of the European Union for the subsequent years is subject to the availability of appropriations for the</p>			

	respective financial years following the adoption of the relevant annual budget, or as provided for in the system of provisional twelfths.
MANAGEMENT AND IMPLEMENTATION	
Implementation modalities (management mode and delivery methods)	Indirect management with Montenegro
Relevant priorities and flagships from Economic and Investment Plan for the Western Balkans	Contributing to the Economic and Investment Plan (EIP): Priorities: “Green Agenda” Flagships: “IV Renewable Energy”, “VII Waste and Waste Water”
Final Date for conclusion of Financing Agreement	At the latest by 31 December 2025
Decommitment deadline for each budgetary commitment	Budgetary commitment 2024: by 31/12/2029 Budgetary commitment 2025: by 31/12/2030 Budgetary commitment 2026: by 31/12/2031 Budgetary commitment 2027: by 31/12/2032
Indicative eligibility period	31/12/2032
Final date for implementing the Financing Agreement	12 years following the conclusion of the Financing Agreement

1.2. Summary of the programme

In the context of Accession Negotiations, Montenegro is on the way to align with EU *Acquis* and meet the closing Benchmarks for Chapter 27 (Environment and Climate Change sector) as evidenced through the assessments described in section 2. A number of on-going activities e.g. revising national legislation and development of national strategies will contribute to further progress in this process.

Overall, the Environment and Climate Change sector has been improving in terms of sector approach but there are still some gaps to be covered. The present Programming period until 2027 represents an opportunity to address these gaps in order to achieve a more consistent, coherent and coordinated Environment and Climate Change sector policy, contributing to successful closure of accession negotiations and progress with preparations for the future implementation of Cohesion Policy upon Accession.

A summary of the Sector Assessment is presented below focusing on the most relevant criteria:

Comprehensive strategic and implementation framework

- Well-defined national sector policies and/or strategies
- Consistent with EU accession requirements
- Consistent with relevant regional strategies
- Strong ownership of stakeholders
- Clear political commitment; appropriation of national budget
- Realistic timeframe
- Realistic indicators and monitoring framework

Functional institutional setting, leadership and capacity

- Strong lead institution
- Sufficient national capacities
- Successful implementation

Sector and donor co-ordination

- Functional national co-ordination mechanism
- Effective donor co-ordination mechanism

Hereby are presented the main conclusions:

National sector policy and strategy

Overall, Montenegro's legislation is partially aligned with the *acquis* covered by chapter 27 (Environment and Climate Change), but implementation and enforcement are at an early stage. Upon Montenegro's accession to the EU, the application and enforcement of the *acquis* on environment and Climate Change will need to be ensured. There is a substantial amount of work to be undertaken as regards the transposition of legislation and the establishment of the necessary administrative and control capacities required by the *acquis*.

The National Strategy for Sustainable Development of Montenegro until 2030 represents a comprehensive strategy for the Environment and Climate Change Sector; furthermore, the Action Plan for the Fulfilment of Closing Benchmarks in Chapter 27 - Environment and Climate Change, plays an important role setting out a programme of action for fulfilling the 8 closing Benchmarks defined in the EU Common position for Chapter 27. It provides a baseline for the Government to determine the order of actions to be taken each year and it will give an indication of the cost for full alignment with environmental *acquis* including costs for capacity building, investments and monitoring.

Sub-sector strategies are well developed or are being revised/drafted, and they include the estimations in terms of investments for their implementation. As the costs of alignment with the environmental and climate *acquis* will be high, Montenegro needs to ensure adequate financial resources and coherence between the availability of financial resources and the timetable for legislative alignment and implementation. Montenegro should be in a position to complete the legislative alignment by the date of accession, although some transition periods have been requested (see chapter 2.2.).

Comprehensive strategic and implementation framework		
Assessment Criteria	Level of compliance	Remark
Well-defined national sector policies and/or strategies	High/Medium	The National Strategy for Sustainable Development of Montenegro until 2030 represents a comprehensive strategy for the Environment and Climate Change Sector; sub-sector strategies are well developed or are being revised/drafted.
Consistent with EU accession requirements	High	National Strategies are well aligned with the EU accession requirements. The Action Plan for the Fulfilment of Closing Benchmarks in Chapter 27 plays an important role setting out a programme of action for fulfilling the EU <i>Acquis</i> .
Consistent with relevant regional strategies	High	National Strategies are well aligned with Regional Strategies (i.e. the Economic and Investment Plan for the Western Balkans)
Strong ownership of stakeholders	Medium/Low	National Strategies are broadly assumed by the different stakeholders. However, the level of implementation and enforcement is relatively low (i.e. Waste and Waste Water Management)
Clear political commitment; appropriation of national budget	Medium/Low	There is no doubt about the political commitment for the Environment in Montenegro (i.e. National Constitution). However, financial resources assigned to this Policy Area are clearly insufficient.
Realistic timeframe	Medium/Low	It will be difficult to achieve the targets for some strategies if the financial resources dedicated to Environment are not increased
Realistic indicators and monitoring framework	Medium	The EPA delivers yearly monitoring information on the Environment sector. However, Capacities for Environmental Monitoring and Reporting have to be increased, including monitoring implementation of National Strategies.

Institutional leadership

In general, the **institutions responsible for Environment and Climate Change Policy development, implementation and enforcement are in place, but need to be strengthened considerably**. The administrative capacities and staffing levels for environmental issues are low, both at national and local level and across the entire environment and Climate Change sector. Reliance on temporary staff and trainees, high turnover of staff and limited financial resources in the relevant ministries, EPA and the Inspection Directorate remain issues of concern, especially in relation to the overall capacity of these institutions to ensure the effective implementation and enforcement of the *acquis*.

The Ministry of Tourism, Ecology, Sustainable Development and Northern Region Development (**MTESDNRD**) **is the Lead Institution** appointed for the Environmental sector. The MTESDNRD and the associated institutions under its umbrella gained substantial experience in Programming through the preparation and design of different IPA annual action documents and a specific multiannual Action Document under IPA I: Operational Programme Regional Development 2012-2013.

Substantial efforts are needed to consolidate administrative capacity for the Environment and Climate Change Sector. Montenegro needs to ensure adequate staff numbers, training and equipment and overall coherence between its plans for alignment and the timetable for the reinforcement of its capacity.

Functional institutional setting, leadership and capacity		
Assessment Criteria	Level of compliance	Remark
Strong lead institution	High	MTESDNRD is the Lead Institution appointed for the Environmental sector
Sufficient national capacities	Low	Montenegro needs to ensure adequate staff numbers, training and equipment and overall coherence between its plans for alignment and the timetable for the reinforcement of its capacity
Successful implementation	Medium	MTESDNRD and the associated institutions under its umbrella have gained substantial experience in Programming through the preparation and design of different IPA annual action documents and a specific multiannual Action Document under IPA I: Operational Programme Regional Development 2012-2013

Sector and donor coordination

Sector and donor coordination mechanisms are in place but it is necessary to reinforce their capacities for and effective internal (within the institutions conforming the Environment and Climate Change Sector) and external (with other donors) coordination.

At National Level, the overarching coordination body is the National Council for Sustainable Development (NCSD).

On operational level, the main sectoral coordination mechanism is the Sector Working group for chapter 27 which is established by the Government and consists of 24 members representing state authorities, universities, NGOs, Labour unions, Union of Employers. In parallel a Sectoral Monitoring Committee, as foreseen in Article 53 of the Financial Framework Partnership Agreement, will be established for this Operational Programme. In the short/medium term, the internal capacities of the representatives of the Environment Sector Working Group should be consolidated in terms of guidance and preparation of Programming and strategic planning.

Sector Donor coordination within the field of environment needs to be improved as International Financial Institutions (IFIs) loans can leverage the impact of EU grants. Donor coordination is managed at central level by the new recently created General Directorate for Economic Diplomacy and Cultural Cooperation of the Ministry of Foreign Affairs. In addition, the database for large-scale infrastructure projects should be primarily built up from the Single Project Pipeline of priority investments.

Sector and donor co-ordination		
Assessment Criteria	Level of compliance	Remark
Sector and donor co-ordination	Medium	Sector and donor coordination mechanisms are in place but it is necessary to reinforce their capacities for an effective internal (within the institutions for the Environment and Climate Change Sector) and external (with the EU and other donors) coordination. The Single Project Pipeline is an important tool for project identification.
Functional national co-ordination mechanism	Medium/Low	A national coordination mechanism is in place but it has to become functional for implementation.

The **overall objective** of this **Operational Programme** is to protect, conserve and enhance the Montenegro's natural capital, and protect the health and well-being of citizens from environment-related risks and impacts.

The underlying intervention logic for this Operational Programme is that:

IF Montenegro implements successfully the Operational Programme 2024-2027 “Environment and Climate Change”, delivering capacity building and environmental infrastructure compliant with the EU *Acquis* for Chapter 27, **THEN** the Country will progress on the Accession Negotiations for Chapter 27 **BECAUSE** this Operational Programme will contribute to succeed in achieving **closing Benchmarks number 3** (i.e. measures for separate collection of Waste), **number 4** (i.e. measures related to water management and those related to transition period for Directive 91/271/EEC Urban Waste Water), **number 5** (i.e. measures for managing Natura 2000 network), and **number 8** (i.e. measures for Capacity Building), **AND** Montenegro will be better prepared for implementing Cohesion Policy upon accession **BECAUSE** IPA will be a learning by doing exercise, mirroring the implementation of Cohesion Policy Funds.

Following this intervention logic, **Four Areas of Support** have been proposed:

Area of Support 1: Municipal Water Management

The Outcome for the Area of Support 1 is:

- **Outcome 1.1. Improved Management of Municipal Water**

Three types of activities are foreseen under this outcome:

- 1.1.1. Activities related to Water Supply
- 1.1.2. Activities related to Waste Water
- 1.1.3. Activities related to Capacity Building for Municipal Water Management

Area of Support 2: Municipal Waste Management

The Outcome for the Area of Support 2 is:

- **Outcome 2.1. Improved management of Municipal Waste**

Two types of activities are foreseen under this outcome:

- 2.1.1. Activities related to infrastructure for Municipal Waste Management
- 2.1.2. Activities related to Capacity Building for Municipal Waste Management

Area of Support 3. Nature Protection and Climate Change

The Outcomes for the Area of Support 3 are two:

- **Outcome 3.1. Improved management of Nature Protection**
 - 3.1.1. Activities related to Nature Protection Infrastructure

- **Outcome 3.2. Improved adaptation to Climate Change**

3.2.1. Activities related to adaptation to Climate Change

Area of Support 4. Other Support for Environment Sector

- **Outcome 4.1. Improved Capacity for Environmental Management (Horizontal)**

Four types of activities are foreseen under this outcome:

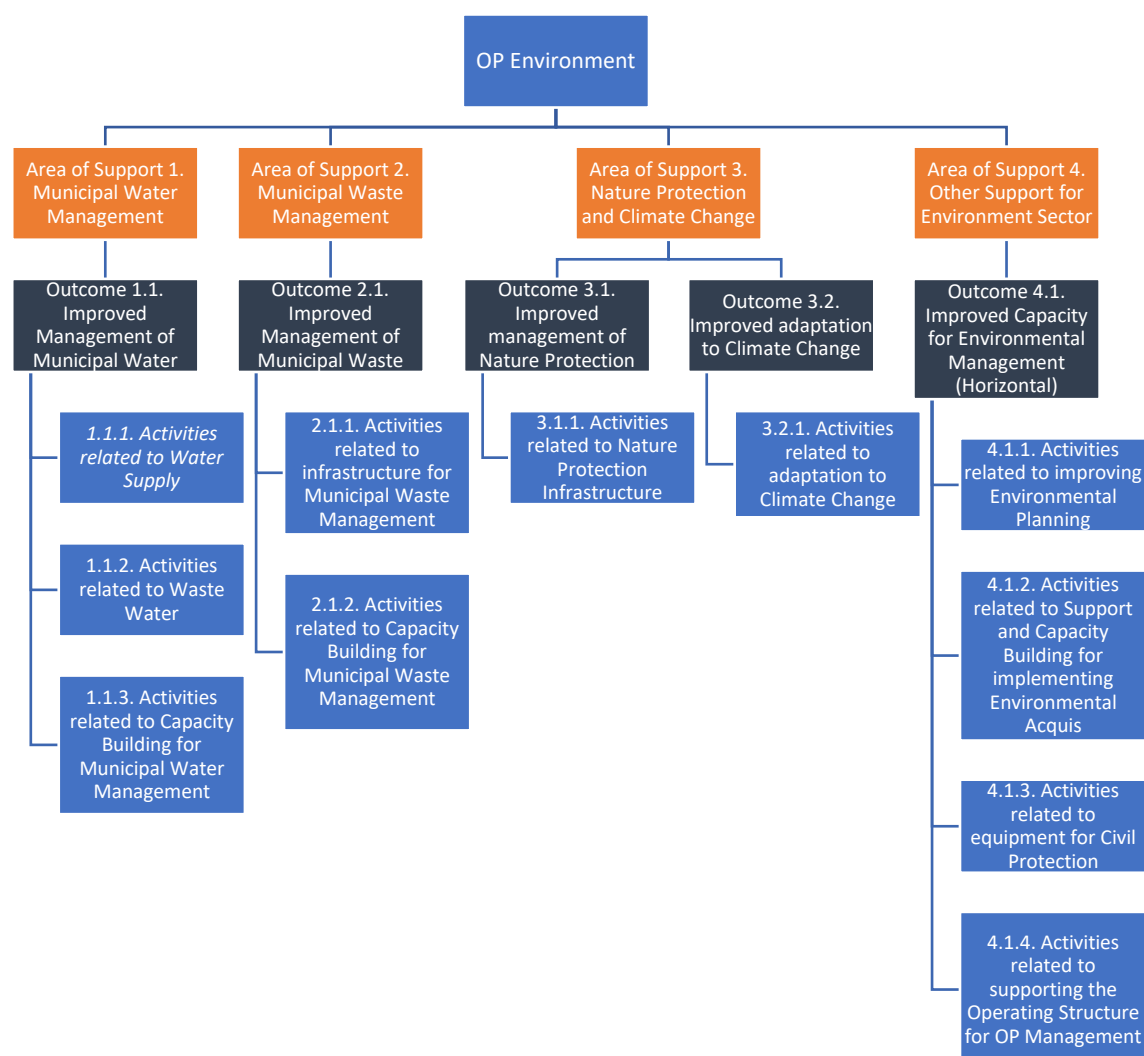
4.1.1. Activities related to improving Environmental Planning

4.1.2. Activities related to Support and Capacity Building for implementing Environmental *Acquis*

4.1.3. Activities related to equipment for Civil Protection

4.1.4. Activities related to supporting OP Management

Summary graph of the Intervention logic:



2 Sector(s) analysis

2.1. National sectoral policies and context

According to Commission Implementing Decision (C(2021) 8914 final) of 10.12.2021, adopting the Instrument for Pre-Accession Assistance (**IPA III) Programming Framework** for the period 2021-2027, the overall objectives of the EU's assistance under Window 3 are to promote the green agenda by reinforcing environmental protection, contributing to mitigation, increasing resilience to climate change, accelerating the shift towards a low-carbon and circular economy and develop the digital economy and society.

In this regard, the Strategic Response prepared by Montenegro in 2021 already foresaw a Multiannual Action Document (Operational Programme Environment and Climate Change) for the period 2024-2027. **This Multiannual Action Document (synonymous of Operational Programme-OP) 2024-2027** describes how IPA III will support Montenegro to progress in the process of alignment with EU *Acquis* for Environment and Climate Change, including physical infrastructure.

National Strategies are aligned with the EU developments in the area such as the **Green Deal** and are relevant in the context of EU accession and negotiating Chapter 27. The key document setting out the government policies related to EU accession is outlined under **Montenegro's Programme of Accession to the European Union for the period 2023 – 2024**.

Guidelines for the implementation of the **Green Agenda for the Western Balkans** include actions in five pillars. These are (i) climate action, including decarbonisation, energy and mobility, (ii) circular economy, addressing in particular waste, recycling, sustainable production and efficient use of resources, (iii), biodiversity, aiming to protect and restore the natural wealth of the region, (iv), fighting air, water and soil pollution and (iv) sustainable food systems and rural areas. National Environment cross-cutting and sectoral strategies described hereinafter are coherent and support implementation of the Green Agenda especially in pillars 1,2,3 and 4.

National sectoral strategies are also coherent with the **Economic and Investment Plan for the Western Balkans**, which aims to spur the long-term recovery of the region and a green and digital transition, fostering economic regional cooperation and boosting economic growth, and support reforms required to move forward on the EU path.

The national sectoral and cross-cutting strategies are also relevant for the implementation of **2020 EU enlargement policy**, which outlines that important work on alignment and preparation for the implementation of the EU *acquis* has taken place in most areas and that looking ahead, Montenegro should focus on further strengthening the administrative capacity for ensuring the application of the EU *acquis* and also addresses key issues identified in **EC Montenegro 2022 Report**.

According to the **Montenegro EC Progress report for 2022**, significant efforts are still needed on implementation and enforcement, in particular on **waste management, water quality, nature protection and climate change**. **Montenegro should considerably step up its ambitions towards a green transition**.

By adopting the National Strategy with Action Plan for transposition, implementation and enforcement of the EU *acquis* on Environment and Climate Change (**NEAS or Strategy with the AP**) at the Government session held on 28 July 2016, thus fulfilling the Opening Benchmark, Montenegro expressed its strategic approach in taking over and enforcing the European Union (EU) *acquis* in this field.

Economic and financial analysis of the Strategy with the AP estimated the total amount of funds needed to comply with the EU standards by 2035, at the same time defining financial sources and models. Following the adoption of the Strategy, the focus of the activities of the institutions responsible for Chapter 27 was on the transposition of the EU *Acquis* into national legislation in all 10 sub-areas, in order to create a legal basis for its quality implementation and application.

Chapter 27- Environment and Climate Change- negotiations were opened at the Intergovernmental Conference in Brussels on 10 December 2018, accompanied by the submission of the Common Position of the European Union, which includes the final criteria for closing Chapter 27. In the Common Position, the EU stated that Chapter 27 could be temporarily closed only when the EU agrees that the defined **8 closing benchmarks** have been met.

The Government of Montenegro on 18th February 2021 adopted the **Action Plan for the Fulfilment of Closing Benchmarks in Chapter 27 - Environment and Climate Change** as the **main reference document setting the framework for the reform process** towards fulfilling the EU Environmental and Climate *acquis*.

The action plan defines a total of 251 obligations for fulfilling all the obligations defined by the EU in Chapter 27, with an estimated cost of EUR 482 996 838, according to the Assessment of Financial Needs adopted by the Government in December 2021.

The **Operational Programme's interventions are designed to contribute to meeting four out of eight key benchmarks of Chapter 27 Action Plan**, as well as the transition periods proposed for chapter 27 negotiations. This will be the case for those projects to be developed in the field of Waste Management and Water Management which must contribute respectively to closing **Benchmarks number 3** (i.e. measures for separate collection of **Waste**), **number 4** (i.e. measures related to **water management** and those related to transition period for Directive 91/271/EEC Urban Waste Water), **number 5** (i.e. measures for managing Natura 2000 network, including Ulcinj Salina by implementing the necessary conservation measures leading to the improvement of its conservation status) . Furthermore, The OP must contribute to achieve closing **Benchmark number 8**: Montenegro significantly enhances the **capacity of the administrative** bodies at all levels, including inspection services, further improves coordination of work and demonstrates that all appropriate administrative structures and adequate training will be in place in good time before accession to enable implementation and enforcement of the *acquis* in all sectors of this chapter.

Figure: Summary of the four negotiation Benchmarks for Environment and Climate Change addressed by this Operational Programme:



Together with the Action Plan for the Fulfilment of Closing Benchmarks in Chapter 27, **the National Strategy for Sustainable Development of Montenegro until 2030** is the **major reference for strategic policy framework regarding Environment and Climate Action in Montenegro**. This policy document specifies diverse environmental needs (Protection of biodiversity and conservation of natural resources (especially in the protected areas), water protection, air protection and waste management).

The environmental sector is clearly prioritized as well under the **Montenegro Economic Reform Programme 2023-2025**, which incorporates **Challenge no. 1 Obstacles to the support of green transition**. As stated in the document, the level of utility infrastructure equipment capabilities of cities and settlements, particularly in the areas of water supply and waste and waste water management, is one of the prerequisites for comprehensive implementation of relevant laws and regulations that have been harmonised with the corresponding EU *Acquis* which gives the contribution required for the efficient EU integration process of Montenegro.

However, the **Environment and Climate Action sector does not rely on a single strategy but on several strategies** in relation to the main fields of environmental policy at the EU and international level.

In the sector of Environment, **several sub-sector strategies have been developed**; all sector policies in this field are in line with key strategic documents, such as the National Strategy for Sustainable Development, and also in line with the requirements set in the EU integration process in the field of Environment and Climate Change. There is a strong link between this document and relevant sector policies in the field of Environment and Climate Action.

Most of the sector strategies were prepared by the Ministry of Tourism, Ecology, Sustainable Development and Northern Region Development (MTESDNRD). In the process of preparation of the sector strategies, all relevant stakeholders are included and consulted, including NGOs. NGOs are involved in the working groups for drafting all relevant legislative and strategic documents.

The EU through IPA is supporting the strategic planning in the sector e.g. supporting the development of a National Climate Change Strategy, the revision of the National waste management Plan, or the Revision of the Master Plans for Urban Wastewater Measures and Preparation of Directive-specific Implementation Plan for the Urban Wastewater Treatment Directive 91/271/EEC.

In principle, all sector strategies give specific and relevant goals with indicators and a defined time frame for their realization. However, financial resources for implementing all sector strategies are limited and this is recognized as the main problem for their successful implementation.

The main cross-cutting and sectoral strategies relevant for Environment and Climate Change are presented below, describing their contribution to achieve the OP's overall objective and the specific objectives:

Relevant Strategies for Environment & Climate Change	Specific Objectives of concrete strategy
Action plan for the fulfilment of the closing benchmarks in the Chapter 27	<p>The Government of Montenegro adopted the Action plan for the fulfilment of the closing benchmarks in the Chapter 27 on 18 February 2021 (after the EC submitted the positive opinion on the Action plan on 23 December 2020).</p> <p>The Action plan represents the most important document in this area, as by implementing the activities defined it could meet all requirements set up by the EU through both closing benchmarks and the Common position for Chapter 27. The Action Plan also defines the activities that need to be undertaken in order to implement the remaining obligations of the National Strategy with Action Plan for transposition, implementation and enforcement of the EU <i>acquis</i> on Environment and Climate Change, obligations arising from the Negotiating Position for Chapter 27 that GoM adopted in February 2018. The Action Plan defines 251 activities within 10 sub-chapters of Chapter 27. The report on the implementation of the Action Plan will be prepared on a semi-annual basis and submitted to the GoM for information and adoption. The same report will be translated into English in order to provide timely information to the EC and to keep the competent authorities of the EC constantly informed, in particular regarding to the regular annual meetings of the Subcommittee on Transport, Environment, Energy and Regional Policy and of the Stabilization and Association Committee.</p>
Master Plan for Waste Water Management 2018-2035 and the Municipal Wastewater Management Plan for 2020-2035	<p>The main challenges for water sub-sector have been identified: 1) administrative capacities, 2) inter-sector approach, 3) provision of finance for capital investments and implementation of regulations, 4) monitoring, and 5) information and education of the population.</p> <p>Major investments will be necessary especially in the area of construction or modernization of urban waste water collection and treatment systems, and the introduction of new water treatment and water supply technologies with the purpose of harmonization with the Drinking Water Directive. Ensuring financial resources for the implementation of the Directive 91/271/EEC concerning urban waste water treatment is very important in order to prevent the further uncontrolled discharge of waste waters into natural recipients.</p> <p>See chapter 2.7 for more information about the state of the environment regarding Municipal Water Management.</p>

Relevant Strategies for Environment & Climate Change	Specific Objectives of concrete strategy
National Plan for Waste Management for the period 2023 -2028	<p>This strategy is in the process of preparation/developing and is expected to be adopted by the end of 2023. This National Plan will be the base for all further actions, activities and investments in waste sector.</p> <p>As stated in the closing Benchmark number 3, Montenegro must decide on its waste management system and the revised National Plan for Waste Management for the period 2023 -2028 is key milestone in this process.</p> <p>It is important to learn from the mistakes of the past and the failed implementation of the National Plan for Waste Management 2015-2020, which provided a timeline and define the main instruments/measures to secure alignment with and implementation of the EU waste legislation. However, this National Plan offered three management options that in practice, brought the national waste management to a blockage, due to the lack of consensus on the specific option to be selected among those three.</p>
National Strategy for Climate Change by 2030	<p>Represents the horizontal policy document for climate change in the country. The Strategy is closely referring to climate change issues and has been developed taking into account the identified effects of climate change, current socio-economic development and future development scenarios based on existing information. The National strategy cannot be implemented without integrating its objectives into the policies of key sectors that affect climate change or suffer the negative effects of climate change (eg. energy, industry, agriculture, tourism, forestry), while monitoring the implementation of strategic objectives and guidelines defined by this document in accordance with the dynamics of integrating the stated objectives into sectoral policies.</p> <p>This document provides a clear overview of activities, goals and measures in the main sectors of the economic system, which should be implemented in the period 2015-2030. year, with the main goal of reducing the negative effects of climate change through integrated actions that identify different adaptation measures and combating the effects of climate change, while at the same time working to reduce greenhouse gas emissions.</p>
Law Carbon Strategy	Support for developing this strategy is being provided through the IPA 2021 programme
National Plan for Adaptation to Climate Change	Support for developing this strategy is being provided through the IPA 2021 programme.
<p>National Chemicals Strategy 2019-2022 with Action Plan for period 2019-2022</p> <p>National Chemicals Management Strategy for the period 2024-2026 (under preparation)</p>	<p>This Strategy identifies key strategic directions and measures for the establishment of a chemical security system that is in compliance with the EU <i>acquis</i> and practices.</p> <p>The Government of Montenegro, at the session of 26th May 2023, adopted the Final Report on the implementation of the Action Plan for the implementation of the National Strategy for Chemicals Management 2019-2022. It is necessary to work further on the provision of personnel for the evaluation of technical files for chemicals and biocidal products.</p> <p>The Ministry is currently working on a new National Chemicals Management Strategy for the period 2024-2026. Currently, it is in process of alignment with all relevant institutions.</p>
Montenegro Disaster Risk Reduction Strategy and related Action Plan for 2018-2023	This Strategy aligns with Commission Implementing Decision 2014/762EU on implementing rules on the Union Civil Protection Mechanism, to which Montenegro has been a participating state since 2015.

Note 1: Strategies available at General Secretariat web site:

https://www.gov.me/pretraga?type=documents&sort=published_at&dt=6&page=1

Note 2: Other strategies under preparation:

- Strategy of Biodiversity of Montenegro for period 2024-2028
- Strategy for integral management for costal area up to 2030
- Strategy for Air Quality Management (the National Air Quality Management Strategy 2013-2020 needs to be aligned with the objectives and measures of new Climate Change and Energy Policy in Montenegro)
- Strategy for land desertification

2.2. Legal framework

The existing national legislation in the area of environment and climate change is of satisfactory quality, and it has been additionally improved and aligned with European legislation and standards through the transposition of the EU *acquis*. However, the activities on the alignment of national to the European legislation are still in progress and bearing in mind the character of the EU *acquis* which is continuously changing and improving, this process can also be characterised as continuous and it will continue after acceding to the European Union.

Transition Periods requested for alignment with EU Acquis:

The Negotiation Position for Chapter 27 was adopted on 8 February 2018 at the session of the Parliamentary Committee on European Integration and at the Government session, and was sent to the European Commission. It was stated in the Negotiation Position that Montenegro will accept the European Union *acquis* covered by Chapter 27, and that the country is ready to fully implement it by the EU accession date, with the following exceptions and submitted applications for transitional periods for full enforcement of the following directives. Based on this request, in the Common position for Chapter 27, the EU took note of the transition periods requested:

1. Directive 2008/50/EC ambient air quality and cleaner air for Europe, until 31 December 2027;
2. Directive 2008/98/EC on waste, until 31 December 2030;
3. Directive 1999/31/EC on landfills, until 31 December 2033;
4. Directive 94/62/EC on packaging and packaging waste, until 31 December 2030;
5. Directive 2012/19/EU on waste electric and electronic equipment, until 31 December 2027;
6. Directive 2006/66/EC on batteries and accumulators and waste batteries and accumulators, until 31 December 2027;
7. Directive 96/59/EC on disposal of polychlorinated biphenyls and polychlorinated terphenyls (PCB/PCT), until 31 December 2025;
8. Directive 2000/60/EC establishing a framework for Community action in the field of water policy, until 31 December 2035;
9. Directive 2007/60/EC on floods, until 31 December 2024;
10. Directive of the Council 91/271/EEC on urban waste waters, until 31 December 2035;

Furthermore, Montenegro expects to be allowed to use the option of transitional allocation of free emission units, with the aim of modernising the energy sector, which is given as an option within Article 10c of the draft revised Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading (EU ETS), until 31 December 2030.

Umbrella Environmental legislation:

The adoption of umbrella laws created a basis for drafting a number of bylaws to regulate in detail the matters of environmental protection and climate change, and it is expected there will be more intensive activities focused on the achievement of full alignment until the accession to the European Union in the coming period.

Law on Environment

The Law on Environment (OGM No 052/16 of 09.08.2016, 073/19 of 27.12.2019 and 073/19 of 27.12.2019) is the umbrella law in the area of environment and it lays down the principles of environmental protection and sustainable development, entities, environmental protection instruments and measures, access to information, public participation, access to justice in environmental matters, environmental financing and other issues relevant for the environment. Beside this Law, there is a large number of other laws and implementing acts regulating specific environmental issues.

