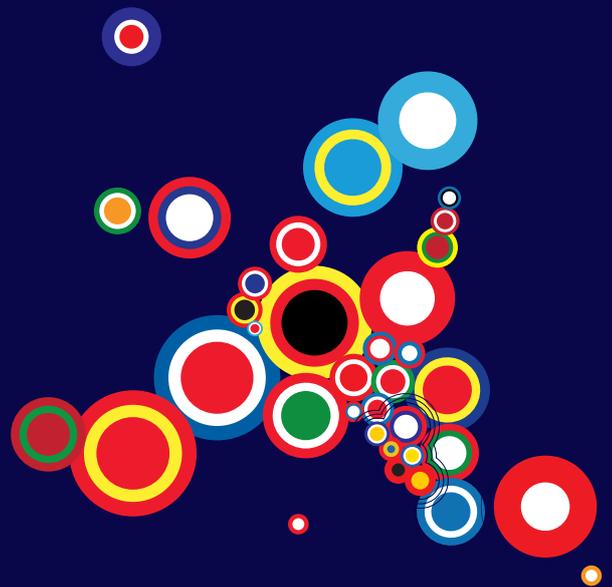




INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020

MONTENEGRO

Support to Regulation of Financial Services



Action summary

The overall objective of the Action is to provide stable, sustainable and efficient financial services in order to support the private sector development and enhance the competitiveness of the economy, while the specific objective is to further align legislation for financial services with EU *acquis* and to strengthen regulatory and supervisory capacities of relevant institutions.

Main results will contribute to further alignment of the legislative framework in the banking sector and strengthening of Central Bank capacities (banking supervision); further development of Insurance sector (Insurance Law aligned with Solvency II requirements; technical and human capacity of Insurance Supervisory Agency further improved) and Capital Market (further harmonisation of the legal and supervisory framework; strengthened technical and administrative capacity at Securities and Exchange Commission of Montenegro).

This would be essential for fulfilment of the requirements derived from the negotiation Chapter 9.

Action Identification	
Action Programme Title	Annual Action Programme for Montenegro (2014)
Action Title	Support to Regulation of Financial Services
Action Reference	IPA/2014/032-803.14/ME/Financial Services
Sector Information	
IPA II Sector(s)	Competitiveness and Innovation
DAC Sector	24010 – Financial policy and administrative management
Budget	
Total cost	EUR 1.9 million
EU contribution	EUR 1.7 million
Management and Implementation	
Method of implementation	Indirect management
<i>Indirect management:</i> National authority or other implementing body	Directorate for Finance and Contracting of the EU Assistance Funds (CFCU)
Implementation responsibilities	/
Location	
Zone benefiting from the action	Montenegro
Specific implementation area(s)	/
Timeline	
Deadline for conclusion of the Financing Agreement	At the latest by 31 December 2015
Contracting deadline	3 years following the date of conclusion of the Financing Agreement, with the exception of the cases listed under Article 189(2) Financial Regulation
End of operational implementation period	6 years following the date of conclusion of the Financing Agreement.

1. RATIONALE

PROBLEM AND STAKEHOLDER ANALYSIS

Financial services reform should affect positively private sector development, economic competitiveness and innovation, which is directly related to the Sector Competitiveness and Innovation as one of the key sectors in the *Indicative Strategy Paper for Montenegro (2014-2020)* in need for IPA assistance. It is important to underline that the stabilisation and strengthening of financial sector will contribute to the reduction of risks and creation of better conditions for the economic growth. Financial services reform strongly depends on the harmonisation and integration of the Montenegrin financial market in the European system. Montenegrin financial sector requires further strengthening of the regulatory framework through improvement of the current and adoption of new legal regulations, in accordance with relevant international practice and EU regulatory standards, as a prerequisite for the stability. In relation to this issue, substantial progress is needed for the reinforcement of the implementation mechanisms and capacity building, which is necessary for the strengthening of the institutional framework.

