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ANNEX 1

of the Commission Implementing Decision on the annual action plan in favour of Montenegro for 2022

Action Document for EU for Integrated Border Management

ANNUAL ACTION PLAN

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

1. SYNOPSIS

1.1. Action Summary Table

Title	Annual action plan in favour of Montenegro for 2022 Action Document EU for Integrated Border Management			
OPSYS	ACT-60862 / JAD.1003560			
Basic Act	Financed under the Instrument for Pre-accession Assistance (IPA III)			
Team Europe Initiative	No			
Zone benefiting from the action	The action shall be carried out in Montenegro			
Programming document	IPA III Programming Framework			
PRIORITY AREAS AND SECTOR INFORMATION				
Window and thematic priority	Window 1- Rule of law, fundamental rights and democracy Thematic Priority 4: Migration and border management			
Sustainable Development Goals (SDGs)	Main SDG (1 only): 16 Peace and Justice Strong Institutions			
DAC code(s)	15190 facilitation for regular and responsible migration and mobility 100%			
Main Delivery Channel @	12000 Recipient Government 12001 Central Government			
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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, newborn and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Internal markers	Policy objectives	Not targeted	Significant objective	Principal objective
	Connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Digitalisation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Migration	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	COVID-19	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
Amounts concerned	Budget line: 15.020101.01			
Total estimated cost:	Total estimated cost: EUR 15 000 000 Total amount of EU budget contribution EUR 15 000 000, of which: EUR 12 000 000 for budget support EUR 3 000 000 for complementary support EUR 0 for indirect management with IPA III beneficiary.			
MANAGEMENT AND IMPLEMENTATION				
Implementation modalities (type of	Budget Support			

financing and management mode)	Direct management through: - Budget Support: Sector Reform Performance Contract - Twinning grants - Procurement
Relevant priorities and flagships from Economic and Investment Plan for the Western Balkans	Rule of Law
Final Date for conclusion of Financing Agreement	At the latest by 31 December 2023
Final date for concluding contribution/ delegation agreements, procurement and grant contracts	3 years following the date of conclusion of the Financing Agreement, with the exception of cases listed under Article 114(2) of the Financial Regulation
Indicative operational implementation period	72 months following the conclusion of the Financing Agreement
Final date for implementing the Financing Agreement	12 years following the conclusion of the Financing Agreement

1.2. Summary of the Action

The overall objective is to assist the Government of Montenegro in securing the future external EU border and reducing irregular migration and cross-border crime.

This goal will be achieved by supporting Montenegro to implement the Integrated Border Management Strategy with Annual Action Plans and the Schengen Action Plan and achieving the objectives set therein. Montenegro has to tackle the challenges related to the lack of capacities, human resources and equipment. Having this in mind, the key weaknesses faced by Montenegro in the border management area and addressed by this Action are as follows:

- to improve border surveillance;
- to improve detection and interception activities;
- to address the critical gaps in human resources and to improve Human Resources (HR) management;
- to improve border infrastructure and EU best practices;
- to improve the effectiveness and implementation of anticorruption measures.

2. RATIONALE

2.1. Context

This Action is in line with the aim of IPA III support in TP 4 Migration and border management (Window 1) which is to align with the European integrated border management strategic objectives and capacities, including improving border surveillance and checks at border crossing points as well as further developing and implementing mechanisms for cooperation in the region and with EU agencies, such as the European Border and Coast Guards agency. These efforts will also contribute to managing irregular migration and to fighting organised crime. In complementarity with the Integrated Border Management Fund, IPA III assistance will therefore focus on the continuous alignment with the relevant EU *acquis* and European standards. The revised ***national Integrated Border Management (IBM) Strategy for 2020 – 2024*** was adopted by the Government on January 16, 2020. The revised strategy is better aligned with the requirements related to the implementation of the European Integrated Border Management (EIBM) based on the EBCG/2016 Regulation including to some extent also Technical and Operational Strategy for the EIBM adopted by Frontex Management Board in 2019. Moreover, the revised strategy already acknowledges some elements based on the EBCG 2.0/2019 Regulation. Action plans are updated annually. Monitoring of the action plan is covered by an annual implementation report prepared by the Ministry of the Interior. In May 2021, the Government adopted the Report on the Implementation of the Action Plan for the Implementation of the Integrated Border Management Strategy (IBM) in 2020 with the Proposed Action Plan for the Implementation of the Integrated Border Management Strategy as well as the Action Plan for monitoring the implementation of the Schengen Action Plan (SAP) for 2021.

The Strategy was adopted in January 2020 when the impact of COVID-19 was not globally considered yet. The Action Plans are linked to the Strategy. However, in practice, it was taken into consideration but has not significantly affected the implementation of planned measures and activities, except when in a certain timeframe during 2020, the borders with neighbouring countries were closed due to compliance with measures adopted by the National Coordination Body of the Government of Montenegro. COVID-19 had an impact on cross-border or regional activities with some delays in the implementation of agreements, training, seminars, joint patrols with neighbouring countries, reducing passenger traffic at borders etc.

The National IBM concept is described in the Strategy. This concept is based on a **4-tier access control model** and it contains most of the **11 strategic components** defined in the **EBCG Regulation/2016** version. The Strategy also covers three horizontal topics (fundamental rights, education and trainings, research and innovation) which were not yet legally binding in the EBCG/2016 version of the IBM.

Both the IBM Strategy (with annual Action Plan) and annual Schengen Action Plan (SAP) are aligned with the Government Methodology on Policy development and monitoring of the implementation of strategic documents. **The Government of Montenegro has established an effective system of governance and coordination in the area of IBM.** The Ministry of the Interior coordinates the activities, with the State Border Commission, of the inter-ministerial composition, of the relevant entities that have competence in the implementation of the Strategy. In addition, the Inter-agency working group for monitoring of the implementation of SAP has been established which also deals with donor coordination and monitoring of project implementation in this area.

2.2. Problem Analysis

AREA OF SUPPORT #1: Improved border surveillance system (IBM Strategy, Framework Action Plan, Priority 1: Border control: Border checks and State border surveillance and Priority 6: Preparation for taking measures in Schengen Area related to border surveillance and efficient resolving of illegal immigration and suppression of cross-border crime)

The report related to the TAIEX (carried out online) Peer Review Expert Mission to Montenegro on Integrated Border Management (February 2021) underlines that **priorities for further development in the area of border surveillance should be 1) the national border surveillance system (land border (incl. lakes) and sea borders) including mobile and stationary integrated technical surveillance systems and enhanced reaction capacity and further development of Regional Coordination Center functionalities.**

The existing electronic border surveillance system at Boka bay, Skadar lake, River Bojana and the Adriatic Sea consists of Stations for electronic observation with short-range thermal imaging sensors on several locations. This equipment is out of date and it needs to be replaced with more modern systems which will be installed in more locations so a wider area is covered. Analyses showed that criminals are informed about the locations of the Stations and they are trying to track the ground activities of border police officers. Improvements in electronic surveillance systems will lead to faster detection, identification and classification of suspicious subjects so that patrol vessels will be able to react faster. **The national sea border surveillance system** should be able to detect and identify all vessels coming into territorial waters. If needed, the system should trigger the interception of any vessels suspected of irregular migration or cross-border crime activities coming into territorial waters. **The national land border surveillance system** should be able to detect all illegal border-crossings and intercept everyone crossing the border illegally in high-risk areas under any conditions. Border surveillance and apprehension of those who have crossed the border illegally should be carried out by mobile and fixed patrols.

Montenegro sea border surveillance or land border surveillance systems are not yet fulfilling the above-mentioned requirements. The capacity to conduct **border surveillance** is still partly modest given the limited coverage of the integrated technical surveillance system. Night vision capacity at the patrol level has improved due to night vision goggles. Night vision capacity of the current stationary surveillance systems is very limited. **Reaction capacity** especially at the lake Zadar is still very limited due to current patrol boats technical limitations and fuel restrictions (one patrol boat and only one-hour daily patrolling are possible).

Since October 2020, in line with the Status Agreement, the Border Police (BP) is using the FRONTEX FSA air observation platform which is limited to the Adriatic Sea and coastline. Multisensory Aerial surveillance of the state border will enable efficient and effective guidance and organization of actions of various BP units in locating, securing and seizure of load/item which is discarded or hidden.