The Law on Environment aligns Montenegro's policy and its economic and social development with the international principles of environmental protection. Environment, in terms of this Law, is the natural environment, including: air, land, water and sea, wildlife; as environmentally relevant events and/or activities: climate, ionizing and non-ionizing radiation, noise and vibration, air emissions, waste disposal, as well as the environment that is created by man, the cities and other settlements, cultural and historical heritage, infrastructure, industrial and other facilities present on the territory of the Republic of Montenegro.

With this Law, Montenegro ensures the conservation of natural resources and the improvement of environmental quality, by reducing the risk to human life and health, and ensuring the remedy and prevention of adverse impacts on the environment in order to ensure and improve the overall quality of life on the national territory. Natural resources are used in accordance with the principles of Environmental Law and environmental development policies derived from it, in order to provide a sustainable and safe development policies.

The main environmental objectives are: the preservation and protection of human health, integrity, biodiversity and quality of ecosystems, genetic resources, animal and plant species, soil fertility, natural beauty and physical values, cultural heritage and resources created by man; to provide conditions for the limited, reasonable and sustainable management of living and non-living nature and the ecological stability of nature, quantity and quality of natural resources and the prevention of hazards and possible risks to the environment.

Law on environmental impact assessment.

The Law on environmental impact assessment (OG MNE no. 75/18), fully aligning with Directive (2011/92/EU as amended by 2014/52/EU), regulates the manner and procedure of environmental impact assessment for projects that may have a significant environmental impact in general, including the rules for preparation and evaluation of environmental impact assessment research and studies, and other issues of importance for environmental impact assessment as regards the territory of Montenegro.

Specific EU Environmental *acquis* in Montenegro

Legal Framework for Municipal Water Management:

Regarding water management, Montenegro remains partially aligned with the EU *acquis*. The Water sub-sector is governed by an extensive legal framework. The most relevant EU directives related to drinking water and waste water are the following:

- Directive 2000/60/EC (Water Framework Directive - WFD)
- Council Directives 98/83/EC, 2015/1787 (Drinking water)
- Directive 2006/118/EC (Ground waters)
- Directive 91/271/EEC (Urban Waste Water Directive- UWWT)

The key legislation governing water quality is the 2007 Law on Water, amended in 2015 for transposition of Directive 2000/60/EC (Water Framework Directive) and other directives making a body of the EU water legislation. A key priority in this area, as set in the Action Plan for the Fulfilment of Closing Benchmarks in Chapter 27 - Environment and Climate Change (activity 4.20), is adopting the Water management plans in the Danube and Adriatic.

On 27 December 2019, the Parliament of Montenegro adopted the Law on Marine Environment Protection (Official Gazette of Montenegro 73/19). Transposition of Marine Strategy Framework Directive (MSFD) has to a large extent been implemented by the adoption of this Law.

The MTESDNRD identified the need to improve the transposition level for UWWT Directive 91/271/EEC on urban wastewater treatment, and therefore drafted a separate Law on Urban Wastewater Management, which was adopted by the Government, and by the Parliament of Montenegro in December 2016. Consequently, the following by-laws, which are of particular interest to Waste water management, have been adopted:

- Act on agglomerations, defining the geometrical limits of the agglomerations, population and capacity;
- Forms of content and manner of reporting and monitoring.
- The programme for construction of the municipal wastewater collection and treatment infrastructure.

On 3 October 2019, the Government of Montenegro adopted the Municipal Waste Water Management Plan for Montenegro (2020-2035), which was submitted to the European Commission together with DSIP for Directive 91/271/EEC concerning urban waste-water treatment and Information on preparation and main elements of the municipal wastewater management plan in Montenegro (2020-2035). On 28 November 2019, the Government adopted the Programme for construction of the municipal wastewater collection and treatment infrastructure.

Legal Framework for Waste Management:

Regarding waste management, Montenegro remains partially aligned with the EU *acquis*, which is composed of a complex set of different Directives and Regulations (11 of them horizontal and 6 of them covering specific streams of waste). The main EU *Acquis* for Waste management are:

Horizontal:

- Waste Framework Directive (2008/98/EC) [amended by Directive 2018/851/EC], which provides for a general framework of waste management requirements and sets the basic waste management definitions for the EU.
- Landfill Directive (1999/31/EC) [amended by Directive 2018/850/EC] on the landfill of waste.
- Waste Acceptance Decision (2003/33/EC) establishing criteria and procedures for the acceptance of waste at landfills.
- EU's Circular Economy Directive 2018/851/EC

Acquis for specific waste streams:

- Waste Electrical and Electronic Equipment (WEEE) Directive (2012/19/EC) [amended by Directive 2018/849/EC]
- Restriction of Hazardous Substances (RoHS) Directive (2002/95/EC)
- Packaging Waste Directive (1994/62/EC) [amended by Directive 2018/852/EC]
- Regulation (EU) 2023/1542 concerning batteries and waste batteries, amending Directive 2008/98/EC and Regulation (EU) 2019/1020 and repealing Directive 2006/66/EC
- End-of Life Vehicles Directive (2000/53/EC)
- PCB/PCT Directive (96/59/EC)

Waste management is largely regulated in Montenegro by the **Law on Waste Management** ("OG of MNE" 64/11 and 39/16) and a series of related implementing acts (at least 43 different decrees and rulebooks covering different topics i.e. Rulebook on Methodology for Determining the Composition and Amount of Municipal Waste in the Territory of the Local Self-Government Unit, etc.). The National Strategy of Waste Management in Montenegro until 2030 and the National Plan on Waste Management in Montenegro 2015-2020 were adopted in 2015 and are under revision at the present moment.

For the purpose of harmonizing the legislation of Montenegro with EU legislation in the field of waste management, as well as the need for a more efficient implementation of the Law on Waste Management, the MTESDNRD has, within its competences, carried out activities on the drafting of a **new Law on Waste Management**, the adoption of which is planned for 2023. It will amend and replace the existing Law and give a legal basis for enforcing the implementation of the new National Waste Management Plan.

The "Proposal for the Law on Waste Management", aims to further harmonise Montenegrin waste legislation with EU legislation, and more specifically with EU's Circular Economy Directive 2018/851 on waste. In this respect, it aims to promote sustainable development through the more efficient use of resources and reduction of waste.

Legal Framework for Nature Protection:

The protection of nature is governed in Montenegro by a significant number of regulations of which the Law on Nature Protection ("OG of MNE" 54/16) may be considered a primary legislation that governs most issues in the subsector of environmental protection. However, at the present moment, Ministry of Tourism, Ecology, Sustainable Development and Northern Region Development is in the final stage of the process of amending the Law on Nature Protection, with the aim of fulfilling international and obligations arising from EU legislation, including EU Regulation No 511/2014, and improving the existing law.

Concerning legal alignment, the Directive 2009/147/EC on the protection of wild birds and Directive 92/43/EEC on the conservation of natural habitats and wild flora and fauna have been, to a **significant level, transposed in the Law on Nature Protection**. For both Directives, the Law on Wildlife and Hunting is relevant and for the Habitats Directive, the Law on Forests is also relevant. Technical details of both Directives are prescribed by the bylaws. Law on Forests give a basis for the development of bylaws which provide the legislative framework for appropriate implementation of Regulation (EU) 995/2010 laying down the obligations of operators who put timber and timber products on the market and Council Regulation (EC) No 2173/2005 on the establishment of a FLEGT licensing scheme for imports of timber into the European Community. Directive 1992/22/EC relating to the keeping of wild animals in zoos is transferred to the Law on Animal Welfare ("OG of Montenegro", no.14/2008 and 47/15). Technical details regarding the conditions and procedures for keeping wild animals in zoos are defined by the bylaws.

The Law on Nature Protection ("OG of MNE" 54/16, 18/19) has established necessary legal norms for implementation: of Council Regulation (EC) No. 338/97 (CITES), Council Regulation (EC) No. 865/2006 (CITES), Commission Implementing Regulation (EU) No. 792/2012 (CITES) and Commission Regulation (EU) No. 791/2012 (CITES) (CITES Regulations). Furthermore, through the Rulebook on detailed conditions for traffic

of protected wild animals and plants species, and fungi, (Official Gazette of Montenegro, no.61/17) in 2017, improvement of harmonization with the CITES Regulations has been achieved.

The Law on Nature Protection also establishes legal norms for transposition of the Council Directive 83/129/EEC (importation of skins of certain seal pups and products derived therefrom), Regulation (EC) No. 1007/2009 on trade in seal products and the Council Regulation (EEC) No. 3254/91 prohibiting the use of leghold traps.

In accordance with the obligation from the Law on Alien and Invasive Species of Plants, Animals and Mushrooms ("Official Gazette of Montenegro", No. 18/2019), the Ministry has prepared a draft list of foreign invasive species that cause concern in Montenegro and/or in EU and Draft List of Allowed Foreign Species.

At the session of December 22, 2022, the Government adopted the information on the prepared documents "Initial assessment of the state of the marine environment of Montenegro", "Characteristics of a good state of the marine environment and objectives of the protection of the marine environment of Montenegro", as well as the "Programme for monitoring the marine environment of Montenegro Above". The aforementioned documents are developed in accordance with the Law on the protection of the marine environment, which transposes the Marine Strategy Framework Directive (MSFD, 2008/56/EC) into national legislation.

Legal Framework for Climate Change:

Montenegro remains partially aligned with EU *Acquis* for Climate Change, composed of an extensive set of Directives and Regulations, among which can be highlighted:

- Regulation (EU) 2021/1119 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ("European Climate Law");
- Commission Implementing Regulation (EU) 2020/2085 of 14 December 2020 amending and correcting Implementing Regulation (EU) 2018/2066 on the monitoring and reporting of greenhouse gas emissions;
- Implementing Regulation (EU) 2020/1208 on structure, format, submission processes and review of information in line with Regulation (EU) 2018/1999.
- Regulation (EU) 2018/841 on mandatory emission reduction targets in the land use, land use change and forestry
- Regulation (EU) 2018/842 on the reduction of greenhouse gas emissions in the sectors of industrial processes and product use.
- Emissions trading system (EU ETS) Directive 2003/87/EC and its amendments

The Law on Protection Against Negative Impact of Climate Change ("OG of MNE" 73/19) is the main legislative act that governs most issues in the subsector of climate change. The law is partially harmonized with EU *acquis*. 12 rulebooks and 3 decrees have been adopted pursuant to this legislation. In order to further harmonize with EU *acquis*, the Ministry of Tourism, Ecology, Sustainable Development and Northern Region Development has started work on drafting a new Law on Protection from the Negative Impacts of Climate Change and Protection of the Ozone Layer. The new law will allow further harmonization with EU *acquis*, in particular the functioning of the emissions trading system (EU ETS) and will regulate the reporting system for the inventory and projections of greenhouse gas emissions, policies and measures to mitigate climate change and measures to adapt to climate change in accordance with EU *Acquis*. The new law will also contain provisions on mandatory GHG emission reduction targets in sectors not covered by the emissions trading system.

Alignment with EU *Acquis* in this complex field will require effective and efficient coordination mechanisms and expertise for which neither the MTESDNRD nor the EPA have sufficient capacity.

Environment Legislation Related to other sub-sectors:

Air quality:	Law on air protection. Date of text: 22 April 2010
Noise Protection:	Law on environmental noise protection. Date of text: 26 May 2011
Chemicals:	Law on chemicals. Date of text: 26 July 2017
Industrial pollution:	Law on industrial emissions. Date of text: 06 March 2019
Civil Protection:	Law on Protection and Rescue. The area of civil protection in Montenegro is governed by the Law on Protection and Rescue, adopted in 2007 and amended in 2011, 2016, 2021 and 2023, complemented with 9 Rulebooks.

Other important Legislation Related to Environment:

The Law on Communal Activities (OGM No. 055/16 from 17.08.2016, No. 074/16 from 01.12.2016, No. 002/18 from 10.01.2018, No. 066/19 from 06.12.2019) defines communal activities and provides the regulations and conditions for performing them together with important related issues.

Communal activities, in the sense of this Law, are the provisions of communal services that are an irreplaceable condition for the life and work of citizens, businesses and other entities on the territory of the local self-government (LSG) unit and the maintenance of communal infrastructure, equipment and means for performing those activities.

Law on Local Self-Government (OGM No. 42/03, 28/04, 75/05, 13/06, 88/09, 38/12 and 10/14) defines that the Municipalities, among others, shall provide conditions and take care of the environmental protection and its parts (air quality, protection against noise, solid waste management, etc.).

Law on Spatial Development and Construction of Structures (OGM No. 51/08, 34/11, 35/13 and 33/14) defines measures for the prevention of any impact of solid waste on the hygiene, human health and environmental protection, which implies that the environmental structures must be designed and built in such a way that they will not be a threat to hygiene or H&S of workers, occupants or neighbours, nor cause the allowed environmental or climate impact limit values to be exceeded during their construction, use and demolition, or during their service time.

2.3. Institutional setting, leadership, and capacity

Montenegro has established the basic institutional structures for the implementation of requirements in the area of environment and climate change. The overall responsibility for the development, management and coordination lies with the **Ministry of Tourism, Ecology, Sustainable Development and Northern Region Development (MTESDNRD)**; however, a complex institutional system has been put in place with a clear division of competences between institutions involved in environment and climate change policy making and enforcement (there are 25 institutions with different types of competences), namely:

- The Ministry of Tourism, Ecology, Sustainable Development and Northern Region Development (MTESDNRD) is the institution holding primary responsibility for the transposition of the EU legislation and monitoring the implementation of national legislation.
- The Environment Protection Agency of Montenegro (EPA) is responsible for monitoring and reporting on environmental issues.
- The Ministry of Agriculture, Forestry and Water Management (MAFWM).
- The Ministry of Interior (MI)'s Directorate for Emergency Situations is responsible for risk management, disaster protection and rescue management, and the management of the recovery of disaster consequences.

Other Line Ministries:

- Ministry of Health (MH) – responsible for drinking water quality and health related advice to the public regarding the air quality issues, as well as the management of medical waste.
- Ministry of Economic Development (MED) - with competences over industry, market control.
- Ministry of Energy and Mining - whose competences over energy and energy efficiency, mining and mining waste often intersect with environment protection.
- Ministry of Finance (MF) - responsible for the Public Finances and sharing competencies related to the INSPIRE Directive and with the Real Estate Administration (also responsible for establishing the national geospatial data infrastructure (NGDI)).
- Ministry of Justice (MJ) - is generally in charge of law enforcement, in particular for the protection of environment through criminal law.
- Ministry of Capital Investments - responsible for establishing indicators, prevention and taking emergency measures in case of marine pollution from vessels, marine fuels, noise action plans for major roads, emissions from cars and vans.
- Environmental Inspection and Supervision is carried out by a single inspection body: the Directorate for Inspection Affairs.

Other important stakeholders include national agencies, local authorities and other eligible organisations as follows:

- Capital Projects Administration (CPA)
- MONSTAT
- Administration for Inspection Affairs of Montenegro
- Institute of Hydro-meteorology and Seismology (HMS)

- Institute of Public Health
- PC National parks of Montenegro
- Administration for Food Safety, Veterinary and Phytosanitary Affairs
- Forest Administration
- Water Administration
- Real Estate Administration
- Customs Administration
- Working group for negotiation for Chapter 27

At the local level, Municipalities (LSUs local self-units) - in Montenegro deal with environmental issues like municipal waste management, water supply and waste water treatment by means of Public Utility Companies (ViKs). Additionally, municipalities are in charge of:

- Maintaining local registers of polluters and perform EIA and SEA procedures for projects and plans or programmes of local significance;
- Promulgation and protection of the protected areas (III regime);
- Acoustic zoning and noise mapping for agglomerations;
- Construction of infrastructure, obtaining of technical requirements and provision of public utility services in the sectors of water supply, waste water management, communal (municipal) waste management, public lightening, public transportation, etc.

All of these stakeholders are coordinated, from an EU accession negotiation aspect, by MTESDNRD through the Working group for EU accession negotiations under chapter 27. MTESDNRD is also the first competent authority for implementation of obligations stemming from the majority of international agreements in the area of environment, for monitoring investments in the area of environment and for cooperation with international financial institutions and EU funds in implementation of projects in the area of environment and utility services.

A preliminary work force analysis of MTESDNRD, based on the Rulebooks of internal systematization and organization, shows it is under-staffed, with 42 positions covered out of 59 envisaged:

Ministry of Environment, Spatial Planning and Urbanism. Total: 42 employees, 59 envisaged*

- | | |
|---|----------------------------|
| • Directorate for Projects, IPA unit: | 6 employees, 7 envisaged |
| • Directorate for International Cooperation and EU Integration: | 6 employees, 9 envisaged |
| • Directorate for Ecology and Climate Change: | 22 employees, 29 envisaged |
| • Directorate for Nature Protection: | 8 employees, 14 envisaged |

Note (*): Positions envisaged refers to positions foreseen in MTESDNRD's internal organization and systematization, where the different positions in the Ministry are listed with their job descriptions. All positions in the systematisation have an available budgetary commitment for staffing.

Given the existing quantitative and qualitative capacities of the Environment and Climate Change institutions, including municipalities, Montenegro will need to increase its administrative capacity in order to implement all the activities foreseen in the Action Plan for the Fulfilment of Closing Benchmarks in Chapter 27.

In this regard, the Plan for the Reorganization and Strengthening of Administrative Capacities for the Sectors of Environment and Climate Change in Montenegro for the period 2017-2020 recognized the need to establish a quality administrative system that will be ready to respond to the requirements of the entire process of harmonization of national legislation with the EU *acquis* in the field of environment and climate change and its adequate implementation.

Beside the formal workload (a large number of obligations related to a large number of regulations in the area of EU *acquis* compared to the small number of employees), a considerable imbalance is also noticed in the workload of employees within single institutions. A preliminary analysis showed that one of the main problems is not only an insufficient number of employees but also an insufficient number of employees who work properly. For this reason, it is important to ensure a more efficient organization of the employees and the concentration of existing administrative capacities with specific expertise in competent environmental institutions. The assessment carried out for preparing this OP reveals the need for the continuous improvement of competences and the teams' performance of Chapter 27 Institutions. Given the limitations of the National Budget, additional support for capacity will be required from IPA funds.

All this process must be done in close coordination with the Action Plan for the Fulfilment of Closing Benchmarks in Chapter 27, and particularly with regard to **closing Benchmark number 8: "Montenegro, in line with the Action**

Plan for the transposition, implementation and enforcement of the EU acquis on environment and climate change, significantly enhances the capacity of the administrative bodies at all levels, including inspection services, further improves coordination of work and demonstrates that all appropriate administrative structures and adequate training will be in place in good time before accession to enable implementation and enforcement of the acquis in all sectors of this chapter”.

2.4. Sector(s) and donor coordination

The overarching coordination body for Environment is the **National Council for Sustainable Development (NCSD) and Climate Action**. The mandate of the National Council for Sustainable Development from the **President of the Government of Montenegro** includes monitoring the National Strategy of Sustainable Development (NSSD) implementation and provision of advice on various legal, strategic and planning documents related to sustainable development.

According to the Decision on amendments to the Decision on establishment of National Council for Sustainable Development, the representatives of the following institutions are delegated as members of the National Council for Sustainable Development:

- Minister of Ecology, Spatial Planning and Urban Planning
- Minister of Foreign Affairs
- Minister of Justice, Human and Minority Rights
- Minister of Economic Development
- Minister of Capital Investments
- Minister of Finance
- Minister of Agriculture, Forestry and Water Management
- Minister of Education
- Minister of Science and Technological Development
- Minister of Culture and Media
- Minister of Sports and Youth
- Minister of Public Administration
- Minister of The Interior
- The Minister of Defence
- Secretary General of the Parliament of Montenegro
- Chief Negotiator of Montenegro with the European Union
- Director of the Environmental Protection Agency
- Director of the Department of Hydrometeorology and Seismology
- Director of the Environmental Protection Fund of Montenegro
- Director of the Innovation Fund of Montenegro
- Director of the Investment and Development Fund of Montenegro
- Director of the Public Enterprise for Management of the Maritime Domain of Montenegro
- Director of the Statistics Directorate
- Secretary General of the Community of Municipalities of Montenegro
- One president of a registered association of employers in Montenegro
- One general secretary of a trade union organization in Montenegro
- One rector of a licensed university in Montenegro
- One representative of foreign investors
- One representative of the banking sector
- Three representatives of non-governmental organizations (representative of youth associations in Montenegro, representative for ecology and representative for economics and sociology)
- Director General of the National Public Broadcaster Radio and Television of Montenegro
- Three independent experts (in ecology, economics and sociology)

On operational level, the main sectoral coordination mechanism is the **EU accession negotiation group** for Chapter 27 – Environment and climate change which is established by the Government of Montenegro and consists of 35 members representing state authorities, universities, NGOs, Labour unions, Union of Employers.

Furthermore, non-state actors (NGOs, universities) are involved through regular public consultations during the drafting of relevant sectoral and sub-sector strategies and legislation. **Level of ownership is satisfactory**, with highly recognized willingness for further capacity building and creating a sustainable structure.

Coordination for Project Pipeline:

The **Single Project Pipeline (SPP)** was introduced in 2015 and is managed by the Secretariat for Development Projects (SDP). Following a specific methodology, it has already identified a long list of projects within the Environment sector. After the last update of the list in 2022, the SPP in Montenegro for Environment is made of 81 projects, grouped as follows:

Sub-Sector	Total n. Projects	1a	1b	1c	2a	2b	2c
Water supply	19	4	3	1	1	7	3
Waste Water	27	4	3	5	1	9	5
Waste Management	20	4	3	0	5	3	5
Flood protection	8	1	3	2	1	1	0
Nature Protection	6	0	1	0	4	0	1
Civil protection	1	1	0	0	0	0	0
Total	81	14	13	8	12	20	14

Note: SPP Maturity codes:

Group 1 – Ready for tendering and investment realization

Group 1a – projects with prepared technical documentation, ready for tender preparation or tendering;

Group 1b – projects with preparation of technical documentation ongoing, and ready for tendering when it is finished,

Group 1c – projects with preparation of technical documentation ongoing, with some final approvals/permits are missing;

Group 2 – Ready for preparation of technical documentation;

Group 2a – projects with completed spatial planning documentation and property-related issues resolved

Group 2b – projects with spatial planning documentation completed and resolving of property-related issues ongoing or property-related issues unresolved;

Group 2c – projects with gaps in spatial planning documentation and resolving of property-related issues ongoing or property-related issues unresolved.

Coordination with International Financial Institutions:

As regards international financial institutions:

To date, the **European Investment Bank (EIB)** has supported the economic and social development of Montenegro with close to €1 billion invested in Montenegrin small businesses and the development of a green and sustainable national transport network. EIB Global plans to continue supporting the development of sustainable transport, healthcare, water and education infrastructure.

On behalf of the German Federal Government, **KfW** is cooperating with Montenegro in the following fields:

- Climate and Energy, Just Transition
- Conserving nature and natural resources, protecting life on Earth

KfW has financed the energy-efficient refurbishment of public buildings in the social, administrative and school sectors. Under the first two phases of the “Energy Efficiency in Public Buildings” programme 36 buildings have already been renovated to improve energy efficiency for a cost of around EUR 35 million. A third phase with funding in the amount of EUR 50 million started in 2021. KfW is also financing the modernisation of the two hydropower plants Perucica and Piva, which play a central role in Montenegro’s energy supply. In the field of water supply and waste water management, KfW has supported infrastructure development for Montenegrin coastal communities (Bar, Herceg Novi, Kotor, Tivat and Ulcinj) and in Podgorica since 2001.

EBRD supports sustainable tourism and associated environmental and infrastructure needs.

Experience to date suggests that it **reinforcement of formal coordination structures is needed by making the link between MTESDNRD, local governments and international financial institutions**, available EU funds, as well as the competent institutions of the countries with which bilateral cooperation has been established. Another important tool for donor coordination is the Western Balkans Investment Framework (WBIF) which is used by the environment sector to strengthen coherence and synergies in donors’ support.

Coordination with other donors:

UNDP has been active in the area of environmental remediation and the transition towards a low-emission and resource-efficient economy, and **OSCE** in environmental awareness raising and implementation of procedures related to environment impact assessment.

In cooperation with the United Nations System in Montenegro, an analysis was developed for the establishment of a Mechanism for Donors Coordination. The General Secretariat was suggested as one of the key parts of this future mechanism. In this regard, the Office for Sustainable Development in the General Secretariat of the Government would have the role of coordinator, while the National Council for Sustainable Development will act as umbrella body, in cooperation with the Strategic Planning Sector in the General Secretariat of Government and the Cabinet of the Prime Minister. In addition, the Office for Sustainable Development is currently working on collecting information on donor support.

2.5. Mid-term budgetary perspectives

In accordance with the Law on Budget and Fiscal Responsibility, the **medium term budgetary framework is defined through adoption of two strategic documents:**

The main strategic document is the **Fiscal Strategy** which is proposed by the Government and adopted by the Parliament at the beginning of term of the Government for the duration of its term (4 years). This document defines the main fiscal goals to be achieved in the midterm and represents the basis for the planning of the midterm and annual fiscal policies. In 2016, the Fiscal Strategy 2016-2019 was officially enacted. It was revised by the Fiscal Strategy 2017-2020 passed by the Montenegrin Parliament on July 26, 2017. The next Proposal of the Fiscal Strategy for the Period 2021-2024 was adopted by the Montenegrin government during its 46th session held on November 12, 2021. Fiscal policy as the main instrument of economic policy, in the period 2021-2024, is aimed at creating conditions for macroeconomic stability and fiscal sustainability, in order to ensure the long-term sustainability of Montenegro's public finances after the pandemic and provide full support to economic growth. The effects are reflected in the reduction of public finances in the short term, with continuous growth of budget revenues, optimization of current budget spending and increasing funds for capital projects, which will contribute to achieving dynamic economic growth rates of over 5% on average in the period 2022-2024, as well as employment and wage growth.

In accordance with the Fiscal Strategy and defined midterm fiscal goals, the Government annually adopts the **Fiscal Policy Guidelines**, which refer to a three-year period and contain: medium-term strategic objectives of the economic and fiscal policy, basic macroeconomic and fiscal indicators and projections, spending ceilings, level of gross wages and other personal earnings, expenditures for pension and disability insurance, and other expenditures for social protection. The Guidelines represent a strategic document which defines the main fiscal goals which are planned to be realized in the midterm and a basis for the annual budget planning.

The **spending ceiling** determines a maximum level of the budgetary expenditures which is mandatory for the annual budget law for the first year and indicative for second and third fiscal year. The spending ceiling shall be determined as the sum of the spending ceiling for the current budget, budgets of state funds, capital budget and budgetary reserve. The growth rate of the spending ceiling for the current budget and budget of the state funds must be less than the planned real GDP growth rate and for the capital budget and budgetary reserve it cannot exceed the nominal GDP growth rate.

The **spending ceiling** is determined by the Fiscal Responsibility Criteria i.e. fiscal rules which represent numerical limits of the budgetary aggregates. Fiscal rules are related to: achievement of the primary budget surplus, balanced level of current expenditures and transfers in comparison to current revenues and donations, containing the level of the budget deficit **below 3% of GDP and maintaining the level of the public debt below 60% of GDP.**

Domestic expenditures on environmental protection

Environmental protection expenditures in Montenegro have been financed from the **state budget, municipal budgets and international sources** (loans and grants). An environmental fund was created according to the Law on Environment as an additional source of financing, but its capacity to leverage funding is very limited so far.

The Law on Environment provides for the possibility of financing environmental protection measures from private sources through concession systems, public-private partnerships and other instruments based on separate regulations. This option has been partly used as regards concessions for use of natural resources, such as water and forests, where revenue collected is earmarked for the financing of environmental expenditures, notably infrastructure investments. There is no published information on environmental protection expenditures in industry and other sectors of the economy.

State budget funds

State (i.e. central government) budget funds allocated to environmental protection have remained relatively modest. A large part of these funds was used to finance current and capital expenditures of government environmental institutions, such as the MTESDNRD and the EPA. The Government has also provided funds for the cofinancing of projects financed by foreign loans and grants. The significant fiscal consolidation started by the Government focuses mainly on reducing public expenditures and thereby the budget deficit, which increased in the wake of the COVID pandemic crisis. This also led to restraint in operations and maintenance costs and the budget for investments in the environmental domain.

The application of environmental policies brings significant challenges, particularly in terms of the financial resources required for constructing and maintaining ecological infrastructure, as well as addressing pollution and natural resource degradation. It shall be emphasized that according to the **Assessment of Financial Needs** (adopted by the Government in December 2021) of the Action Plan for the Fulfilment of Closing Benchmarks in Chapter 27 - Environment and Climate Change, **the cost of alignment with EU Acquis will be EUR 482 996 838**.

These capital needs are clearly unachievable with the limited resources available for Environment Policy Area in the Central government budget. Consequently, it will be necessary to combine it with Grants from EU and other donors, as well as loans from IFIs in a framework of Public-Private Partnership.

The information in the table below includes the most recent figures from the 2023 budget for the relevant institutions:

<i>Institution</i>	<i>Budget 2023 (EUR)</i>
MTESDNRD: Including the following directorates:	8 292 893.80
• <i>Directorate for Projects</i>	
• <i>Directorate for International Cooperation and EU Integration</i>	
• <i>Directorate for Ecology and Climate Change</i>	
• <i>Directorate for Nature Protection</i>	
<i>Environmental Protection Agency (EPA)</i>	2 183 263.1
<i>Ministry of Agriculture and Rural Development Directorate for water</i>	52 643 562.78
<i>Forest Administration</i>	5 955 946.89
<i>Capital budget for environment (investments)</i>	16 370 487.00
TOTAL	85 446 154.28

Municipal budget funds

Local self-governments are responsible for the organization of utility services, notably, water supply and wastewater services as well as municipal waste management. This also includes the responsibility for the creation and maintenance of an adequate infrastructure for the provision of these utility services. Municipalities finance their activities from a range of local taxes and revenue-sharing arrangements for some national taxes. A mechanism for transferring funds from economically stronger municipalities to poorer municipalities – the so-called Equalization Fund – is in place. The Law on Environment stipulates that local self-governments may raise a special levy for financing environmental protection. There is a corresponding reference in the Law on Local Self-Government Financing, but no existing secondary legislation specifies the modalities for the introduction of such a fee; for this reason, municipalities are not introducing the fee.

