

ANNEX: FINANCING PROPOSAL FOR IPA National Programme 2007: Component I

1. IDENTIFICATION

Beneficiary	MONTENEGRO
CRIS number	2007/19300
Year	2007
Cost	€ 23.870.504 to be financed from IPA
Implementing Authority	European Commission
Final date for concluding the financing agreements	at the latest by 31 December 2008.
Final dates for contracting	2 years following the date of conclusion of the Financing Agreement. These dates apply also to the national co-financing.
Final dates for execution	2 years following the end date for contracting. These dates apply also to the national co-financing.
Sector Code	11420-15110-15120-15130-15140-15150-16010-16020-16320-21010-21020-21050-31110-23010-31163-92010
Budget line(s) concerned	22.02.02
Programming Task Manager	Anne de Ligne / Unit C2 Serbia, Montenegro
Implementation Task Manager	Operational Section, Delegation of the European Commission in Montenegro.

2. PRIORITY AXES / (MEASURES) / PROJECTS

2.a Priority Axes

The IPA 2007 Montenegro Programme is focused on the objectives set out in the Multi-Annual Indicative Planning Document (MIPD) 2007-2009. The MIPD is the strategic document for IPA , and it reflects the key priorities of the European Partnership and the next steps in the Stabilisation and Association Process (SAP). This Programme is also designed to respond to Montenegro's priority needs among those indicated in the MIPD for the three years, taking into account what was financed under CARDS and what will be a priority for 2008 and 2009, particularly in the context of the SAA, the European Partnership and the overall European integration process (Enhanced Permanent Dialogue). Attention was given to the "additionality" principle, ensuring support to the accession agenda.

The MIPD identifies three priority areas:

I. Political Requirements

The emphasis is on fulfilling the requirements of the SAP, through:

- Strengthening democratic institutions, good governance, judicial reform and the reinforcing of the rule of law
- Implementing reforms in public administration, including local government
- Supporting the development of civil society and an independent media
- Protecting human and minorities' rights, and the rights of vulnerable groups (including children and disabled people).

II. Socio-Economic Requirements

The key areas include:

- Pursuing economic reforms, strengthening competitiveness, developing an appropriate business environment and social dialogue
- Human resources development especially employment, education and social inclusion
- Improving the infrastructure in areas such as transport, energy and the environment.

III. European Standards

The MIPD emphasises the importance of approximating to European standards as part of the SAA process and overall European integration. The key elements are:

- Progressive alignment with the *acquis* in areas such as agriculture, environment, energy, internal markets, transport, and security (including integrated border management and visa/migration policy).

- Strengthening Montenegro's administrative capacity to take increasing local ownership of IPA through the decentralised implementation system, and of other subsequent EU funds and programmes.

2.b Description of projects grouped by priority axes

This section summarises the projects that make up the 2007 Montenegro IPA National Programme, except for actions implemented under the IPA multi beneficiary programme. More detailed descriptions are provided in the project fiches, including references to multi-beneficiary programmes where appropriate.

I. Political Requirements (€6.0 million)

Project 1: Support for the Development of Civil Society (€1.0 million)

The project aims to facilitate the building of a more open and accountable Montenegro by supporting civil society dialogue and engagement. This will involve partnerships and dialogue between Montenegrin and the EU based CSOs in general, particularly in the social, health and cultural fields. This will further policy planning and practice, as well as strengthening of the watchdog role of civil society organisations in policy implementation, whilst also facilitating cultural exchange between Montenegro and the EU.

The project comprises the following components:

- the creation of partnerships at local level in the areas of social welfare, special education, and preventive health by CSO networks and public authorities. The activities will revolve around the development of needs assessment and action plans, problem solving through multi-disciplinary team work, provision of services and knowledge transfer amongst partners.
- Partnerships created at national level by CSOs and public authorities to support vulnerable groups through advocacy activities, public awareness campaigns about their rights and needs and participation in consultation processes.
- Coalitions of CSOs established to develop a rights-based approach to policy formulation. They will foster democratic practices through consultations for the implementation of legislative frameworks relevant to the target group(s) they represent.
- Projects seeking to promote/support intercultural dialogue and cross-country creativity will focus on the organisation of cultural events

It is envisaged that grant agreements (total value of €1 million) following a Call for Proposals, will be concluded with an estimated duration of up to 18 months. They are expected to be launched in the Q2 of 2008. Partnerships will involve local Montenegrin and EU based CSOs. The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EC external actions and will be further specified in the call for proposals – application pack (guidelines for applicants).