Montenegrin legislation is not fully aligned with the EU *acquis* in banking sector and there is a need for transposing the relevant EU legislation by preparing the *Law Amending the Law on Banks*. This Action will contribute to preparing the Law to ensure its full consistency with the EU prudential rules set out in *Regulation (EU) 575/2013* and *Directive 2013/36/EU* transposing Basel 2.5 and Basel III standards. In the area of administrative and supervisory capacity of the Central Bank of Montenegro, it is necessary to take actions aiming at its strengthening in view of the increasing responsibilities and future obligations. It is necessary to invest in increasing the quality of the technical expertise, supervisory systems and practices, as well as the information systems in order to ensure effective and reliable prudential supervision in line with the *Basel Core Principles for Effective Banking Supervision*.

Insurance sector in Montenegro is largely compliant with the *Solvency I regime*, but there is still a need to align with the identified outstanding gaps. Since there is a need to secure full alignment with a number of directives that are still applicable before the *Solvency II* enters into force, where the Insurance Supervision Agency (ISA) has already started certain activities beginning of 2014, and having in mind the necessity to start preparatory work for the compliance with the *Solvency II*, a significant expert assistance in this field should be provided for reframing regulatory surrounding. As for the administrative capacity, the Insurance Supervision Agency will need to take the necessary steps so that appropriate training and direct practice is provided to its employees in view of transposing and implementing the *Solvency II* requirements and EU supervisory standards, as well as for continuation of on-site and off-site insurance inspections. Also, an IT system adapted for insurance supervisory process should be put in place, which also requires further significant expenses and training.

Although the future *Law on Capital Market* is an important step towards the development of a modern legal framework of the Montenegrin capital market by introducing the relevant EU legislation, it is necessary to provide additional support in drafting and implementation of secondary legislation, and further harmonisation with Undertakings for the Collective Investments in the Transferable Securities (UCITS), Alternative Investment Fund Managers Directive (AIFMD) and Institutions for Occupational Retirement Provision (IORP) directives¹. In addition, support is needed in the creation of an effective system of supervision of the capital market, which requires development and preservation of fundamental understanding of the operations of individual market participants and market segments, focusing on the efficient functioning of the market, preventing systemic risk, investor protection and the stability of the financial system. It is necessary to further develop the control

¹ Undertakings for Collective Investment in Transferable Securities Directives, Alternative Investment Fund Managers Directive, Institutions for Occupational Retirement Provision

functions of the Securities and Exchange Commission of Montenegro (SECMN) based on the principle of efficient use of resources, fundamental market coverage and adequate control.

The key stakeholders currently affected by the problem and which will benefit from this Action are the Central Bank of Montenegro (CBM), ISA, SECMN and the Ministry of Finance which coordinates the work of all the beneficiaries.

RELEVANCE WITH THE IPA II INDICATIVE STRATEGY PAPER (OR MULTI-COUNTRY STRATEGY PAPER) AND OTHER KEY REFERENCES

Montenegro Development Directions 2013-2016 recognised improvement of financial market efficiency as one of the necessities for the development of Montenegro.

The second strategic objective of the *Strategy for Development of SMEs 2011-2015*, encompasses inter alia following operational goals: improved access and availability of loans and strengthened capacities of SMEs to manage finances and facilitation of the access to credit by creating stimulated regulatory framework.

In Chapter 9 on financial services, the *Montenegro 2013 Progress Report* states that there has been some progress in the field of financial services, in particular in aligning banking legislation with International Accounting Standards, adopting implementing legislation in the area of insurance and the securities markets, and strengthening insurance supervision capacity. Substantial efforts are still required to align with and implement the existing acquis. Overall, the level of alignment is moderately advanced". Furthermore, in Chapter 4, as regards the fight against money laundering it states: "The supervisory authorities' administrative capacity for conducting anti-money laundering inspections still needs to be strengthened.

In accordance with the *Indicative Strategy Paper for Montenegro 2014-2020*, alignment with the EU legislation is necessary with the aim of providing stable, safe and efficient financial services and ensuring coherence and consistency between the different policy areas such as banking, insurance, securities and investment funds, financial market infrastructure, retail and payment systems.

SEE 2020, Dimension K - Competitiveness, envisages undertaking joint regional activities to support greater access to finance and capital market integration (by implementing regional financial instruments (European Fund for Southeast Europe, Enterprise Development & Innovation Facility), facilitating regional events for early stage ventures; initiating regional investment readiness actions for capacity building; initiating regional capital market integration).

Activities envisaged by this Action correlate with the priorities and timeline defined in the *Accession Programme of Montenegro 2014-2018* (particularly Chapters 4 and 9).