Table: Expenditures in the water supply and sewerage, and waste sectors, € million

2016	2017	2018	2019	2020	2021	Total
6.4	3.0	8.3	6.4	7.4	8.3	153.9

Source: Statistical Yearbook of Montenegro, MONSTAT

In addition, in 2022 the total expenditures for the municipalities amounted to € 328.1 million (5.8 % of GDP), out of which € 35.4 million (0.6% of GDP) are repayment of liabilities from the previous period. Furthermore, the total expenditures in the central level amount to € 2.70,6 million (39.8% of GDP).

Municipalities' capacity to engage loans from IFIs:

On the basis of Article 22 paragraph 3, Article 24 paragraph 3 and Article 25 paragraph 3 of the Law on Local Self-Government Financing ("Official Gazette of Montenegro No. 003/19"), the Regulation on the Method of Withdrawing and Refunding Resources from the Municipal Support Fund for pre-Financing Donor Projects was adopted ("Official Gazette of Montenegro", no. 010/19 of 13/02/2019). This Regulation prescribes detailed procedures for the withdrawal and refund of resources from the Fund, as well as the methods for keeping records of their use.

Furthermore, according to Article 9 of the Law on the Budget of Montenegro for the year 2023 ("Official Gazette of Montenegro" No. 152/22), the following is prescribed: "The funds for the Municipal Support Fund for pre-Financing Donor Projects will be secured in the state budget in an amount of up to 1.5 million euros."

The municipality's annual budget deficit cannot be greater than 10% of its total revenue. The municipality can request approval from the Ministry of Finance to exceed this limit if the purpose is to finance capital expenditures. Hence, municipalities are permitted to use funds from the Ministry of Finance's pre-financing fund.

Even though a certain number of municipalities have reached the upper limits of their borrowing capacity, the right to withdraw funds from the Support Fund belongs to the municipality that signed a contract for implementing projects that are important to the municipality, namely for the state as a whole with the donor or the leading partner in the project. The municipality is obliged to return resources to the Support Fund, after reimbursement from the donor or leading partner, and no later than within 12 months from the date of withdrawal of resources from the Support Fund.

Apart from the recent shortage of their own financial resources, **municipalities have only rather limited capacities** for managing the budgeting cycle for infrastructure projects, notably as regards budget preparation, planning and implementation, and financial reporting.

Eco Fund:

The Eco Fund was established by the Decision of the Government of Montenegro in November 2018 with the purpose to act as a central national institution for financing and providing technical support to projects / programmes in the field of the environment, climate change and energy. The "polluter pays" principle is one of the economic instruments by which the Eco Fund will collect funds and promote the reduction of environmental burdens. In addition to these financial instruments, the Fund's revenues for the financing of environmental protection and energy efficiency are provided from: the state budget, fees, loans and donations, instruments, programs and funds of the European Union, the United Nations and other international organizations.

The Fund collects and invest funds in order to provide grants, subsidies, loans to the public and private sectors, as well as non-governmental organizations and citizens. On the basis of Article 77 of the Law on Environmental Protection, Article 5 of the Regulation on the Amount of Fees, Method of Calculation and Payment of Fees Due to Environmental Pollution and Article 18 of the Law on Administrative Procedure, the Environmental Protection Agency issues decisions on the basis of which revenues are generated, recorded by type of fees: fee for importing substances that affect the ozone layer, fee for releasing pollutants into the air, fee for creating and depositing hazardous waste.

Furthermore, within the scope of other income from businesses, income is realized on the basis of the Regulation on activities that emit greenhouse gases, for which a permit for the emission of greenhouse gases is issued, fee for the transfer of emission credits in the amount of 0.1 % of the minimum price of the emission credit, which is €24/tCO₂.

Based on the financial statements provided by Eco Fund (ENVIRONMENTAL PROTECTION FUND LLC) for the year 2022, the present value of the Fund's Assets is 462 342 euros and the budget collected from different sources during 2022 was 486 075 euros. These **figures show the limited capacity of the Eco Fund to generate enough resources so far, for the significant challenges faced by Environment Sector in Montenegro.**

2.6. Performance assessment framework

Environmental monitoring

Montenegro has made notable strides in the last years on environmental monitoring. **The Environmental Protection Agency (EPA) has taken control over most of the monitoring activities** and made efforts to

strengthen the various monitoring networks and to organize them in accordance with the latest international practice. At the same time, the legal framework requires amendments to improve the functioning of the networks.

Monitoring activities are carried out based on the annual monitoring programmes prepared, in the majority of cases, by the EPA for approval by the Government, with a dedicated capital budget (see chapter 2.5. Mid-term budgetary perspectives).

According to the Law on the Environment, the EPA is responsible for the preparation of environmental reports and contributions to international requests via the following publications:

- **National Information on State of Environment (SOE)– annually** (<https://epa.org.me/informacije-o-stanju-zivotne-sredine/>)
- **Monthly reports on air quality** (<https://epa.org.me/mjesečni-izvještaji-o-kvalitetu-vazduha/>)
- **Indicator-based State of Environment Report (SOER) – every four years** (<https://epa.org.me/izvještaj-o-stanju-zivotne-sredine-na-bazi-indikatora/>)

Note: Historical records since 2009 of Environmental Monitoring reports are available at EPA's website: <https://epa.org.me/>

The Law on the Environment stipulates the mandatory drafting of a State of Environment Report (SOER) of Montenegro for a period of four years, based on the National List of Environmental Indicators adopted by the Government. Montenegro adopted the list of National Environmental Indicators of which are provided in the State of Environment Report:

Air: <ul style="list-style-type: none"> • Va01 Air Quality In Urban Areas • Va02 Emissions Of Acidifying Gases • Va03 Emissions Of Ozone Precursors • Va04 Emissions Of Primary Suspended Particles And Precursors Of Secondary Suspended Particles 	Land Waters: <ul style="list-style-type: none"> • V01 Nutrients In Surface Waters. • V02 Biochemical Oxygen Consumption • V03 Surface Water Quality Index • V04 Quality Of Drinking Water 	Climate Change: <ul style="list-style-type: none"> • Kp01 Annual Air Temperature • Kp02 Annual Amount Of Precipitation • Kp03 Consumption Of Substances That Damage The Ozone Layer • Kp04 Gas Emission Trend Of The Glass Garden 	Land: <ul style="list-style-type: none"> • Z02 Change Of Land Use
Agriculture: <ul style="list-style-type: none"> • P02 Plant Protection Consumables • P03 Areas Under Organic Agriculture 	Energy: <ul style="list-style-type: none"> • E01 Consumption Of Primary Energy By Energy Sources • E02 Consumption Of Final Energy By Sectors • E03 Energy Intensity 	Tourism: <ul style="list-style-type: none"> • T01 Tourist Arrivals • T02 Tourist Overnight • T04 Number Of Tourists On Round Trips 	Traffic: <ul style="list-style-type: none"> • S01 Passenger Traffic • S02 Freight Traffic • S03 Average Vehicle Fleet Age • S04 Number Of Motor Vehicles
Fisheries: <ul style="list-style-type: none"> • R01 Estimation Of Biomass Of The Fish Stock And Allowed Catch Quotas • R02 Production Assessment In Mariculture • R03 Capacity Of The Fishing Fleet 	Waste Management: <ul style="list-style-type: none"> • O01 Quantities Of Produced Municipal Waste • O02 Quantities Of Produced Industrial Waste • O03 Quantities Of Hazardous Waste Produced 	Biological Diversity: <ul style="list-style-type: none"> • B02 Representation And Status Of Selected Species • B03 Dry Trees In Forests • B04 Number And Dynamics • B06 Forest Fires • B07 Protected Areas 	Sea: <ul style="list-style-type: none"> • M02 Chlorophyll In Transitional, Coastal And Marine Waters • M03 Nutrients In Transitional, Coastal And Marine Waters • M04 Trophic Index (Trix Index) • M05 Degree of Oxygen Saturation of Transitional, Coastal and Sea Waters

The first indicator-based State of Environment Report was produced in 2013, and the most recent available report covers the period 2017-2020. The assessed situation is currently not linked to policy development and its application.

The report addresses the following themes and sectors: air, water, Climate Action, agriculture, energy, tourism, transport, fisheries, waste, biodiversity and marine ecosystem.

Additionally to the Environmental Monitoring system described above, **each of the Sub-sector strategies** mentioned in the chapter “2.1. National sectoral policies and context” have their own monitoring and evaluation mechanisms.

Furthermore, Montenegro is developing its capacities for **EIONET** with the support of IPA 2021, having as a goal the establishment of a fully operational Environmental Information and Reporting System, including the provision of effective Geographic Information System (GIS) and Capacity Building Plan.

Regarding the **INSPIRE** Directive, with IPA 2021 support, Montenegro will improve its Spatial Data Infrastructure (Geoportal) in order to standardize and make available geospatial information. However, further investments will be required in for achieving a full digitalisation of Environmental information and management systems in Montenegro (i.e. development of metadata catalogue).

Regarding IPA Monitoring, the Operational Programme 2024 – 2027 will introduce a performance monitoring system. It consists of the IPA Monitoring Committee and the Sectoral Monitoring Committee. The IPA Monitoring Committee is established to ensure coherence and coordination in the implementation of IPA.

The Sectoral Monitoring Committee will be established respecting the Partnership Principle as established in the European Code of Conduct on Partnership - ECCP (Commission Delegated Regulation 240/2014), paving the way for Cohesion policy requirements.

The tasks of the Sectoral Monitoring Committee include, among others:

- Reviewing at each meeting the progress towards achieving the specific targets of the Operational Programme on the basis of documents submitted by the operating structure
- Examining at each meeting the results of implementation, particularly the achievement of the targets set for each priority axis and measures and interim evaluations. The shall carry out this monitoring by reference to the indicators agreed
- Examining the sectoral annual and final reports on implementation, including OP summary tables;

The qualitative and quantitative progress made in implementing the OP as well as its efficiency and effectiveness will be measured by the use of evaluation and monitoring indicators related to the results and outputs of the individual measures.

2.7. Socio-economic analysis (including SWOT analysis)

With its geographic position, climate and spatial characteristics, as well as the distribution of its natural resources, Montenegro is in many ways an exceptional country within the continent of Europe. Accordingly, the Parliament of Montenegro adopted the Declaration on the **Ecological State** of Montenegro in 1991, and Montenegro was established as an ecological state under the Constitution of 1992 and the Constitution of 2007. This clearly identified state-level declaration shows unequivocal support to sustainable development. This was further emphasised by the introduction of the guidelines provided under the Law on Environment in 1996, repealed by a new Law on environment (2016) and the National Strategy for Sustainable Development, updated by the Government of Montenegro until 2030.

It has been recognised however that there are some important environmental problems that need to be addressed, especially in the field of waste and water management and nature protection. The **most important pressures** on the environment include pollution (emissions, waste water, solid waste), the use of natural resources, intensive and imbalanced development of certain sectors (tourism, urban development etc.) and the conversion of natural habitats into semi-natural and artificial ones. Furthermore, Montenegro is located in one of the areas that are more vulnerable to Climate Change impacts, and adaptation to these conditions necessitates building resilience and strengthening of disaster risk management.

As regards the ability to assume the obligations of EU membership, Montenegro has undergone an intensive process of aligning its national legislation with that of the EU *Acquis*. While these efforts cover all 33 negotiating chapters, particular efforts will be needed in the area of Environment and Climate Change (Chapter 27), as alignment in these areas requires substantial investments and institutional capacity. In addition to legislative alignment, Montenegro has to build up the administrative capacity needed to ensure proper implementation of EU legislation. The main weaknesses identified are the lack of **strategic planning and underdeveloped infrastructure**.

The national sectoral and cross-cutting strategies are also relevant for implementation of 2020 EU enlargement policy, which outlines that important work on alignment and preparation for the implementation of the EU *acquis* has taken place in most areas and that looking ahead, Montenegro should focus on further strengthening the administrative capacity for ensuring the application of the EU *acquis* and also addresses key issues identified in EC Montenegro 2022 Report.

According to Montenegro EC Progress report for 2022, significant efforts are still needed on implementation and enforcement, in particular on waste management, water quality, nature protection and climate change. Montenegro should considerably step up its ambitions towards a green transition.

Below is presented a brief analysis of the specific context of the Environment Sector in Montenegro, with special focus on **Water and Waste Management at municipal level, given their relevance in the Accession Negotiations, given their impact on the environment and given their importance in the Single Project Pipeline (more than 80% of the Single Pipeline projects are related to Municipal Water and Waste Management)**.

NATURE PROTECTION IN MONTENEGRO

The territory of Montenegro is characterized by an extraordinary genetic and ecosystem diversity of species, which makes it one of the most important centres of biological diversity not only in Europe, but in the entire Palaearctic. Although biodiversity in Montenegro is not fully explored, given the available data of institutions, it can be claimed that the biodiversity of Montenegro is still preserved substantially, but there is also a growing trend of numerous direct pressures on biodiversity values. Some of the most important are: urbanization, pollution, infrastructure development, changing land purpose, excessive use of resources and climate change.

Currently, protected areas now cover 176 362 ha or 12.8 % of the territory, of which the largest part (101 733 ha or 7.32%) consists of 5 national parks: "Durmitor", "Skadar Lake", "Lovćen", "Biogradska gora" and "Prokletije". The remaining part is related to the 64 locations that are protected mainly on the "lower" level.

Table 1: Size and percentage of protected areas at national and international level

Level	Protected natural resource	Area
National level of protection	National parks	101.733 ha
	Nature monuments	13.638,54 ha
	Areas of special natural characteristics	354.7 ha
	Other protected areas - protected under municipal regulations	15.000 ha
	Strict nature reserves	650 ha
	Regional park	51.398
	Total under protected	176.362,0 ha
International protected area	Catchment area of the River Tara, M&B UNESCO biosphere reserve, including NP Durmitor with the River Tara Canyon	182.889 ha
	NP Skadar Lake and Tivat Saline - Ramsar site	20.150 ha
	Kotor - Risan Bay	15.000 ha
	Ulcinj Salina	1,477 ha

Direct factors endangering biodiversity in Montenegro:

The most important pressures for Nature Protection in Montenegro are explained below:

Changes to habitats

The accelerated development of tourism, particularly on the coast and in Podgorica, can lead to the loss, degradation and fragmentation of particular natural sites, particularly coastal and wetlands.

Modifications in the practice of the use of land, connected with urban development and tourism development, as well as introduction of new practice in agricultural production, may lead not only to the loss of natural and semi-natural habitats, but also to the loss of agricultural biodiversity, i.e. local varieties and breeds. The greatest danger for water and wetland habitats is created by eutrophication, which is a consequence of pollution from human settlements. It is considered that flora and fauna of the coastal zone are the most endangered in Montenegro.

Excessive exploitation:

The National Forest Policy underlines the importance of sustainable harvesting in the future and places an increasing emphasis on multiple use of forests, including the protection of biodiversity in forest ecosystems, protection of water zones, development of tourism and recreational activities.

Gravel exploitation in some areas (particularly in Lim and Moraca River Valleys) has a very distinct adverse impact on biodiversity.

Illegal hunting and fishing, as well as unplanned harvesting of forest and other fruit, can be additional threatening factors.

Utilization of natural waters for irrigation (mountain lakes) poses an additional threat to biodiversity.

Pollution

Freshwater and marine ecosystems are mostly polluted by wastewater and solid waste which not only harms organisms directly, but leads to accelerated eutrophication in these ecosystems. Industrial waste can also be discharged into waters and affect directly the functioning of ecosystems. Currently, there are only two municipal sanitary landfills and the rest of the waste in Montenegro is disposed on non-sanitary or unregulated disposal sites, and less than 7% of municipal waste is recycled.

Furthermore, there are locations in Montenegro with stored hazardous waste which is a direct threat to the Environment.

Climate change

Montenegro is an extremely sensitive territory to Climate Changes. It is expected that climate change in Montenegro will lead to the increase of temperature and a drop of precipitation, which will affect ecosystems and their biodiversity. The data on phenology of woody species indicate indirectly the presence of consequences of climate change on the productivity of some ecosystems in Montenegro.

Introduced invasive species

Systematic studies of invasive species in Montenegro have not been implemented, but some individual studies suggest the presence and expansion of introduced species, although there are no assessments concerning their impact on local ecosystems and autochthonous species.

Specific reference to Ulcinj Salina:

The Site on the South-East of Montenegro, by the Adriatic coast, close to the border with Albania, is the largest salina (saltpan) in the Adriatic. It was built in the 1930s, and salt production stopped in 2013. The Site is mostly covered by grassland, halophyte vegetation and reeds. Ulcinj Salina is the most important wintering, nesting and feeding site for birds on the eastern coast of the Adriatic and a key stopover site for birds migrating on the Adriatic Flyway. Overall, 252 bird species have been recorded in the Site, 20 of them globally threatened. In addition, one endangered amphibian (Albanian water frog), one reptile (European pond turtle) and one mammal (European otter) are present. Due to the stopping of salt production, the Site is at risk of losing the halophyte vegetation, which would be substituted with more common vegetation types, negatively affecting the biodiversity which it supports. It was designated as Nature Park in 2019.

CLIMATE CHANGE IN MONTENEGRO

Montenegro's level of alignment on climate change remains limited. Considerable work is still required to align with the EU *acquis*, such as to incorporate remaining elements of the EU Emissions Trading System (ETS), the Effort Sharing Regulation, the Governance Regulation and MRVA.

There is a **low level of awareness** in Montenegro about climate change. Only a small number of municipalities are implementing energy efficiency projects (mostly related to buildings in public sector, public lighting etc.), while only two municipalities reported they have a plan for low carbon development. However, Montenegro has adopted a basic legal framework for climate change and low carbon development with the Law on Environment, as well as the ratification of UN Framework Convention on Climate Change and the Kyoto Protocol and took part in the (COP26) in late 2021. Furthermore, as regards the obligation of reporting to the UNFCCC, the National Inventory Report 2023 was submitted on 5 April 2023.

The energy sector, comprising energy supply and consumption in the transport, residential and service sectors, has the highest share in GHG emissions, accounting for 68 per cent of the total emissions. This is followed by industry (20 per cent), agriculture (10 per cent) and waste (2 per cent) sectors. About 99 per cent of emissions from the industrial sector originated from the Aluminum Plant Podgorica (KAP).

Although Montenegro has a high potential for renewable energy, only hydropower is used for electricity production in considerable quantity, and biomass for heating purposes. The country faces challenges to increase renewable energy sources. These include improving conditions for investors in renewable electricity production and implementing needed grid improvements.

Steps have been undertaken to increase **energy efficiency** in the construction sector, mainly for new buildings. At the local level, these steps have led to some changes, such as increased efficiency of public buildings and lighting. The process of legalization of illegal settlements can be used as a trigger for improving efficiency standards of existing buildings.

Regarding Climate Change adaptation, Montenegro is prone to several natural hazards including floods, drought, heavy rainfall/snowfall, wind storms, heat waves, landslides, avalanches, forest fires, airborne sand from deserts and some epidemics. There is a clear trend of increasing temperature and summers have become very hot. In contrast there is no clear trend showing changes in annual precipitation except in the north-eastern parts of Montenegro (Bijelo Polje) where rainfall has increased slightly and the coast where rainfall has slightly reduced.

Flood waves have become more frequent and stronger in Montenegro due to an increased intensity of rainfall and a change in the type of precipitation. Specifically, during the cold months of the year, when precipitation is the largest in the upper reaches of major river courses (which are mostly mountainous), rainfall usually occurs in the

form of snow. Over the past twenty years, due to warming and higher temperatures, there is reduction of snow, so with the same volume of precipitation there is a more water in the lower courses of rivers, and an increased risk of flooding.

Some progress has been made to integrate **climate change adaptation into sectoral policies**, mainly in the forestry sector. At national level, the institutional framework of drought/flood risk assessment is currently in the process of being defined. The process of drought/flood risk assessment at national level in Montenegro is organized across different fields and different administrative levels and could be strengthened by improving coordination among these entities. The priority sub-sectors for Climate Change adaptation are:

- water resources,
- public health,
- agricultural land,
- agricultural production,
- coastal areas and
- forestry.

With the support of the UNDP, Climate Change sensitivity analysis has been prepared in the fields of Agriculture, Water, Health and Tourism.

The Government is making efforts to raise public awareness on climate change-related issues. Official websites describe efforts on climate change and energy efficiency. At the local level, awareness is growing and has led to some changes, such as increased efficiency of public buildings and lighting.

MUNICIPAL WATER AND WASTE MANAGEMENT IN MONTENEGRO

Regional Approach

Montenegro is divided in Local Administrative Units (LAUs), i.e., Municipalities, and there is no division in territories units. A regional division of the country is presented in the Montenegro Spatial Plan until 2020 (of 2008) and includes

- Central region (Podgorica, Zeta, Danilovgrad, Niksic and Cetinje, Tuzi);
- Northern Region (Pluzine, Savnik, Zabljak, Pljevlja, Mojkovac, Kolasin, Bijelo Polje, Berane, Petnjica, Andrijevica, Plav, Gusinje and Rozaje);
- Coastal Region (the municipalities of Herceg Novi, Kotor, Tivat, Budva, Bar and Ulcinj).

Note: Zeta and Tuzi are two new municipalities which belonged before to Podgorica.

Figure 1: Regional Approach



The provision of communal services, including those of relevance for this project, is basically regulated by the national Law on communal services (OG of MNE, 055/16 and 074/16). With respect to the aforesaid law, communal services are “those services that are necessary for normal living and work activities of population and legal entities within territory of a local self-government unit (LSGU), as well as the maintenance of communal infrastructure and equipment”. The provision of communal services falls under the competence/responsibility of an individual LSGU, which, inter alia, includes the following communal services:

1. Public drinking water supply
2. Management of communal wastewaters
3. Municipal solid waste management

MUNICIPAL WATER MANAGEMENT

Municipal Water Supply

Public drinking water supply and urban wastewater management are closely interrelated and represent two parts of integral water services that are normally provided by a single municipal water utility company. Ideally, the user should be provided with a public water supply as well as wastewater collection and treatment. In reality, the service coverage of the public water supply is normally higher than the service coverage of wastewater collection and/or treatment.

There are three basic approaches in Montenegro for water supply:

1. Centralised, public water supply systems managed and operated by a municipal water utility company
2. Rural community water supply schemes, grouped or scattered, normally run by a nominated representatives of the local community, but not monitored/controlled by a municipal water utility company
3. Settlements/population with so called “individual supply” from local springs, intakes, wells, neither connected to public nor rural water supply systems

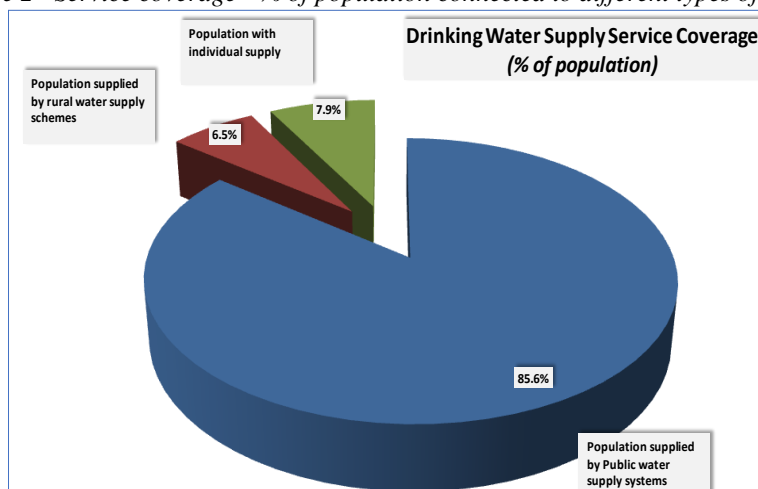
Main issues regarding drinking water supply services:

This section summarizes the current status of drinking water supply services/systems in Montenegro also with reference to the requirements set out in the relevant EU directive and corresponding national legislation, based on the **report “Revision of the Master Plans for Urban Wastewater Measures and Preparation of Directive-specific Implementation Plan for the Urban Wastewater Treatment Directive 91/271/EEC”**.

Service coverage – with public, centralised drinking water supply is currently around **85.6% which could be further improved**.

The following figure shows drinking water supply service coverage per local self-government unit.

Figure 2– Service coverage - % of population connected to different types of supply



Source: Report “Revision Master Plans for Urban Wastewater Measures and Preparation of DSIP for UWWTD”

There are significant regional differences in service coverage and level of services:

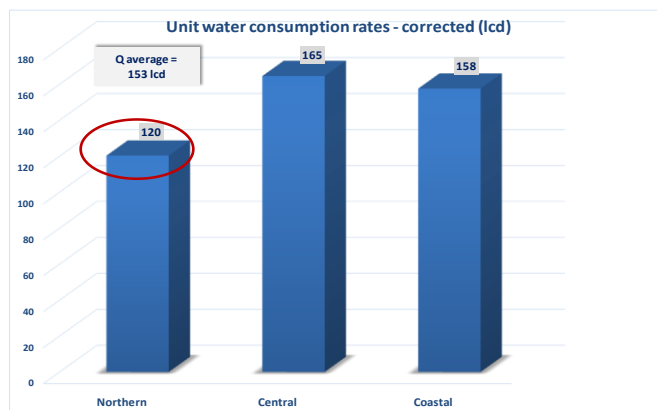
Table 2 – Drinking water supply service coverage per LSGU

No	Municipalities per regions	N _{pop 2015}	N _{population connected}	N _{legal entities - users}	N _{population connected - RURAL WS}	N _{population - INDIVIDUAL SUPPLY}	Service coverage - central (%)
1	Andrijevica	4,917	1,302	85	2,645	970	26.5%
2	Berane	27,753	24,295	772	1,388	2,070	87.5%
3	Bijelo Polje	44,510	23,973	889	9,306	11,231	53.9%
4	Gusinje	3,949	2,678	70	197	1,074	67.8%
5	Kolašin	7,830	5,044	175	392	2,394	64.4%
6	Mojkovac	8,156	5,737	194	514	1,905	70.3%
7	Petnjica	5,114			4,839	275	0.0%
8	Plav	8,799	6,337	155	440	2,023	72.0%
9	Pljevlja	29,047	21,458	728	4,969	2,619	73.9%
10	Plužine	2,885	1,716	40	450	719	59.5%
11	Rožaje	23,128	13,521	350	6,800	2,807	58.5%
12	Šavnik	1,817	993	30	784	39	54.7%
13	Žabljak	3,337	3,104	110	167	66	93.0%
14	Cetinje	15,998	15,455	400	543	0	96.6%
15	Danilovgrad	18,398	18,016	445	382	0	97.9%
16	Nikšić	71,166	68,914	1,168	1,290	962	96.8%
17	Podgorica	194,022	187,367	6,400	1,700	4,955	96.6%
18	Bar	43,359	30,623	2,118	1,300	11,436	70.6%
19	Budva	20,154	19,842	2,300	382	0	98.5%
20	Herceg Novi	30,755	29,998	1,490	382	375	97.5%
21	Kotor	22,640	20,647	936	453	1,540	91.2%
22	Tivat	14,386	13,960	560	426	0	97.0%
23	Ulcinj	20,039	17,478	921	601	1,960	87.2%
Sub-total Northern Region		171,242	110,158	3,598	32,891	28,192	64.3%
Sub-total Central Region		299,584	289,753	8,413	3,914	5,917	96.7%
Sub-total Coastal Region		151,333	132,548	8,352	3,544	15,241	87.6%
Total		622,159	532,460	20,336	40,350	49,350	85.6%

Source: Report "Revision Master Plans for Urban Wastewater Measures and Preparation of DSIP for UWWTD"

Regarding water consumption rate, the highest figures correspond to Central and Coastal while the Northern region shows a significantly lower rate compared with the other two regions.

Figure 3 Household unit water consumption rate per region (Litres per capita and day-lcd)

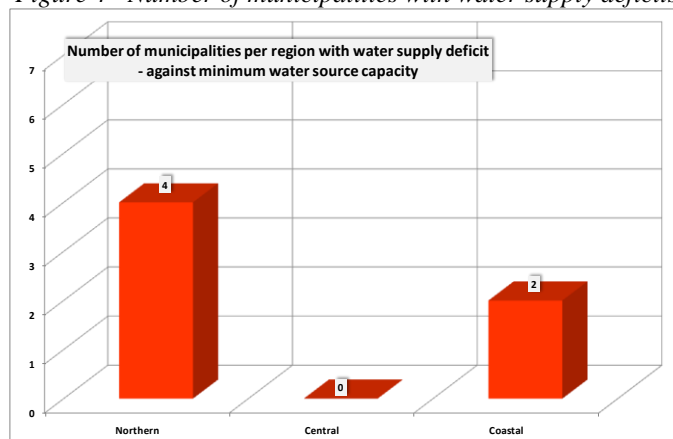


Source: Report "Revision Master Plans for Urban Wastewater Measures and Preparation of DSIP for UWWTD"

Water availability:

With regard to utilisation/availability of water sources (average abstraction/average capacity), it appears that the overall water source utilisation is 37% on average. Furthermore, at the regional level even for minimal seasonal capacity of water sources in each observed region, there is a surplus of available water source capacity. However, since water supply services are almost exclusively organised at the LSGU level (exception being the Regional Water Supply System for the Montenegrin Coast), the analysis of the available source capacities versus estimated maximum seasonal demand indicates deficits in a number of municipalities (four in the northern region and two in the coastal region Figure 4). The actual situation is even less favourable, taking into account seasonal (salinity) and continual non-compliance of water quality for certain municipalities, especially in the coastal region.