Project 2: Fight against organised crime & corruption (€3.0 million)

The project's aim is to combat organised crime and corruption by improving the performance and cooperation of various law enforcement agencies. It will build on the results achieved

during previous CARDS-funded support, and is linked to the wider Government Strategy and Action Plan for the Fight Against Corruption and Organised Crime.

Specific activities will include:

- Strengthening the intelligence and investigation services of the Criminal Police Directorate and enhancing undercover investigations by providing staff training; developing internal procedures to enhance inter-institutional cooperation; and the review, implementation and monitoring of key objectives of the Strategy and Action Plan.
- Improving Montenegro's operational capacity for the prevention of money laundering by developing cooperation between relevant authorities/agencies in accordance with international standards and best practices. Developing the analytical skills of staff to recognise transactions related to the financing of terrorism will be strengthened, as will the capacity to develop international cooperation aimed at achieving a more precise exchange of information internationally.
- Strengthening the operational capacity of the Directorate for Anticorruption Initiative, in particular its legal advisory and public awareness functions. The capacity of other relevant anti-corruption institutions to cooperate nationally will also be enhanced.
- Upgrading the Police Academy facilities and ensuring appropriate equipment for the organised crime department.

The first three activities will be implemented via twinning agreements (value €1.2 million). The essential selection and award criteria will be set out in the call for expression of interest to be launched in Q3 2008.

The fourth activity will be implemented via a works contract and 2 supply contracts. The works tender procedure (IPA contribution € 1.5 million) is expected to be launched in Q2 2008. The supply contract(s) (IPA contribution € 0.3 million) is expected to be launched in Q3 2008. The co-financing responsibility for these activities (€0.5 million for the works contract and € 0.1 million for the supplies contract) will be assumed by the Ministry of Interior.

Project 3: Judiciary reform (€2.0 million)

The project aims to support the building of an independent and efficient judicial system, and to insure the general protection of juvenile offenders' rights. It will incorporate the achievement of previous programmes within the wider judiciary reform strategy, with a view to allowing the judiciary to operate more closely according to EU standards. It will also address the need to protect the rights of juvenile offenders in line with the government Action Plan for Children, and by building on previous activities initiated by UNICEF (supported by SIDA funds).

The project consists of the following activities:

- Developing an action plan for implementation of the judiciary reform strategy and legislative revision, including the introduction of a Code of Ethics for judges and prosecutors, and anticorruption measures in the Judiciary.
- Supporting the Judicial Council to ensure the independence of the judiciary.
- Improving court officials' understanding of court budgeting processes so as to enhance the operational efficiency of the judicial system.
- Assisting with the preparation of a Juvenile Justice Code.

- Supporting the creation of broader capacity in the administration of juvenile justice (e.g. developing a range of effective non-custodial penalties).

The first three components will be implemented via a twinning agreement (value €1.5 million). It is estimated that activities are launched in Q2 2008. The essential selection and award criteria will be set out in the call for expression of interest. The final two activities will be undertaken via a direct grant agreement with UNICEF¹, valued at € 0.5 million with an estimated start date in Q3 of 2008.

II. Socio-economic requirements (€ 9.20 million)

Project 4: A National Qualification Framework and Quality Assurance in Education (€1.5 million)

The objective is to contribute to further policy and institutional reforms in education and training as part of Montenegro's efforts to engage with the wider EU education reforms. This will focus on support for the establishment of a National Qualifications Framework (NQF) that takes account of the European Qualification Network; and work on enhancing quality assurance (QA) in Montenegrin higher education (HE).