The *Pre-Accession Economic Programme 2013-2016* prescribes that priority activity will be to draft the new Banking Law and supporting secondary legislation, particularly the regulations on capital adequacy of banks. Furthermore, it is stated that the Insurance Supervision Agency has to intensify cooperation with international institutions, aimed at ensuring technical assistance, advisory and expert missions and training, necessary for capacity development and bolstering the quality in delivery of all its functions, while the Securities and Exchange Commission will draft the Law on Capital Market which will be harmonised with the Markets in Financial Instruments Directive (MIFID).

SECTOR APPROACH ASSESSMENT

The sector policy objectives are coherent with national development objectives defined in the national document *Montenegro Development Directions 2013-2016*. In addition, they are focused on meeting the criteria for full membership and will be harmonised with the *Programme for Accession 2014-2020*.

The Ministry of Economy is the lead Ministry in the sector which coordinates the work of the Sector Working Group and which will coordinate activities among partners and stakeholders and define the time frame for the implementation of certain activities. The Sector Working Group consists of representatives of ministries, government bodies and institutions that cooperate closely and that are collectively involved in dealing with sector issues. The sub-sector on financial services consists of

financial regulators (CBM, ISA and SECMN) and the Ministry of Finance which are also important part of this sector. Those institutions closely cooperate in the preparation and implementation of legislation, as well as on coordination of the accession related issues, including preparation of the necessary IPA assistance.

A sector budget does not exist, but necessary funds for financing this sector are identified in the state budget. Funds for co-financing IPA Actions will be allocated from the budgets of ministries and other beneficiaries.

LESSONS LEARNED AND LINK TO PREVIOUS FINANCIAL ASSISTANCE

The main lesson learned from previous assistance is that the cooperation between the financial supervision authorities needs to be further strengthened internally and internationally. As a result, new financial stability arrangements in Montenegro were established in compliance with the best international practices. The Financial Stability Council was established and has been functioning. Also, implementation of actions requires that institutions have full capacity and that staff is available for working on activities until the action is finished. There should be coordination of donors especially in activities that tackle institutions horizontally (like prevention of money laundering and financing of terrorism).

Previous EU funded assistance included IPA 2008 Twinning project *Strengthening the regulatory and supervisory capacity of the financial regulators*, which was aimed at improving efficiency and effectiveness of the institutional and regulatory capacities of the financial sector regulators in Montenegro in order to supervise financial market and institutions in line with the EU *acquis*. The direct result of this assistance and cooperation is a great advancement in the harmonisation of the relevant Montenegrin legislation with the EU *acquis* in the financial sector, preparing 8 new laws and more than 10 new regulations transposing 15 core EU directives. The main beneficiaries were the CBM, ISA, SECMN and the Ministry of Finance.

2. INTERVENTION LOGIC

LOGICAL FRAMEWORK MATRIX

OVERALL OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (OVI)	SOURCES OF VERIFICATION	
To provide stable, sustainable and efficient financial services in order to support the private sector development and enhance the competitiveness of the economy	Global Competitiveness index (score)	Ranking Global Competitiveness Report, World Economic Forum	
SPECIFIC OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (OVI)	SOURCES OF VERIFICATION	ASSUMPTIONS
To further align the legislation for financial services with EU <i>acquis</i> and strengthen the regulatory and supervisory capacities	Level of alignment with EU <i>acquis</i>	EC Progress Report Official annual reports submitted by CBM, ISA and SECMN to the Parliament	Montenegro remains committed to the EU accession process; Full commitment and support to the Action by the CBM, ISA, SECMN and the Government
RESULTS	OBJECTIVELY VERIFIABLE INDICATORS (OVI)	SOURCES OF VERIFICATION	ASSUMPTIONS
<p>R1: Regulatory framework in the banking sector further aligned with EU <i>acquis</i> and administrative capacities of the CBM further strengthened</p> <p>R2: Legislation for insurance market further aligned with EU <i>acquis</i> (draft Insurance Law, aligned with Solvency II requirements) and further developed supervisory procedures and practice as well as human resources. IT infrastructure and equipment developed according to scope, reliability and quality standards</p> <p>R3: Capital market regulation further harmonised with <i>acquis</i>, strengthened administrative capacities and information system of the SECMN</p>	<p>Number of laws, relevant bylaws and other regulation are prepared for adoption in line with EU <i>acquis</i></p> <p>Number of employees trained within responsible institutions CBM, ISA and SECMN</p> <p>IT systems in place</p>	<p>Official Gazette of Montenegro</p> <p>EC Progress Report</p> <p>Official annual reports of regulators submitted by CBM, ISA and SECMN to the Parliament</p> <p>Action reports</p>	<p>Effective coordination among the beneficiaries and other relevant institutions secured</p> <p>Legal proposals and Action results are implemented in a consequent manner</p>
ACTIVITIES	MEANS	OVERALL COST	ASSUMPTIONS