Figure 4– Number of municipalities with water supply deficits

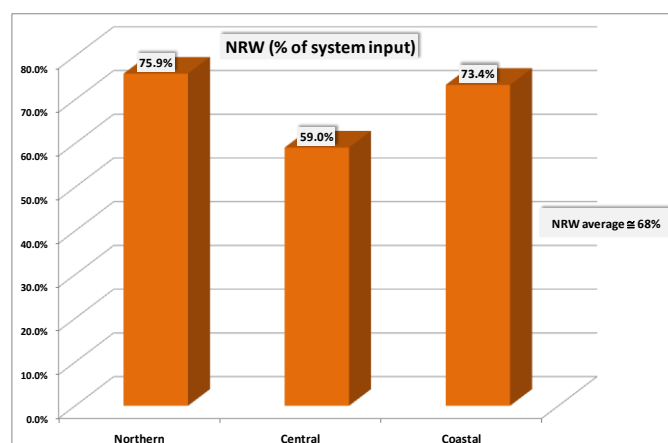


Source: Report “Revision Master Plans for Urban Wastewater Measures and Preparation of DSIP for UWWTD”

Water use efficiency:

Common for all communal water supply systems – very inefficient use of water resources and inefficient systems (high non-revenue water - NRW rates) resulting in higher O&M costs and inadequate level of services

Figure 5 – Recorded NRW in water supply systems per region (% of input)



Source: Report “Revision Master Plans for Urban Wastewater Measures and Preparation of DSIP for UWWTD”

Water Quality (WQ):

The Water Quality of monitored systems \approx 10% samples do not comply in terms of physicochemical and \approx 7% for microbiological parameters. The overall WQ non-compliance is around 15% - WQ compliance should normally be close to 100%. Critical WQ parameters are: turbidity, nitrites, residual chlorine, micro-biology, etc.

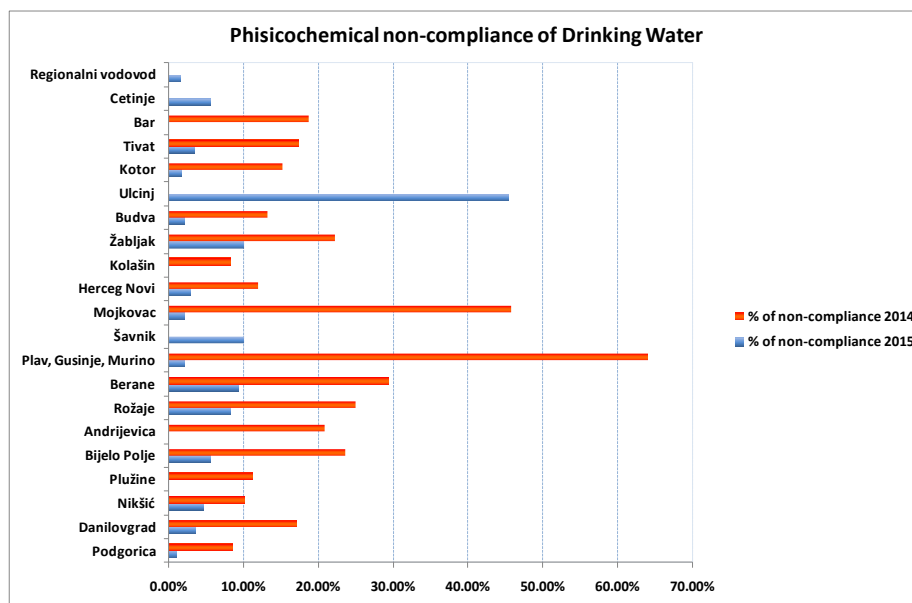
A Set of measures to improve WQ status shall be proposed (sources, treatment) but in order to ensure sustainability of the overall operation, the report “Revision of the Master Plans for Urban Wastewater Measures and Preparation of Directive-specific Implementation Plan for the Urban Wastewater Treatment Directive 91/271/EEC”, strongly recommended the introduction of complementary measures to improve water use efficiency, optimisation of costs and rehabilitation of critical parts of WS systems

Drinking water quality in centralised communal water supply systems in Montenegro is regularly monitored by accredited and authorised institutions/laboratories including:

1. The Institute for Public Health (national)
2. PUC Vodovod, Podgorica
3. Centre for Eco-toxicological Investigations, CETI
4. Public health centre, Bar

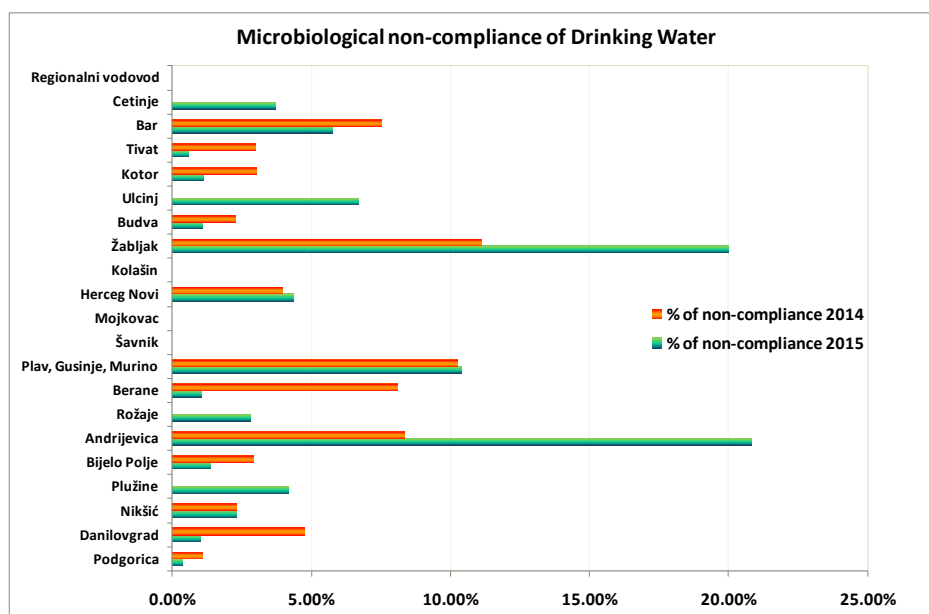
The records of water quality monitoring/analysis are kept by the municipality/system/supply zone, as presented in the following tables:

Figure 6 – Non-compliance of drinking water in terms of physicochemical parameters



Source: Report “Revision Master Plans for Urban Wastewater Measures and Preparation of DSIP for UWWTD”

Figure 7– Non-compliance of drinking water in terms of microbiological parameters



Source: Report “Revision Master Plans for Urban Wastewater Measures and Preparation of DSIP for UWWTD”

Protected zones:

Based on the overview of protected zones, around 55% of abstracted water for the public water supply comes from sources with the established source in protected zones. In terms of numbers, this statistics is less favourable, for only around 37% of water sources (in numbers), an adequate protected zone has been established.

Waste Water:

The management of communal wastewater is basically regulated by the Law on communal services (OG of MNE, 055/16 and 074/16) and by the Law on communal waste water management (OG of MNE, 002/17).

The basic structure/organisation of management of communal wastewater is LSGU-based; it is normally carried out by a water utility company founded by the LSGU, while some LSGUs decided to engage a private operator through a concession agreement to implement certain parts of WW management (example: the wastewater treatment facility in Budva).

Hereinafter is presented the key information related to the existing communal wastewater management in Montenegro, as well as some of the key performance indicators, according to the **report “Revision of the Master Plans for Urban Wastewater Measures and Preparation of Directive-specific Implementation Plan for the Urban Wastewater Treatment Directive-UWWTD- 91/271/EEC”**.

The current service coverage of population with WW collection services is very variable per municipality, while the overall national (average) service coverage is around 47% of the total population. However, in relation to population residing in areas that have been designated as agglomerations related to the UWWTD wastewater collection service coverage is much higher and reaches around 58% (Table).

In brief, the current status of wastewater collection services is quite diverse per municipality and in general these services are underdeveloped (low service coverage) - it is assessed that the current system requires substantial rehabilitation and upgrade and the current level of monitoring and control (operation of the systems, measurements of flows and loadings, etc.) is very low.

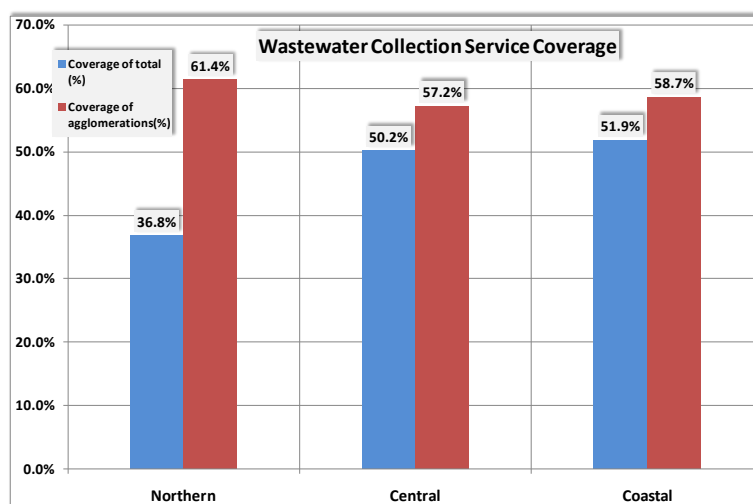
In accordance with the information provided by municipal water utility companies and relevant national institutions (MTESDNRD and MONSTAT), the overall length of existing WW collection networks (main sewers and collection network) is around 915km.

Table 3 – Wastewater collection service coverage

Administrative region	Population 2017 estimate (total) (#)	Population residing in agglomerations (#)	Population served by WW collection (#)	Service coverage in relation to total	Service coverage in relation to agglomerations
Northern	167,918	100,593	61,759	36.8%	61.4%
Central	301,559	264,577	151,362	50.2%	57.2%
Coastal	152,896	135,178	79,308	51.9%	58.7%
Total	622,373	500,347	292,429	47.0%	58.4%

Source: Report “Revision Master Plans for Urban Wastewater Measures and Preparation of DSIP for UWWTD”

Figure 8 – WW collection service coverage per region



Source: Report “Revision Master Plans for Urban Wastewater Measures and Preparation of DSIP for UWWTD”

With regard to urban wastewater treatment, there are seven sizeable operational wastewater treatment plants (Podgorica, Nikšić, Budva, Herceg Novi, Kotor-Tivat, Mojkovac and Žabljak). There are also several smaller treatment facilities that operate intermittently. Several sizeable urban wastewater treatment facilities are under construction; including Pljevlja and Berane or should be implemented in the short-term (Podgorica – new plant).

The overall capacity of the operational wastewater treatment plants is around 400,000 Population Equivalent (PE), and it is planned to be substantially increased in the coming years. However, the service coverage related to wastewater collection is insufficient; there is a significant mismatch between the service coverage in individual municipalities and available wastewater treatment capacities. Therefore, one of primary tasks related to urban wastewater management should be the further development of wastewater collection systems, coordinated with the development of wastewater treatment (and vice versa), which is both logistically and financially very demanding.

Assessment of the compliance with the UWWTD:

Summarising these results, it can be concluded that the obligations as regards collection (Article 3) are met for 55.8% of the total generated load, and 65.4% of the subjected/eligible load.

Regarding biological treatment (Article 4), the obligations are met for around 33% of the total generated load and 38.7% of the subjected/eligible load.

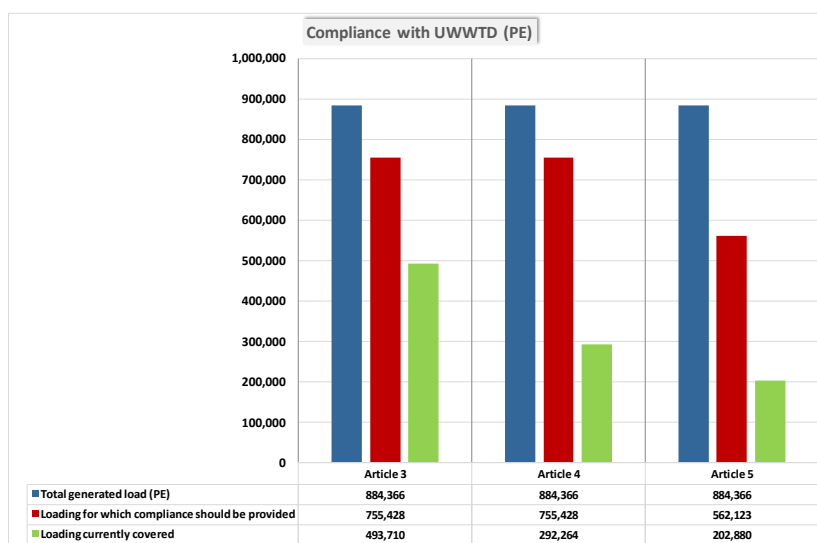
As regards more stringent treatment (Article 5), obligations are met for 22.9% of the total generated load and for 36.1% of the subjected/eligible load.

Table 4 – UWWTD - preliminary assessment of compliance/gaps

Article 3	Total generated load (PE)	Loading for which compliance should be provided	Loading currently covered	Compliance VS total load (%)	Compliance VS eligible load (%)
Typical loading (PE)	884,366	755,428	493,710	55.8%	65.4%
Article 4	Total generated load (PE)	Loading for which compliance should be provided	Loading currently covered secondary treatment	Compliance VS total load (%)	Compliance VS eligible load (%)
Typical loading (PE)	884,366	755,428	292,264	33.0%	38.7%
Article 5	Total generated load (PE)	Loading for which compliance should be provided	Loading currently covered with tertiary treatment	Compliance VS total load (%)	Compliance VS eligible load (%)
Typical loading (PE)	884,366	562,123	202,880	22.9%	36.1%

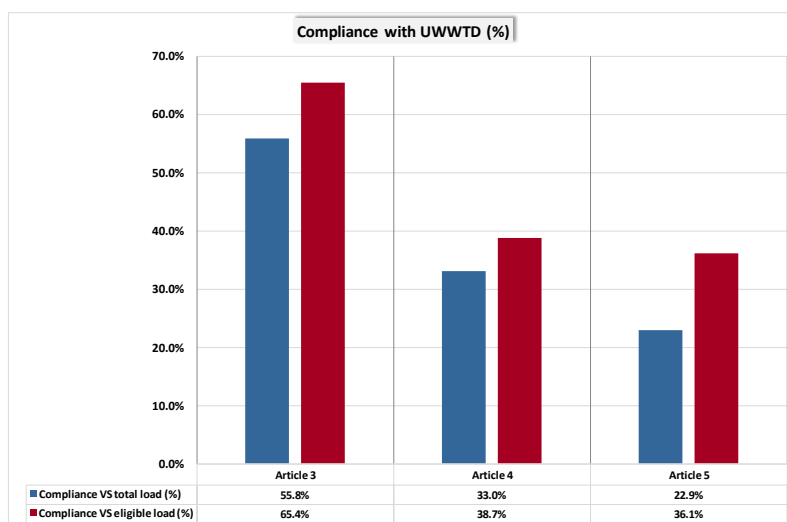
Source: Report “Revision Master Plans for Urban Wastewater Measures and Preparation of DSIP for UWWTD”

Figure 9 – Average compliance rates with the UWWTD, Montenegro 2018 (PE)



Source: Report “Revision Master Plans for Urban Wastewater Measures and Preparation of DSIP for UWWTD”

Figure 10– Average compliance rates with the UWWTD, Montenegro 2018 (%)



Source: Report “Revision Master Plans for Urban Wastewater Measures and Preparation of DSIP for UWWTD”

The Action Plan for the Fulfilment of Closing Benchmarks in Chapter 27 - Environment and Climate Change includes as an Annex the following Implementation Plan for the UWWTD:

Source: Action Plan for the Fulfilment of Closing Benchmarks in Chapter 27 - Environment and Climate Change

Vulnerability	Implementation Plan for the UWWTD						
	Agglomeration size class (PE)						
	Over 100,000 (discharge into sensitive areas)	50,000-100,000 (discharge into sensitive areas)	50,000-100,000	15,000-50,000 (discharge into sensitive areas)	15,000-50,000	10,000-15,000 (discharge into sensitive areas)	2,000 - 10,000 and less than 2,000
Obligations according to the size of the agglomeration and the sensitivity of the area within the meaning of the UWWTD	Wastewater collection, stricter treatment	Wastewater collection, stricter treatment	Wastewater collection, secondary treatment	Wastewater collection, stricter treatment	Wastewater collection, secondary treatment	Wastewater collection, stricter treatment	Wastewater collection, secondary treatment
Agglomeration equipment final deadlines	31/12/2031	31/12/2031	31/12/2031	31/12/2033	31/12/2033	31/12/2035	31/12/2035
Number of agglomerations	2	2	2	7	2	1	21
Estimated effluent load in PE (population equivalent)	348,000	159,000	135,000	175,000	62,000	15,000	83,000
Waste water load percentage (% of total)	35.6%	16.4%	13.8%	17.9%	6.3%	1.5%	8.5%

WASTE MANAGEMENT

Montenegro has achieved a **good level of legislative alignment** with directives on Waste Framework, Landfills, WEEE, Packaging Waste, End-of-Life Vehicles, PCB/PCT, and Sewage Sludge.

However, implementation remains at an early stage and in most cases no reliable planning of implementing measures and foreseen investments exists. On the 30 July 2015, the Government of Montenegro adopted the **National Plan for Waste Management 2015-2020**, which provided a timeline and defined the main instruments/measures to secure alignment with and implementation of the EU waste legislation. However, this

National Plan offered **three management options** that in practice brought national waste management to a standstill, due to the **lack of consensus** on the specific option to be selected among the three.

Montenegro is facing **considerable problems** as regards waste management. The current system of waste collection and disposal **does not provide for waste separation and separate treatment of different types of waste**, while in principle the disposal of non-hazardous industrial, municipal and hazardous waste does not meet the minimum environmental standards. Furthermore, Montenegro has not yet made the transition from **landfills to a circular economy** which is one of the problems faced by the waste management system.

In general, the **capacities** of the local self- government units and public enterprises which are responsible for the tasks regarding waste management is an important restricting factor for the successful implementation of the National Waste Management Plan. However, it should be noted that visible efforts and positive movements are made by some local self-government units to improve the situation in this area.

The activities of municipal waste management fall within the competence of local self-government units.

Local self-government units are responsible for the development and implementation of waste management policy at the local level through adoption of: waste management plans on their territory; joining inter-municipal programmes involving two or more municipalities; waste production assessment; improving or building the capacity of Utility Companies; regulating the work of private entrepreneurs in the field of waste collection, transport and disposal; and improving the licensing system. According to the existing legal solutions, local self-government units are not obliged to perform monitoring, but if they do, they are required to submit monitoring data to the Environmental Agency. Local self-government units are involved in the preparation of legal solutions in this area. Moreover, the Directorate of Ecology actively cooperates with local self-government units in the selection of technologies in this area.

Utility Companies execute regulations issued by the State, provide financial conditions for the performance of its activities, adopt short-term and long-term programmes of activities and provide part of the funds for their implementation, and determine the prices of utility services.

Communal inspection supervises the application of laws and regulations, controls the condition of communal facilities and conducts other tasks prescribed by laws or legal acts of local self-government.

Inter-municipal waste management companies can be established for the purpose of more efficient waste management, based on the recommendations from the Strategic Master Plan for Waste Management. So far, the following inter-municipal companies have been established:

- The Municipalities of Budva, Kotor and Tivat founded the company "Lovanja" d.o.o., which was entrusted with works related to the construction and, after that, maintenance and management of the joint landfill for these three municipalities. The Lovanja landfill is now closed.
- The Municipalities of Bar and Ulcinj founded the inter-municipal company "Mozura" d.o.o. which manages the Mozura sanitary landfill in Bar.
- The Municipalities of Nikšić, Plužine and Šavnik founded the inter-municipal company "Budoš" d.o.o. with the aim of being in charge of managing the regional waste treatment centre at the Budoš location in Nikšić, after its construction.
- The Municipality of Podgorica founded its own company "Deponija" d.o.o. which manages the sanitary landfill at the location "Livade" and has concluded agreements on the conditions of processing waste collected from the municipality of Danilovgrad and the Old capital of Cetinje.

The information provided below is based on the report **Preparation of the NWMP for Montenegro for the period 2023-2028 (CFCU/MNE/192)**. Data from MONSTAT on municipal waste generation and collection were used. As this data refers to the entire country, the following waste generation factors (kg/cap.year) were used for distribution between the Municipalities, as well as for urban / rural areas and tourists:

- The waste generation factor in urban areas is considered to be 534.4 kg/cap.year (2021)
- The waste generation factor in rural areas is considered to be 70% of the one for urban areas, i.e., 374.1 kg/cap.year (2021);
- The waste generation factor from tourists is considered to be 30% more than the one for urban areas, 694.7 kg/cap.year (2021).

It is noted that the aforementioned waste generation indicators refer to total municipal waste generation (including household waste, similar waste from commerce and industry, park and garden waste, market waste, street waste).

Based on the above, the quantity of municipal waste generated in 2021 is calculated at national level, as presented in the Table below:

Table 5 - quantity of municipal waste generated in 2021

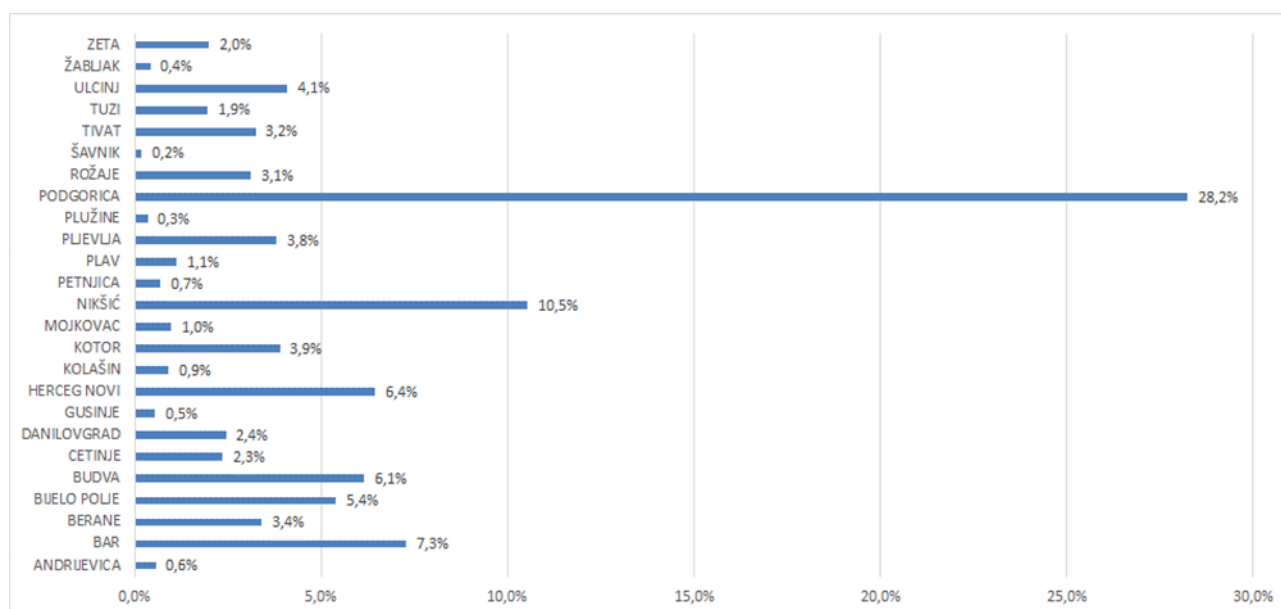
2021			
	# inhabitants	Waste generation (t/yr)	Waste generation (kg/cap.year)
Urban areas	406,663	217,324	534.4
Rural areas	212,548	79,511	374.1
Tourists	41,559	28,872	694.7
Total	660,770	325,708	492.9

Source: report Preparation of the NWMP for Montenegro for the period 2023-2028

More than 75% of the waste is generated in urban and tourist areas, while in rural areas ~25% of the total municipal waste is generated.

The following chart, presents the contribution of each Municipality to the total waste generation.

Figure 11: Contribution of Municipalities to total waste generation, 2021



Source: report Preparation of the NWMP for Montenegro for the period 2023-2028

As presented above, Podgorica Municipality generates ~28% of the total waste generation, followed by Niksic. In addition, the Municipalities on the coastal part of the country (Bar, Budva, Herceg Novi, Kotor, Tivat and Uljinc), contribute 31% the total waste generation.

Regarding municipal waste types, these are presented in the following Table.

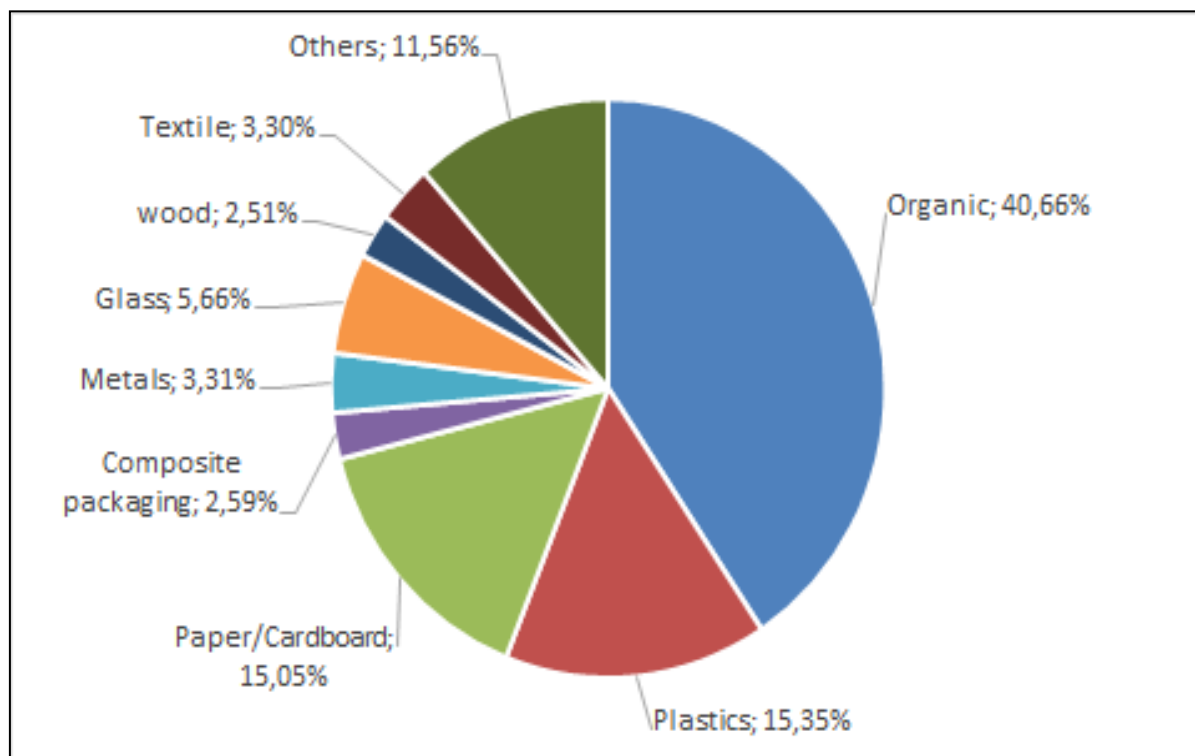
Table 6: Municipal waste generation per waste type

2021		
Waste type	% in MSW	t/yr
Households	59.2%	192,913
Similar waste from institutions commerce, industry and tourism	29.7%	96,777
Park / garden waste	7.4%	23,959
Street waste	3.7%	12,059
Total	100.0%	325,708

Source: report Preparation of the NWMP for Montenegro for the period 2023-2028

The following graph represents the average composition of Waste:

Figure 12: Montenegro- Waste composition, 2021



Source: report Preparation of the NWMP for Montenegro for the period 2023-2028

Waste collection

In 2021, the waste collection service covered more than 87% of the population of Montenegro (similar to the previous year), and more than 90% of waste was collected. Out of the total amount of the generated MSW, an estimated 308,904 tons were collected (including subgroup 15 01 - Packaging), i.e., 1.3 kg per capita per day.

The total amount of collected MSW consists of domestic waste directly collected from the producers (residents and businesses) by Utility Companies, which makes up 94.9% of the total amount of collected waste, i.e., 293,294 tons and are considered as business entities registered in the Register of Waste Collectors for environmental protection, as well as everything that citizens brought directly to the landfills.

The following Table presents the collected quantities of municipal waste in Montenegro, in the period 2019- 2021.

Table 7: Quantities of municipal waste collected in Montenegro, 2019-2021

	2019	2020	2021
Total annual amount of collected municipal waste (tons)	322,567.9	287,315.9	308,904.2
Collected by Utility Companies (tons)	308,103.6	273,742.5	293,294.3
Collected by other enterprises and individuals (tons)	14,464.3	13,573.4	15,609.9
Amount of collected waste per capita (kg / day)	1.5	1.3	1.4

Coverage of the population by waste collection service (%)	86.2	87.0	87.6
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Source: report Preparation of the NWMP for Montenegro for the period 2023-2028

Municipalities are entitled to manage and organise the waste collection on their territories. The Municipalities are responsible to organise the entire process of collection and disposal of waste, including levy of a fee to cover all costs. Usually, this is done through Utility Companies, founded by local governments. Although those companies are owned by their municipalities, they function as separate legal entities.

Regarding paper, metals, plastics, glass and biowaste the Law on Waste Management (OG No. 64/11 and 39/16) defines that they must be separately collected and recycled. Despite the provisions of Law, the current situation is not satisfactory. This is due not only to a lack of information and education, but also of infrastructure, and above all of financing. Schemes for the separate collection of recyclable materials exist in certain Municipalities. However, even when separate waste containers are provided, labelled as such and intended for the main dry streams for recycling, i.e., paper, cardboard, metal, plastic and glass, cross-contamination is present to a large extent.

Waste Recycling and Treatment

There are 4 waste recycling centres in Montenegro, as presented in the Table below. The regional recycling centre in Podgorica, on the “Livade” landfill, is the system for pre-selection and selection of recyclable waste (cardboard, paper, plastic, metal, rubber, etc.). The other 3 waste recycling centres are located in, Herceg Novi, Žabljak and Kotor. Moreover, a regional waste recycling centre is under preparation in Bijelo Polje.