At present patrol vessels are serviced in Podgorica and if needed by a contracted company. Lack of servicing capacities for patrol vessels leads to inefficient use of funds and more days out of service consequently fewer surveillance activities. The maritime logistic base of Border Police on River Bojana is not fulfilling the conditions for keeping and servicing patrol vessels so if the patrol vessel needs to be repaired it is transferred to Podgorica which is time-consuming and requires more days out of service. The Border Police unit on Skadar lake has two bases for patrol vessels. Even though both bases are providing secure berth in all conditions they are quite distant from areas where most of the criminal activities are detected and it takes approximately 30 minutes to react.

National Coordination Center (NCC) has been officially established in 2019 and it is an independent unit in the Border Police structure directly under the Chief of Border Police. The Head of the NCC is appointed, the equipment is partly delivered and most of its planned 23 staff members are recruited. Given the enhanced technical capabilities the capacity to maintain and create a national situational picture is better and situational awareness has improved accordingly. The NCC is also actively implementing and further developing cooperation at national and international level. The NCC is

currently situated in a small temporary unsuitable premises and conceptual design for the new building is prepared and revised together with FRONTEX. The Main design is under preparation and it will be finalized in August 2022.

The implementation of foreseen activities will round the electronic surveillance system at the blue border with all necessary technical capacities needed to efficiently perform duties of border surveillance.

Improved capacities for detection and interception - One of the recommendations given in TAIEX Peer Review Expert Mission to Montenegro on Integrated Border Management (25-29 January 2021) was to increase the detection and interception capacity by more active use of tracing dogs as a part of border surveillance concept. At the moment there are 6 dogs used for this purposes which is not enough so this element of the surveillance system is insufficient.

When it comes to surveillance of the **land borders** with neighbours, the existing system of electronic surveillance does not meet the Schengen standards and does not provide full detection of illegal state border crossings. At the moment the Border Police is using only manual equipment for surveillance (thermal imaging cameras, binoculars and IR/CCTV multi-sensors all of short range. A team of Frontex experts will support preparation of detailed specifications of equipment based on risk analyses, trends and in line with Schengen standards.

AREA OF SUPPORT #2: Improved capacities of border police with targeted trainings and preparation for Schengen evaluation (IBM Strategy, Framework Action Plan, Priority 8: Respect, protection and promotion of fundamental human rights, training, research and innovation) and Priority 6: Preparation for taking measures in Schengen Area related to border surveillance and efficient resolving of illegal immigration and suppression of cross-border crime)

Recommendations from the TAIEX online Peer review mission also focus on the need to establishing a long term plan for human resource management and strengthen the administrative capacity needed for a strategic planning and project management and to cooperate with FRONTEX when further developing and establishing the national training concept in line with the European standards.

“The total number of staff in the border police is 1365, for a 840 kms-long borders (including 137 kms at sea, 81 kms of rivers, 50 kms of lakes). According to the Schengen Action Plan, drafted in 2017, **up to 600 additional staff members should be recruited**, to allow Montenegro to meet the Schengen requirements. There is no new recruitment in the public administration since 2019. Staff is insufficient both on border surveillance and border control (BCPs). For example at the new BCP in Vračnovići, modernised and extended with EU funds under the budget support programme, **30 more border police officers should be recruited to operate the BCP at full capacity**. 60 additional officers are needed at Debelli Brijeg BCP (border with Croatia) and 18 needed at Bozaj (border with Albania).”

2.1 In accordance with the overall training program of the Police Directorate, training of border police officers starts after their reassignment in the organizational unit of Border Police. Training is organized in two parts. First part consists of basic trainings which is compulsory for all. Upon finishing the basic level, officers are trained for different areas depending on the tasks they are assigned. Specific trainings are developed in accordance with EU best practices in the following areas: EU legal framework, Fundamental Human Rights, Border control, Second control line, Combating smuggling of vehicles and vessels, Combating human trafficking, Detection of false documents, Risk Analyses and other. These trainings are organized within relevant organizational units on the local and regional level. Besides this, Border police officers have also access to trainings provided by other institutions such as the Human

Resources Management Authority of Montenegro, the Police Academy and international partners such as OSCE, IOM, DCAF, ICITAP and others.

In order to strengthen the training system for Border Police, there is a need to establish a national training concept specialized for Border Police based on assessment of training needs. Also, specific trainings such as English language courses, Migrations (migrant screening, data collection, human trafficking, terrorists, handling large groups of migrants), border surveillance, safe use of ATV, snowmobiles, bikes, vessel patrolling (interception activities, search and rescue) are needed.

AREA OF SUPPORT #3: Further improvement of border infrastructure and EU best practices and implementation of anticorruption measures

In accordance with the TAIEX online Peer review mission.

3.1 Placing the Dark-fiber optic connection - in order to ensure different possibilities to connect with centralized databases and systems in secure manner, dark-fiber optic connection has to be in place. This will ensure that BCPs are independent from service providers and more importantly data security is much higher. This would also provide centralized management and recording of videos from BCPs. In addition, this would provide faster response, less maintenance issues, lower costs and additional systems could be further added.

Planned activities: Reconstruction of BCPs Šćepan Polje and Kobila. Placing of optic fiber connection to BCPs Šćepan Polje and Vilusi.

In addition to the areas of supports above mentioned the recommendations also focus on the need of establishing a proper IT tool to monitor the purchase of equipment, to set priorities and establish a purchase plan. Furthermore, equipment donations should include maintenance contract and capacity building in the use of equipment, as a mandatory rule.

2.3. Additional Areas of Assessment

2.3.1 Public Policy

Policy framework

Integrated Border Management sector policy is part of the broader rule of law policy, which represents an essential part of the accession negotiations with Montenegro. The Negotiations Framework, adopted by the Council on 26 June 2012, introduces the so called “new approach” on rule of law which is based on the specific characteristics of Chapters 23 (Judiciary and Fundamental Rights) and 24 (Justice, Freedom and Security), where the establishment of a solid track record is essential for closing the negotiations. The new approach also foresees the use of interim benchmarks, in addition to the closing benchmarks.

Chapter 23 and 24 Action Plans were adopted by the Montenegrin Government in June 2013 and are based on the recommendations of the screening reports for chapters 23 and 24 adopted in November 2012. The two Action Plans include details on the methodology applied to determine the timelines needed, to identify responsible bodies in charge of implementation, to calculate the financial costs, to identify the funding source, to establish result indicators and impact indicators where needed. Montenegro also established a monitoring mechanism in the form of a multi-disciplinary working group, composed of representatives/experts in different policy areas as well as representatives of the civil society. In all cases the institutions responsible for implementing the actions have been identified. Result

indicators have been described and a good effort has been made to develop impact indicators where relevant. These will feed into the track record necessary to close the negotiations for these chapters.

The revised *national IBM Strategy for 2020 – 2024* was adopted by the Government session on January 16, 2020. Revised strategy is better aligned with the requirements related to implementation of the EIBM based on EBCG/2016 Regulation including to some extent also Technical and Operational Strategy for the EIBM adopted by Frontex Management Board in 2019. Moreover, revised strategy already acknowledges some elements based on the EBCG 2.0/2019 Regulation. Action plans are updated annually. Monitoring of the action plan is covered by annual implementation report prepared by the Ministry of the Interior.

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Both IBM Strategy (with annual AP) and annual SAP are aligned with the Government Methodology on Policy development and monitoring of the implementation of strategic documents.

Strategic goals for the implementation of the new IBM Strategy 2020-2024 are:

- **Development of an integrated border management system in line with the European Border Surveillance System and**
- **Ensuring border security by improving cooperation at all levels and strengthening administrative, infrastructure and technical capacities.**

In line with the methodology of Policy Development the following operational objectives are set:

Operational objective I: Increased level of compliance with the European and Schengen standards, in legislative, administrative and institutional terms in the field of integrated border management, especially in the field of border control.

Operational objective II: Improved integrated system of sea control, border control and search and rescue at sea.

Operational objective III: Reduced border vulnerability by responding more effectively to the deployment of available resources, based on conducted risk and threat analysis that may affect border security, in accordance with the EU CIRAM model.

Operational Objective IV: Improved international cooperation, especially with neighbouring countries, EU institutions and FRONTEX, now the Agency for European Border and Coast Guard, on border issues, prevention of illegal migration, cross-border crime and readmission of persons residing illegally in Montenegro.

Operational objective V: Enhanced inter-institutional cooperation in integrated border management to improve cross-border traffic, improve border security, combat cross-border crime, and protect the lives, health and property of humans, animal health, vegetation and ecosystems along the state border.

Operational objective VI: Establish a normative and operational framework for detecting and preventing illegal residence, illegal immigration and illegal employment in order to prepare in a timely manner for action in the Schengen area.