<p>R.1 – A.1: Drafting of the new legislation</p> <p>R.1 - A.2: Implementation of best practices in the field of the Internal Capital Adequacy Assessment Process (ICAAP, SREP, RAS)</p> <p>R.1 – A.3: Training on risk based supervision, inspection techniques, anti-money laundering and terrorist financing</p> <p>R.2 – A.1: Development of the preliminary market impact assessment on Solvency II and drafting new Insurance Law, aligned with Solvency II</p> <p>R.2 – A.2: Strengthening the capacity building in the field of: actuary practice, market analysis, development and research function, money laundry, consumer protection, introduction into the concept of risk based supervision (Solvency II)</p> <p>R.2 – A.3: Purchase and installation of tailor-made software and equipment</p> <p>R.3 – A.1: Drafting legislation related to the capital market</p> <p>R.3 – A.2: Strengthening of administrative capacity</p> <p>R.3 – A.3: Improving the information system of the SECMN</p>	<p>Service contract</p>	<p>EUR 1 900 000</p>	<p>Maintaining adequate staff with appropriate skills</p> <p>Counterpart staff in beneficiary institutions identified, available and cooperates in implementing the Action</p>
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ADDITIONAL DESCRIPTION

The overall objective of the Action is to provide stable, sustainable and efficient financial services in order to support the private sector development and enhance the competitiveness of the economy which could be measured with one external indicator – global competitiveness index. This overall objective is intended to be supported with the further alignment of the legislation for financial services with EU *acquis* and with strengthening of the regulatory and supervisory capacities, which is defined as a specific objective. This could be verified mainly through the fulfilment of the requirements from the negotiation Chapter 9.

Main results of the Action are strengthened administrative capacities, improved regulatory framework and harmonised legislation, thus further aligning Montenegro with the EU *acquis* in banking, insurance and capital market sector.

In banking sector this will be achieved by preparing the Law amending the Law on Banks and secondary legislation. Montenegro will adopt the new Law and ensure its consistency with the EU prudential rules set out in the *Directive 2013/36/EU of the European Parliament and of the Council*², and the *Regulation (EU) No 575/2013 of the European Parliament and of the Council*³. In this way, the action will contribute in implementation of best practices in the field of the Internal Capital Adequacy Assessment Process (ICAAP, SREP, RAS). The improved administrative capacities will be achieved by providing trainings on risk based supervision and training of supervisory staff in inspection techniques. Also, with regard to combating money laundering and terrorist financing and preparation for implementing the relevant regulations, the training of employees with the aim of acquiring new knowledge and skills in the area of fighting money laundering and terrorist financing would be of great importance in the future period.

In the insurance sector, activities include: 1) Expert assistance for preliminary market impact assessment of the Solvency II requirements; 2) Capacity building through direct practice, expert missions, organising and delivering trainings for ISA staff (in the field of: actuary practice, market analysis, development and research function, money laundry, consumer protection, introduction into the concept of risk based supervision (*Solvency II*), as well as further improvement of some internal procedures and practices) and 3) Development of IT infrastructure for collection, processing and analysing data for insurance market, all of which are of critical importance for further alignment with EU *acquis*, supervisory standards and practice in insurance market. Proposed activities are fully in line with current insurance legislation alignment status and plans for future alignment. Montenegrin legislative framework in the insurance area is largely compliant with the *Solvency I*, and the Insurance Supervision Agency's plan stipulates further alignment with the *Solvency I* regime by the end of 2015. Then, legislative activity will focus on alignment of the *Insurance Law* with the *Solvency II*, with introduction of missing elements from S1 regime (EU branches, supplementary supervision over group, etc), which needs to be adopted by the date of accession.