It therefore consists of two main activities:

- On NQF, work will involve capacity building in key institutions; the creation of a national qualifications information system; support to address the regulatory requirements for the NQF; an information campaign in order to ensure public awareness; and measures to promote recognition of non-formal learning, cooperation and exchange on qualifications development with EU partners.
- QA will focus on enhancing the capacity in the HE sector to continue the reforms necessary to take forward the measures promoted by the Bologna Process. It will provide a secure link between higher education in Montenegro and the developments of the European Higher Education Area through a national strategy; build institutional capacity across the various functions of the QA; and help with the design and testing of awareness/information and monitoring systems.

The project will be implemented through one service contract (worth €1.35 million). The activities are expected to be launched in Q2 2008. There will also be 3 supply contracts totalling € 150,000 to be launched in Q3 of 2008. An additional € 50,000 has been committed by the national budget for the procurement of equipment. Interventions in this project area will be closely coordinated with the activities funded under the Tempus programme which supports the reform of higher education in Montenegro through university cooperation projects.

Project 5: Developing the Transport Sector (€6.2 million)

¹ The Grant will be in line with Art. 168.1 (c) of the Implementing Rules to the Financial Regulation, which allows for grants to be awarded without a call for proposal to bodies with a *de facto* monopoly – through a direct award. The EC contribution will be 100%. This grant falls also under "Multi-donor actions" provided for i) in the Commission's Standard Contribution Agreement with an international organisation (SCA) and ii) in the Financial and Administrative Framework Agreement (FAFA) signed between the EC and the UN on 29 April 2003.

The project aims to contribute to economic growth by improving the efficiency and effectiveness of Montenegro's transport system. This will take the form of providing support to further enhance institutional capacity related to road, rail and civil aviation transport management; and to continue the process of harmonisation of transport-related legislation in accordance with the requirements of the *acquis*. The project will also facilitate investment in transport infrastructure, and upgrade key transport infrastructure thereby improving regional traffic flows which in turn will promote economic growth (including tourism).

The activities involve:

- Further development of the capacity of road and rail Project Implementation Units, thereby facilitating the attraction of investments, especially IFI funding to enable the Government to fulfil its strategic medium-term road and rail strategy.
- Development of the newly-created Civil Aviation Directorate - to be aligned with the requirements of the *acquis*, and provided with the capacity to fulfil the Government's obligations under the European Common Aviation Area Agreement.
- Preparation of feasibility studies (including environmental impact assessment) for major transport investment projects. These studies are a legal requirement under national legislation, and also a pre-requisite for attracting and securing IFI loan funding and other sources of funding.
- Completion of Podgorica's Eastern Bypass simultaneously with sections funded by the Municipality – thereby reducing transit traffic and environmental pollution in the city centre.

It is expected that one service contract will be concluded to support the first two activities – i.e. the institutions responsible for road, rail and civil aviation transport. It is expected to be launched in Q2 of 2008, with a contract value of €1.2 million. In addition one service contract of €1 million will be concluded for the third activity – preparation of feasibility studies - and is expected to be launched in Q2 of 2008. And finally the fourth component - the upgrading of Podgorica's Eastern Bypass will involve a single works contract of € 4 million, expected to be launched in Q3 2008. € 17.2 million have been earmarked by the municipality of Podgorica for the co-financing of other sections of this strategic project.

Project 6: Energy market approximation (€1.5 million)

This objective of this project is to develop energy sector policies that will ensure the implementation of commitments under the Energy Community Treaty, including the Regional Energy Market. This will be done by providing further assistance to the institutions responsible for developing the energy market and implementing the requirements of the Energy Community Treaty. And it will also involve consolidating the restructuring of the electricity utility and to prepare it for privatisation and/or private sector participation.

The project consists of the following activities:

- Capacity building and support to the Energy Regulatory Agency in overseeing the establishment of the regional electricity market. This will include setting tariffs; establishing interconnections; and defining technical codes, market rules and other aspects of the secondary legislation necessary to create a level playing field in the regional electricity market *while taking into consideration all the opportunities to develop and utilise renewable energy sources.*

- Support to the Ministry of Economy for policy and strategy development, and the monitoring of progress on implementing of the Energy Community Treaty. In addition there will be support for the Energy Efficiency Unit who are responsible for promoting energy efficiency and renewable energy, including training in the development of the necessary legal framework and building public awareness.
- Specialised technical assistance to the electricity industry, in particular to the unbundled transmission and market system operators. Further assistance may also be given for privatisation, post-privatisation and attracting private sector participation in the sector.