Operational objective VII: Improved system of readmission (return and acceptance) of foreign and domestic citizens in accordance with concluded agreements and in cooperation with diplomatic missions and consular posts.

Operational objective VIII: Improved level of respect, protection and promotion of fundamental rights, professional conduct of border control officers, as well as their professional capacity for more efficient

use of technical equipment, training and professional development. **Operational objective IX:** Quality control in law enforcement in border management and the conduct of police and customs officers engaged in border and customs control are carried out in accordance with EU standards.

Operational objective X: A solidarity mechanism has been implemented with Montenegro's cooperation with the EU, enhancing the ability to assume responsibility for protecting the EU's external borders and improving the functioning of the Integrated Border Management System.

Operational objective XI: Further development of the four-tier control model that forms the basis of the IBM, through preparation for the establishment of the SIS and further development of the SIRENE (Request for additional information at national approach) and Visa Information System.

The Schengen Action Plan 2017 was prepared by the Interdepartmental Working Group composed of experts from the Ministry of the Interior, Police Directorate, Customs Administration, Ministry of Justice, Ministry of Transport and Maritime Affairs, Ministry of Foreign Affairs and European Integrations and the Police Academy. Schengen Action Plan is a kind of “umbrella” covering all Schengen policy fields which should be aligned as a part of the whole EU accession process. SAP is therefore also a very important document related to the implementation of the NIBM strategy and IBM concept at the practical level. Governance, coordination and monitoring of SAP and NIBM should be well integrated since there are several cross-references. This coordination is done at the ministerial level. Since SAP is from 2017 it does not include the latest EU Schengen-based *acquis* and it's therefore naturally incomplete and partly obsolete. One of the most important missing legal instruments related to IBM is EBCG 2.0 Regulation.

The Government of Montenegro has established an effective system of governance and coordination in the area of IBM and SAP.

The Ministry of the Interior coordinates the activities, with the State Border Commission of the inter-agency composition, of the relevant entities that have competence in the implementation of the Strategy. In addition, the Inter-agency working group for monitoring of the implementation of SAP has been established which also deals with donor coordination and monitoring of project implementation in this area. Regarding internal organization of the Ministry, both IBM and SAP are within the competencies of Department for Integrated Border Management.

Reporting on the realization of implementation of measures from annual Action Plan (AP) for IBM is performed on a quarterly basis and data are submitted regularly to the Ministry of the Interior/IBM Department. Annual Reports on the implementation of APs are submitted to the Government for adoption in the first quarter of the next year. The total indicative amount foreseen for the implementation of the Schengen Action Plan and Strategy for Integrated Border Management (2020-2024) is 267 million euros.

Necessary financial resources for the implementation of measures from the Framework Action Plan for implementation of the IBM Strategy are planned within the annual Action Plans and will be determined annually in the national budget for each Ministry/Agency that has competence in the implementation of measures. The Government adopted the conclusions on 23 January 2020 and instructed the stakeholders to plan the necessary funds during the preparation of the budget.

Policy relevance

The IBM strategy continues to be relevant in the way it addresses the challenges of a newly independent country such as Montenegro to effectively secure its state borders, many of which were previously only administrative demarcations inside the former Yugoslavia. Secondly, this strategy aims at ensuring legal alignment, technical reforms and sufficient administrative capacity to comply with the EU IBM and Schengen standards on border management.

In terms of relevance with the overall objectives of Chapter 24 Action Plan **2020-2024** are IBM Strategy identifies the following priorities as closely related to the broader rule of law policy:

- **Development of an integrated border management system in line with the European Border Surveillance System;**
- **Ensuring border security by improving cooperation at all levels and strengthening administrative, infrastructure and technical capacities.**

Policy credibility

As outlined by the **Commission's 2021 Report**¹: Montenegro should further strengthen the capacities in border management, by addressing the critical gaps in human resources and equipment; take the necessary steps to establish an Advance Passenger Information System, and a biometric registration system that follows the Eurodac model.

The implementation of Montenegro's Status Agreement with the European Union intensified the cooperation between Montenegro and the European Border and Coast Guard Agency (Frontex) and created new opportunities for the transfer of EU good practices. A first joint operation, launched under the Agreement in July 2020, deployed teams of the European Border and Coast Guard standing corps to Debeli Brijeg, a border crossing point (BCP) with Croatia. In October 2020, a joint maritime operation aimed at strengthening blue borders' surveillance was launched, the first fully-fledged maritime joint operation implemented by Frontex in a non-EU country. Montenegro currently has only one Frontex National Focal Point despite the increased level of cooperation.

Montenegro's situational awareness and reaction capacity have substantially improved since the establishment of its National Coordination Centre (NCC) in 2019. The NCC, which is Frontex' main cooperation partner within the Status Agreement, follows in real-time live pictures delivered from one observation aircraft and one helicopter, provided under the Status Agreement, and from nine BCPs (while four additional BCPs are yet to be connected). The NCC alerts the Regional Coordination Centres when an intervention is needed. However, some equipment and connections to other national surveillance systems, which would ensure a full coverage of critical areas, are still missing. Two representatives of NCC are deployed to Frontex Headquarters in Warsaw as a part of the joint operations.

The integrated border management strategy (IBM) 2020-2024 is in line with the EU *acquis*. However, there is no earmarked budget allocation for the implementation the strategy, which relies largely on expected Donors' support. Montenegro continued to upgrade its border management equipment, in accordance with its Schengen Action Plan, with the support of the EU and other Donors. However, there is no monitoring tool to follow the level of fulfilment of the Schengen Action Plan relating to equipment and to prioritise the purchases. Montenegro has yet to establish an operational Advance Passenger Information System.

Montenegro further improved its operational capacity to manage borders, notably with the acquisition of key border management equipment and the opening of a new joint border crossing point with Albania. Montenegro has continuously active cooperation with Europol and Interpol on countering cross-border

¹ SWD (2021) 293 final/2 - Montenegro 2021 Report.

criminal activities, including Europol's European Migrant Smuggling Centre (EMSC) and the EMPACT platform for combating migrant smuggling, as well as Frontex' Western Balkans Risk Analysis Network. Furthermore, has good cooperation with neighbouring Western Balkan partners within bilateral border traffic agreements.

In 2021, 13,093,665 passengers were registered at the border crossings (an increase of 179% compared to 2020, or 37% less compared to 2019). The decrease was mainly due to the COVID-19 pandemic.

Using the information system at the border crossings in the period January - December 2021, 71 motor vehicles were found according to the INTERPOL warrant, 927 persons (809 matches according to INTERPOL databases and 118 according to national arrest warrants) and 203 documents according to the INTERPOL arrest warrant. In 2021 a total of 640 pieces of information (+ 28%) were exchanged at the Trebinje Joint Police Cooperation Centre, and 185 pieces of information (+ 80%) at the Plav Police Centre, centres that were established thanks to the previous Sector Budget Support Programme.

In 2021, the Border Police, in cooperation with officers of the criminal police and the Customs Administration, found 37,351 kg of narcotic drug cocaine, 2,231,102 kg of narcotic drug marijuana - skank, 3313 stalks marijuana, 31 ml of cannabis oil, 24491 packs of cigarettes, 1470 kg of cut tobacco, 950 kg of fish, 230 l of alcoholic beverages, 2160 kg of coffee, 6 pistols, 8 rifles and 708 pieces of ammunition, etc.

2.3.2. Policy developments in the EU

Expected progress in policy implementation

Shortcomings identified by EU experts over the years have been addressed in various Annual Action Plans. A number of recommendations from Peer Review missions on IBM in 2018 and 2019 are still to be fully addressed, due to different reasons such as high costs, lack of preliminary technical works, need to improve a multi-annual strategic planning linked to the earmarked budget, political instability and changes in managing positions:

- ensuring the efficient and safe crossing of the border;
- prevention and detection of cross-border crime;
- timely response to security risks;
- effective migration management;
- upgrading of the border infrastructure;
- an integrated maritime surveillance system, maritime boundaries and search and rescue at sea;
- effective exchange of information, adequate response to risk assessment;
- enhancing international cooperation, especially with Frontex;
- coordination and synchronization of activities of border services in the implementation of border procedures;
- adequate training, research and modern technology to ensure the professionalism of officials and the proper use of technical equipment;
- developing quality control in law enforcement;
- timely preparations for the establishment of the Schengen Information System, the development of the SIRENE Office and the harmonization of the Visa Information System;

Since SAP is from 2017 it does not include the latest EU Schengen-based *acquis* and it's therefore naturally incomplete and partly obsolete. One of the most important missing legal instruments related to IBM is EBCG 2.0 Regulation.