Regarding the capital market, three main activities are envisaged: 1) Harmonisation of legislation on capital market with the EU *acquis*, through technical assistance in drafting the legislation necessary to align the *Law on Capital Market* with recently adopted EU legislation notably Markets in Financial Instruments Directive and Regulation (MiFID2/R), Market Abuse Regulation (MAR/CS-MAD) as well as with the Prospectus Directive and Investor Compensation Schemes Directive and drafting legislation for further harmonisation with Undertakings for the Collective Investments in the Transferable Securities (UCITS), Alternative Investment Fund Managers Directive (AIFMD) and Institutions for Occupational Retirement Provision (IORP). This section also includes technical

² Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

³ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).

assistance in establishing regulatory and supervisory framework for market segments: regulated market, multilateral trading platforms, organised trading facilities Over The Counter trading, secondary market for treasury bills and government bonds, Guarantee Fund for investors; 2) Strengthening the administrative capacity of SECMN through trainings, expert mission and direct practise in control of regulated information, financial statements, capital adequacy, risk management, market manipulation and insider trading, anti-corruption, money laundering and financing of terrorism; and 3) Improving the information system of the SECMN through design and implementation of software modules for control of regulated information, advanced control and statistical analysis, data collection etc.

Key assumptions are related to the full commitment and support to the Action by the Central Bank of Montenegro (CBM), Insurance Supervision Agency (ISA) and Securities and Exchange Commission of Montenegro (SECMN) and the Government, as well as maintaining adequate key staff with appropriate skills in all the beneficiary institutions. Coordination of the efforts among all the institutions should be ensured as well.

3. IMPLEMENTATION ARRANGEMENTS

ROLES AND RESPONSIBILITIES

The main beneficiaries of the Action will be the Ministry of Finance, Central Bank of Montenegro (CBM), Insurance Supervision Agency (ISA) and Securities and Exchange Commission of Montenegro (SECMN).

The Directorate for Finance and Contracting of the EU Assistance Funds (CFCU) being the Implementing Agency under IPA bears the sole responsibility for the proper implementation of all contracts in line with the relevant contractual provisions and the requirements governing the decentralised management of EU assistance. The Project Implementation Unit (PIU) of the Ministry of Finance will provide support to the CFCU whereby ensuring the proper technical implementation of the contract activities. In this regard, the CFCU and the PIU will closely cooperate throughout the contracts implementation process.

Implementation monitoring will be performed in order to obtain information on progress achieved and collect data required to prepare relevant reports for the National IPA Coordinator (NIPAC) Office and the CFCU, providing advices to contribute to tackle any issues and possible mistakes which could endanger the successful completion of the implementation. The major tools of the PIU for performing monitoring are: monitoring visits, participation in the regular progress meetings, participation in the Steering committees meetings, review of regular progress reports and participation at on-the-spot checks, carried out by the CFCU.

A Steering Committee (SC) will be established to review the Action progress, comprising of representatives of PIU of the Ministry of Finance, beneficiary institutions, CFCU, NIPAC Office and the EUD. The SC may invite other organisations to attend meetings in cases where this will bring added value to discussion, direction and outcomes of the Action. Representatives of the other key stakeholders may also be invited to attend SC meetings.

IMPLEMENTATION METHOD(S) AND TYPE(S) OF FINANCING

The action will be implemented in indirect management through one service contract including technical assistance for the legislation and training, as well as installation of tailor-made software and equipment for the ISA and SECMN. The national co-financing will be provided by the beneficiaries of the Action i.e. Central Bank, Securities Commission and Insurance Supervision Agency.

4. PERFORMANCE MEASUREMENT

METHODOLOGY FOR MONITORING (AND EVALUATION)

Monitoring and evaluation of the implementation of this Action will be conducted in accordance with the rules of indirect management and respecting the requirements and provisions of IPA II regulations

and those that will be laid down in Framework Agreement and in respective Financing Agreement. Achieving of the Action results will be regularly monitored by the responsible national implementing body and National IPA Coordinator.