Table 8: Waste recycling centres in Montenegro

Name	Location	Type of Facility	Designed Capacity (t/year)	Status	Waste Treated (t/year)		Served Areas
					2020	2021	
Podgorica Recycling Centre	Livade, Podgorica	Material Recovery Facility (MRF)	90,000	Partly operating - with lower capacity	14,925	12,977	Podgorica, Zeta, Plužine, Cetinje, Tuzi, and Danilovgrad i Šavnik
Recycling Centre Meljine	Meljine, Herceg Novi	Recycling Facility and Transfer Station	15,000	Recycling Facility inactive - only the TS operating	-	-	Herceg Novi
Kotor Recycling Centre	Kotor	Recycling Facility and Transfer Station	15,000	Operating	15,300	17,245	Budva and Tivat
Kotor Comost Facility		Compost Facility	700 (output)	Operating	786 (output)	816 (output)	Budva and Tivat
Žabljak recycling centre	Žabljak	Recycling Facility and Transfer Station		Inactive	-	-	Žabljak

Source: report Preparation of the NWMP for Montenegro for the period 2023-2028

Concerning the infrastructure for recycling and treatment, some Municipalities (Podgorica, Herceg Novi, Kotor, Budva and Mojkovac) have recycling yards that are owned and staffed by Utility Companies. Residents can leave certain types of secondary raw materials, but without a fee, which is considered as a demotivational factor.

Waste disposal

There are 2 sanitary landfills for non-hazardous waste in Montenegro, located in Podgorica (Livade) and in Ulcinj (Mozura).

Dumpsites:

Besides the two sanitary landfills for disposal of municipal waste in Podgorica (Livade) and in Ulcinj (Mozura), almost every town in Montenegro has a dumpsite, and these scattered dumpsites pose intense pressure on the environment.

There are 19 operational controlled dumpsites in Montenegro, 2 of which are intended only for the disposal of construction waste (Dragalj location in Kotor and Brajići location in Budva). Of the other 17 controlled dumpsites, 8 are under a certain type of control, i.e., they are fenced and the deposited waste is partially levelled. Out of the 8 controlled dumpsites, 2 are designed to have fences and gates, and certain construction works were performed on them before waste disposal, such as embankment preparation, construction of access road, etc. These 2 controlled dumpsites are located in Nikšić (Mislov Do site) and Andrijevica (Sućeska site).

According to the MTESDNRD, there are 334 uncontrolled dumpsites in Montenegro. The Table below presents the number of uncontrolled dumpsites per Municipality.

Table 9: Uncontrolled dumpsites in Montenegro Municipalities, 2020

Municipality	Uncontrolled dumpsites	Municipality	Uncontrolled dumpsites
Andrijevica	12	Nikšić	12
Bar	11	Podgorica / Zeta	*
Berane	27	Plav	5
Bijelo Polje	106	Plužine	12
Budva	3	Petnjica	30
Cetinje	20	Pljevlja	6
Danilovgrad	2	Rožaje	15
Gusinje	5	Šavnik	3
Herceg Novi	5	Tivat	5
Kotor	20	Ulcinj	19
Kolašin	7	Žabljak	6
Mojkovac	3		
Total 334			

Source: report Preparation of the NWMP for Montenegro for the period 2023-2028

Besides the rehabilitation of the dumpsites that took place in the Municipality of Podgorica in 2020, it is noted that several large dumpsites in Montenegro have been recently remediated, such as:

- “Čarkovo polje”, in the Municipality of Žabljak (end of 2017)
- “Vrtijeljka”, in the Municipality of Cetinje (in June 2018)
- “Vasove vode”, in the Municipality of Berane (end of October 2018)
- “Zauglina”, in the Municipality of Savnik (end of October 2018)
- “Fennel”, in the Municipality of Plav (late 2019)

The remediation and closure of the dumpsites is the responsibility of local governments, which in general do not have sufficient capacity in terms of infrastructure and personnel.

Conclusions of the assessment:

The analysis of the current situation reveals that there is a significant potential to improve waste collection and management in Montenegro. Moreover, waste prevention shall be encouraged in order to proceed towards a better use of resources, development of new markets and new jobs, while at the same time reduce the harmful effects of waste on the environment and public health.

The waste collection system implemented in Montenegro consists primarily of mixed waste collection and disposal in the existing landfills in Podgorica and Ulcinj, as well as in controlled and uncontrolled dumpsites, dispersed throughout the country. Separate collection and recovery activities for recyclables, green waste and bulky waste are implemented in some Municipalities (e.g., Podgorica), but the results of the system are poor.

The following Table summarizes the current status regarding waste management in Montenegro.

Table 10: Current Waste Management in Montenegro

	2020		2021	
	t/yr	%	t/yr	%
Waste generated	304,063	100.0%	325,708	100.0%
Waste collected	287,316	94.5%	308,904	94.8
Separately collected waste	63,502	20.9%	68,022	20.9%
Packaging waste	21,766	7.2%	23,315	7.2%
Green waste	6,997	2.3%	7,495	2.3%
Other waste (e.g., bulky)	34,739	11.4%	37,212	11.4%
Mixed waste collection	223,814	73.6%	240,882	74.0 %
Waste to sorting/ composting plants	54,614	18.0%	58,502	18.0%
Recyclables from mixed waste	21,530	7.1%	23,063	7.1%
Separately collected packaging waste	21,766	7.2%	23,315	7.2%
biowaste	5,713	1.9%	6,120	1.9%
Other waste (e.g., bulky)	5,605	1.8%	6,004	1.8%
Waste prepared for reuse/ recycling	20,805	6.8%	22,286	6.8%
Recyclables	20,805	6.8%	22,286	6.8%
Waste exported	14,723	4.8%	15,771	4.8%
Waste not collected and dumped	16,747	5.5%	16,803	5.2%
Waste disposed	234,725	77.2%	251,434	77.2%

Source: report Preparation of the NWMP for Montenegro for the period 2023-2028

The report “**Preparation of the NWMP for Montenegro for the period 2023-2028**” (CFCU/MNE/192) provides for three options for the development of the Integrated Waste Management System for Montenegro:

- Option 1: three (3) Regional Waste Management Systems;
- Option 2: two (2) Regional Waste Management Systems;
- Option 3: four (4) Regional Waste Management Systems.

However, option 1 is assessed as the most suitable one. Consequently, the revised NWMP foresees the development of three (3) Regional Waste Management Systems: Central (with the CWMF to be developed in Podgorica), Northern (with the CWMF to be developed in Bijelo Polje) and Coastal (with the CWMF to be developed in Ulcinj) as the most favourable option in financial terms.

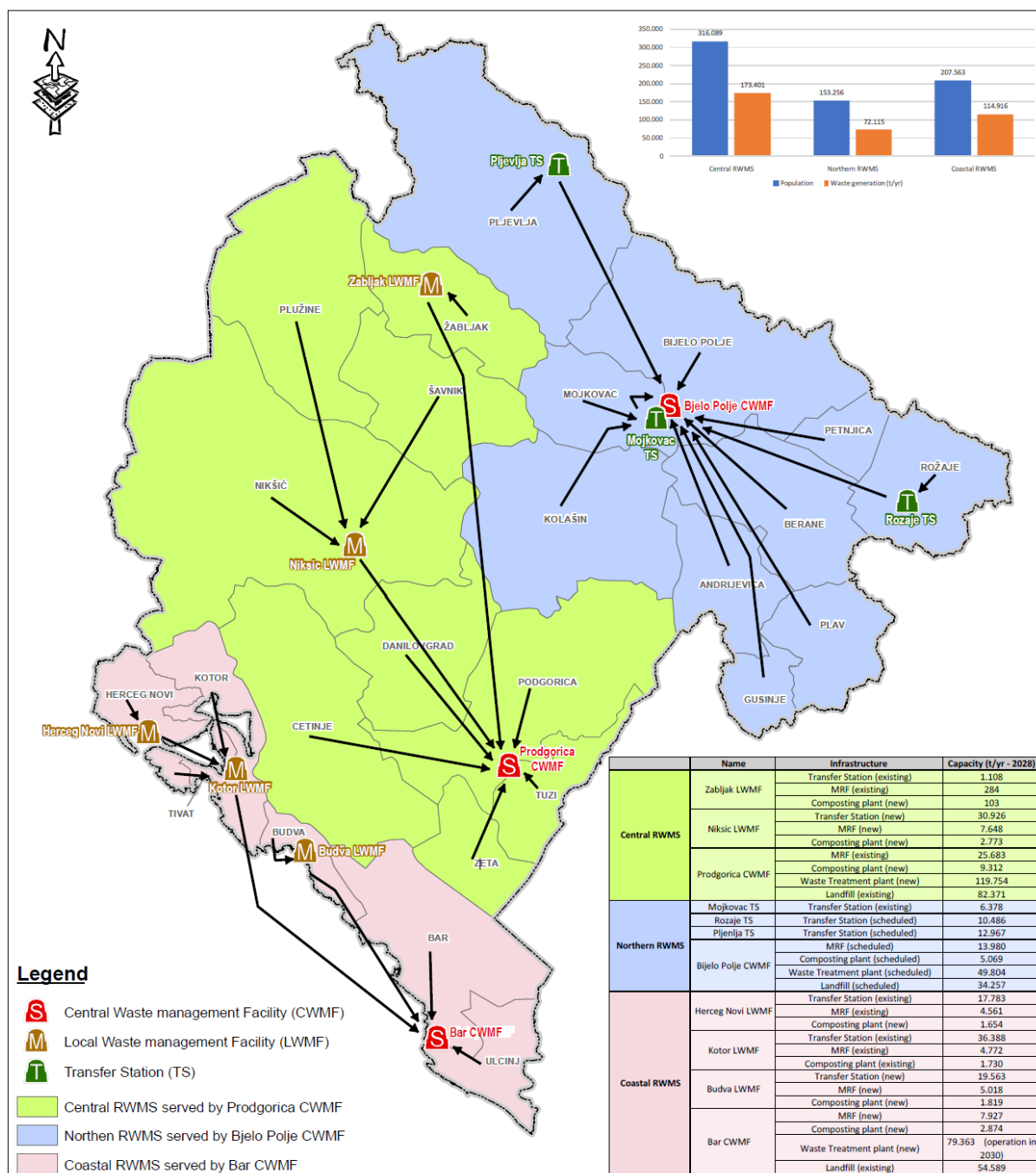


Figure 13 Map of Zoning Option 1:

Source: report Preparation of the NWMP for Montenegro for the period 2023-2028

The basic infrastructure for MSW management will include:

- MRFs of total capacity of ~70,000 t/yr, where the separately collected comingled recyclable waste will be recovered and cleaned in order to be forwarded for reuse/recycling. The existing network of MRFs will be expanded to cover the whole country.
- Biowaste treatment plants of total capacity of ~25,000 t/yr, where the separately collected green and organic waste, will be treated (aerobically or anaerobically) to produce high quality compost to be used in agriculture activities. The existing network of composting plants will be expanded to cover the whole country.
- Waste treatment plants of total capacity of ~170,000 t/yr, where residual waste will be mechanically pre-treated to recover additional recyclables and produce secondary fuel, while the organic fraction will be treated (aerobically or anaerobically) in order to produce energy and/or be bio-stabilised.

- Waste disposal referring to sanitary landfilling of residues or mixed waste. The existing landfills in Podgorica and Ulcinj will be supplemented by an additional landfill serving the northern part of the country. The total disposal needs will be ~205,000 t/yr
- The foreseen investment costs of the proposed waste management infrastructure are ~130 million euros.

For waste management, the Plan has set the following strategic pillars:

- Pillar A: Policy, Legislation and Enforcement
- Pillar B: Sustainable Financing
- Pillar C: Capacity Development
- Pillar D: Sustainable Integrated Waste Management
- Pillar E: Public Awareness / Consultation

SWOT ANALYSIS

ENVIRONMENT AND CLIMATE CHANGE	
Strengths	Weaknesses
General Environment Sector	
<ul style="list-style-type: none"> • Preserved nature and environment due to low population density and lack of industrialization, including a network of protected areas, high share of forests, natural rivers and lakes. With tourism as an important economic activity, preserved nature is seen as an economic asset • Large share of EU <i>acquis</i> is already transposed; Montenegro is party to the relevant international conventions. Most relevant policies and strategies are in place and cooperation with IFIs is well established • The basic institutional structure for environmental management is established and working at the national and local level • High level of flexibility of the Environment Institutions due to the small size of the country • Adequate capacity of beneficiaries in using IPA funds • Increasing number of qualified and experienced staff of institutions in the sector 	<ul style="list-style-type: none"> • Poor coordination and communication between institutions responsible for different aspects of environmental policy setting and implementation. • The level of implementation and enforcement of the legislation and policies is low due to lack of financial resources, low awareness and insufficient institutional capacity. • Disparities at the level of access to certain basic services between rural and urban areas (sewerage systems, waste collection). • Low level of cooperation between governmental and non-governmental sector regarding environmental issues. • Low level of domestic funding for environment due to difficult economic situation. • Existing institutions, especially local authorities, have insufficient capacity for dealing with all the aspects of environmental management. • Weak implementation and enforcement of the environmental legislation. • Low capacity for Environmental Monitoring and Reporting. • Environmental awareness of the general public is low.
Water Sub-Sector	
<ul style="list-style-type: none"> • Water is an abundant and high quality resource, especially in the central and northern part of the Country. • Low aggregate level of water pollution despite the absence of adequate waste water infrastructure and other anti-pollution measures. • % of coverage of water supply network is nearly 100%. • Intensive farming is underdeveloped in comparison to the old EU member states, resulting in low level of fertilizer use in farming in Montenegro, which positively affects the food-chain. • Strategic Master Plans for waste water management are already approved and implementation begun. • Montenegro has a significant project pipeline in the area of waste water management and water supply ready to be implemented. • All municipalities covered by operational water companies (VIKs). • Institutions for water supply and waste water management with qualified employees established. • With the assistance of the international organisations Government allocated financial 	<ul style="list-style-type: none"> • Inefficient water management structures, especially in smaller towns. • High % of the surface and ground water in the country are “sensitive areas” within the meaning of Directive 91/271/EC. • Karstic zones 70%: Risk of contamination of ground water by waste landfills. • Too high percentage of losses on water supply network. • Water Quality incompliance is around 15%. • Inadequate facilities for sludge treatment. • Flood prevention is poor despite increasing risk patterns. • Legislative alignment not completed, despite the progress made in the last years. • No Planning document available for water supply. • Insufficient coordination in the Water Sector between the different institutions involved. • Insufficient Financial Resources available for the Investments required. • Insufficient statistical data. • Insufficient Monitoring networks. • Insufficient and out-dated water cycle management infrastructure.

ENVIRONMENT AND CLIMATE CHANGE	
<p>resources for the construction of the regional water supply system for Montenegrin coastal municipalities.</p> <ul style="list-style-type: none"> National structures already established in MTESDNRD to assist municipalities in preparing project documentation and tender dossiers for infrastructure projects which will be financed through EU funds and other donors. 	<ul style="list-style-type: none"> Administrative Capacity for all the stakeholders involved in Water management needs to be improved Public awareness of reducing water consumption is insufficient.
Waste Sub-Sector	
<ul style="list-style-type: none"> Legal framework already in place transposing main EU Directives. Waste generated by industrial facilities is reduced. Montenegro has an already developed project pipeline in the area of waste management. EU Funds (IPA) and IFIs loans already approved and available. MTESDNRD ready to assist municipalities in preparing project documentation and tender dossiers for infrastructure projects which will be financed through EU funds and other donors. 	<ul style="list-style-type: none"> National Waste Management Plan 2015-2020 failed implementation. Insufficiently developed systems for waste collection (including separate waste collection), waste transportation and environmentally friendly waste treatment facilities. Insufficient measures for waste minimisation, re-use, recycling and recovery. Low level of awareness of waste issue. Large number of risky municipal landfills, illegal dumpsites, past contaminations, micro-dumping sites, due to solid waste uncontrolled discharge practices and large area of other intensively polluted areas. Low level of selective collection; insufficient development of waste recycling and recovery market. Low affordability, willingness of customers to pay for waste management services. Lack of reliable data concerning waste types and quantities. Insufficient understanding and application of the “polluter pays” and “producer responsibility” principles.
Nature Protection and Climate Change	
<ul style="list-style-type: none"> Unique natural environment and rich biodiversity. Relatively well preserved Environment. Existence of a network of Natural Parks, most of them with the potential to be NATURA 2000 areas Service-based economy with a relatively small number of CO2 pollutant industries in the Country. 	<ul style="list-style-type: none"> Low level of alignment with Climate acquis. Lack of capacities for implementation of MRVA. Low capacity for setting up and managing NATURA 2000 network in Montenegro. No existing infrastructure for the adequate care of injured or confiscated wild animals.

ENVIRONMENT AND CLIMATE CHANGE	
Opportunities	Threats
General Environment Sector	
<ul style="list-style-type: none"> EU accession process represents an opportunity by providing motivation for increasing the institutional capacity, introduction of good practices and funding. Increase of level of cooperation between institutions and Non Governmental Organisations (NGO)/Civil Society Organisations (CSO) could lead to joint solutions for solving of environmental issues. 	<ul style="list-style-type: none"> Human Health and Tourist Industry can be affected negatively by the pollution, especially in some touristic resorts on the Coast. Slowdown of the EU accession process due to internal or external political reasons would take away the drive for environmental improvement. Lack of success in the institutional development and coordination between institutions could lead to

ENVIRONMENT AND CLIMATE CHANGE	
<ul style="list-style-type: none"> Major improvements in environmental situation can be achieved by improving the environmental awareness of the public. Education and awareness rising of the population to ensure their involvement and active role in resolving environmental issues. Accession of the country to the EU and utilization of EU resources (structural funds, expertise, advising, networks, etc.) for solving problems related to environmental protection in the country. Increase of financial capacity for the implementation of environment projects due to alternative financing of environmental protection activities through participation of Montenegro in various global programmes/projects. Potential for the inclusion of the business community in environmental-protection efforts. Developing Public Private Partnerships. Introduction of effective and contemporary techniques applied in relation to the environmental sector in other countries. Creation of new markets related to environmental services via internalisation in the market of negative and positive externalities, at least partially. Possibilities to boost innovative technology solutions. Obtain a certain degree of self-financing for utilities projects through adequate development of PPP potential. Establishment of an Eco fund. EU Funds (IPA) and IFIs loans for the infrastructure projects and environmental protection already approved and available. “Polluter pay” principle may mobilise private funding for improving the Quality of Environment in Montenegro. 	<p>lack of implementation of the EU <i>acquis</i>.</p> <ul style="list-style-type: none"> Unwillingness of the population to accept new environmental practices due to their low environmental awareness and inability to pay for new services. Insufficient funds available for business and public sectors for compliance with environmental legislation, related to amendments to the EU environmental legislation. Not fulfilling EU and national legislation. Fines imposed by the EC. Negative public attitude towards the construction of waste water or municipal waste treatment facilities. Environmental protection should be approached in a sustainable way which could impact economic development. Insufficient integration of environmental policy with other sector policies and their legislation. Worldwide economic crisis. Difficulties to sustain the investment costs of projects in the field of environmental infrastructure especially by the small and medium municipalities. Delayed project preparation and implementation of projects may lead to loss of IPA funds: De-commitment of funds.
Water Sub-Sector	
<ul style="list-style-type: none"> Blending different sources of finance (WBIF and other donors) will mobilise additional resources for Water Management. New technologies for Water Management will make the process more efficient and affordable. Law on Financing Water Management, together with several implementing sets the conditions for mobilising public and private resources for water management. 	<ul style="list-style-type: none"> High cost/unaffordability to enforce Water legislation. During the operational stage of some projects, the Municipalities do not have resources to operate the facility and discharging polluters to the environment not efficiently using the facility.
Waste Sub-Sector	
<ul style="list-style-type: none"> Once the National Waste Management Plan is revised, Montenegro could attract Private funding for implementing costly infrastructure projects using PPP. Blending different sources of finance (WBIF and other donors) will mobilise additional resources for Waste Management. 	<ul style="list-style-type: none"> Social contestation to some of the interventions foreseen under National Waste Management Plan. Municipal disagreement on the location of Waste management infrastructure like Landfills. High cost/unaffordability to enforce Waste legislation.

ENVIRONMENT AND CLIMATE CHANGE	
<ul style="list-style-type: none"> • New technologies for Waste Management will make the process more efficient and affordable • Opportunities for biogas production contributing to climate mitigation targets. 	<ul style="list-style-type: none"> • During the operational stage of some projects, the Municipalities do not have resources to operate the facility and discharging polluters to the environment not efficiently using the facility.
Nature Protection and Climate Change	
<ul style="list-style-type: none"> • The natural resources and environmental management provide an opportunity for green economy and affirmation of Montenegro as an ecological state. A well preserved Natural Environment can be a driving force for Montenegro's economic development. • Employment opportunities in the field of Nature Protection: i.e. management of protected areas, wildlife monitoring, nature tourism guides, etc. 	<ul style="list-style-type: none"> • Severe weather condition in recent years prove that Montenegro is greatly affected by floods and droughts at the same time as a direct result of climate change. • Droughts have also direct impact on the surface and underground water availability, especially prominent in the central and southern region. • Gravel exploitation in some areas has a very distinct adverse impact on biodiversity. • Illegal hunting and fishing, as well as unplanned harvesting of forest and other fruit. • Rich Biodiversity of the Country can be damaged if not properly managed and protected. • Introduced invasive species, in terrestrial and marine ecosystems. • Excessive exploitation of forest resources. • Montenegro's vulnerability to disasters on different types., specially floods, heat waves, drought and forest fires. • Increasing numbers of forestry fires. • The accelerated development of tourism, particularly on the coast and in Podgorica, can lead to the loss, degradation and fragmentation of particular natural sites, particularly coastal and wetlands.

3 Overall Objective(s) and Specific Objective(s) of the Operational Programme

Overall objective:

The overall objective is to protect, conserve and enhance the Montenegro's natural capital, and protect the health and well-being of citizens from environment-related risks and impacts.

Based on the sector analysis carried out under Part 2, **four Areas of Support** have been identified for the OP.

Due to their impact on the Environment, the needs of investments and their relevance to EU *Acquis*, three of the Environment sub-sectors are considered individually as priorities for the OP, having as a consequence a dedicated Area of Support under Chapter 4.2. (Description of the Programme), addressing not only Capacity Building and *Acquis* related activities, but as well additional interventions like physical infrastructure. These three Core Sub-sectors are:

1. Area of Support 1: Municipal Water Management
2. Area of Support 2: Municipal Waste Management
3. Area of Support 3: Nature Protection and adaptation to Climate Change

However, the Environment Sector includes other sub-sectors like Air Quality, Industrial Pollution, Chemicals, Noise and Civil Protection, that will be addressed by this OP under a **fourth Area of Support**, both from the perspective of environmental infrastructure and Capacity Building and Legal Harmonization. Furthermore, the Operating Structure will require assistance for the OP successful implementation; all these activities will be covered by the **Area of Support number 4**:

4. Area of Support 4. "Other Support for Environment Sector".

These **four areas of support** shall contribute to the closing Benchmarks number 3, 4, 5 and 8, according to the Action plan for the fulfilment of closing benchmarks in Chapter 27 – Environment and Climate Change. Furthermore, the Operational Programme will provide funds for meeting the transition periods requested to the European Commission as per EU Common position for Chapter 27; such as in the case of Directive 91/271/EEC concerning urban waste-water treatment (UWWT Directive) in order to achieve good water status, until 31 December 2035.

Figure 14: linkages between OP Areas of Support, the Closing Benchmarks for Chapter 27/Transition Periods and OP Outcomes



3.1. Coherence with the IPA III Programming Framework and with the specific policy instruments of the enlargement process

The Operational Programme addresses specific elements of policy instruments of the enlargement process, such as:

- **The Economic and Investment Plan (EIP) for the Western Balkans and the Green Agenda**

The OP interventions are coherent with the **Economic and Investment Plan for the Western Balkans**, which aims to spur the long-term recovery of the region and a green and digital transition, fostering economic regional cooperation and boosting economic growth, and support reforms required to move forward on the EU path.

Guidelines for the implementation of the **Green Agenda for the Western Balkans** include actions in five pillars. These are (i) climate action, including decarbonisation, energy and mobility, (ii) circular economy, addressing in particular waste, recycling, sustainable production and efficient use of resources, (iii), biodiversity, aiming to protect and restore the natural wealth of the region, (iv), fighting air, water and soil pollution and (iv) sustainable food systems and rural areas.

- **The conclusions of the meetings organised in the context of the Stabilisation and Association Agreement**

According to the Council conclusions on Enlargement and Stabilisation and Association Process approved by the Council on 13 December 2022, the Green Agenda is *“key to a sustainable and future-proof recovery, which will benefit both businesses and the broader public”*. The Council reiterates the crucial need to continue to tackle climate change in line with the EU’s climate-related ambitions, to speed up alignment with EU *acquis* and strengthen implementation in the transition to climate neutral, resilient, sustainable, circular and resource-efficient economies.

- **The recommendations of the Enlargement Package(s)**

The OP’s interventions are relevant for implementation of EU enlargement policy, which outlines that important work on alignment and preparation for the implementation of the EU *acquis* has taken place in most areas and that looking ahead, Montenegro should focus on further strengthening the administrative capacity for ensuring the application of the EU *acquis* and also addresses key issues identified in EC Montenegro 2023 Report.

- **The negotiating framework, in particular chapters 27 and 22**

The proposed interventions are aligned with the EU developments in the area such as **Green Deal** and are relevant in the context of the **EU accession negotiations for Chapter 27**, according to the **Action Plan for the Fulfilment of Closing Benchmarks in Chapter 27** - Environment and Climate Change. The OP will contribute to fulfil the Closing Benchmarks number 3, 4, 5 and 8, defined in the EU Common position for Chapter 27.

Furthermore, the OP will require the establishment of structures and authorities for indirect management by the IPA III beneficiary, according to Article 10 of Financial Framework Partnership Agreement; these structures are to some extent, similar to those required for implementing Cohesion Policy. In this regard, the OP’s implementation will be a learning by doing exercise, mirroring the implementation of Cohesion Policy Funds, consequently contributing to build capacities for succeeding under **Chapter 22 negotiations**.

- **The Economic Reform Programmes (ERPs)**

According to Montenegro Economic Reform Programme 2023-2025, one of the challenges in the further development of the Montenegrin economy (see ERP-Chapter 5.2. Challenge no. 1 Obstacles to the support of green transition), concerns support for the green transition, primarily through environment protection and mitigation and adaptation of the effects of climate change, with a special focus on Municipal Waste Management and Waste Water Management.

4 Operational features of the programme

4.1. Interaction of the programme with IPA III annual action plans or measures and interventions from other donors/International Financial Institutions

Action Document IPA 2016 (Capacity Building and Acquis related Activities for Sector Environment & Climate Action) included Activity 3.2. “Support to project preparation for environment and climate action sectors”. This activity included:

- Identification, screening and selection of potential projects for financing, based on the Single Project Pipeline methodology for project identification and selection
- Programming documents for financing by national funds, IPA II, IFIs and/or other donors,
- Support to project preparation and design.

Under this Activity a Service Contract was launched in order to assist Montenegrin administration in the implementation of the Instrument for Pre-Accession Assistance (IPA) in the preparation of investment projects, some of which can be financed by OP ENV.

Action Document IPA 2021 (EU *acquis* related activities for Environment and Climate Action policies in Montenegro) foresees a specific Output 9.3. directly linked with OP ENV as a preparatory activity: Output 9.3.: Support for IPA III Programming and Implementation: remaining Action documents prepared and implemented for the period 2021-2027. This output will focus on IPA programming and support for tender dossier preparation.

- IPA III Programming: Preparation of the relevant programming documents for the Environment and Climate Action Sector in line with the dynamic and the approach agreed with the EC.
- IPA III Implementation: Tender dossiers for IPA III projects will be prepared under this activity, depending on the availability and reliability of documentation and studies prepared by the Beneficiary.

Action Document 2024 “Action Document for EU support for Green Agenda Capacity Building in Montenegro” describes how IPA III will support Montenegro with preparatory activities for the future implementation of Operational Programme 2024-2027 “Environment and Climate Change” by developing the project pipeline and improving Administrative Capacities. The outcome of the AD 2024 is directly related to the OP Environment:

Outcome 1. Improved maturity of the Environment and Climate Change Project Pipeline. Rational: project pipeline development will be key for increasing absorption capacity for the future OP ENV.

Coordination with relevant **Interreg IPA programmes** (Croatia-Bosnia and Herzegovina-Montenegro, South Adriatic (Italy-Albania-Montenegro), IPA Adrion, Danube, EURO MED, URBACT, Interreg Europe) as well as the two relevant macro-regional strategies for the Adriatic-Ionian (EUSAIR) and Danube Regions through their embedding processes will be ensured. This is particularly important as these programmes are the only ones equally in shared management mode, which provides a unique opportunity for capacity building.

Regarding the **Western Balkans Investment Framework (WBIF)**, the OP ENV policy focus needs to be articulated and coordinated with the WBIF, which is the most important implementing instrument of the Economic and Investment Plan (EIP). A clear delineation of sectors between the WBIF and OP ENV has been made in the Guidance for preparation and implementation of OPs prepared by DG NEAR. The proposed delineation leaves the OP for National impact interventions while WBIF will focus on major projects with a potential regional impact. This is the case of the projects related to Waste Water and Water Supply System Improvement for Kolasin, Rozaje and Mojkovac where WBIF is providing IPA support.

Regarding **International Financial Institutions**, as mentioned in chapter 2.4. donor coordination will contribute to leverage IPA funds, increasing the impact of EU grants. IPA grants will cover the investment amount not paid back by tariff (i.e. funding gap for waste or water management projects). On the other hand, based on affordability analysis, IFIs contribution may cover the investment amount which can be recovered via tariff.