It is expected that the overall project will require one service contract with a value of €1.5 million. It is estimated to be launched in Q2 2008

III. European Standards (€ 7.45 million)

Project 7: Support to EU Integration Structures: Legal Harmonisation – Horizontal (€1.1 million)

The project will support the strengthening of institutional capacity for approximating and harmonizing with the EU *acquis*. This will be achieved by enhancing the roles of the Secretariat for European Integration and the Secretariat for Legislation in the legal approximation process. It will also provide assistance to the Parliamentary Committee for International and European Integration, and the Parliamentary Committee for Legislation.

These goals will be addressed through the following activities:

- Improving communications between all institutions and institutional structures involved in the legal approximation. This will involve developing a database for approximation and harmonization of legislation and further upgrading reporting and monitoring mechanisms; establishing a practical guide for checking compliance of national legislation with the EC law; strengthening capacity within the Translation Unit of the Secretariat for European Integration and introducing IT-based automation of translation.
- Supporting the development of working groups on legal harmonisation within line Ministries and the Secretariat for Legislation so that they can identify any legislative gaps, prioritise the transposition of legislation from EU laws; and draft legislation in some of the main areas of concern.
- Strengthening the role of relevant Parliamentary Committees in the legal approximation process by delivering training on the principles of EC law and the process of harmonisation

The overall project will be implemented via a twinning agreement (value €1.1 million) which is expected to be launched in Q3 of 2008. The essential selection and award criteria will be set out in the call for expression of interest

Project 8: Animal Identification and Registration (I&R) and the Strengthening of Veterinary Services (€1.4 million)

The project aims to improve food safety standards for products of animal origin, animal health and veterinary public health. This will involve supporting the development of a policy, regulatory and legislative framework that strengthens I&R. Support will also be provided for the introduction of a Veterinary Information System that is up to EU standards. There will

also be support to improve the capacity of the various institutions involved in I&R of the bovine, ovine and caprine species.

The main activities will consist of:

- Consolidating the bovine I&R system and expanding it to ovine and caprine animals. This will involve such things as the design of a new computer network; a census and tagging campaign; the design of on-farm registers and movement documents; and the provision of associated supplies (e.g. ear tags).
- The integration of existing organisations as part of the build up of the Veterinary Information Service which will also involve elaborating the design, work and data flows implantation plans and a VIS pilot rollout .
- Supporting a dissemination programme which will include the preparation of various materials including handbooks and forms; stakeholder training; and a public awareness campaigns including the use of television and radio.
- The provision of associated IT hard and software, office equipment, etc, including technical assistance to assist with tender preparation, evaluation and supplies acceptance, etc

The project is expected to be delivered through one service contract with an estimated value of € 1 million. It is expected to be launched in Q2 of 2008. There will also be 4 supply contracts to be launched in Q3 of 2008. They will have an estimated value of € 0.4 million. There will be an additional € 0.1 million co-financed from the Montenegrin national budget for a small ruminant holding census.

Project 9: Strengthening institutional capacities of statistical office – MONSTAT (€0.8 million)

The project aims at improving the quality of official statistics in Montenegro and aligning them more closely to EU and international standards. More specifically, this will focus on developing the capacity of the Statistical Office of Montenegro (MONSTAT) to produce and disseminate statistics that are reliable, timely, relevant and comparable. This will involve introducing quality standards in the planning and mainstreaming of statistical activities; further improving economic statistics and national accounts; and further improving business statistics.

It will consist amongst others of the following activities:

- Developing a quality management system for key processes in the production of statistics.
- Assessing the state of play in the areas of business statistics and economic statistics.
- Further aligning the National Accounts with ESA 95 and improving the quality and exhaustiveness.
- Establishing an inter-institutional cooperation group aimed at improving the quality of statistical production and the collection of economic statistics.
- Further developing structural business statistics, short term statistics, tourism statistics, and other areas of business statistics.
- Supporting the transfer of knowledge on EU standards in the above mentioned areas. This will include: participation in seminars, workshops and other training; study tours;

international meetings; and pilot surveys in selected areas. Care must be taken to ensure full complementarity with other support projects.