Implementation of this Action will be subject of special attention of Sectoral Monitoring Committee and IPA Monitoring Committee which shall measure progress in relation to achieving the objectives of the actions and their expected outputs, results and impact by means of indicators related to a baseline situation, as well as progress with regard to financial execution. The sectoral monitoring committee will report to the IPA Monitoring Committee and will make proposals on any corrective action to ensure the achievement of the objectives of the Action and enhance its efficiency, effectiveness, impact and sustainability.

Moreover, in accordance with Article 8 of Commission Implementing Regulation (EU) no 447/2014 NIPAC shall take measures to ensure that the objectives set out in the Action are appropriately addressed during the implementation of EU assistance. Procedures for implementing monitoring activities will be set out in the revised Manuals of Procedures aligned with new IPA regulations. Best practices from the monitoring of implementation of previous actions and recommendations given by external monitoring in this sector will be also taken into consideration.

This Action shall be subject to evaluations, in accordance with Article 30(4) of Regulation (EU, EURATOM) No 966/2012 and with Article 22 of Commission Implementing Regulation (EU) no 447/2014. The results of evaluations shall be taken into account by the IPA Monitoring Committee and the Sectoral Monitoring Committee.

INDICATOR MEASUREMENT

INDICATOR	DESCRIPTION	BASELINE (2010)	LAST (2014)	MILESTONE 2017	TARGET 2020	SOURCE OF INFORMATION
<p><i>OVERALL OBJECTIVE INDICATOR</i></p> <p>Global Competitiveness Index (score)</p>	<p>The Global Competitiveness Index integrates the macroeconomic and the micro/business aspects of competitiveness into a single index.</p>	<p>4.4 (2010-2011)</p>	<p>4.2 (2014-2015)</p>	<p>4.5 - 4.7</p>	<p>4.7 - 4.9</p>	<p>Ranking Global Competitiveness Report, World Economic Forum</p>
<p><i>ACTION OUTCOME INDICATOR 1</i></p> <p>Level of alignment with EU <i>acquis</i></p>	<p>This indicator measures level of the alignment with the <i>acquis</i> in the field of financial services (chapter 9) (using the 2015 progress report assessment scales)</p>	<p>Although the legislation on financial services covers to a considerable extent the requirements of the EU <i>acquis</i>, numerous provisions need to be amended. Particular attention will need to be paid to staff competence of the banking supervision department, especially with reference to Basel II requirements. Banking supervision needs to be effective. Capacities of the Deposit Protection Fund also need to be reinforced. As regards insurance both the legislation and the corresponding supervisory framework, including enforcement, need to be enhanced.</p>	<p>Substantial efforts are still required to align with and implement the existing <i>acquis</i>. Overall, the level of alignment is moderately advanced.</p>	<p>Montenegro has a good level of preparation in the area of financial services.</p>	<p>Montenegro is well advanced in the area of financial services.</p>	<p>EC Progress Report Official annual reports submitted by CBM, ISA and SECMN to the Parliament</p>
<p><i>ACTION OUTPUT INDICATOR 1</i></p> <p>Number of laws, relevant bylaws and other regulation are prepared for adoption in line with EU <i>acquis</i></p>	<p>Alignment with the <i>acquis</i> in accordance with the Accession Programme</p>	<p>0</p>	<p>0</p>	<p>4 laws prepared for adoption</p>	<p>4 laws adopted.</p>	<p>Official Gazette of Montenegro EC Progress Report Official annual reports of regulators submitted by CBM, ISA and SECMN to the Parliament Action reports</p>

INDICATOR	DESCRIPTION	BASELINE (2010)	LAST (2014)	MILESTONE 2017	TARGET 2020	SOURCE OF INFORMATION
<i>ACTION OUTPUT INDICATOR 2</i> Number of employees trained within responsible institutions CBM, ISA and SECMN	Training on risk based supervision, inspection techniques, anti-money laundering and terrorist financing for CBM. Strengthening the capacity building in the field of: actuary practice, market analysis, development and research function, money laundry, consumer protection, introduction into the concept of risk based supervision (Solvency II) for ISA. Capacity building for SECMN.	0	0	60 employees attended workshops and on the job trainings	60	Action reports
<i>ACTION OUTPUT INDICATOR 3</i> IT systems in place	Purchase and installation of tailor-made software and equipment for ISA and improving the information system of the SECMN	IT systems not in place	IT systems not in place	IT systems of the ISA and SECMN in place	IT systems of the ISA and SECMN in place	EC Progress Report Official annual reports of regulators submitted by ISA and SECMN to the Parliament Action reports

5. CROSS-CUTTING ISSUES

ENVIRONMENT AND CLIMATE CHANGE (AND IF RELEVANT DISASTER RESILIENCE)

The activities envisaged under the present Action should not negatively affect the environment. During the design and implementation phase, the Action production of printed material will be kept to the strictest minimum and therefore have positive influence on environment.