The main IFIs active in Montenegro for Environment sector are:

- **European Investment Bank (EIB)**, has an important leverage capacity for IPA funds as has been the case of Bijelo Polje Wastewater Treatment Plant or Niksic Wastewater Management System.
- **KfW**: In the field of water supply and waste water management, the KfW has supported infrastructure development for Montenegrin coastal communities (Bar, Herceg Novi, Kotor, Tivat and Ucinj) and in

Podgorica since 2001. Continuation of work on the construction of the Eco-efficient building in Podgorica

Other donors:

- Bilateral cooperation with the **Republic of Italy** for the construction of an eco-efficient building dedicated to MTESDNRD's headquarters, with a donation of EUR 7.624 million.

Cooperation with **the Global Environment Facility (GEF)**:

- GEF 7 program cycle: Project "Integrating biodiversity into sectoral policies and practices and strengthening the protection of critical points of biodiversity in Montenegro". GEF donation: USD 3,278,995.
- GEF 8 program cycle: For this program cycle, the estimated allocation for Montenegro is USD 6.29 million.
- Finally, cooperation with **UNDP** will reinforce the OP ENV's achievements in the fields of biodiversity, climate change, land degradation and circular economy (with special reference to selective waste collection).

4.2. Description of the programme

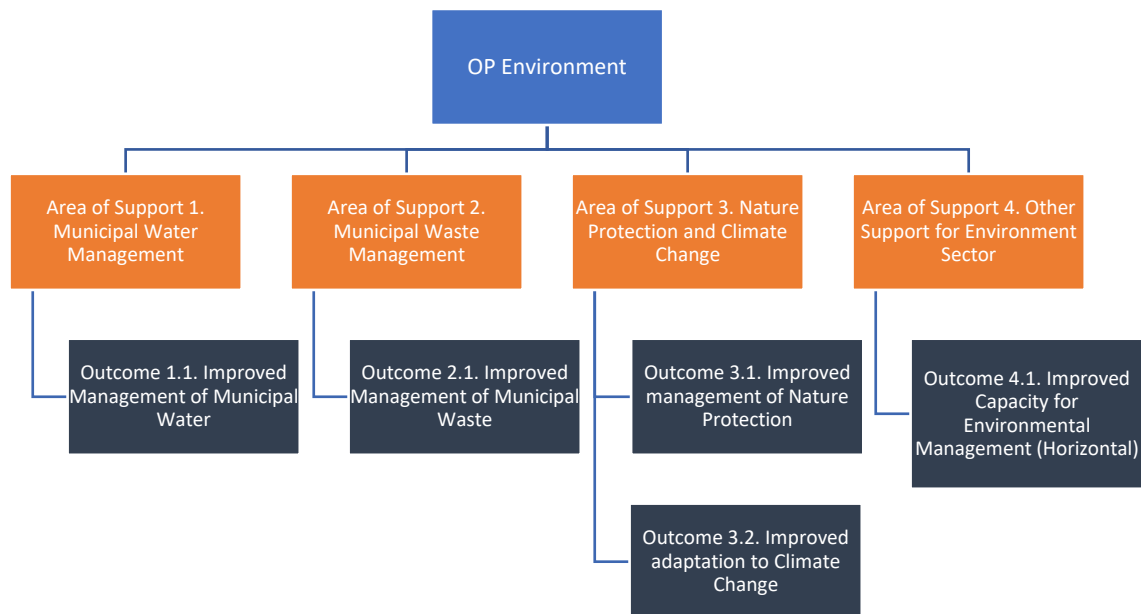
4.2.1. Intervention Logic

The **overall objective** is to protect, conserve and enhance the Montenegro's natural capital, and protect the health and well-being of citizens from environment-related risks and impacts.

The underlying intervention logic for this Operational Programme is that:

IF Montenegro implements successfully the Operational Programme 2024-2027 "Environment and Climate Change", delivering capacity building and environmental infrastructure compliant with the EU *Acquis* for Chapter 27, **THEN** the Country will progress on the Accession Negotiations for Chapter 27 **BECAUSE** this Operational Programme will contribute to succeed in achieving **closing Benchmarks number 3** (i.e. measures for separate collection of Waste), **number 4** (i.e. measures related to water management and those related to transition period for Directive 91/271/EEC Urban Waste Water), **number 5** (i.e. measures for managing Natura 2000 network), and **number 8** (i.e. measures for Capacity Building), **AND** Montenegro will be better prepared for implementing Cohesion Policy upon accession **BECAUSE** IPA will be a learning by doing exercise, mirroring the implementation of European Structural and Investment Funds.

The Chart below represents the OP strategy for the Environment and Climate Change Sector:



Area of Support 1: Municipal Water Management:

The Outcome of this action in the Area of Support 1: Municipal Water Management is:

- Outcome 1.1. Improved Management of Municipal Water

The Typology of Outputs to be delivered by this action in the **Area of support 1, contributing to Outcome 1.1.** “Improved Management of Municipal Water”, are:

1.1.1. Typology of Outputs related to Water Supply:

- Wells and water catchments rehabilitated
- Water storage reservoirs constructed or rehabilitated
- Water supply network constructed or rehabilitated

1.1.2. Typology of Outputs related to Waste Water management:

- Waste Water Treatment Plants constructed
- Main collectors for sewage water constructed
- Sewage water secondary networks constructed or rehabilitated

1.1.3. Typology of Outputs related to Capacity Building for Municipal Water Management:

- Staff trained and coached
- Legislation drafted according to EU *Acquis*
- Strategies Prepared (i.e. for water supply)
- Equipment supplied for Water Management and Monitoring

The underlying intervention logic for this **Area of Support number 1** is that:

IF Montenegro improves infrastructure for **municipal water management** according to National Strategies and according to the Action Plan for the Fulfilment of Closing Benchmarks in Chapter 27 **AND** increases the capacity for water cycle management at all levels (Central Government and Municipalities), **THEN** the Country will progress on the achievement of closing Benchmark number 4 (i.e. measures related to water management and those related to transition period for Directive 91/271/EEC Urban Waste Water), **PROVIDED THAT** the institutions involved in this Area of Support will contribute, with a full commitment at decision-making level to implement the EU *Acquis* for Water Management.

AREA OF SUPPORT		TYOLOGY OUTPUTS
Area of Support 1: Municipal Water Management	Typology of Outputs contributing to Outcome 1.1. “Improved Management of Municipal Water”:	1.1.1. Typology of Outputs related to Water Supply: <ul style="list-style-type: none"> • Wells and water catchments rehabilitated • Water storage reservoirs constructed or rehabilitated • Water supply network constructed or rehabilitated
		1.1.2. Typology of Outputs related to Waste Water management: <ul style="list-style-type: none"> • Waste Water Treatment Plants constructed • Main collectors for sewage water constructed • Sewage water secondary networks constructed or rehabilitated
		1.1.3. Typology of Outputs related to Capacity Building for Municipal Water Management: <ul style="list-style-type: none"> • Staff trained and coached • Legislation drafted according to EU <i>Acquis</i> • Strategies Prepared (i.e. for water supply) • Equipment supplied for Water Management and Monitoring

Area of Support 2: Municipal Waste Management:

The Outcome of this action in the Area of Support 2: Municipal Waste Management is:

- Outcome 2.1. Improved management of Municipal Waste

The Typology of Outputs to be delivered by this action in the **Area of support 2, contributing to Outcome 2.1.** “Improved management of Municipal Waste” are:

2.1.1. Typology of Outputs related to infrastructure for Municipal Waste Management:

- Containers for separate collection of waste streams provided and functional
- Collection vehicles provided and functional
- Materials Recovery Facilities (MRFs) constructed
- Composting plants constructed
- Recycling Yards constructed
- Transfer facilities constructed
- Dumpsites rehabilitated

2.1.2. Typology of Outputs related to Capacity Building for Municipal Waste Management:

- Staff trained and coached
- Legislation drafted according to EU *Acquis*
- Strategies Prepared (i.e. for Municipal Waste Management Plans)
- Equipment supplied for Waste Management and Monitoring
- Public awareness campaigns

The underlying intervention logic for this **Area of Support number 2** is that:

IF Montenegro improves infrastructure for municipal **waste management** according to National Strategies and according to the Action Plan for the Fulfilment of Closing Benchmarks in Chapter 27 **AND** increases the capacity for waste cycle management at all levels (Central Government and Municipalities), **THEN** the Country will progress on the achievement of closing Benchmark number 3 (i.e. measures related to waste management) **PROVIDED THAT** the institutions involved in IPA management will contribute, with a full commitment and support at decision-making level to implement the new Waste Management Plan to be adopted by Montenegro including a clear definition of catchment areas.

AREA OF SUPPORT	TYPOLOGY OUTPUTS
Area of Support 2: Municipal Waste Management	<p>Typology of Outputs contributing to Outcome 2.1. “Improved management of Municipal Waste”:</p> <p>2.2.1. Typology of Outputs related to infrastructure for Municipal Waste Management:</p> <ul style="list-style-type: none"> • Containers for separate collection of waste streams provided and functional • Collection vehicles provided and functional • Materials Recovery Facilities (MRFs) constructed • Composting plants constructed • Waste Treatment Plant constructed • Recycling Yards constructed • Transfer facilities constructed • Dumpsites rehabilitated
	<p>2.2.2. Typology of Outputs related to Capacity Building for Municipal Waste Management:</p> <ul style="list-style-type: none"> • Staff trained and coached • Legislation drafted according to EU <i>Acquis</i> • Strategies Prepared (i.e. for Municipal Waste Management Plans) • Equipment supplied for Waste Management and Monitoring • Public awareness campaigns

Area of Support 3: Nature Protection and Climate Change:

The Outcomes of this action in the Area of Support 3: Nature Protection and Climate Change are:

- Outcome 3.1. Improved management of Nature Protection
- Outcome 3.2. Improved adaptation to Climate Change

The Typology of Outputs to be delivered by this action in the **Area of support 3** contributing to the corresponding Specific Objectives (Outcomes) are:

3.1.1. Typology of Outputs contributing to Outcome 3.1. Improved management of Nature Protection:

- CITES Convention Center constructed
- National/Natural Parks visitors Centers refurbished
- Natura 2000: Bird watching cabins installed
- Natura 2000: Improved Infrastructure (info boards, fences, visitor centres, benches, rubbish bins)
- Reconstruction of saltworks (including energy efficiency measures for pumping stations) and visitor infrastructure in Ulcinj Salina Nature Park according to the chapter 27 action plan

3.2.1. *Typologies of outputs contributing to Outcome 3.2: Improved adaptation to Climate Change:*

- Flood risk reduced by interventions at river basin level that will prioritise vulnerable areas.

The underlying intervention logic for this **Area of Support number 3** is that:

IF Montenegro improves infrastructure for **Nature Protection** according to National Strategies and according to the Action Plan for the Fulfilment of Closing Benchmarks in Chapter 27 **AND IF** Montenegro continues its alignment with the *acquis* on **Climate Change**, **THEN** the Country will progress on the achievement of Closing Benchmarks **number 5** (i.e. measures related to **Nature Protection** and management of Natura 2000 network) **PROVIDED THAT** Montenegro:

- Continues with its efforts to set up Nature 2000 network and will provide effective protection to natural spots like Ulcinj Salina.
- Implements effectively the National Strategy for Climate Change by 2030.
- Adopts a National Strategy for Climate Change adaptation.
- Adopts a Low Carbon Strategy.
- Fulfils its obligations at international level for Clime.

AREA OF SUPPORT		TYPOLGY OUTPUTS
Area of Support 3: Nature Protection and Climate Change	Typology of Outputs contributing to Outcome 3.1. Improved management of Nature Protection:	3.1.1. Typology of Outputs contributing to Improved management of Nature Protection: <ul style="list-style-type: none"> • CITES Convention Center constructed • National/Natural Parks visitors Centers refurbished • Natura 2000: Bird watching cabins installed • Natura 2000: Improved Infrastructure (info boards, fences, visitor centres, benches, rubbish bins) • Reconstruction of saltworks (including energy efficiency measures for pumping stations) and visitor infrastructure in Ulcinj Salina Nature Park according to the chapter 27 action plan
	Typology of Outputs contributing to Outcome 3.2. Improved adaptation to Climate Change	3.2.1. Typology of Outputs related to Climate Change: <ul style="list-style-type: none"> • Flood risk reduced by interventions at river basin level that will prioritise vulnerable areas.

Area of Support 4: Other Support for Environment Sector:

The Outcome of this action in the Area of Support 4: Other Support for Environment Sector is:

- Outcome 4.1. Improved Capacity for Environmental Management (Horizontal)

The Typology of Outputs to be delivered by this action in the **Area of support 4** are:

4.1.1. *Typology of Outputs related to improving Environmental Planning:*

- Action Plan for the Fulfilment of Closing Benchmarks in Chapter 27 revised
- Cost of alignment and the needs in terms of Institutional Capacity prepared
- Completion of strategic planning, by preparing missing sub-sector implementation plans.
- Strategies Prepared (i.e. for any of the sub-sectors except water and waste)

4.1.2. Typology of Outputs related to Support and Capacity Building for implementing Environmental Acquis:

- Environmental technical standards and guidelines for Environment & Climate Change Sector prepared
- Staff trained and coached
- Legislation drafted according to EU *Acquis*
- New Area researched for Birds and Habitat Directives
- Equipment supplied for environment Management and Monitoring
- Public awareness campaigns carried out

4.1.3. Typology of Outputs related to Civil Protection:

- Equipment for Medium Urban Search and Rescue (MUSAR), allowing at least 3 Teams to be certified according to International Search and Rescue Advisory Group (INSARAG) standards delivered and fully functional.

4.1.4. Typology of Outputs related to supporting the Operating Structure for OP Management:

- Staff of the Structure trained and coached for OP management
- Management and Information System (MIS) for the OP monitoring fully functional.
- Managing Authority supported to carry out its functions according to Annex A of the Financial Framework Partnership Agreement.
- Intermediate Body for Financial Management (IBFM) supported to carry out its functions according to Annex A of the Financial Framework Partnership Agreement.

The underlying intervention logic for this **Area of Support number 4** is that:

- **IF Montenegro** increases the capacity for environmental Management (horizontal for all sub-sectors except water and waste already covered) and OP Management, **THEN** the Country will progress on the achievement of **Closing Benchmark number 8** (i.e. measures related to the **capacity of the administrative bodies** at all levels) **PROVIDED THAT:**
 - The Government of Montenegro committed to the EU integration process;
 - Full commitment and support at decision-making level within the institutions involved in the management of IPA is ensured
 - Effective cooperation among the beneficiaries, line Ministries, municipalities and other Public Bodies/Agencies/Non Governmental Organisations/Civil Society Organisations;
 - Operating Structure for OP Implementation Accredited
 - Roles and responsibilities for Managing Authority, Intermediate Bodies (for Policy Management and Financial management) and Beneficiaries well designed and fully functional.

AREA OF SUPPORT		TPOLOGY OUTPUTS
Area of Support 4: Other Support for Environment Sector	Typology of Outputs contributing to Outcome 4.1. Improved Capacity for Environmental Management (Horizontal):	4.1.1. Typology of Outputs related to improving Environmental Planning: <ul style="list-style-type: none"> • Action Plan for the Fulfilment of Closing Benchmarks in Chapter 27 revised • Cost of alignment and the needs in terms of Institutional Capacity prepared • Completion of strategic planning, by preparing missing sub-sector implementation plans. • Strategies Prepared (i.e. for any of the sub-sectors except water and waste)
		4.1.2. Typology of Outputs related to Support and Capacity Building for implementing Environmental Acquis: <ul style="list-style-type: none"> • Environmental technical standards and guidelines for Environment & Climate Change Sector prepared • Staff trained and coached

		<ul style="list-style-type: none"> • Legislation drafted according to EU Acquis, taking into account also new/updated EU acquis during the implementation period • New Area researched for Birds and Habitat Directives • Equipment supplied for environment Management and Monitoring • Projects ready for implementation • Public awareness campaigns carried out
		4.1.3. Typology of Outputs related to Civil Protection: <ul style="list-style-type: none"> • Equipment for Medium Urban Search and Rescue (MUSAR), allowing at least 3 Teams to be certified according to International Search and Rescue Advisory Group (INSARAG) standards delivered and fully functional.
		4.1.4. Typology of Outputs related to supporting the Operating Structure for OP Management: <ul style="list-style-type: none"> • Staff of the Operating Structure trained and coached for OP management • Managing Authority supported to carry out its functions according to Annex A of the Financial Framework Partnership Agreement. • Management and Information System (MIS) for the OP monitoring fully functional. • Intermediate Body for Financial Management (IBFM) supported to carry out its functions according to Annex A of the Financial Framework Partnership Agreement.

4.2.2 Detailed description of each area of support

Area of Support 1: Municipal Water Management

Rationale

Despite Montenegro is at an advance stage in the legislative alignment and the implementation process, in the case of the Drinking Water Directive, new investments are necessary in order to guarantee a proper water distribution system. Water consumption levels are too high, especially during the summer when water resources are limited. This water shortage is exacerbated by the poor condition of the water distribution network, which loses about half of the drinking water before it reaches the consumer – over 90 per cent of households have access to tapped water.

Wastewater discharges to the water bodies is another serious and overlooked problem. In almost all municipalities, wastewater either drains into rivers or infiltrates into the ground. Montenegro's existing wastewater infrastructure is very limited. Sewerage and Wastewater Strategic Master Plans, one for Central and Northern Regions and another for the Coastal Area and Cetinje recommend a very ambitious investment programme to achieve the objective of appropriate sanitation for all areas by the year 2029. This programme still remains valid, as many of the required investments have not been carried out.

Major efforts will be needed during the IPA implementation process across the entire sector. Large scale investments will be required, notably related to the construction or modernisation of the urban waste water collection and treatment systems, as the introduction of new technologies of water treatment and supply, and the universal access to safe water, with priority for vulnerable communities.

Applicable EU legislation:

Water quality remains an issue of concern for Montenegro. Significant efforts are needed to align water legislation with the *acquis* and to implement it. Monitoring networks are insufficient, as is the administrative capacity for Water Cycle Management.

It is necessary to build the necessary administrative capacity, including the enforcement system, expertise and institutional coordination. Without substantial additional efforts, better planning and increased resources it may be difficult to achieve a sufficient level of alignment in the medium term.

For this Activity, there are two key EU Directives that will guide the main efforts in terms of Capacity Building and *Acquis* Related Activities:

- Council Directive 2000/60/EC laying down the framework for community activities related to water - Water Framework Directive (WFD)
- Council Directive 91/271/EEC for urban waste water treatment.

Acquis related and Capacity Building Activities of the OP will provide support to the interventions proposed in the “Action Plan for the Fulfilment of Closing Benchmarks in Chapter 27 - Environment and Climate Change”.

Outcomes

Outcome 1.1.

•Improved Management of Municipal Water

OUTCOMES	TYPOLGY OUTPUTS	OUTPUT INDICATORS	ACTIVITIES
Area of Support 1: Municipal Water Management.			
Outcome 1.1. Improved management of Municipal Water Outcome Indicators: <ul style="list-style-type: none"> Number of people benefiting from an improved urban water supply service supported by the investment Equivalent population benefiting from an improved waste water management service supported by the investment, according to Council Directive 91/271/EEC 	1.1.1. Typology of Outputs related to Water Supply: <ul style="list-style-type: none"> Wells and water catchments rehabilitated Water storage reservoirs constructed or rehabilitated Water supply network constructed or rehabilitated 	<ul style="list-style-type: none"> Length (Kms) of new or upgraded pipes for the distribution systems of public water supply (Ind. 3.1.7.3) 	<ul style="list-style-type: none"> Improvement of water supply system by rehabilitation of wells and water catchments, replacement of storage reservoirs and expansion and rehabilitation of water supply network; Connection of water supply infrastructure for all citizens, including vulnerable Roma settlements. Project preparation (including feasibility studies, CBA, EIA, detailed design, technical specifications and tender dossiers) and project management (works supervision, quality control, etc.).
	1.1.2. Typology of Outputs related to Waste Water management: <ul style="list-style-type: none"> Waste Water Treatment Plants constructed Main collectors for sewage water constructed Sewage water secondary networks constructed or rehabilitated 	<ul style="list-style-type: none"> Length (Kms) of new or upgraded pipes for the public network for collection of waste water (Ind. 3.1.7.4) 	<ul style="list-style-type: none"> Construction of Waste Water Treatment Plants, including Main collectors for sewage water to comply with the Urban Waste Water Framework Directive; Renovation and/or extension of sewage water secondary networks within the cities. Project preparation (including feasibility studies, CBA, EIA, detailed design, technical specifications and tender dossiers) and project management (works supervision, quality control, etc.).
	1.1.3. Typology of Outputs related to Capacity Building for Municipal Water Management: <ul style="list-style-type: none"> Staff trained and coached Legislation drafted according to EU Acquis Strategies Prepared (i.e. for water supply) Equipment supplied for Water Management and Monitoring 	<ul style="list-style-type: none"> Number of Strategies Prepared Number of Staff trained 	<ul style="list-style-type: none"> Completion of strategic planning, by preparing missing sub-sector implementation plans for Water Management. Capacity building at national and local levels for implementation and enforcement of Water Management legislation. Capacity Building activities will include: Training and coaching, Technical Assistance for supporting the implementation, improving Water Monitoring systems, etc.

Types of activities and outputs

Activities linked to Outcome: 1.1. Improved management of Municipal Water

Description of eligible activities including major projects:

1.1.1. Activities related to Water Supply:

- Improvement of water supply system by rehabilitation of wells and water catchments, replacement of storage reservoirs and expansion and rehabilitation of water supply network;
- Connection of water supply infrastructure for all citizens, including vulnerable Roma settlements.
- Project preparation (including feasibility studies, CBA, EIA, detailed design, technical specifications and tender dossiers) and project management (works supervision, quality control, etc.).

1.1.2. Activities related to Waste Water Management:

- Construction of Waste Water Treatment Plants, including Main collectors for sewage water to comply with the Urban Waste Water Framework Directive;
- Renovation and/or extension of sewage water secondary networks within the cities.
- Project preparation (including feasibility studies, CBA, EIA, detailed design, technical specifications and tender dossiers) and project management (works supervision, quality control, etc.).

1.1.3. Activities related to Capacity Building for Municipal Water Management:

- Completion of strategic planning, by preparing missing sub-sector implementation plans for Water Management.
- Capacity building at national and local levels for implementation and enforcement of Water Management legislation. Capacity Building activities will include: Training and coaching, Technical Assistance for supporting the implementation, improving Water Monitoring systems, etc.

Typologies of outputs contributing to Outcome 1.1:

The Typology of Outputs to be delivered by this action in the Area of support 1 are:

1.1.1. Typology of Outputs related to Water Supply:

- Wells and water catchments rehabilitated

- Water storage reservoirs constructed or rehabilitated
- Water supply network constructed or rehabilitated

1.1.2. Typology of Outputs related to Waste Water management:

- Waste Water Treatment Plants constructed
- Main collectors for sewage water constructed
- Sewage water secondary networks constructed or rehabilitated

1.1.3. Typology of Outputs related to Capacity Building for Municipal Water Management:

- Staff trained and coached
- Legislation drafted according to EU *Acquis*
- Strategies Prepared (i.e. for water supply)
- Equipment supplied for Water Management and Monitoring

Delivery methods:

Twinning, Public Procurement of Works, Services and Supplies contracts under Indirect Management by IPA Beneficiary

End recipients and target groups:

- End recipients: Municipalities in charge of the water management infrastructure

Conditions:

- Master Plans for Urban Wastewater Measures and DSIP for UWWTD enforced
- Clear institutional and legal Framework for attracting other sources of finance, namely IFIs and Public - Private Partnership

Targets and indicators

Table: Impact/Outcome/Output indicators for Outcome 1.1 Improved management of Municipal Water

Indicators	Baseline year 2023	Final target 2030	Source of verification
Impact Indicators			
Compliance level with the UWWTD: % of the total generated load receiving biological treatment (Article 4)	33%	50%	EPA State of the Environment Report
Outcome Indicators			
Number of people benefiting from an improved urban water supply service supported by the investment	-	47,150	OP Progress Report
Equivalent population benefiting from an improved waste water management service supported by the investment, according to Council Directive 91/271/EEC	-	20,000	OP Progress Report
Output Indicators			
Length (Kms) of new or upgraded pipes for the distribution systems of public water supply (Ind. 3.1.7.3)	-	10	OP Progress Report
Length (Kms) of new or upgraded pipes for the public network for collection of waste water (Ind. 3.1.7.4)	-	5	OP Progress Report
Number of Strategies Prepared	-	1	OP Progress Report
Number of Staff trained	-	250	OP Progress Report

Area of Support 2: Municipal Waste Management

Rationale

Current Waste Management in Montenegro relies heavily on landfill disposal, being unsustainable and incompatible with European Directives and adopted national legislation. Montenegro is facing considerable problems with managing all the types of waste. Current system of waste collection and disposal is such that it does not provide for waste separation and separate treatment of different types of waste, while in principle the disposal of non-hazardous industrial, municipal and hazardous wastes alike does not meet the desired environmental standards.

As for municipal waste, the percentage of population covered by the organized system of waste collection is rather low and unsatisfactory. An integrated solid waste management system has to be developed according to National Waste Management Plan of Montenegro 2015-2020; this will make use of a range of options, including waste minimization, recycling, composting, landfill disposal and incineration.

Waste management interventions financed under this OP must contribute to:

- Self-sufficiency in waste management;
- New regional landfills in line with EU standards;
- Integral system in waste handling;
- Decrease of waste quantity;
- Decrease of quantity of waste which is discharged on landfills by primary separation of waste that can be re-used;
- Decrease of negative influence of waste on the environment;
- Management of waste on the principles of sustainable development;

Due to limitation of funds, efforts will be concentrated on the minimization of urban solid waste, recycling and separate collection. Before any decision on building new landfills is taken, attention should be paid to increasing **efforts towards waste minimisation through waste prevention, separate collection and recycling.** Such measures are considerably cheaper than building new heavy infrastructure; they also give effect to the objectives of the European waste hierarchy and the European waste management policy.

The implementation of the separate collection system for specific waste streams will require not only physical infrastructure but as well setting up the awareness raising campaigns. To foster activities related to separate collection system, the MTESDNRD in 2017 prepared Model Municipal Regulation for separate collection of municipal waste. Several municipalities, pursued to this Model, have already started preparation of its regulations. Still, there will be need of the future support for the implementation of these regulations.

Applicable EU legislation:

Montenegro has achieved a good level of legislative alignment with directives on Waste Framework, Landfills, WEEE, Packaging Waste, End-of-Life Vehicles, PCB/PCT, and Sewage Sludge. However, implementation remains at an early stage and in most cases no reliable planning of implementing measures and foreseen investments exists. Major efforts are needed in the implementation process of the *acquis* across the entire sector. Implementation will require not only large-scale investments, but further strengthening of the administrative capacity at national and local level; administrative capacities in the waste sub-sector at central, and especially local level, have not been developed sufficiently to undertake full implementation of the legislation, despite a high level of transposition has been achieved.

Acquis related and Capacity Building Activities of the OP will provide support to some of the interventions proposed in the “**Action Plan for the Fulfilment of Closing Benchmarks in Chapter 27 - Environment and Climate Change**”.

Outcomes

Outcome 2.1

- Improved Management of Municipal Waste

Area of Support 2: Municipal Waste Management.			
Outcome 2.1. Improved management of Municipal Waste Outcome Indicators: <ul style="list-style-type: none"> Number of people benefitting from an improved urban waste collection and disposal service supported by the investment 	2.1.1. Typology of Outputs related to Municipal Waste management: <ul style="list-style-type: none"> Containers for separate collection of waste streams provided and functional Collection vehicles provided and functional Materials Recovery Facilities (MRFs) constructed Composting plants constructed Recycling yards constructed Transfer facilities constructed Dumpsites rehabilitated 	<ul style="list-style-type: none"> Number of new containers for separate collection of recyclable waste Number of compaction trucks for separate collection Number of new Civic Amenity Centers (Recycling Yards) 	<ul style="list-style-type: none"> Investments in Infrastructure for Municipal Solid Waste Management: Construction and establishment of collection systems and separation methods including: <ul style="list-style-type: none"> Setting up separate collection including separate collection of waste streams; Development of the collection services: provision of collection vehicles (compaction trucks), containers, bin cleaning vehicles, etc; Improvement of waste management facilities including construction of Materials Recovery Facilities (MRFs), Composting Plants, Waste Treatment Plants or Civic Amenity Centers (Recycling Yards); Development of transfer facilities such as the construction of transfer/transit (bulk) station, provision of vehicles; Rehabilitation of dumpsites; Preparation of technical documentation (FS, CBA, EIAs etc) to proceed with further investments .
	2.1.2. Typology of Outputs related to Capacity Building for Municipal Waste management: <ul style="list-style-type: none"> Staff trained and coached Legislation drafted according to EU Acquis Strategies Prepared (i.e. for Municipal Waste Management Plans) Equipment supplied for Waste Management and Monitoring Public awareness campaigns 	<ul style="list-style-type: none"> Number of Strategies Prepared Number of Staff trained Number of people reached with EU-funded awareness raising campaigns 	<ul style="list-style-type: none"> Improvement of waste management system by introducing asset management practices which allow evidence-based both decision-making and prioritization of infrastructure investments. Completion of strategic planning, by preparing missing sub-sector implementation plans for Waste Management Strengthening the capacities at national and local levels for implementation and enforcement of Waste Management legislation, including Waste Monitoring, Specific Technical Assistance will be required for setting up an Integrated Waste Management System and supporting the process for establishing a separate collection system. Capacity Building activities will include: Training and coaching, Technical Assistance for supporting the implementation, improving Waste Monitoring systems Public Awareness campaigns, including in schools, for reducing waste production and promoting separate collection and recycling

Types of activities and outputs

Activities linked to Outcome: 2.1. Improved management of Municipal Waste

Description of eligible activities including major projects:

2.1.1. Activities related to infrastructure for Municipal Waste Management:

- Investments in Infrastructure for Municipal Solid Waste Management: Construction and establishment of collection systems and separation methods including:
 - Setting up separate collection including separate collection of waste streams;
 - Development of the collection services: provision of collection vehicles (compaction trucks), containers, bin cleaning vehicles, etc;
 - Improvement of waste management facilities including construction of Materials Recovery Facilities (MRFs), Composting Plants, Waste Treatment Plants or Civic Amenity Centers (Recycling Yards);
 - Development of transfer facilities such as the construction of transfer/transit (bulk) station, provision of vehicles;
- Rehabilitation of dumpsites;
- Preparation of technical documentation (FS, CBA, EIAs etc) to proceed with further investments.