The overall project will be delivered through one service contract worth €800,000. It is expected to be launched in Q2 of 2008.

Project 10: Public Procurement System (€1.25 million)

The project aims to consolidate the development of an effective Montenegrin public procurement system. This will involve providing assistance to improving the legal and operational environment in which the system functions with reference to the *acquis* and international best practice. It will also involve creating wider awareness and knowledge amongst procurement entities, potential suppliers and the public.

The activities will focus on:

- Reviewing the public procurement system, including legislation, the introduction of indicators of progress, and assistance for the implementation of all those recommendations emerging from the review.
- Strengthening the operational capacity of the key bodies, particularly in: organisational/business planning; the transition to the best EU practices; and most importantly, the provision of training to the staff of all those bodies involved in public procurement.
- Harmonising electronic public procurement with the requirements originating from the Directives 17/2004 & 18/2004.
- Expanding public awareness of the importance of an efficient and transparent public procurement system, by means of a public campaign.

This overall project will be implemented through one service contract and/or twinning agreement worth €1.1 million. It is expected to be launched in Q2 of 2008. There will also be 2 supply contracts, for IT equipment under the third activity above, with an value of €150,000 expected to be launched in Q3 of 2008. An additional € 50,000 has been earmarked by the Montenegrin national budget for the investment component.

Project 11: Quality infrastructure – standardisation and metrology (€2.0 million)

This project is designed to facilitate trade and the free movement of goods with a view to improving the competitiveness of the Montenegrin economy. This will be achieved by accelerating legal, regulatory and institutional reforms in the area of quality infrastructure in compliance with the *acquis* and WTO membership requirements.

The project consists of:

- Enhancing a framework policy for quality in the national market, including; legislation; the furtherance of inter-ministerial coordination; the application of certain standards on a pilot basis; and a general public awareness campaign.
- Strengthening the operational capacity of the key bodies for standardisation, metrology and accreditation. This will involve the development of a master plan following a review of the existing organisational structures, procedures and job descriptions; and most importantly, the provision of training to the staff of these institutions on the implications of the new legislation and international cooperation.

Other

Technical Assistance and Project Preparation Facility, Programme Reserve (€million 1.22²)

The main purpose of the Technical Assistance and Project Preparation Facility (€million 0.62) is to support the preparation and early implementation of activities under this and subsequent IPA National Action Programmes. It will moreover support monitoring, evaluations and audits, and deployment of complementary short-term technical assistance.

The Programme Reserve (€ 0.6 million) may be used to cover unforeseeable programme and other priority expenditures, including emerging needs, to deal with regional developments which may have an effect on the Republic of Montenegro.

2.c Overview of past and on going assistance (EU / IFI / Bilateral and national assistance) including lesson learned and donor coordination
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Past and on-going assistance

Overall EC assistance to Montenegro between 1998 and 2006 amounted to some € 280 million, of which some €130 million has been provided through the CARDS and OBNOVA programmes. Initially EC support included substantial humanitarian and food security programmes, followed by macro financial support.

The underlying purpose of the assistance funded under the subsequent CARDS programme was to support:

- Good governance, institution building and the rule of law.
- The development of a market economy, while investing in vital physical infrastructure and the environment.
- The stabilisation of democracy, social development and civil society.

Under the CARDS programme some of the main areas of focus were therefore: reform of the education system (especially higher and vocational training); strengthening transport infrastructure and management; integrated border management (including anti trafficking measures); judicial reform; developing an energy policy (including energy efficiency); agriculture (particularly livestock); and civil society.

Some of the other major grant donors in Montenegro are USAID (although now phasing out); EU Member States; and UN Agencies. There have also been significant investments from IFIs, including: KfW for work on improving coastal waters; EIB on a broader range of environmental and transport infrastructure; EBRD and the World Bank.

² Detailed amount is 1.220.504€ with TA and PPF amounting to 620.504€

A more detailed analysis of past and ongoing assistance as it affects specific sectors is set out in the project fiches.