Policy dialogue

Policy dialogue for both IBM and PFM is organised at three levels: political, strategic and technical level. **High-level policy dialogue** under the Stabilisation and Association Committee (SAA) takes place

yearly at the SAA Justice and Home Affairs Subcommittee with the participation of the Beneficiaries and the DG NEAR Geographical Director/Head of Montenegro Unit. Presentation of Non-papers on Chapters 23 and 24 is taking place on a semestral basis with a special focus on progress and benchmarks. Peer Review missions are organised on a yearly basis with the participation of DG HOME and DG NEAR. Country reports findings are presented to the Authorities and CSOs. While civil society has already been involved at the level of policy design, there is considerable room for further engagement, in particular in the area of human rights standards and fight against corruption. Civil society should be encouraged not only to play a role in monitoring and holding the government accountable, but also in the implementation of the policy in areas like asylum, migration and human trafficking. The conclusions of the Stabilisation and Association Agreement JLS subcommittee, the findings of the Reports in the rule of law area, as well as the recommendations of the relevant TAIEX peer review reports provide the framework for the budget support policy dialogue in this sector.

At the **strategic level** meetings are organised ad hoc for the discussion of particular aspects of the Strategy led either by the EU Delegation and/or by DG NEAR, according to the agenda of discussions. EU Delegation is invited to attend Schengen working group meetings. IPA Sectoral Monitoring Committee and IPA Monitoring Committee are regularly organised.

At the **operational level** working meetings are organised on a regular basis involving the EU Delegation Task Manager and the Head of Chapter 24 Working Group, the SPO for IBM, and Border Police representatives involved in operations.

Conclusions

On the basis of this assessment, the Delegation concludes that **the policy is considered sufficiently relevant and credible for budget support programme objectives to be achieved**. Therefore, the policy can be supported by the Commission with the proposed budget support programme.

2.3.3. Macroeconomic Policy

Macroeconomic Eligibility

Montenegro's economy recorded very strong growth in 2021, though it did not fully recover to its pre-pandemic level. The strong rebound of the economy, recording a preliminary growth rate of 12.4 %, was driven by a robust revival of tourism, exports and private consumption. Tourism revenues reached 70 % of their 2019 level, surging from just 13% in 2020. Exports added another 25.5 percentage points to growth. The increase in the number of visitors boosted private consumption which added 4.2 percentage points to growth. Contribution of the government consumption to growth was 0.3 percentage points. Investment activity remained weak due to the delays in public investments, higher costs of materials, and continued supply-chain disruptions. Consequently, this slowed gross fixed capital investments, which dragged growth by 4.8 percentage points, also adversely impacting the pace of imports. Industrial production strengthened by 4.9 %, driven by increases in both manufacturing and energy production, despite decline in the mining sector. Meanwhile, construction declined by 5%, as did number of issued construction permits, signalling a continued decline in the construction sector. The strong rebound of the economy in 2021 was reflected in a robust increase in retail and wholesale trade, that expanded by 16.6% and 24% y-o-y, respectively.

Montenegro's economy was projected to fully recover to its pre-COVID-19 crisis level in this year, after strong rebound of economic activity in 2021. However, the fallout of the Russian war of aggression against Ukraine, will most likely disrupt projected growth. DG ECFIN published Spring forecast on 16 May where country's GDP growth projections for 2022 have been revised downwards to 3.8% from an

estimated 6.4% before the start of the war. The main direct transmission channel of the war to Montenegro's economy is tourism².

The economic rebound led to a partial recovery on the labour market, albeit all structural deficiencies persist. The COVID-19 pandemic exacerbated the structural deficiencies in the labour market, including high and increasing long-term unemployment and continued regional disparities. After expiry of favourable effects from the seasonal employment associated with the tourism industry, the unemployment rate (15-64) started to increase again reaching 15.7% at the end of 2021. It was still significantly lower than a year before, when the unemployment rate reached 21.5%. Benefiting from low base effects in 2020, employment rate recorded robust growth of 15.2% in the last quarter of 2021. However, the survey confirmed that youth unemployment remains a serious problem in the country, with 37.4% of the population aged 15-24 being jobless. Long-term unemployment is yet another lingering problem, given that 53% of all jobless have been looking for a job for more than two years. There are huge labour market differences across regions, with the unemployment rate being at low 6.1% in the tourist-heavy coastal region, 12.2% in the central region and 31.2% in the poor northern region.

Financial sector remained robust with quite dynamic credit activity during 2021. At the end of 2021, banks' lending and deposits were 9.8% and 20.9% higher, respectively, as compared to December 2019. Banks' lending and deposits continued to grow in the first months of 2022. Average capital adequacy ratio in December 2021 was at 18.5%, well above the regulatory minimum. Montenegro's NLB Banka Podgorica, the local unit of Slovenia's largest bank Nova Ljubljanska Bank (NLB), completed the merger with Komercijalna Banka Podgorica in November 2021. After finalisation of the second merger within a year, the new bank became the second largest out of a local banking market of 11 banks. Although trending down, lending interest rates are still high presenting one of the major obstacles for the small businesses in the country. In order to provide easier and increased access to finance for businesses that have limited access to finances, the Government earmarked funds for the establishment of the Credit Guarantee Fund and proposed relevant legislation that awaits Parliament's approval. In February 2022, NPLs rose to 6.7% of total loans, compared to 5.9% a year before.

Global inflationary pressures are accelerating domestic inflation, given the unilateral euroization. After falling by 0.8% in 2020, consumer prices have accelerated since April 2021, to reach an average of 2.5% in 2021. Inflationary pressures also continued in 2022 rising to 9.7% y-o-y in March 2022, a 10-year high. The increase in inflation was led by rising food, beverage, and transportation prices. Real disposable income was, nevertheless, largely preserved through the increase in disposable incomes due to the 'Europe Now' reform, which resulted in the 80% increase in the minimum wage and 22.7% increase of the average monthly wage from January 2022. On the other hand, wage increase also risks nourishing inflationary pressures as well as increasing external and fiscal imbalances.

The strong recovery of the tourism sector resulted in a significant reduction of external imbalances. This resulted in narrowing of the current account gap to 9.2% of GDP in 2021, as compared to 26.1% of GDP a year before. The surplus in the service account that reached 19.5% of GDP in 2021, as compared to only 4.2% of GDP in 2020, drove this improvement. Net primary and secondary incomes have further reduced the current account deficit, primarily due to the improving expatriate remittances that saw 35% increase. The current account deficit was entirely financed by net foreign direct investment (FDI) which amounted to 11.2% of GDP in 2021.

Improved domestic demand and higher global commodity prices pushed for the fast growth in imports that saw 19% annual increase. Even the rapid increase in exports (28.7% y-o-y) did not suffice to compensate for the impact of strong import growth. Consequently, the merchandise trade deficit expanded by 16.6% y-o-y in nominal terms, totalling 39.0% of GDP in 2021.

² In 2021, tourists from Russia, Ukraine, and Belarus accounted for 22 % of total overnight stays.

The improvement of the economic and sanitary situation reinforced significantly Montenegro's fiscal performance. The rebound in economic activity combined with a significant underspending of the capital budget resulted in a sharp reduction of the budget deficit in 2021. The general government budget deficit fell from 11.1% in 2020 to 1.9% of GDP in 2021. Central government revenues surged by 16.6 %, driven by the VAT and excises, while central government expenditures declined by 2.6 %, primarily due to lower capital spending by 9 %, but also lower spending on goods and services, which declined by 16%.

The 2022 budget is articulated around the landmark reform program 'Europe Now', a major fiscal reform initiative designed to support post-pandemic recovery. The programme abolished healthcare contributions, and introduced a personal income allowance for wages up to EUR 700, progressive personal and corporate income taxation, and an increase in the net monthly minimum wage. The Parliament, however, rejected several measures of the program to offset the loss in revenues from the abolished health contributions. These include increases in excises on tobacco, alcohol, and sugary beverages, and introduction of excises on sugary products and single-use plastic. The Parliament also maintained the reduced VAT rate of 7 % for the hospitality industry, introduced as a crisis mitigation measure. On the other hand, Parliament widened social transfers by introducing benefits for all children until age 18, reintroduced mothers' benefits for former beneficiaries, increased minimum pensions, and adopted ambitious public investment programme. Failure to adopt compensating revenue measures is likely to result in a wider-than-planned fiscal deficit of 5.1% of GDP in 2022.