2.1.2. Activities related to Capacity Building for Municipal Waste Management:

- Improvement of waste management system by introducing asset management practices which allow evidence-based both decision-making and prioritization of infrastructure investments.
- Completion of strategic planning, by preparing missing sub-sector implementation plans for Waste Management.
- Strengthening the capacities at national and local levels for implementation and enforcement of Waste Management legislation, including Waste Monitoring, Specific Technical Assistance will be required for setting up an Integrated Waste Management System and supporting the process for establishing a separate collection system. Capacity Building activities will include: Training and coaching, Technical Assistance for supporting the implementation, improving Waste Monitoring systems.
- Public Awareness campaigns including in schools for reducing waste production and promoting separate collection and recycling.

Typologies of outputs contributing to Outcome 2.1:

The Typology of Outputs to be delivered by this action in the **Area of support 2** are:

2.1.1. Typology of Outputs related to infrastructure for Municipal Waste Management:

- Containers for separate collection of waste streams provided and functional;
- Collection vehicles provided and functional;
- Materials Recovery Facilities (MRFs) constructed;
- Composting plants constructed;
- Recycling yards constructed;
- Transfer facilities constructed;
- Dumpsites rehabilitated.

2.1.2. Typology of Outputs related to Capacity Building for Municipal Waste Management:

- Staff trained and coached;
- Legislation drafted according to EU *Acquis*;
- Strategies Prepared (i.e. for Municipal Waste Management Plans);
- Equipment supplied for Waste Management and Monitoring;
- Public awareness campaigns.

Delivery methods:

Twinning, Public Procurement of Works, Services and Supplies contracts under Indirect Management by IPA Beneficiary

End recipients and target groups:

- End recipients: Municipalities in charge of the waste management infrastructure

Conditions:

- Montenegro decides on its waste management system by approving the new National Waste Management Plan with clear catchment areas
- New Law on Waste Management adopted by the Government
- Clear institutional and legal Framework for attracting other sources of finance, namely IFIs and Public - Private Partnership

Targets and indicators

Table: Impact/Outcome/Output indicators for Outcome 2.1 Improved management of Municipal Waste

Indicators	Baseline year	Final target 2030	Source of verification
Impact Indicators			
Separately collected waste in Montenegro	20,9%	50%	EPA State of the Environment Report
Outcome Indicators			
Number of people benefitting from an improved urban waste collection and disposal service supported by the investment	-	200,000	OP Progress Report
Output Indicators			
Number of new containers for separate collection of recyclable waste	-	1,600	OP Progress Report
Number of compaction trucks for separate collection	-	15	OP Progress Report
Number of new Civic Amenity Centers (Recycling Yards)	-	5	OP Progress Report
Number of Strategies Prepared	-	1	OP Progress Report
Number of Staff trained	-	50	OP Progress Report
Number of people reached with EU-funded awareness raising campaigns	-	300,000	OP Progress Report

Area of Support 3: Nature Protection and Climate Change

Rationale

Nature Protection:

The challenges related to the field of nature protection are associated with limited human resources capacity at the national and local level in government institutions in terms of the number of officials and experts who deal with certain specific topics. This mostly relates to the expertise and the scientific-research work for the certain taxonomic categories and the application of the specific methodologies and collection of data in accordance to the **standards of NATURA 2000**. In that context, it will be necessary to get expertise assistance from EU Member states. Furthermore, a significant challenge is securing sufficient amount of financial resources that will follow up the implementation of activities according to the planned dynamics. Regarding the identification of potential Natura 2000 areas, during 2022 an additional 12% of the land territory of Montenegro was mapped, being planned to reach up to 47% of the total in 2023. Data collection with the aim of identifying potential Natura 2000 will continue during 2023, as the required funds have been allocated under the state budget for the continuation of research, both on land and in the marine environment.

In this regard, the **OP's priority for Nature Protection will be to contribute to the implementation of the National Biodiversity Strategy, assist in preparation for the implementation of NATURA 2000 Network system** and fulfil with the obligations arising from **international conventions**.

Natura 2000 is a prerequisite for Montenegro's accession to the European Union and one of the basic mechanisms of nature protection in the EU. The legal grounds of the protection system represent Habitats and the Birds Directive. The obligation of the Natura 2000 network is defined with the opening benchmark for Chapter 27.

Montenegro has received a closing benchmark in this field, which refers to the submission of the list of proposed Natura 2000 sites to the European Commission, which sufficiently covers habitat types and species in accordance with the requirements of the Birds and the Habitats Directive. With this closing benchmark, Montenegro is expected to demonstrate its capacity to manage the Natura 2000 network and the effective implementation of the necessary conservation measures that lead to improved conservation status including the **Ulcinj Salina**.

It is necessary to establish and strengthen institutional capacities and coordination for the efficient implementation of the European system in the field of nature protection, in order to achieve national goals harmonized with the EU policy.

When it comes to institutional organisation, competence, and capacities available for efficient transposition of the EU legislation and the implementation of national legislation concerning nature protection, the EU stresses the importance of further development of administrative capacity, especially on regional and local levels, and the need for further development of coordination mechanisms and continuous improvement of cooperation among the various administrative bodies involved in the implementation and application of the EU *acquis* in this respective field. In this regard, the EU urges Montenegro to submit the Action plan addressing this issue.

Success in implementation of the EU *acquis* in the field of nature protection largely depends on mutual cooperation between the environment protection sector and other relevant sectors (spatial planning, agriculture, rural development, forestry, hunting, etc.). Therefore, the challenge may also be the compatibility of the planning and integration of nature protection measures in other sectoral plans and policies. The main tools used for mainstreaming biodiversity in other sectorial strategies, policies and plans so far are impacts assessments – both at the level of strategies and plans (Strategic Environmental Assessments or SEA) and on project level (Environmental Impact Assessment or EIA).

Climate Change:

Climate Action adaptation:

Projected changes in the temperature and the precipitation regime of Montenegro, will inevitably affect various natural and social systems which are exposed to them.

The Third National Communication on Climate Action analyses the state of the Montenegrin climate and the impact of its changes into 6 different categories as follows:

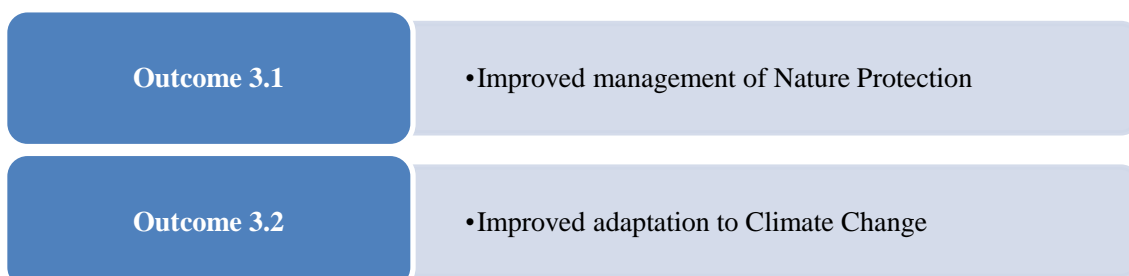
1. water resources (e.g. river floods);
2. forestry (e.g. development of different pests and diseases due to increases in temperature and reduction in the amount of precipitation, index of distribution of forest tree types);
3. agriculture (e.g. productivity of plants due to temperature increase) and livestock breeding (e.g. productivity of Livestock due to temperature increase);
4. Sea ecosystems and fisheries.
5. Coast and the coastal region (e.g. increase in the sea surface temperature, rising sea level);
6. Human health (e.g. more frequent heat waves, floods, respiratory tract allergies caused by pollen particularly in children, more frequent cardiac arrests and strokes during periods of low air pressure, large fluctuations of temperatures and sultry days).
7. Urban areas (heat waves, rain waves, atmospheric pollution, etc).

Adaptation measures are recommended for any of the above mentioned sectors. However, for this OP, the first category of “water resources” is especially relevant, due to the high risk of floods in the country.

Applicable EU legislation:

- Birds Directive (Directive 79/409/EEC) amended by Directive 2009/147/EC
- Habitats Directive (Council Directive 92/43/EEC)
- Directive 83/129/EEC importation of skins of certain seal pups and products derived therefrom
- Regulation (EC) No. 1007/2009 on trade in seal products
- Council Regulation (EEC) No. 3254/91 prohibiting the use of leghold traps.
- Marine Strategy Framework Directive (MSFD, 2008/56/EC)
- Regulation (EU) 2021/1119 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 (“European Climate Law”);
- Implementing Regulation (EU) 2020/1208 on structure, format, submission processes and review of information in line with Regulation (EU) 2018/1999.
- Regulation (EU) 2018/842 on the reduction of greenhouse gas emissions in the sectors of industrial processes and product use.
- Directive 2008/50/EC ambient air quality and cleaner air for Europe, until 31 December 2027;
- Directive 2010/75/EU (Industrial Emissions Directive), until 1 January 2030;

Outcomes



Area of Support 3: Nature Protection and Climate Change.			
Outcome 3.1. Improved management of Nature Protection Outcome Indicator: <ul style="list-style-type: none"> Areas of marine, terrestrial and freshwater ecosystems under a) protection, b) sustainable management with IPA III support 	3.1.1. Typology of Outputs contributing to Outcome 3.1. Improved management of Nature Protection: <ul style="list-style-type: none"> CITES Convention Center constructed National/Natural Parks visitors Centers refurbished Natura 2000: Bird watching cabins installed Natura 2000: Improved Infrastructure (info boards, fences, visitor centres, benches, rubbish bins) Reconstruction of saltworks (including energy efficiency measures for pumping stations) and visitor infrastructure in Ulcinj Salina Nature Park according to chapter 27 action plan 	<ul style="list-style-type: none"> Number of Buildings for Nature Protection renovated 	3.1.1. Activities related to Nature Protection Infrastructure: <ul style="list-style-type: none"> Physical infrastructure for Nature Protection: <ul style="list-style-type: none"> CITES Convention Centers National/Natural Parks visitors Centers Reconstruction of buildings, including rehabilitation of channels for water charging, etc in Natura 2000 spaces Natura 2000 related infrastructure (i.e. Bird watching cabins, rehabilitation of land for birds nesting), Infrastructural equipping of protected areas where necessary (info boards, fences, visitor centers, benches, rubbish bins), setting up artificial islands for nesting Reconstruction of saltworks (including energy efficiency measures for pumping stations) and visitor infrastructure in Ulcinj Salina Nature Park according to chapter 27 action plan Rehabilitation of damaged natural spaces Further support for effective implementation of Natura 2000 network
Outcome 3.2. Improved adaptation to Climate Change Outcome Indicator: <ul style="list-style-type: none"> Number of river basins with a reduced risk of floods 	3.2.1. Typology of Outputs contributing to Outcome 3.2. Improved adaptation to Climate Change: <ul style="list-style-type: none"> Flood risk reduced by interventions at river basin level that will prioritize vulnerable areas. 	<ul style="list-style-type: none"> Number of metres of embankments renovated 	3.2.1. Activities related to Climate Change Infrastructure: <ul style="list-style-type: none"> Embankments or other river management infrastructure required for mitigating water related hazards and disasters (i.e. risk of floods) and contributing to sustainable regulation of river flow.

Types of activities and outputs

Activities linked to Outcome: 3.1. Improved management of Nature Protection

Description of eligible activities including major projects:

3.1.1. Activities related to Nature Protection Infrastructure:

- Physical infrastructure for Nature Protection:
 - CITES Convention Centers
 - National/Natural Parks visitors Centers
 - Reconstruction of buildings, including rehabilitation of channels for water charging, etc. in Natura 2000 spaces
 - Natura 2000 related infrastructure (i.e., Bird watching cabins, rehabilitation of land for birds nesting), Infrastructural equipping of protected areas where necessary (info boards, fences, visitor centers, benches, rubbish bins), setting up artificial islands for nesting
 - Reconstruction of saltworks (including energy efficiency measures for pumping stations) and visitor infrastructure in Ulcinj Salina Nature Park according to the chapter 27 action plan
- Rehabilitation of damaged natural spaces
- Further support for effective implementation of Natura 2000 network

3.1.1. Typology of Outputs contributing to Outcome 3.1. Improved management of Nature Protection:

- CITES Convention Center constructed
- National/Natural Parks visitors Centers refurbished
- Natura 2000: Bird watching cabins installed
- Natura 2000: Improved Infrastructure (info boards, fences, visitor centres, benches, rubbish bins)
- Reconstruction of saltworks (including energy efficiency measures for pumping stations) and visitor infrastructure in Ulcinj Salina Nature Park according to the chapter 27 action plan

Delivery methods:

Twinning, Public Procurement of Works, Services and Supplies contracts under Indirect Management by IPA Beneficiary

End recipients and target groups:

- End recipients: National Government institutions in charge of the Environmental infrastructure management, namely MTESDNRD, EPA, National parks of Montenegro, Forest Administration, etc.

Conditions:

- Institutional adjustment measures included in the Action Plan for the Fulfilment of Closing Benchmarks in Chapter 27 for Nature Protection are implemented

Targets and indicators

Table: Impact/Outcome/Output indicators for Outcome 3.1 Improved management of Nature Protection

Indicators	Baseline year	Final target 2030	Source of verification
Impact Indicators			
Contribution to achieve Negotiation Benchmark nr 5: Nature Protection	Benchmark not Achieved	Benchmark Achieved	EPA State of the Environment Report
Outcome Indicators			
Number of Areas of marine, terrestrial and freshwater ecosystems under a) protection, b) sustainable management with IPA III support	-	1	OP Progress Report
Output Indicators			
Number of Buildings renovated	-	1	OP Progress Report

Activities linked to Outcome: 3.2. Improved adaptation to Climate Change

Description of eligible activities including major projects:

3.2.1. Activities related to adaptation to Climate Change:

- Embankments or other river management infrastructure required for mitigating water related hazards and disasters (i.e. risk of floods) and contributing to sustainable regulation of river flow.

3.2.1. Typology of Outputs related to Outcome 3.2. Improved adaptation to Climate Change:

- Flood risk reduced by interventions at river basin level that will prioritise vulnerable areas.

Delivery methods:

Twinning, Public Procurement of Works, Services and Supplies contracts under Indirect Management by IPA Beneficiary

End recipients and target groups:

- End recipients: National Government institutions in charge of the Environmental infrastructure management, namely MTESDNRD, EPA, National parks of Montenegro, Forest Administration, etc as well as municipalities.

Conditions:

Montenegro:

- Continues with its efforts to set up Nature 2000 network and will provide effective protection to natural spots like Ulcinj Salina.
- Implements effectively the National Strategy for Climate Change by 2030.
- Adopts a National Strategy for Climate Change adaptation.
- Adopts a Low Carbon Strategy.
- Fulfils its obligations at international level for Climate.

Targets and indicators

Table: Impact/Outcome/Output indicators for Outcome 3.2 Improved adaptation to climate change

Indicators	Baseline year	Final target 2030	Source of verification
Outcome Indicators			
Number of river basins with a reduced risk of floods	-	1	OP Progress Report
Output Indicators			
Number of meters of embankments renovated	-	13,000	OP Progress Report

Area of Support 4: Other Support for Environment Sector

Rationale

According to the last EC Country Progress Report, 2022 Montenegro should considerably step up its ambitions towards a **green transition**. Under this Area of Support, activities will focus on the **Action Plan for the Fulfilment of Closing Benchmarks in Chapter 27 – Environment and Climate Change**.

Area of Support 4 includes Capacity Building and Acquis related activities for those sub-sectors within Environment and Climate Change Sector that are not addressed under Area of Support number 1, 2 and 3. **Target sub-sectors for Area of Support 4 are: Air Quality, Nature Protection, Industrial Pollution, Chemicals, Noise, Civil Protection and Climate Change, plus some horizontal topics like Environmental Impact Assessment (EIA) Directive 2011/92/EU and Strategic Environmental Assessment (SEA) Directive 2001/42/EC.** For these environment sub-sectors, the Area of Support 4, will provide Horizontal Capacity Building and Acquis related activities with the exception of Nature Protection, for which physical infrastructure is foreseen under outcome 3.1. New/updated EU acquis that will become effective during the implementation period shall be taken into account.

The institutional and professional capacity of all relevant stakeholders is one of the key elements for successful IPA implementation. Qualified and sufficient human resources will be needed to avoid important delays in project preparation and project management.

The capacity of institutions involved in the Environment sector needs to be addressed throughout the whole process of IPA assistance, including programming, project preparation, management/implementation, monitoring, and performance assessment.

The staff should continue to be coached and trained on the IPA Sector Approach, Programming principles, performance monitoring framework or project management. They should also be provided with tools and practical guidance on how to use them.

The administrative capacity of relevant stakeholders and the partners should be strengthened by dedicated practical coaching, complemented with tailor-made specific training modules.

Based on lessons drawn from the past, capacity development activities should give particular emphasis in specifically targeting real gap knowledge and tailor-made coaching based on practical experience in EU accession and Structural funds, having in mind future responsibilities for managing Cohesion Policy Funds.

Finally, staff turnover has become a key issue for successful implementation of IPA assistance. Low salaries in Montenegrin public sector are the main reason for the important staff turnover affecting especially the Environment sector.

The analysis of the Sector also shows a significant unevenness in workload of employees and institutions and this situation can even worsen with the additional workload required for implementing an Operational Programme in the future.

All this process must be done in close coordination with the Action Plan for the Fulfilment of Closing Benchmarks in Chapter 27, and particularly with regard to **closing Benchmark number 8: "Montenegro, in line with the Action Plan for the transposition, implementation and enforcement of the EU acquis on environment and climate change, significantly enhances the capacity of the administrative bodies at all levels, including inspection services, further**

improves coordination of work and demonstrates that all appropriate administrative structures and adequate training will be in place in good time before accession to enable implementation and enforcement of the acquis in all sectors of this chapter”.

This Plan must be continuously monitored and complemented with additional information such as a detailed analysis of the cost of alignment (capital expenditure and operational expenditure), and the needs in terms of institutional capacities (i.e. staffing or equipment).

Updating the **Action Plan for the Fulfilment of Closing Benchmarks in Chapter 27** would be of great help for better planning the budget required and the institutional adjustment measures needed for succeeding in the Accession Negotiations for Chapter 27.

Specific Capacity Building for Civil Protection:

Montenegro's membership in the Civil Protection Mechanism of the European Union results in the obligation to equip search and rescue teams from ruins after devastating events of structural collapse due primarily to earthquakes. According to the National Disaster Risk Assessment, the earthquake is recognized as one of the most dominant hazards in Montenegro, and Montenegro is located in a high-risk seismic area. However, the Ministry of Interior and municipal protection services do not have adequate equipment to respond to an earthquake.

In accordance with the needs identified for the Directorate for Protection and Rescue (Ministry of Interior), and in accordance with the fact that the earthquake is the most dominant hazard in Montenegro, this Action Document foresees the acquisition of equipment for search and rescue from earthquake ruins in accordance with International Search and Rescue Advisory Group (INSARAG) standards. This will contribute to Montenegro's alignment with the following two Decisions under Chapter 27 for the Environment and Climate Change:

- Decision No. 1313/2013/EU of the European Parliament and of the Council of 17 Dec 2013 on a Union Civil Protection Mechanism;
- Decision No 2019/420 of the European Parliament and the Council of 13 March 2019 amending Decision No 1313/2013/EU on a Union Civil Protection Mechanism.

Specific Capacity Building of IPA Operating Structure for Operational Programme 2024-2027 “Environment and Climate Change”:

Implementation of Operational Programmes demands specific knowledge and structures (i.e. Managing Authority, Intermediate Bodies, etc). Bringing these structures to the desired administrative Capacity will require an important effort in terms of staff, procedures and internal organisation.

The Managing Authority shall designate one Intermediate Body to carry out the tasks of financial management (IBFM) of the programme.

Furthermore, Montenegro will have to carry out an entrustment Process for the Operational Programme 2024-2027 “Environment and Climate Change”, providing those persons or entities with the authority to establish:

- a) formal working arrangements detailing the rights and obligations of the structures and authorities concerned;
- b) an appropriate system for the exchange of information between them and the bodies concerned, including the power to require information and a right of access to documents and staff on the spot, if necessary;
- c) the standards to be met and the procedures to be followed.

Applicable EU legislation:

- Regulation (EU) 2021/1529 establishing the Instrument for Pre-Accession Assistance (IPA III)
- Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund

- and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy
- Environmental Impact Assessment (EIA) Directive 2011/92/EU as amended by 2014/52/EU and Strategic Environmental Assessment (SEA) Directive 2001/42/EC
- Directive 2007/2/EC of the European Parliament and of the Council of 14 March 2007 establishing an Infrastructure for Spatial Information in the European Community (INSPIRE)
- Regulation (EU) 2021/836 of the European Parliament and of the Council of 20 May 2021 amending Decision No 1313/2013/EU on a Union Civil Protection Mechanism

Outcomes

Outcome 4.1

• Improved Capacity for Environmental Management (Horizontal)

Area of Support 4: Other Support for Environment Sector.			
Outcome 4.1. Improved Capacity for Environmental Management (Horizontal) Outcome Indicator: <ul style="list-style-type: none"> • Number of Institutions improving their capacity for Environmental Management 	4.1.1. Typology of Outputs related to improving Environmental Planning: <ul style="list-style-type: none"> • Action Plan for the Fulfilment of Closing Benchmarks in Chapter 27 revised • Cost of alignment and the needs in terms of Institutional Capacity prepared • Completion of strategic planning, by preparing missing sub-sector implementation plans. • Strategies Prepared (i.e. for any of the sub-sectors except water and waste) 	<ul style="list-style-type: none"> • Action Plan for the Fulfilment of Closing Benchmarks in Chapter 27 updated and complemented: Cost of alignment and needs assessment for Institutional capacity 	4.1.1. Activities related to improving Environmental Planning: <ul style="list-style-type: none"> • Revision and updating the Action Plan for the Fulfilment of Closing Benchmarks in Chapter 27 • Detailed analysis of the Cost of alignment and the needs in terms of Institutional Capacity • Completion of strategic planning, by preparing missing sub-sector implementation plans. • Other Planning activities, including Strategic Environmental Assessment, if required
	4.1.2. Typology of Outputs related to Support and Capacity Building for implementing Environmental Acquis: <ul style="list-style-type: none"> • Environmental technical standards and guidelines for Environment & Climate Change Sector prepared • Staff trained and coached • Legislation drafted according to EU Acquis • New Area researched for Birds and Habitat Directives • Equipment supplied for environment Management and Monitoring • Projects ready for implementation • Public awareness campaigns carried out 	<ul style="list-style-type: none"> • Number of Staff trained • Training courses foreseen in the Action Plan for the Fulfilment of Chapter 27 closing benchmarks • Number of people reached with EU-funded awareness raising campaigns (disaggregated by gender and age) 	4.1.2. Activities related to Support and Capacity Building for implementing Environmental Acquis: <ul style="list-style-type: none"> • Developing and setting environmental technical standards and guidelines for Environment & Climate Change Sector • Coaching and training activities for Environment and Climate Change • Further support for effective implementation of EIA and SEA directives. • Development of National legislation for Nature Protection to complete the transposition process. • Strengthening the capacities for implementation and enforcement of Nature Protection Acquis, including setting up and management Natura 2000 network. • Improving capacity for river basin management • Further support for effective implementation of Climate Action Policies • Strengthening the capacities at national and local levels for implementation and enforcement of Air Quality, Nature Protection, Industrial Pollution, Chemicals and Noise legislation. • Support for Project Preparation • Public Awareness

Area of Support 4: Other Support for Environment Sector.			
Outcome 4.1. Improved Capacity for Environmental Management (Horizontal) Outcome Indicator: Number of Institutions improving their capacity for Environmental Management	4.1.3. Typology of Outputs related to Civil Protection: <ul style="list-style-type: none"> Equipment for Medium Urban Search and Rescue (MUSAR), allowing at least 3 Teams to be certified according to International Search and Rescue Advisory Group (INSARAG) standards delivered and fully functional. 	<ul style="list-style-type: none"> Number of Teams with Medium Urban Search and Rescue (MUSAR) equipment supplied 	4.1.3. Activities related to Civil Protection: <ul style="list-style-type: none"> Equipment for Medium Urban Search and Rescue (MUSAR), allowing at least 3 Teams to be certified according to International Search and Rescue Advisory Group (INSARAG) standards.
	4.1.4. Typology of Outputs related to supporting the Operating Structure for OP Management: <ul style="list-style-type: none"> Managing Authority supported to carry out its functions according to Annex A of the Financial Framework Partnership Agreement. Management and Information System (MIS) for the OP monitoring fully functional. Communication campaign carried out Programme evaluation carried out Programme monitoring supported Intermediate Bodies for Financial Management (IBFM) supported to carry out its functions according to Annex A of the Financial Framework Partnership Agreement. 	<ul style="list-style-type: none"> Number of staff coached for OP implementation Number of institutions supported for OP implementation Monitoring Information System functional Number of people reached with communication campaigns 	4.1.4. Activities related to supporting the Operating Structure for OP Management: <ul style="list-style-type: none"> Support to the Operating Structure, including coaching and training for Operational Programme Management. Coaching and support to Managing Authority to carry out its functions according to Annex A of the Financial Framework Partnership Agreement and in particular those related to Programme management, detailed programming, selection of operations, project pipeline management, management and control systems, verifications in the context of Ex-post controls, monitoring and reporting at Programme level and Programme evaluation. Coaching and support to Intermediate Body for Financial Management (IBFM) to carry out its functions, in particular those related to public procurement under PRAG rules, Quality Assurance for tender dossiers, financial management and control, verifications in the context of Ex-post controls, contract management and project monitoring. Communication and visibility activities Support for programme monitoring including the Sectoral Monitoring Committee Evaluation activities Setting up the Monitoring Information System (MIS) required for the OP implementation.

Types of activities and outputs

Activities linked to Outcome 4.1. Improved Capacity for Environmental Management (Horizontal)

Description of eligible activities including major projects:

4.1.1. Activities related to improving Environmental Planning:

- Revision and updating the Action Plan for the Fulfilment of Closing Benchmarks in Chapter 27
- Detailed analysis of the Cost of alignment and the needs in terms of Institutional Capacity
- Completion of strategic planning, by preparing missing sub-sector implementation plans.
- Other Planning activities, including Strategic Environmental Assessment, if required

4.1.2. Activities related to Support and Capacity Building for implementing Environmental Acquis:

- Developing and setting environmental technical standards and guidelines for Environment & Climate Change Sector
- Coaching and training activities for Environment and Climate Change
- Further support for effective implementation of EIA and SEA directives.
- Development of National legislation for Nature Protection to complete the transposition process.
- Strengthening the capacities for implementation and enforcement of Nature Protection *Acquis*, including setting up and management Natura 2000 network.
- Improving capacity for river basin management
- Further support for effective implementation of Climate Action Policies
- Strengthening the capacities at national and local levels for implementation and enforcement of Air Quality, Nature Protection, Industrial Pollution, Chemicals and Noise legislation.
- Support for Project Preparation
- Public Awareness

4.1.3. Activities related to Civil Protection:

- Equipment for Medium Urban Search and Rescue (MUSAR), allowing at least 3 Teams to be certified according to International Search and Rescue Advisory Group (INSARAG) standards.

4.1.4. Activities related to supporting the OP Management:

- Coaching and support to Managing Authority to carry out its functions according to Annex A of the Financial Framework Partnership Agreement and in particular those related to Programme management, detailed programming, selection of operations, project pipeline management, management and control systems, verifications in the context of Ex-post controls, monitoring and reporting at Programme level and Programme evaluation.
- Coaching and support to Intermediate Body for Financial Management (IBFM) to carry out its functions, in particular those related to public procurement under PRAG rules, Quality Assurance for tender dossiers, financial management and control, verifications in the context of Ex-post controls, contract management and project monitoring.
- Communication and visibility activities
- Support for programme monitoring including the Sectoral Monitoring Committee
- Evaluation activities
- Setting up the Monitoring Information System (MIS) required for the OP implementation.

Typologies of outputs contributing to Outcome 4.1.:

4.1.1. Typology of Outputs related to improving Environmental Planning:

- Action Plan for the Fulfilment of Closing Benchmarks in Chapter 27 revised
- Cost of alignment and the needs in terms of Institutional Capacity prepared
- Completion of strategic planning, by preparing missing sub-sector implementation plans.
- Strategies Prepared (i.e. for any of the sub-sectors except water and waste)

4.1.2. Typology of Outputs related to Support and Capacity Building for implementing Environmental Acquis:

- Environmental technical standards and guidelines for Environment & Climate Change Sector prepared
- Staff trained and coached
- Legislation drafted according to EU *Acquis*
- New Area researched for Birds and Habitat Directives
- Equipment supplied for environment Management and Monitoring
- Projects ready for implementation
- Public awareness campaigns carried out

4.1.3. Typology of Outputs related to Civil Protection:

- Equipment for Medium Urban Search and Rescue (MUSAR), allowing at least 3 Teams to be certified according to International Search and Rescue Advisory Group (INSARAG) standards delivered and fully functional.

4.1.4. Typology of Outputs related to supporting OP Management:

- Managing Authority supported to carry out its functions according to Annex A of the Financial Framework Partnership Agreement.
- Management and Information System (MIS) for the OP monitoring fully functional.
- Communication campaign carried out
- Programme evaluation carried out
- Programme monitoring supported
- Intermediate Bodies for Financial Management (IBFM) supported to carry out its functions according to Annex A of the Financial Framework Partnership Agreement.