Lessons learned

The programming of IPA 2007 funds took into account the following over-arching lessons learned from previous CARDS as well as Phare assistance, as identified in the general and sectoral evaluations and ex-post Phare evaluations carried out:

- EC assistance must be in line with the EU policy for Montenegro and projects should be developed taking into account the priorities of the European Partnership and SAA/Interim Agreement obligations.
- All EC assistance must complement and be consistent with Montenegro institutions development and action plans.
- Increasing local ownership is essential for the effective targeting of the support and achieving the agreed results in line with EU standards. Significant efforts have to be made to involve Montenegro's institutions in the planning and programming process for EC assistance.
- Particular attention must be paid to the preparedness and maturity of the projects to be selected.
- The absorption capacity and past achievement record of beneficiary organisations is important.

The lessons learned in relation to specific sectors and issues are set out in detail in the project fiches.

Donor coordination

Donor coordination is substantially underpinned by sector strategies across the board as well as by overarching strategies on poverty reduction, sustainable development etc. Montenegrin authorities have re-organised donor coordination and assigned senior government officials to coordinate donor assistance in all critical sectors. The European Agency for Reconstruction (EAR) in Podgorica, participates regularly in coordination meetings with a range of EU and other bilateral donors, including Germany, the Netherlands, Sweden, Austria, France, Greece and the USA. It has also developed a close and fruitful relationship with IFIs - especially the EIB, EBRD and World Bank; and with bilateral FIs such as the German KfW.

EC funded activities, managed by the EAR, have catalysed substantial investment by these institutions in Montenegro's environment and transport infrastructure. The EC programme has, moreover, developed good working relationships with UN agencies, in particular with UNHCR on Refugee and IDP issues, and with UNICEF on child protection matters. It is also working closely with the Council of Europe on public administration reform, and with OSCE on justice, democracy and security issues.

2.d Cross cutting issues
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Systematically addressing cross-cutting issues has been a critical starting point in the project programme design. Each project fiche explains how cross-cutting issues shall be mainstreamed. This is essential if gender equality, minorities' inclusion and environmental sustainability are to be properly mainstreamed. Local actors/bodies involved in these issues, including civil society, shall be consulted to assist Montenegrin institutions/organisations in effectively mainstreaming in line with European standards and appropriate practices. A portion of the projects' budgets may be allocated for this purpose.

Equal opportunities and non-discrimination (Gender equality)

Taking full account of the national framework on equal opportunities/non-discrimination, projects will be based on a consultative process with Montenegro Gender Equality Office which performs expert and coordination tasks related to the implementation of the principle of gender equality / women's rights. Specific attention will be given to ensure that women's needs and interests (including of those facing higher risks: refugees, Roma women, uneducated women, unemployed women, single-mothers, etc.) are addressed throughout projects development and outputs (laws, regulations, policies, etc.) and that activities are organised so as to encourage/facilitate their participation so as to reduce Montenegro high rate of discrimination against women

Support to Minorities and Vulnerable Groups

Ensuring inclusion and participation of minorities into development assistance is an important prerequisite for economic growth, equitable prosperity and political stability. Although Montenegro has had a high degree of minority inclusion in government and public administration, implementation (e.g.; education, use of languages, under-representation of minorities in public administration - notably at municipal level, inadequate access to health care, etc.) is lagging behind. Particular attention will be given to ensure that minority/vulnerable groups' specific needs and interests are addressed throughout projects development and that activities are organised so as to encourage/facilitate their participation, with the aim of achieving adequate minority representation reflecting the ethnic diversity of Montenegrin society.

Environmental protection

The Constitution foresees that the country is to become an "ecological state" and requires that all actors participating in the economic development and reform process enforce strict environmental standards. However, the recent years have seen an environmental degradation which directly affects the quality of life, notably of people living in urban areas and of minorities which are at greater risk of being exposed to environmental hazards. Projects (incl. public procurement) will systematically examine the opportunities to enhance the protection of the environment in Montenegro. In particular, in the sector of infrastructure (transport and energy), measures will be implemented to mitigate any negative environmental impact (based upon conclusions from environmental impact assessments) and to conform to environmental protection laws and standards.