At end-2021, the public debt ratio declined to 83.3% of GDP, down from 105.3% of GDP in 2020. Net debt in 2021 was reduced by over EUR 330 million, including a repayment of EUR 227 in Eurobonds in March 2021. The central government fiscal balance was positive in four months over the last year, which further supported the build-up of government deposits, amounting to 9.4% of GDP in 2021, which will be financing a significant share of financing needs in 2022.

Overall, the economy strongly rebounded in 2021 driven by a quicker than expected resumption of tourism that boosted a surge of private consumption. The fiscal framework still remains subject to sizeable risks and uncertainties, in particular in the current geopolitical context. Fiscal stability and sustainability should be strengthened by reintroducing the initially planned revenue measures of the 2022 budget. The activities should be undertaken to develop a new medium-term fiscal strategy along with the 2023 budget that will encompass concrete consolidation measures and continued public debt reduction over the medium-term. Noted that this overall picture has to take into consideration the issues related to the Russian war of aggression against Ukraine.

General Conclusions on eligibility:

As a conclusion, based on the analysis, the authorities have continued to pursue a stability- oriented macroeconomic policy.

2.3.4. Public Financial Management

Public Finance Management Eligibility

The Public Finance Management (PFM) Reform Programme 2016-2020 (and its Transitional Action Plan for 2021) has addressed some of the key weaknesses of the PFM system and has been therefore highly relevant, as confirmed by the results of the 2019 PEFA exercise. Additionally, it has addressed issues outside the PEFA assessment but equally important, like the update of the legal and regulatory framework in accordance with the EU legislation and the upgrade of the existing IT system for the management of the whole budget cycle. Certain reform areas remained excluded: the alignment with European system of

Account (ESA) 2010 and Government Finance Statistics (GFS) system, more transparent reporting on budget execution and commitment management, as well as cash flow planning and arrears management. Weaknesses in the payroll system and in local government finance management have been addressed both in the Public Administration Reform and in the Public Finance Management Programmes.

Compared to PEFA 2013, the PEFA 2019 results showed an overall tendency of improvement. Main performance progress is observed in (i) budget reliability (ii) extent of unreported government operations (iii) taxpayer registration and tax assessment (iv) procedures for contracting and reporting debt and issuing guarantees (v) improved procurement management (vi) effective internal controls (vii) strengthened internal audit, external audit and parliamentary scrutiny. Monitoring of fiscal risks arising from local governments by the central government has deteriorated.

Since then, the pace of implementation of the reform has been uneven, benefitting on one hand from the support provided by several IPA technical assistance project and suffering on the other from the effect of the COVID-19 pandemics, the unstable political situation and the high staff turnover in the Ministry of Finance. In July 2021, the PFM Reform Programme was extended for one year (until end-2021) through a Transitional 2021 Action Plan, containing the activities that could not be completed by end-2020. In the meantime, a new PFM Reform Programme 2022-2026 has been drafted and is due to be adopted by the second quarter of 2021.

All in all, good progress can be reported in the area of annual budgeting, reform of the salary system in the public sector, public procurement and customs administration. Some progress is reported in medium-term budget framework, capital budgeting, tax administration and state aid. Limited progress is shown in debt management and transition from the cash-based to accrual accounting. Implementation of the following subsystems is largely completed: update of the macro-economic projections model, public procurement, public internal financial control, external audit and audit authority.

However, despite efforts, some key weaknesses remain, especially for capital budgeting, state aid reform, commitment, cash and assets management, as well as in terms of interoperability of the different IT systems in place.

The key challenges relate to the following:

- The continued delay of concrete steps for upgrading the SAP Treasury system with regard to accrual accounting
- Delays in the implementation of Pillar A (medium-term budgetary framework and budget preparation), in particular with regard to the amendment of the Law on Budget and Fiscal Responsibility, capital budgeting as a whole and live operation of the IT tool for calculation and control of salaries (including its connection with the Human Resources Management System)
- The serious delays in implementing the World Bank-funded Revenue Administration Reform Project in the Tax Administration
- The unmotivated suspension of the operationalization of the Asset Management IT System, coupled with the lack of communication on this matter between the Accounting Department in the Treasury and the Cadastre and State Property Administration.

In terms of domestic revenue mobilization, the overall trend of improvement showed by the 2019 PEFA assessment continues, in particular in the field of budget reliability, registration and tax assessment and effective internal controls. After a decline during COVID-19 crises, the collection of public revenues is expected to recover in the coming medium-term period, as a result of projected growth in economic activity

and several actions undertaken by the Government (suppression of informal economy, taxation of undeclared property, increasing excise taxes, among others).

A new PFM Reform Programme 2022-2026 is close to being adopted, after the conclusion of the public consultation launched in April 2022. The Reform is highly relevant in addressing all identified weaknesses in a comprehensive and structured way. It is based on an extensive consultation process, it is supported by strong ownership and commitment of government stakeholders and accompanied by a costed Action Plan for 2022-2023. While in the previous cycle the focus was on budget planning and on procurement, priorities of the new reform programme will be public investment management, accounting and reporting. At the same time, efforts will be directed to the conclusion of previous (partially pending) reforms, like programme/performance budgeting and mid-term budgetary framework, including interconnected IT systems.

A clear set of objectives, activities and indicators have been identified at output, outcome and impact level. A robust monitoring framework, however, despite significant improvements over the years, remains to be established. An indicators passport would be also necessary to clarify the scope and measurement of the indicators.

Differently from the previous one, the new Reform Programme 2022-2026 is costed and is reflected in the annual and multiannual state budget as from 2023. The Action Plan 2022-2023 has prioritized certain actions, by ensuring an appropriate sequencing of reforms. However, the way to address some critical horizontal issues, like the interconnection of IT systems, local governments and human resources for public finance management, still needs to be clearly defined.

The Government approach seems to take into consideration structural shortcomings and looks for continuity with the previous reform programme, by confirming the credibility of the reform process. Considering that reforms in the PFM area usually need a long time to materialize, this will ensure the necessary stability and coherence to maximize the reform impact in the next few years. For this to happen, the process will have to be supported by significant strengthening of the PFM capacities in terms of human resources and coordination within the Ministry of Finance and with other stakeholders involved in the reform actions, including tax and customs administration.

As a conclusion, based on the analysis, the public finance management reform strategy remains sufficiently relevant and credible, including in domestic revenue mobilisation, and the eligibility criterion is met.

2.3.5. Transparency and Oversight of the Budget

The Government of Montenegro continues to publish systematically the budget proposal, the adopted budget and budget execution reports. The following budgetary documents were published in 2021:

1. The annual budget Law for 2022 was adopted on 29.12.2021³. It is organized by economic, organizational, functional and program classification.
2. The annual budget execution report for 2021 was published on the Ministry of Finance website on 02.02.2022⁴. The report contains a narrative part providing main fiscal aggregates and a table with budgetary data broken by economic classifications. The year-end accounts are submitted to an external audit within 6 months after the end of the fiscal year.

³ <https://www.gov.me/clanak/zakon-o-budzetu-crne-gore-za-2021-godinu>

⁴ <https://www.gov.me/clanak/ostvareni-rekordni-prihodi-deficit-za-421-manji-od-plana>

3. In-year budget execution reports are made available to the public with nearly one month delay and prepared by budget spending units, state funds, local Self-Government units and other legal entities. They include a brief narrative on current revenues and expenditures and a detailed table with a budget execution breakdown organized by economic classifications. The budget execution report for January and February 2022 was published on 01.04.2022⁵.
4. The audit report for the final accounts for the 2020 budget was published on the State Audit Institution website on 13.10.2021.

The entry point for Budget Transparency continues, therefore, to be met.

The PEFA 2019 show an overall tendency of improvement compared to PEFA 2013. According to the results of the PEFA exercise, Montenegro has scored the following:

PEFA Assessment (2016 indicators)	Match with PEFA 2011	Year 2013	Year 2019	Monitoring of Progress
PI-5 Budget documentation	PI-6	A	B	↓
PI-6 Central government operations outside financial reports	PI-7 & some new subsections	D+	A	↑
PI-9 Public access to fiscal information	PI-10	A	A	≈
PI-28 In-year budget reports	PI-24	D+	D+	≈
PI-29 Annual financial reports	PI-25	D+	D+	≈
PI-30 External audit	PI-26	C+	B+	↑
PI-31 Legislative scrutiny of audit reports	PI-28	C+	B+	↑
	Year	Year	Year	Year
Open Budget Index ⁶	N/A	N/A	N/A	N/A

Overall, PEFA 2019 assessed that fundamentals of the PFM system are in place with main functions performance measured with high-ranking scores. This refers to the budget preparation and reliability, transparency of budget and fiscal information, revenue mobilization and budget execution⁷, internal control and internal audit, external audit and parliamentary scrutiny. Nevertheless, more advanced components of PFM demonstrate needs for further improvement and constant reinforcement.