Delivery methods:

Twining, Public Procurement of Services and Supplies contracts under Indirect Management by IPA Beneficiary

End recipients and target groups:

- Target Groups for Capacity Building Activities: staff involved in Environmental management at all levels: National Government, Municipalities and Viks (Utility Companies).
- Target Groups for Public Awareness Activities: Civil Society in general,.

Conditions:

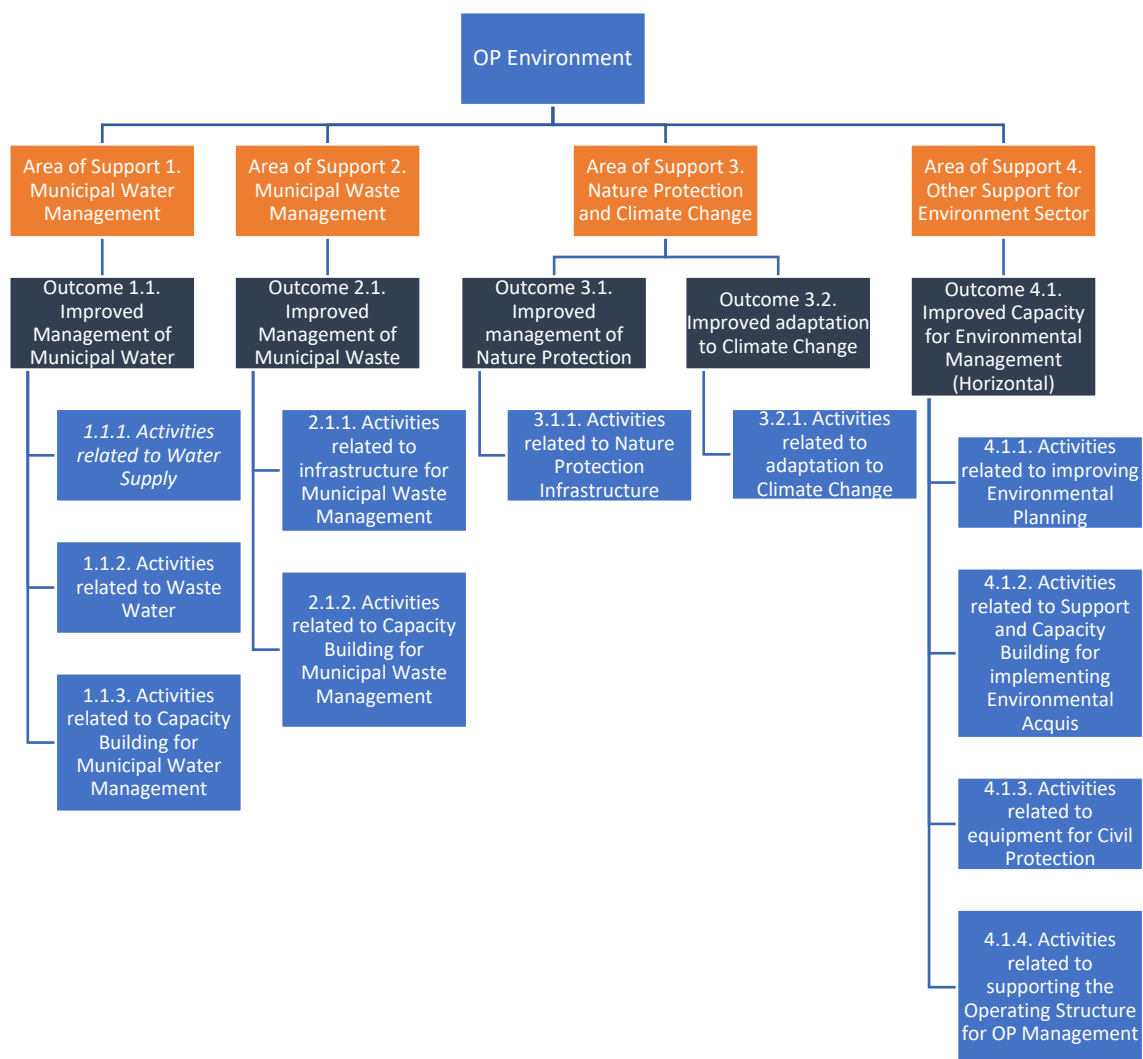
- The Government of Montenegro committed to the EU integration process;
- Full commitment and support at decision-making level within the institutions involved in the management of IPA is ensured
- Effective cooperation among the beneficiaries, line Ministries and other Public Bodies/Agencies;

Targets and indicators

Table: Impact/Outcome/Output indicators for Outcome 4.1. Improved Capacity for Environmental Management (Horizontal)

Indicators	Baseline year	Final target 2030	Source of verification
Impact Indicators			
OP Environment Absorption Capacity: % of IPA Funds spent	-	100%	OP Progress Report
Outcome Indicators			
Number of Institutions improving their capacity for Environmental Management	-	25	OP Progress Report
Output Indicators			
Action Plan for the Fulfilment of Closing Benchmarks in Chapter 27 updated and complemented: Cost of alignment and needs assessment for Institutional capacity	-	1	OP Progress Report
Number of Staff trained	-	150	OP Progress Report
Training courses foreseen in the Action Plan for the Fulfilment of Chapter 27 closing benchmarks	-	35	OP Progress Report
Number of people reached with EU-funded awareness raising campaigns (disaggregated by gender and age)	-	300,000	OP Progress Report
Number of Teams with Medium Urban Search and Rescue (MUSAR) equipment supplied	-	3	OP Progress Report
Number of staff coached for OP implementation	-	25	OP Progress Report
Number of institutions supported for OP implementation	-	4	OP Progress Report
Monitoring Information System functional	-	1	OP Progress Report
Number of people reached with communication campaigns	-	300,000	OP Progress Report

Summary graph of the Intervention logic:



4.2.3 Indicative List of major projects per each area of support

Not applicable.

4.3. Mainstreaming

4.3.1 Environmental Protection, Climate Change and Biodiversity

This OP is fully devoted to Environment and Climate change. It directly relates to environment and climate issues at the national and local levels. It will improve the environmental infrastructure, especially for Waste and Water management, as well as the technical capacities and quality of information necessary for further progress in the implementation of EU legislation and thus directly contribute to improved environmental protection and climate action. Furthermore, a specific area of support is dedicated to Nature Protection and Climate Change. All the activities foreseen under this Action Document are relevant for EU Environment Climate Action Policies.

4.3.2 Gender equality and empowerment of women and girls

As per OECD Gender DAC codes identified in section 1.1, this OP considers Gender equality as a Significant objective. This implies that gender mainstreaming has been an important aspect in this action.

“A Union of Equality: Gender Equality Strategy 2020-2025” applying to women and men, girls and boys, in all their diversity, together with “EU Gender Action Plan III”, are considered as important references for this Operational programme.

Upcoming policies under the European Green Deal, such as the EU Strategy on Climate Adaptation, can impact genders unequally. As regards the climate change, the role of young women in particular has been remarkable in leading the push for change. On the other hand, climate change is not gender neutral. Climate change impacts men and women differently, largely due to their gender-differentiated relative powers (real and perceived according to gender norms), roles and responsibilities at the household and community levels. Addressing the gender dimension can therefore have a key role in leveraging the full potential of these policies.

This OP will contribute to the Objective No. 4 of the EU gender equality strategy 2020-2025: Gender mainstreaming and an intersectional perspective in EU policies, putting equal opportunities between men and women as an integral part of its design, implementation, monitoring and evaluation. Responsibility for implementing the mainstreaming strategy will be system-wide and will rest at the highest levels within the different stakeholders involved in the implementation of this Action. Gender mainstreaming strategy will include:

- Adequate accountability mechanisms for monitoring.
- The initial identification of issues and problems across all areas of activity should be such that gender differences and disparities can be diagnosed.
- Gender analysis should always be carried out. Some environmental problems affect in different ways to Men and Women in Montenegro: i.e. access to tap water for daily activities, health risks associated to waste water or urban waste, different employment opportunities for Environmental management, etc.
- Clear political will and allocation of adequate resources for mainstreaming will allow translating the concept into practice.
- Broaden women's equitable participation at all levels of decision-making, especially during the consultation process.

Furthermore, the Montenegrin Constitution guarantees equal treatment of men and women. Activities financed under this OP will thus be implemented by complying with the principles of preventing all forms of discrimination, and promoting gender equality.

At activity level, it will be ensured that all interventions in the environment and climate change sector create opportunities for women's empowerment and gender equality related to decision making (including capacities for informed decision making), business opportunities for women and also gender aspects of access to infrastructure, PUC services etc. It will also be ensured that the same opportunities are available to women as well as men. Addressing the gender dimension will therefore have a key role in leveraging the full potential of these policies.

Additionally, the OP's activities should ensure safety, including the prevention of discrimination and harassment of women both as employees and consumers, in business environments; harmful practices of stereotypical gender representation in communication shall be prevented and addressed.

4.3.3. Human Rights

The activities planned under this OP will be implemented based on the principles of non-discrimination. Some actions will specifically benefit vulnerable communities such as the connection of water supply infrastructure to Roma settlements. Furthermore, in the case of waste management, attention will be paid to the perspectives of vulnerable communities and the Roma community given that most of the people working in the informal waste sector are disadvantaged individuals, among whom people from the Roma community are the majority (EPA, 2021).

4.3.4. Disaster Risk Reduction

The action will significantly contribute to disaster risk reduction, especially in the area of Civil Protection, with capacity building activities in the context of European Civil Protection Mechanism. Furthermore, in the field of Water Management at River Basin level, the OP will contribute to flood risk reduction by the development of integrated flood management and the renovation of river embankments. Flood management plans will help to protect life and property from flood risks and enhance the capability of socio-economic development.

4.4. Risks and Assumptions

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
1-external environment;	Russia's war of aggression against Ukraine and International Crisis may affect the path for EU accession process	Low	High	Undoubtful Montenegro's commitment towards EU Accession is the best mitigation measure in case of International Crisis. A successful implementation of the OP will support Montenegro in the Accession process for Chapter 27.
2-planning, processes and systems;	Delays for project development	High	High	Converting project ideas into mature projects is a lengthy and costly process. Projects selected should prove a minimum maturity for putting them into implementation phase.
2-planning, processes and systems;	Delays for Public Procurement	High	High	Based on previous experience, delays in Public Procurement are very likely to happen. It is necessary to invest in building capacities for the Contracting Authority and improve the quality of tender dossiers submitted for procurement.
2-planning, processes and systems;	Infrastructure Project selection affected by political interferences instead of objective analysis (relevance and maturity)	M	H	Based on the experience of IPA Operational Programme Regional Development 2012-2013 project selection procedures will be based on relevance and maturity. In this regard, Single Project Pipeline methodology will be a helping tool.
3-people and organisation;	Difficulties for setting up the OP management structure	M	M	Specific Technical Assistance will be dedicated to support the process for setting up the OP management structure at the level of MA and IBs
3-people and organisation;	Lack of adequate number and quality staffing	M	H	IPA support will compensate the limitations of Human Resources affecting to the different stakeholders. However, they will be supported as well to develop a feasible Human Resources Development Strategy that will mitigate this problem in the near future, avoiding TA dependence.
3-people and organisation;	Limited HR within institutions and heavy internal workload and, therefore, some institutions might be unwilling to release staff for the training sessions/workshops/seminars;	L	M	The institutions will be willing to release staff for the training sessions/workshops/seminars only if they obtain a clear benefit from them. The type of training proposed in this technical offer is very practical and adapted to the staff's

				needs assessment. The on the job training will also help facilitating their job.
4-legality and regularity aspects;	Difficulties for adopting second level legislation for legal alignment with EU <i>acquis</i> for Environment and Climate Change	L	M	The OP foresees Technical Assistance for completing the legal harmonisation process with EU <i>Acquis</i> for Environment and Climate Change, including second level legislation like by-laws and rulebooks.
5-communication and information	Differences between defining responsibilities and priority setting between Line Ministries and MTESDNRD	L	H	Strong leadership from MTESDNRD, supported by the Prime Minister authority and Chief Negotiator Office and legally based on the Action plan for the fulfilment of closing benchmarks in Chapter 27, will promote consensus among the different stakeholders

External Assumptions

Assumptions at the level of outcomes:

- The Government of Montenegro committed to the EU integration process;
- Full commitment and support at decision-making level within the institutions involved in the management of IPA is ensured;
- Effective cooperation among the beneficiaries, line Ministries and other Public Bodies/Agencies.

Assumptions at the level of outputs:

- Project selection based on objective criteria: relevance and maturity.
- Timely Project development according to EU standards and according to national legislation (i.e. Environmental Impact Assessment, Urban planning - Law on Spatial Development and Construction of Structures, etc.);
- For Waste Projects: National Waste Management Plan adopted with clear definition of catchment areas. New Law on Waste Management adopted;
- For Water Projects: Master Plans for Urban Wastewater Measures and DSIP for UWWTD enforced
- Timely preparation of Tender Dossiers for Public Procurement according to PRAG rules
- Close inter-ministerial cooperation;
- Counterpart staff in beneficiary institutions are identified, are available and will co-operate in the implementation of the Project;
- Legal and institutional proposals and results of the other relevant projects are implemented in a consequent manner;
- Institutional adjustment measures included in the Action Plan for the Fulfilment of Closing Benchmarks in Chapter 27 are implemented and increased financial resources from the state budget are allocated to the Environment and Climate Action sector (for staffing, monitoring, inspections, etc.);
- MTESDNRD and the rest of stakeholders ensure adequate staffing level;
- The present institutional structure/specific responsibilities are maintained to proper implementation of project's activities;
- Legal and institutional proposals and results of the projects are implemented in a consequent manner;

- Beneficiaries deliver in time and in proper quality the necessary data, background information and related existing project documentation;
- Different stakeholders, including civil society prove flexibility and agree on investment priorities;
- Adequate human resources/staff in-place and available for receiving training sessions;
- Project's sustainability is ensured by trained staff that continue working within the national structures;
- The outputs delivered through past projects in this field are in place and utilised;
- Costs of maintenance and operation for new institutions and equipment, as well as salaries of new staff are envisaged and budgeted;
- Timely approval of the project outputs from the appropriate authorities.

5 Overview of the consultation process for the preparation of the Operational Programme

The consultation process for the preparation of the OP started in April-June 2022, when the **Strategic Response (SR) for Windows 3** (Sustainable Connectivity and Green Agenda) was revised, introducing the multiannual approach from programming year 2022 until 2027, according to the Guidelines received from European Commission for introducing Operational Programmes under IPA -Window 3 with Ex-post controls. THE SR revision process implied several working sessions with the Sector Working Group for Chapter 27.

During the first half on 2023, the **MTESDNRD led by Directorate for Projects** carried out a number of meetings and working sessions with the **key actors for the OP**, including the EU delegation, the NIPAC, the Ministry of Finance and NAO, the EPA and the main Directorates within MTESDNRD with a role in OP design/implementation (namely: Directorate for Ecology and Climate Change, Directorate for Nature Protection, Directorate for EU Integration and International Cooperation).

Furthermore, there were **consultations with Municipalities** for project identification: Municipalities were invited by MTESDNRD to identify and propose interventions for OP funding in the field of Environment and Climate Change as expressions of interest. These proposals were recorded as part of a long list of potential projects.

In order to facilitate the dialogue and cooperation with Civil Society in Montenegro, representatives of non-governmental organizations and civil society will be involved in the future steps for the implementation of the Operational programme. The OP Implementation Arrangements foresee the establishment of a Sectoral Monitoring Committee. Civil Society Representatives and other relevant partners in line with the European Code of Conduct on Partnership will be members of this Committee, and consequently will be involved in the monitoring, evaluation and decision-making process.

6 Implementation arrangements

6.1. Financing Agreement

In order to implement this programme, a financing agreement between the Commission and Montenegro will be concluded.

6.2. Methods of implementation

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the programme with EU restrictive measures.

Indirect Management with an IPA III beneficiary

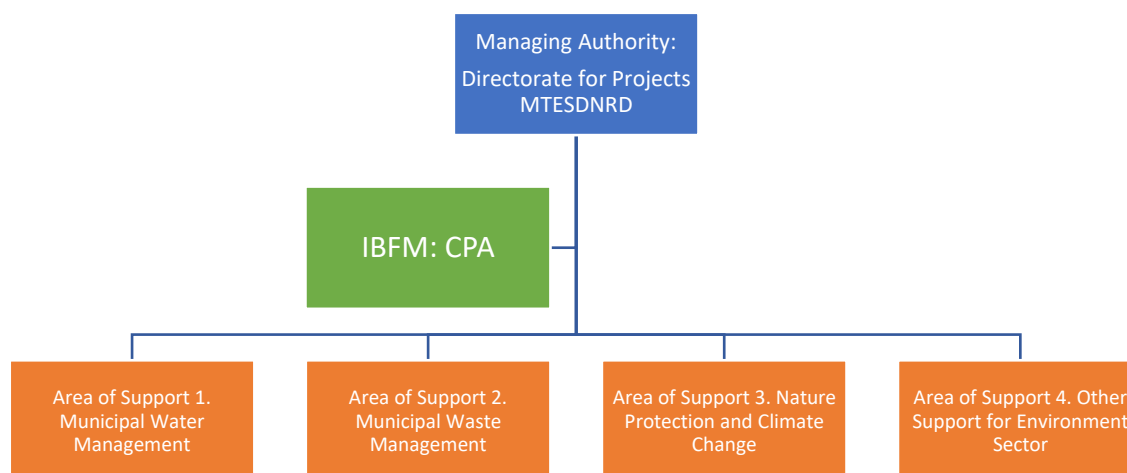
This programme will be implemented under indirect management by Montenegro

The Managing Authority is the Ministry of Tourism, Ecology, Sustainable Development and Development of North.

The Managing Authority shall be responsible for overall management of the programme in line with FFPA.

The Managing Authority shall designate as the IBFM to carry out the tasks of financial management of the programme the Capital Projects Administration (CPA).

The IBFM shall perform its work in line with Clause 6 of Annex I to the FFPA.



6.3. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this programme impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

7 Financial tables by areas of support and by year (including co-financing rates if applicable)

	Year 2024			Year 2025			Year 2026		
	EU contribution	IPA III beneficiary co-financing	Total expenditure	EU contribution	IPA III beneficiary co-financing	Total expenditure	EU contribution	IPA III beneficiary co-financing	Total expenditure
Area of Support 1: Water	759,000	189,750	948,750	1,784,225	446,056.25	2,230,281.25	2,809,450	702,362.50	3,511,812.50
Area of Support 2: Waste	759,000	189,750	948,750	1,784,225	446,056.25	2,230,281.25	2,809,450	702,362.50	3,511,812.50
Area of Support 3: Nature & Climate Change	1,254,000	313,500	1,567,500	2,947,850	736,962.50	3,684,812.50	4,641,700	1,160,425	5,802,125
Area of Support 4: Other	528,000	132,000	660,000	1,241,200	310,300	1,551,500	1,954,400	488,600	2,443,000
TOTAL	3,300,000	825,000	4,125,000	7,757,500	1,939,375	9,696,875	12,215,000	3,053,750	15,268,750
%									

	Year 2027			TOTAL		
	EU contribution	IPA III beneficiary co-financing	Total expenditure	EU contribution	IPA III beneficiary co-financing	Total expenditure
Area of Support 1: Water	3,568,450	892,112.50	4,460,562.50	8,921,125	2,230,281.25	11,151,406.25
Area of Support 2: Waste	3,568,450	892,112.50	4,460,562.50	8,921,125	2,230,281.25	11,151,406.25
Area of Support 3: Nature & Climate Change	5,895,700	1,473,925	7,369,625	14,739,250	3,684,812.50	18,424,062.50
Area of Support 4: Other	2,482,400	620,600	3,103,000	6,206,000	1,551,500	7,757,500
TOTAL	15,515,000	3,878,750	19,393,750	38,787,500	9,696,875	48,484,375
%				80%	20%	100%

8 Performance Measurement

8.1 Monitoring and reporting

Monitoring the implementation of the Operational Programme will aim at collecting and analysing data to inform on progress towards achievement of planned results, to feed decision-making processes and to report on the use of resources.

The day-to-day technical and financial monitoring of the implementation of this Operational Programme will be a continuous process, and part of the implementing partner's responsibilities. To this aim, MTESDNRD shall establish a permanent internal, technical and financial monitoring system for the programme and elaborate regular progress reports (not less than annual) and final reports.

Every report shall provide an accurate account of implementation of the Operational Programme, difficulties encountered, changes introduced, as well as the degree of achievement of its Outputs and contribution to the achievement of its Outcomes, and if possible at the time of reporting, contribution to the achievement of its Impacts, as measured by corresponding indicators.

The Commission may undertake additional 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).

Roles and responsibilities for data collection, analysis and monitoring:

The Sectoral Monitoring Committee, as foreseen in Article 53 of the Financial Framework Partnership Agreement, plays a key role in monitoring and reporting of the implementation of the Operational Programme (Annual Progress Report). On the basis of the reports provided by the Managing Authority prior to the meetings, it shall in particular

- review the effectiveness, efficiency, quality, coordination and compliance of the implementation of the programmes;
- review the progress towards meeting the objectives, achieving the planned outputs and results, and assessing the impact and sustainability of IPA III assistance, while ensuring coherence with the policy dialogue, the related central and regional sector strategies and multi-country or regional activities in the IPA III beneficiary;
- review annual implementation reports, including financial execution of the programmes;
- examine relevant findings and conclusions as well as proposals for remedial follow-up actions stemming from the on-the-spot checks, monitoring, evaluations and audits if available;
- discuss any relevant aspects of the functioning of the management and control systems;
- discuss any problematic issues and actions;
- if necessary, consider or make proposals to amend programmes and take any other corrective action to ensure the achievement of the objectives and enhance the efficiency, effectiveness, impact and sustainability of IPA III assistance;
- review information, publicity, transparency, communication and visibility measures taken.

At the time to design the set of monitoring indicators, will be taken into consideration the IPA III-Results Framework (SWD(2022) 445 final, Commission Staff Working Document, which provides a uniform set of indicators that need to be used in all relevant interventions, to ensure that the results can be aggregated, and the impact and outcomes of IPA III can be more clearly demonstrated for the entire instrument.

Operational conclusions, including any recommendations, will be drawn at the end of the sectoral monitoring committees' meetings. These conclusions shall be subject to adequate follow-up and a review in the following committee meetings and shall be the basis for reporting to the IPA monitoring committee on progress made.

The sectoral monitoring committee shall be composed of representatives of relevant IPA III beneficiary authorities and bodies, other stakeholders, such as economic, social and environmental partners and, international organisations, international financial institutions and civil society. The Commission shall participate in the work of the committee. The representatives of the stakeholders shall be chosen according to the rules and criteria defined in the rules of procedure. The Managing Authority shall chair the sectoral monitoring committee meetings.

The sectoral monitoring committees shall meet at least twice every twelve months. Ad hoc meetings may also be convened.

REPORTING:

Reporting requirements from the Managing Authorities in indirect management by the IPA III beneficiary will be done according to Article 62 of the Financial Framework Partnership Agreement.

The Managing Authorities and Intermediate Body for Financial Management shall deliver all necessary information to the NIPAC, the NAO and the Audit Authority in order to support their work and preparation of their reports.

At the beginning of each year, the Managing Authorities and Intermediate Bodies shall provide the NAO with annual financial reports or statements on accrual basis for the previous financial year for the programmes under their responsibility.

Furthermore, an **Annual Progress report** will be prepared by MA in order to follow up the OP implementation, including the achievements of Outcomes and Output indicators.

At the beginning of each year, the Managing Authority shall provide the NAO with annual management declarations for the previous financial year for programmes under their responsibility.

The exact scope of the above mentioned reports, statements and declarations, their templates, methods of preparation, supporting documents and timeline shall be defined by the NAO and shall be laid out in the working arrangements concluded between the NAO and each Managing Authority.

The Managing Authorities and Intermediate Bodies may be required by the NIPAC and the Commission to draw up ad hoc, occasional or periodic reports on implementation of the programmes under their responsibility. The reports may be presented to the responsible sectoral monitoring committee for examination.

Additional reporting requirements by the Managing Authorities and Intermediate Bodies will be set out in the sectoral or financing agreements.

8.2 Evaluation

Having regard to the importance of the programme, a mid-term and a final evaluation will be carried out for the areas of support falling under this Operational Programme contracted by the IPA III beneficiary.

The evaluations will be carried out by experts or bodies, internal or external, functionally independent from the management and control system.

The mid-term evaluation will be carried out for problem solving, learning purposes, in particular with respect to analyse the main difficulties and bottlenecks faced during the OP implementation, as well as assessing which Areas of Support have the biggest absorption capacity, and consequently make recommendations for OP modifications if deemed necessary.

Final or ex-post evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account the relevance, efficiency, effectiveness, coherence, impact, sustainability and EU added value of IPA III assistance in view of achieving the objectives set in the programming documents.

The evaluation reports shall be shared with all relevant parties. The IPA III beneficiary and the Commission shall analyse the conclusions and recommendations of the evaluations jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the support.

MTESDNRD shall, in consultation with the Commission, draw up an evaluation plan presenting the evaluation activities to be carried out in the different phases of the implementation.

The objectives of an evaluation shall include:

- a) assessing the conditions for the implementation of the assistance, its performance, both prospective and actual, and its consistency with the policy objectives set out in view of achieving long-term impacts and objectives;
- b) assessing the achievement of the agreed results (outputs, outcomes, impacts) in view of reaching the intended long-term and global objectives;
- c) assessing the programming process and monitoring system and, where appropriate, implementation arrangements;

- d) promoting accountability of the assistance to the institutions of the EU and to the public, with respect to the value for money and the use of funds;
- e) drawing lessons aiming at improving the quality and design of future policies, strategies and interventions. Therefore, evaluations shall be timely and their findings shall be taken into account both in the next programming and implementation cycle, as well as in the decision on resource allocation.

8.3 Audit and Verifications

Technical audits for major projects are mandatory during the implementation.

Financial provisions related to audit and verifications, including technical audits if applicable, carried out by the IPA III Beneficiary should be included in the Area of support “Other support” as indicated in Section 4.2.2.

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

9 Strategic communication and public diplomacy

All entities implementing EU-funded external actions have the contractual obligation to inform the relevant audiences of the Union’s support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. To that end they must comply with the instructions given in the 2022 guidance document [*Communicating and raising EU visibility: Guidance for external actions*](#) (or any successor document).

In particular, the recipients of EU funding shall acknowledge the origin of the EU funding and ensure its proper visibility by:

- providing a statement highlighting the support received from the EU in a visible manner on all documents and communication material relating to the implementation of the funds, including on an official website and social media accounts, where these exist; and
- promoting the actions and their results by providing coherent, effective, and proportionate targeted information to multiple audiences, including the media.

Visibility and communication measures shall be implemented, as relevant, by the national administrations entrusted entities, contractors, and grant beneficiaries. Appropriate contractual obligations shall be included, respectively, in financing agreements, delegation agreements, and procurement and grant contracts.

An Operational Programme strategic communication plan for OP Environment and Climate Change will be prepared and agreed with the EU Delegation in line with the Commission Guidance for external actions on Communicating and raising EU visibility. This will set out the responsibilities of the Operational Programme Managing Authority and the NIPAC as regards communication.

The Operational Programme strategic communication plan will identify the key messages, the communication objectives, the communication audiences (including multipliers), the approach, envisaged communication activities, RACER (Relevant, Accepted, Credible, Easy to monitor and Robust) key communication indicators and targets, the risks and the envisaged budget. Annual Communication Plans will be drawn up and discussed with the EU Delegation in advance to coordinate activities and maximise reach.

The NIPAC and the Managing Authority will be responsible for press engagement and managing press and media contacts.

In line with the Operational Programme strategic communication plan, a dedicated webpage and social media channels will be set up. Standards for social media use and management and the social media plan will be coordinated between the Managing Authority, implementing bodies and the NIPAC.

Visibility and communication measures specific to this programme shall be complementary to the broader communication activities implemented directly by the European Commission services and/or the EU Delegations and Offices.

10 Sustainability

Programme level sustainability. The Operational Programme has been designed in order to ensure the sustainability of the benefits/results achieved beyond its implementation. Key factors impacting on sustainability are the level of ownership of the end recipients, their institutional and operational capacities and their financial and human resources for the operation and maintenance of the results. The Managing Authority will put in place a system to monitor the sustainability of the assistance under the Operational Programme. The NIPAC and the Managing Authority will monitor sustainability within their respective scope of responsibility through the Sectoral Monitoring Committee (FFPA Article 53(4)(b)) and jointly with the Commission within the IPA Monitoring Committee (FFPA Article 52(3)). The assessment of OP sustainability will be a standard agenda item in Sectoral/OP Monitoring Committee meetings and will be included in OP evaluations.

The end recipients are obliged to ensure the sustainable use of the outputs in line with the Operational Programme, the contract or equivalent. The end recipients are obliged to allocate budget for ensuring the functioning and maintenance of the outputs and cover the costs of their operation and maintenance. The end recipients should recover the outputs to their initial condition in case of their damage or replace the outputs with those of minimum equal quality and functionality in case of their destruction.

The breach of the conditions for sustainability may lead to refund of the EU contribution in case the end recipients fail to take the necessary corrective measures for removing the deficiencies occurred.

Sustainability will be ensured through further harmonization of the legal framework and establishment of the institutional mechanisms for the implementation and full enforcement of the transposed legislation. The successful implementation will not be limited only to specific results, but will also multiply its effect by strengthening administrative capacity for implementing similar activities.

Investment in IT and monitoring equipment will strengthen and modernize monitoring systems having impact on the quality of the monitoring results and improving capacity to implement policy and enforce regulations in a more uniform manner across the country.

Sustainability of the investment is guaranteed by technical and financial capacity of the beneficiary responsible for its operation and maintenance. Cost-Benefit analysis would be carried out in case of major projects, in order to assess their Economic and Financial sustainability. Affordability analysis is an aspect to improve for the future Programming period; in some cases is not well estimated the end user's capacity to afford paying the important operation + amortization costs for some Environmental Infrastructure; this comment is especially relevant for Waste Water and Urban Waste management infrastructure.