2.e Conditions

The programme includes the following conditions:

- The government formally endorses the projects described in the fiches, including the identified parallel co-financing commitments.
- The government will ensure that the beneficiary institutions have adequate financial, material and human resources in order that that EC financial support is used in the most effective and sustainable manner possible.
- Beneficiary institutions will formally endorse the design and tender documents, including terms of reference.
- The government shall ensure the availability of land, free of ownership claims or disputes, for the construction of the planned works. The Government shall ensure long-term sustainability of the actions by allocating the necessary resources, including running costs and maintenance costs.
- Beneficiary institutions organise, select and appoint members (including gender and ethnic balance) of working groups, steering and coordination committees, and seminars as required by the project activities.

Additional project specific conditions are described in the project fiches. In the event that these conditions are not met, suspension or cancellation of the project or specific activities will be considered.

2.f Benchmarks			
	2008	2009 cumulative	2010 Cumulative
Tenders launched *	10	20	22
Call for proposals launched	1	1	1
Direct award of grant	1	1	1
Contracting Rate	30%	80%	100 %

* Number s are indicative. For the purpose of this table twinning calls have been included under "tenders launched"

2.g Roadmap for the decentralisation of the management of EU funds without <i>ex ante</i> controls by the Commission

In Montenegro work eventually leading to granting decentralisation with ex-ante controls is at a very preliminary phase.

For the time being, under non-EU multilateral assistance, a checklist was prepared on expected qualifications/results in the preparation and implementation of DIS. It is intended to serve as an indicator for all the future training of the public administration bodies designated to deal with IPA (NIPAC, NF, NAO, CFCU, SPOs, PIUs in line Ministries, audit authority, IPA joint monitoring committee and sector coordinators for the future regional development and human resources components).

Furthermore, a SIGMA mission took place in late June 2007 in order to cover the DIS gap assessment. Following that mission, the National Authorities are expected to make decisions on the organisation and location of all the above mentioned public bodies.

3. BUDGET (amounts in € million)

3.1. Indicative budget table

Priority axes	EU – IPA assistance			Total Co-financing of Project (indicative)	Total (IPA plus Co-financing)
	Institution Building	Investment	Total (IB and INV)		
I Political requirements	4.20	1.80	6.00	0.60	6.60
1. Civil society	1.00	0.00	1.00	0.00	1.00
2. Fight against organised crime and corruption	1.20	1.80	3.00	0.60	3.60
3. Judiciary Reform	2.00	0.00	2.00	0.00	2.00
II Socio-economic Requirements	5.05	4.15	9.20	17.25	26.45
4. Support to establishment of a National Qualification Framework	1.35	0.15	1.50	0.05	1.55
5. Strengthening Transport Sector Management and Infrastructure	2.20	4.00	6.20	17.20	23.40
6. Energy market approximation	1.50	0.00	1.50	0.00	1.50
III European Standards	5.80	1.65	7.45	0.48	7.93
7. Legal Harmonisation – Horizontal	1.10	0.00	1.10	0.00	1.10
8. Strengthening of Veterinary services	1.00	0.40	1.40	0.10	1.50
9. Strengthening institutional capacities of statistical office – MONSTAT	0.80	0.00	0.80	0.00	0.80
10. Public procurement system	1.10	0.15	1.25	0.05	1.30
11. Quality Infrastructure – standardisation and metrology	1.00	1.00	2.00	0.33	2.33
12. Tax Administration	0.80	0.10	0.90	0.00	0.90
Other					
13. Technical Assistance and Project Preparation Facility			1.22 ³		1.22
TOTAL *	15.05	7.60	23.87*⁴	18.33	42.20

* The balance of 3.63M€ between 27.5M€ mentioned in the MIPD 2007-2009 and 23.87€million in the present component I of the National programme, will be committed through separate Financing Agreements.

³ The detailed amount is 1.220.504€

⁴ The detailed total amount is 23.870.504€

3.2 Principle of Co-Financing applying to the projects funded under the programme

The Community contribution has been calculated in relation to the total eligible expenditure. The rate of the Community contribution amounts to 58.07% of the budget of the programme. Individual grants agreements implementing the projects described in point 2b above will be financed in full by the Commission, in accordance with Art 253, paragraph 1, sub-paragraph d, of the Implementing rules to the Financial Regulation.