In terms of budget transparency, worst performance is related to **PI-28 Indicator** and to **PI-29 Indicator**. Main deficiencies of the **in-year budget reports** lay in the lack of comparison with the original budget (but only with the latest revised budget), in the aggregates presentation of data and in a structure organized only by economic classification, with significant gaps in reporting for public enterprises and financing of municipalities. Variations between original profile of revenue and expenditure and actual

⁵ <https://www.gov.me/clanak/prihodi-veci-za-194-nego-u-istom-periodu-2021-godine>

⁶ Montenegro is still not part of Open Budget Index.

⁷ However, according to the EUD analysis and on the basis of the PEFA scores, some core functions mainly related to procurement planning, commitment management, cash and arrears management would deserve further attention.

revenue and expenditure are not explained. Completeness of financial reports is an issue, since they are prepared on cash basis and do not present information on assets and liabilities. More structured information on commitments and liabilities/arrears, on capital expenditures and on internally generated funds would increase comprehensiveness and transparency.⁸

As to the **Annual Financial Reports**, the information about the financial and non-financial assets and liabilities is not complete and there is no reference to the accounting standards. All budget documents are accessible by citizens (at government's website) but reports are not published together at one single web link.

More recently, improvements in budget transparency are materializing with the implementation of a new programme budget classification, programme goals and performance indicators, and the gradual introduction of a mid-term budgetary framework.

General Conclusions on eligibility:

As a conclusion, based on the analysis, the entry point is met as the relevant budget documentation (the Executive's Proposal and the Enacted Budget within the past budget cycle) has been published respectively on 21.03.2021 and on 02.02.2021 on the following websites:
<https://www.gov.me/clanak/zakon-o-budzetu-crne-gore-za-2021-godinu>
<https://www.gov.me/clanak/ostvareni-rekordni-prihodi-deficit-za-421-manji-od-plana>
Therefore, the eligibility criterion is met.

3. DESCRIPTION OF THE ACTION

3.1. Intervention Logic

The **Overall Objective** (Impact) of this action is to consolidate the Rule of Law and further prepare for joining the Schengen Area. It contributes to EU integration process of Montenegro and the achievements under Chapter 24 requirements, including better detection and deterring of all types of cross-border crimes, and more effective management of mixed migration flows.

The **Specific Objective** (Outcome) of this action is: Actions being fully implementation of the Integrated Border Management Strategy with Annual Action Plans and the Schengen Action Plan and objectives set therein. Securing the future external EU border, reducing irregular migration and cross-border crime.

The induced **Outputs** to be delivered by this action contributing to the corresponding Specific Objective (Outcome) are:

- To improve border surveillance;
- To improve detection and interception activities
- To address the critical gaps in human resources and to improve HR
- To improve border infrastructure and align with EU best practice
- To improve implementation of anticorruption measures

Environmental Protection, Climate Change and Biodiversity

Together with Montenegro the EU will assist Montenegro's goal of implementing its IBM strategy and action plan and through this SBS programme support relevant investment that meets environmental considerations.

⁸ SIGMA Monitoring Report, November 2017

The Environmental Agency was consulted during the preparation of this strategy and their recommendations incorporated in the final draft. Also, the recommendations in the field of prevention of trade in chemical, biological, radiological and nuclear substances and weapons were taken into account, provided in the Strategy for Protection against Ionizing Radiation, Radiation Safety and Radioactive Waste Management and its Action Plan.

3.2. Indicative Activities

Activities related to Output 1.1 Improved border surveillance system:

1.1.1 Operational functioning of the Stationary Centres for electronic surveillance (SCEO) in following locations: Božaj, St Nikola, Obostnik, Mavrijan, Crni Rt.

Setting up of a Stationary Centre for electronic surveillance presume the following: observation tower construction, procurement and placement of container for housing a power generator, backup power supply and other equipment; procurement, installation and integration of radar, thermal imaging and CCTV short range observation sensor with laser rangefinder. This also includes necessary works for providing optimal work conditions on setting up power supply, lightning protection and protection of data transfer systems.

1.1.2 Setting up the Fixed Stations for electronic surveillance (FSEO) in following locations: Stegvaš, Fraskanjel, Kobila, Vrmac, Bar.

Setting up of a Fixed Stations for electronic surveillance presume the following: installation and integration of thermal imaging and CCTV short range observation sensor. This also includes necessary works for providing optimal work conditions on setting up power supply, lightning protection installation and protection of data transfer systems.

1.1.3 t Installation of unmanned aerial vehicle set VTOL with possibility of vertical take-off and landing, equipped with a thermal imaging and CCTV surveillance sensor and ground control station; procurement of 5 drones of short range equipped with thermal imaging and CCTV surveillance camera with short range and set of spare parts; procurement of 5 drones of medium range equipped with thermal imaging and CCTV surveillance camera with short range and set of spare parts;

1.1.4 Adaptation of Maritime logistic base of BP on River Bojana

1.1.5 Setting up of Operational base for patrol vessels on Koraćica

1.1.6 Procurement of patrol vessels, terrain vehicles

1.1.7 Construction of NCC building

1.1.8 Procurement of equipment for surveillance of land borders with neighbouring countries

Activities related to Output 1.2: Establishment of a Human resources management plan. Improved capacities of border police with targeted trainings and preparation for Schengen evaluation.

1.2.1 Assessment of training needs of border police officers;

1.2.2 Establishment of national training concept for border police with strengthening the role of Police

Academy and establishing of E-learning concept;

1.2.3. establishment of a human resources management plan with gradual increase in employment;

1.2.4 Specifically targeted trainings for English language, Migrations (migrant screening, data collection, human trafficking, terrorists, and handling large groups of migrants), border surveillance, safe use of ATV, snowmobile, bikes, and vessel patrolling (interception activities, search and rescue)

Activities related to output 1.3: Placing the Dark-fiber optic connection

In order to ensure different possibilities to connect with centralized data bases and systems in secure manner, dark-fiber optic connection has to be in place. This will ensure that BCPs are independent from service providers and more importantly data security is much higher. This would also provide centralized management and recording of videos from BCPs. In addition, this would provide faster response, less maintenance issues, lower costs and additional systems could be further added.

Planned activities: Placing of optic fiber connection to BCPs Šćepan Polje and Vilusi.

3.3. Mainstreaming

Gender equality and empowerment of women and girls

Gender equality and the development of the Policies for equal opportunities are guaranteed by the Constitution of Montenegro. These guarantees are elaborated in series of laws that regulate labor relations, employment, pension and disability insurance, education, health and social protection, and many other rights. Mechanisms for achieving gender equality are also prescribed by the Law on Gender Equality. Both Ministry of the Interior and the Police Directorate continuously implement activities in order to raise awareness about importance of gender equality, with the emphasis on implementation of the affirmative action principle upon admission to Police Academy. This principle predicts that 30% of women should be admitted in each generation. The most recent activity in this field has been implemented with the support of OSCE, with the aim to introduce the profession of police officer, and to encourage girls to get informed and potentially take interest in working in the police.

Human Rights

The IBM strategy will have a positive impact on citizens and particularly on **vulnerable groups**, refugees and migrants through improved capacities of the administration to manage the borders in line with EU standards and better detect cross border crimes - for instance by increasing the capacities to recognise serious forms of crime such as smuggling and trafficking in human beings. Montenegro has been identified by International Organisation for Migration as a transit site for trafficked persons, the majority of whom are women and children.

Pursuant to the Article 11 of the Law on Asylum, in the asylum procedure, care is taken of the special needs of minors, persons completely or partially deprived of business capacity, unaccompanied minors, persons with mental or physical disabilities, the elderly, pregnant women, single parents with minor children, persons subjected to torture, rape or other serious forms of mental, physical or sexual violence and other vulnerable persons. Also, article 28 of the Law on Asylum provides for that after establishing identity and the fact that a minor is unaccompanied, or that a person of legal age is without business capacity, such persons will be provided with guardians. Asylum applications by those persons are resolved on a priority basis and a decision is taken within 30 days from the day of the application's submission. During the procedure, care is taken regarding the accommodation, psycho-physical condition and the best interest of a minor, and measures are undertaken for the tracing of family members.

Pursuant to the Law on Foreigners, a foreigner cannot be forcibly removed to a country in which his/her life or freedom might be jeopardised, because of his/her race, religion or nationality, belonging to a particular social group or because of political views, or to a country in which he/she could be subjected to torture, inhuman and degrading treatment and punishment.