ENGAGEMENT WITH CIVIL SOCIETY (AND IF RELEVANT OTHER NON-STATE STAKEHOLDERS)

The various coordination mechanisms for external assistance, particularly the sector-based coordination group, have ensured that all the central-level stakeholders have been consulted on this Action. Likewise, all the primary stakeholders have been consulted in the formulation of the intervention and will participate in the implementation both as direct beneficiaries and as members of the Steering Committee. All the other non-state stakeholders will be involved in the process of the partnership consultation related to the drafting and implementation of the planned legislation.

EQUAL OPPORTUNITIES AND GENDER MAINSTREAMING

The Action will ensure that all the cross-cutting issues are appropriately incorporated, particularly equal participation of women and men will be secured throughout the design and implementation process. An appropriate balance will be sought on all the bodies and activities of the Action. Institutions benefiting from the Action are equal opportunity employers.

MINORITIES AND VULNERABLE GROUPS

Special attention to minorities and vulnerable groups will be integral part of any activity of the Action. The Action will take into the consideration the principle of equitable representation. There will be regular monitoring to ensure these issues are given due prominence.

6. SUSTAINABILITY

This Action will foster a sustainable base for institutional integration in EU-related process. This Action will contribute to enabling easier access for private sector to the wider range of financial services. It will also help to the trained staff in sharing its experiences with colleagues and especially with new employees. Therefore, activities resulting from this Action will give contribution in terms of being able to operate and solve problems more easily having in mind newly acquired skills.

Acquired expertise and skills of the staff and increased capability will be continued to be used for further alignment with European standards and best international practice after the Action is finished. The development and practical use of these skills during the Action will also ensure sustainability in the future operations of the beneficiaries.

Finally, it is anticipated that the Action will serve as a significant opportunity to further develop existing partnerships with EU institutions having in mind that Action aiming at harmonisation of the legislation with the EU *acquis*.

7. COMMUNICATION AND VISIBILITY

Communication and visibility will be given high importance during the implementation of the Action.

The implementation of the communication activities shall be the responsibility of the beneficiary, and shall be funded from the amounts allocated to the Action.

All necessary measures will be taken to publicise the fact that the Action has received funding from the EU in line with the Communication and Visibility Manual for EU External Actions.

The use of *Communication and Visibility Manual for EU External Actions* is compulsory. The contractor shall use the appropriate stationery in letterheads or fax headers sheets and report presentation format, but should add the phrase “*This Action/programme is funded by the European Union*” as well as the EU flag when relevant. Elements of the communication strategy may include: press release, press

conferences, leaflets and/or brochures, newsletters, web pages, vehicle panels, promotional items, reports, audio-visual productions. Any supplies or equipment delivered under an EU-funded Action must be clearly identified and must visibly carry the EU logo and the mention “*Provided by the support of the EU*” in the operational language of the EU programme and in the local language.

Visibility and communication actions shall demonstrate how the intervention contributes to the agreed programme objectives and the accession process. Actions shall be aimed at strengthening general public awareness and support of interventions financed and the objectives pursued. The actions shall aim at highlighting to the relevant target audiences the added value and impact of the EU's interventions. Visibility actions should also promote transparency and accountability on the use of funds.

It is the responsibility of the beneficiary to keep the EU Delegation fully informed of the planning and implementation of the specific visibility and communication activities.

The beneficiary shall report on its visibility and communication actions in the report submitted to the IPA Monitoring Committee and the Sectoral Monitoring Committees.

LIST OF ANNEXES

1. List of reference documents.

ANNEX 1

List of reference documents

- Montenegro Development Directions 2013-2016;
- Montenegro Pre-accession Economic Programme 2013-2016;
- Montenegro Programme for Accession to EU 2014-2018;
- SME Development Strategy 2011-2015.