Five projects are co-financed by the Montenegrin Central Government Budget and one project by the budget of the Municipality of Podgorica. Of those six co-financed activities, five support investment and one assists institution building.

4. IMPLEMENTATION ARRANGEMENTS

4.1 Method of implementation

The programme will be implemented on a centralised basis by the European Commission in accordance with Article 53a of the Financing Regulation and the corresponding provisions of the Implementing Rules. The implementation of the programme is delegated to the EC Delegation in Montenegro.

4.2 General rules for procurement and grant award procedures

Procurement shall follow the provisions of Part 2, Title IV of the FR and Chapter 3 of Part 2, Title III of its IR as well as the rules and procedures for service, supply and works contracts financed from the general budget of the European Communities for the purposes of cooperation with third countries adopted by the Commission on 24 May 2007 (C(2007)2034).

Grant award procedures shall follow the provisions of Part 1, Title VI of the FR and Part 1, Title VI of its IR.

The Commission shall also use the procedural guidelines and standard templates and models facilitating the application of the above rules provided for in the "Practical Guide to contract procedures for EC external actions" ("Practical Guide") as published on the EuropeAid website⁵ at the date of the initiation of the procurement or grant award procedure.

4.3 Implementation Principles for Twinning Projects

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

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

The twinning grant agreement shall be established in accordance with relevant provisions of Part One, Title VI on grants of Regulation (EC, Euratom) No 1605/2002 and Commission

⁵ Current address: http://ec.europa.eu/europeaid/tender/gestion/index_en.htm

Regulation (EC, Euratom), No 2342/2002⁶. The twinning manual is available on the web site of the Directorate General for Enlargement of the European Commission at the following address:

http://ec.europa.eu/enlargement/financial_assistance/institution_building/twinning_en.htm

4.4 Environmental Impact Assessment and Nature Conservation

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

Under the terms of the EIA-Directive Annex I (Article 7c), the investment component of Project 6 (construction of the Podgorica Eastern Bypass) does not require an environmental impact assessment as its length is less than 10km. However, such an environmental impact assessment equivalent to that provided for by the EIA-directive has been undertaken in order to comply with the terms of Montenegrin legislation.

5. MONITORING AND EVALUATION

5.1 Monitoring

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

5.2 Evaluation

Programmes shall be subject to *ex ante* evaluations, as well as interim and, where relevant, *ex post* evaluations in accordance with Articles 57 and 82 of the IPA Implementing Regulation⁷, with the aim of improving the quality, effectiveness and consistency of the assistance from Community funds and the strategy and implementation of the programmes.

The results of *ex ante* and interim evaluation shall be taken into account in the programming and implementation cycle.

The Commission may also carry out strategic evaluations.

6. AUDIT, FINANCIAL CONTROL AND ANTI-FRAUD MEASURES

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

In order to ensure the efficient protection of the financial interests of the Community, the Commission (including the European Anti-Fraud Office) may conduct on-the-spot checks and

⁶ OJ L357, 31.12.2002, p.1

⁷ Commission Regulation (EC) No 718/2007 of 12 June 2007 (OJ L 170, 29.6.2006, p.1)

inspections in accordance with the procedures foreseen in Council Regulation (EC, Euratom) 2185/96⁸.

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

7. LIMITED CHANGES

Limited changes in the implementation of this programme affecting essential elements listed under Article 90 of the Implementing Rules to the Financial Regulation, which are of an indicative nature⁹, may be undertaken by the authorising officer by delegation (AOD), or by the authorising officer by sub-delegation (AOSD), in line with the delegation of powers conferred upon him by the AOD, in accordance with the principles of sound financial management without an amending financing decision being necessary.

⁸ OJ L 292; 15.11.1996; p. 2

⁹ These essential elements of an indicative nature are, for grants, the indicative amount of the call for proposals and, for procurement, the indicative number and type of contracts envisaged and the indicative time frame for launching the procurement procedures.