3.4. Risks and Lessons Learned

Category	Risks	Likelihood (High/Medium/Low)	Impact (High/Medium/Low)	Mitigating measures
Political	Risk 1: Digress from political commitment to EU integration process	Low	Medium	This risk can be mitigated through continuous implementation of the Stabilisation and Association Agreement
Corruption/Fraud	Risk 2: Legal and regulatory framework is not effectively enforced	low	Medium	The risk of corruption and fraud can be mitigated through continuous high-level policy dialogue with the Government on the implementation of Chapters 23 and 24 measures for the prevention and repression of corruption.
External environment	Stakeholders coordination and cooperation is reduced during law and policymaking processes, budget preparation, implementation and review of sector strategies including with CSO	M	M	Ensuring continuous policy dialogue platform also in the framework of the Accession Negotiations
People and organisation	Weak capacities on statistics production, data analysis, monitoring and reporting mechanisms (including on budgeting)	M	M	Ensure support on data analysis, performance monitoring, and the budget committee with clear and standardised usage of narrative templates and budgetary tools. Dedicated complementary assistance
People and organisation	Lack of institutional knowledge management and capacity skills, exacerbated by high turnover of personnel	M	H	Develop HR institutional policies with duty-bearers and multi-year capacity building plans, including performance-based budgeting

People and organisation	Slow procurement procedures and lack of a management information system	M	M	Robust TA to help the setting up of an operational procurement system
External environment	Worsening of the socio-economic situation leading to financial/budgetary constraints and limited funds availability, also due to the COVID-19 pandemic.	H	H	Strengthen donors' and government coordination in the sector, on budgetary and PFM issues.

NB. This was drafted prior to the start of the Russian war of aggression against Ukraine which has also now emerged as a critical risk.

Lessons Learned:

Lack of coordination between organisational units - In the implementation period of Previous Budget support for IBM two separate units dealt with implementation of Integrated Border Management Strategy and Schengen Action Plan. Moreover, there were in total 3 working groups established to monitor results achieved in IBM and SAP and PIU was not actively involved in their work. This resulted in a misunderstanding of the process and sometimes a lack of coordination. With the new internal organization of the Ministry of Interior monitoring of implementation of IBM and SAP is within the competence of IBM Department. New interagency working group for monitoring of implementation of SAP is established with active involvement of PIU. Other than monitoring of implementation, this WG will closely monitor implementation of Budget support. This will ensure that the whole process is led in centralised manner and by experts.

Weaknesses in the internal procurement system- In addition to the supervision defined by the Law on public procurement, the Law on inspection supervision and the legal framework governing the prevention of corruption, the new Law on Internal Affairs envisages a new Unit which will perform, among other duties, control function regarding public procurement within the Ministry. Together with the Department for Internal Audit, control will be ensured over the legality of tendering procedures.

Publicity and visibility- Even though the P&V plan for previous budget support was fully implemented, it was obvious that the general public was not aware of the results achieved. This was partial because the presentation of results was not always tailored to the general public and on the other hand, these topics were not particularly interesting for citizens. In order to change this, the P&V plan will focus on raising awareness of the importance of having safe borders and on issues that directly tackle their everyday life such are faster border controls, trained border officers and less cross-border crime.

3.5. Indicative Logical Framework Matrix

Results	Results chain	Indicators	Baselines (2020)	Targets by the end of the budget support contract (2025)	Sources of data
Indicative Impact of the policy	The Indicative Impact of this action is to consolidate the Rule of Law and further prepare for joining the Schengen Area. It contributes to EU integration process of Montenegro and the achievements under Chapter 24 requirements, including better detection and deterring of all types of cross-border crimes, and more effective management of mixed migration flows.	Fulfilment of closing benchmarks in Ch. 24 related to Integrated border management	Closing benchmarks in CH.24 are not yet received. They are expected by the end of 2022.	Closing benchmarks in Ch. 24 related to Integrated border management fulfilled.	Annual Commission Reports Peer review reports Annual Report of the Ministry of the Interior
Expected Outcomes of the policy	Activities being implementation of the Integrated Border Management Strategy with Annual Action Plans and the Schengen Action Plan and objectives set therein. Securing the future external EU border, reducing irregular migration and cross-border crime.	Degree of alignment of national IBM with the EBCG 2.0 Regulation and Technical and Operational Strategy for EUIBM.	Relatively good level of alignment (“Current national IBM strategy 2020 – 2024 is relatively well in line with the EBCG 1.0 Regulation and it already acknowledge some elements from the Technical and Operational Strategy for EIBM prepared by Frontex”, source: Peer Review Expert Mission Report, January 2021	Alignment of the national IMB Strategy with the consolidated results of the ongoing EUIBM strategy process (including political guidance, revised TOIBM and lessons learned from NIBM revision process)	Annual Commission Reports for sector -EU peer review mission report -National Assessment of implementation of IBM Strategy and Action Plan (national report)

<p>Direct Outputs</p>	<p>The financial capability of the government to pursue the IBM Strategy objectives improved</p> <ul style="list-style-type: none"> - Monitoring of IBM Strategy and Schengen Action Plan strengthened (complementary support) - Technical specifications for purchase of equipment for electronic border surveillance & for border control infrastructure prepared (complementary assistance) - Knowledge and skills of border police strengthened (e.g. border surveillance, interception activities, Schengen evaluation, ...) (complementary support) 	<p>Amount of EU funds disbursed on time and in accordance with foreseen in Sector Reform Contract</p> <p>Overall level of implementation track record in the field of IBM and related policies</p> <p>Number of technical specifications for purchase of equipment for electronic border surveillance & for border control infrastructure prepared</p> <p>Status of a national training concept for border police</p>	<p>0</p> <p>Montenegro has a good track record of implementing reforms in the area of border management.</p> <p>0</p> <p>There is no national concept for border police</p>	<p>15 million euros</p> <p>Continued track record of implementation in accordance with IBM Framework Action Plan</p> <p>Establishment of a national training concept for border police with strengthening the role of the Police Academy</p>	<ul style="list-style-type: none"> - Annual Commission Reports for the sector - EU peer review mission report - National Assessment of implementation of IBM Strategy and Action Plan (national report)
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4. IMPLEMENTATION ARRANGEMENTS

4.1. Financing Agreement

In order to implement this action, it is envisaged to conclude a financing agreement with Montenegro.

4.2. Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of entry into force of the financing agreement. Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3. Implementation of the Budget Support Component

4.3.1. Rationale for the Amounts Allocated to Budget Support

The amount allocated for the budget support component is EUR 12 000 000 and EUR 3 000 000 for complementary support. This amount is based on the financial assessment of the Integrated Border Management Strategy and Schengen Action Plan which represents in total an amount of EUR 267 000 000. The amount is proportional to the cost estimates of the Montenegrin authorities for implementing the IBM strategy and the annual budgetary allocations for this sector which amounts to EUR 567 500 000 in accordance with the annual budget⁹.

4.3.2. Criteria for Disbursement of Budget Support

a) Conditions

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

- Satisfactory progress in the implementation of the Strategy for Integrated Border Management and continued credibility and relevance thereof or of the subsequent policy.
- Maintenance of a credible and relevant stability-oriented macroeconomic policy or progress made towards restoring key balances.
- Satisfactory progress in the implementation of reforms to improve public financial management, including domestic revenue mobilisation, and continued relevance and credibility of the reform programme.
- Satisfactory progress with regard to the public availability of accessible, timely, comprehensive, and sound budgetary information.

b) The performance indicators for disbursement that may be used for variable tranches may focus on the following policy priorities:

- Priority 1: Border control: Border checks and State border surveillance
- Priority 6: Preparation for taking measures in the Schengen Area related to border surveillance and efficient resolving of illegal immigration and suppression of cross-border crime

⁹ The annual budget for the sector is 567,5 million EUR, of which the Ministry of Interior/Police: EUR 95,3 million, the Ministry of Foreign Affairs: 16,2 million EUR; the Ministry of Defence: EUR 43,4 million; the Ministry of Finance and Social Welfare: EUR 342,9 million; the Revenue and Customs Administration: EUR 20,2 million; the Administration for Inspection Affairs: EUR 4,9 million; the Ministry of Capital Investments: EUR 7,1 million; Administration for Maritime Safety and Port Management: EUR 1,2 million; the Ministry of Health: EUR 2,3 million; the Ministry of Agriculture, Forestry and Water Management: EUR 34 million.

- Priority 8: Respect, protection and promotion of fundamental human rights, training, research and innovation

The chosen performance indicators and targets to be used for the disbursement of variable tranches will apply for the duration of the action.

c) Modifications

The chosen performance indicators and targets to be used for the disbursement of variable tranches will apply for the duration of the action. However, in duly justified cases, the partner country and the Commission may agree on changes to indicators or on upward/downward revisions of targets. Such changes shall be authorised in writing ex-ante, at the latest by end of the first quarter of the period under review applicable to the indicators and targets.

In exceptional and/or duly justified cases, for instance where unexpected events, external shocks or changing circumstances have made the indicator or the target irrelevant and could not be anticipated, a variable tranche indicator may be waived. In these cases, the related amount could either be reallocated to the other indicators of the variable tranche the same year or be transferred to the next variable tranche the following year (in accordance with the original weighting of the indicators). It could also be decided to re-assess an indicator the following year against the original target, if there was a positive trend and the authorities did not reach the target because of factors beyond their control. The use of this provision shall be requested by the partner country and approved in writing by the Commission.

d) Fundamental values

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

4.3.3. Budget Support Details

Budget support is provided as direct untargeted budget support to the national treasury.

4.4. 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 action with EU restrictive measures.

4.4.1. Direct Management (Grants)

Twinning contract

(a) Purpose of the grant(s)

The Complementary assistance contribute to achieving output 1.2 - Improved capacities of border police with targeted trainings and preparation for Schengen evaluation

- Specific targeted trainings for English language, Migrations (migrant screening, data collection, human trafficking, terrorists, handling large groups of migrants), border surveillance, safe use of ATV, snowmobile, bikes, vessel patrolling (interception activities, search and rescue)
- Capacity building in the area of capacities for detection and interception (specialized trainings)
- Provide the necessary inputs to further align the IBM Strategy with EU IBM concept
- Development of the detection and interception capacity by developing the use of tracing dogs for border surveillance.
- Update of SAP
- Development of the reaction capacity (vehicles, speed boats) in line with the strategic objectives

(b) Type of applicants targeted

- Potential applicants are EU Member State administrations or their mandated bodies.

4.4.2. Direct Management (Procurement)

TA Service Contract

The Complementary technical assistance contribute to achieving **an improved follow up and reporting on all outputs of the action**

- Assistance in the performance monitoring framework (indicators), in order to improve the assessments of the countries' capacity to provide performance data used in variable tranches;
- Assistance in reporting;
- Assistance in setting up a procurement control system in line with SAP;
- Assistance in setting up a centralised procurement database;
- Assistance in tendering and procurement;
- Assistance in drafting and implementing the visibility and communication awareness campaign.
- Assistance in donors' coordination, policy dialogue included with Civil Society.

Service Contract

The contract will contribute to achieving **accurate disbursement based on solid data for all outputs of the action** and is foreseen for External Verification and monitoring missions and reporting to verify the credibility of data collected

4.5. 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 action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.6. Indicative Budget

Indicative Budget components [1]	EU contribution (amount in EUR)
Budget support - cf. section 4.3	12 000 000
Implementation modalities – cf. section 4.4	
Complementary Assistance - Direct management 4.4.	3 000 000
1.Twinning Contract (direct management) – cf. section 4.4.1	1 500 000
2. Procurement Contracts - cf. section 4.4.2	1 500 000
Procurement – total envelope under section 4.4.2	1 500 000
Grants – total envelope under section 4.4.1	1 500 000
Evaluation – cf. section 5.2 Audit – cf. section 5.3	N.A.
Communication and visibility – cf. section 6	Part of TA Service Contract
Contingencies	N.A.
Totals	15 000 000

4.7. Organisational Set-up and Responsibilities

The Government of Montenegro has established an effective system of governance and coordination in the area of IBM and SAP. The Ministry of the Interior coordinates the activities, with the State Border Commission of the inter-agency composition, of the relevant entities that have competence in the implementation of the Strategy. Organisational structure for the implementation of the IBM Strategy on the national, regional and local level is tailored to the organisational structure of Border Police. In that sense, coordination teams are established on the regional level in Podgorica, Bijelo Polje and Budva. Each coordination team is responsible to coordinate activities of smaller expert teams formed for all 29 Border Crossing Points on its area. Besides border police officers, members of these teams are employees of Customs Authority and Directorate for Food Safety, Veterinary and Phytosanitary Affairs.

In addition, the Inter-agency working group for monitoring of the implementation of SAP has been established. Among other duties, it deals with donor coordination and monitoring of project implementation in this area. It monitors the realization of the national budget in terms of procurement of equipment and infrastructure. Regarding the internal organization of the Ministry, both IBM and SAP are within the competencies of the Department for Integrated Border Management.

Reporting on the realization of implementation of measures from annual AP for IBM is performed on a quarterly basis and data are submitted regularly to the Ministry of the Interior/IBM Department. Annual Reports on the implementation of both IBM APs and SAP are submitted to the Government for adoption in the first quarter of the next year.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

5. PERFORMANCE MEASUREMENT

5.1. Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) and the partner's strategy, policy or reform action plan list (for budget support). The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Roles and responsibilities for data collection, analysis and monitoring:

Timeline and deadlines for implementation of measures in Framework Action Plan for IBM and SAP are in line with dynamics of accession process to EU and Schengen Area.

Ministry of the Interior coordinates actions of all state bodies involved in IBM.

Department for Integrated Border Management monitors the implementation of the IBM Strategy and SAP, prepares Annual Action Plans and Reports on implementation and has responsibility to collect and analyse relevant data.

Reporting on realization of implementation of measures from annual AP for IBM is performed on a quarterly basis and data are submitted regularly to the Ministry of the Interior/IBM Department. Annual Reports on implementation of both IBM APs and SAP are submitted to the Government for adoption in first quarter of the next year.

A dedicated complementary assistance will help the Beneficiary Institutions to monitor and verify the accuracy and credibility of collected data.

5.2. Evaluation

Having regard to the importance of the action, mid-term and final evaluations will be carried out for this action or its components via independent consultants contracted by the Commission.

The mid-term evaluation will be carried out for problem-solving and learning purposes.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision). The evaluation of this action may be performed individually or through a joint strategic evaluation of budget support operations carried out with the partner country, other budget support providers and relevant stakeholders. The Commission shall inform the implementing partner at least 30 days in advance of the dates envisaged for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities. The evaluation reports shall be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

5.3. Audit and Verifications

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

6. COMMUNICATION AND VISIBILITY

Visibility of EU funding and communication about objectives and impact of Actions are a legal obligation for all Actions funded by the EU, as set out in the EU communication and visibility requirements in force. 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 (for instance, concerning the reforms linked to EU budget support), entrusted entities, contractors and grant beneficiaries. Appropriate contractual obligations shall be included, respectively, in financing agreements, delegation agreements, and procurement and grant contracts.

The measures shall be based on a specific Communication and Visibility Plan, established and implemented in line with the EU communication and visibility requirements in force. The plan shall include, inter alia, a communication narrative and master messages for the Action, customised for the various target audiences (stakeholders, civil society, the general public, etc.)

Visibility and communication measures specific to this Action shall be complementary to the broader communication activities implemented directly by the European Commission services and/or the EU Delegations and Offices. The European Commission and the EU Delegations and Offices should be fully informed of the planning and implementation of the specific visibility and communication activities, notably with respect to the communication narrative and master messages.

7. SUSTAINABILITY

The sustainability of the BS intervention will be ensured in several ways, primarily through the continuation of a comprehensive policy dialogue between the EU and the principal stakeholders. The dialogue will focus not only on reinforcing the need to develop and implement coherent IBM policies, but also on the allocation of sufficient funding in the annual and multi-annual budgets to ensure that the policy gains are sustained.

Moreover, a number of aspects targeted by this action or addressed under the PFM reform programme will contribute to the sustainability of reform results, including: an improved capacity of policy making and implementation, a progressive transition to programme-based budgeting, an enhanced monitoring and evaluation system and increased internal audit capacity. The sustainability of the equipment supplied directly or indirectly through the programme will be guaranteed through the existence of long-term maintenance and other ancillary contracts accompanying the purchasing.

A key element for this consideration is Montenegro's clear political determination toward accession to the EU, for which reforms in the area of rule of law are essential. This BS intervention has been specifically designed in line with the strong focus of IPA III of providing support to the new approach of the rule of law and assisting Montenegro with the implementation of the Action Plans for Chapters 23 and 24 and establishing a track record in these areas.

Finally, the intervention proposed is in direct line and strongly linked to the national IBM Strategy goals and the specific objectives, measures and activities contained in the IBM Framework Action Plan.