**EN**

**THIS ACTION IS FUNDED BY THE EUROPEAN UNION**

**ANNEX IV**

to the Commission Implementing Decision on the Annual action plan in favour of Montenegro for 2024

**Action Document**

European Union support for Employment and Social Policy in Montenegro - Preparation for Sectoral Operational Programme 2024-2027 implementation

**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(2) of NDICI - Global Europe Regulation.

1. **SYNOPSIS**

1.1. **Action Summary Table**

| Title                                                                 | Action Document for European Union support for Employment and Social Policy in Montenegro - Preparation for Sectoral Operational Programme 2024-2027 implementation  
Annual action plan in favour of Montenegro for 2024 |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPSYS</strong></td>
<td>ACT-62408</td>
</tr>
<tr>
<td><strong>ABAC</strong></td>
<td>ABAC Commitment level 1 number: JAD.1361790</td>
</tr>
<tr>
<td><strong>Basic Act</strong></td>
<td>Financed under the Instrument for Pre-accession Assistance (IPA III)</td>
</tr>
</tbody>
</table>
| **Economic and Investment Plan (EIP)**                            | Yes  
Priorities: “Human Capital (incl. Improving labour market participation, Reforms of social protection, Wider involvement of the civil society), 68%.  
“Economic development (incl. private sector, trade and macroeconomic support Strengthening the competitiveness of SMEs).”, 32%.  
Yes  
Flagship 9 – Investing in the competitiveness of the private sector.  
Flagships 10: Youth Guarantee |
<p>| <strong>EIP Flagship</strong>                                                   |                                                                                                                                |
| <strong>Team Europe</strong>                                                    | No                                                                                                                            |
| <strong>Beneficiar(y)/ies of the action</strong>                                | The action shall be carried out in Montenegro                                                                              |</p>
<table>
<thead>
<tr>
<th>Programming document</th>
<th>IPA III Programming Framework</th>
</tr>
</thead>
</table>

**PRIORITY AREAS AND SECTOR INFORMATION**

**Window and thematic priority**
- Window 4: Competitiveness and Inclusive Growth (100%)
- Thematic priority 1: Education, employment, social protection and inclusion policies, and health (68%)
- Thematic priority 2: Private sector development, trade, research and innovation (32%)

**Sustainable Development Goals (SDGs)**
- Main SDG goals:
  - Goal 1: End poverty in all its forms everywhere
  - Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
  - Goal 5: Achieve gender equality and empower all women and girls
  - Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
  - Goal 10: Reduce inequality within and among countries
  - Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all level

**DAC code(s)**
- Main DAC Code: 160 Other Social Infrastructure and Services 68%
  - Sub-code 1: 16010 Social Protection 27,2%
  - Sub-code 2: 16020 Employment Creation 40,8%
- Main DAC Code: 321 Industry 16%
  - Sub-code 1: 32130 Small and medium-sized enterprises (SME) development 8%
  - Sub-code 2: 32182 Technological research and development 8%
- Main DAC Code: 430 Other Multisector 16%
  - Sub-code 1: 43082 Research/scientific institutions 16%

**Main Delivery Channel**
- 12000 - Recipient Government
- 12001 - Central Government

**Targets**
- ☐ Climate
- ☒ Gender
- ☐ Biodiversity

**Markers (from DAC form)**

<table>
<thead>
<tr>
<th>General policy objective</th>
<th>Not targeted</th>
<th>Significant objective</th>
<th>Principal objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation development/good governance</td>
<td>☐</td>
<td>☐</td>
<td>☒</td>
</tr>
<tr>
<td>Aid to environment</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Gender equality and women’s and girl’s empowerment</td>
<td>☐</td>
<td>☒</td>
<td>☐</td>
</tr>
<tr>
<td>Reproductive, maternal, newborn and child health</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Disaster Risk Reduction</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Inclusion of persons with Disabilities</td>
<td>☐</td>
<td>☒</td>
<td>☐</td>
</tr>
<tr>
<td>Nutrition</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td><strong>RIO Convention markers</strong></td>
<td>Not targeted</td>
<td>Significant objective</td>
<td>Principal objective</td>
</tr>
<tr>
<td>Biological diversity</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Combat desertification</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Climate change mitigation</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Climate change adaptation</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td><strong>Internal markers and Tags</strong></td>
<td><strong>Policy objectives</strong></td>
<td>Not targeted</td>
<td>Significant objective</td>
</tr>
<tr>
<td>EIP</td>
<td>☐</td>
<td>☒</td>
<td>☐</td>
</tr>
<tr>
<td>EIP Flagship</td>
<td>YES</td>
<td>x</td>
<td>NO</td>
</tr>
<tr>
<td>Tags:</td>
<td>YES</td>
<td>NO</td>
<td></td>
</tr>
<tr>
<td>Transport</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Energy</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Environment and climate resilience</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Digital</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Economic development (incl. private sector, trade and macroeconomic support)</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Human Development (incl. human capital and youth)</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Health resilience</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Migration and mobility</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Agriculture, food security and rural development</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Rule of law, governance and Public Administration reform</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Other</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Digitalisation</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Tags</td>
<td>YES</td>
<td>NO</td>
<td></td>
</tr>
<tr>
<td>----------------------------------</td>
<td>-----</td>
<td>----</td>
<td></td>
</tr>
<tr>
<td>digital connectivity</td>
<td>☒</td>
<td>☑</td>
<td></td>
</tr>
<tr>
<td>digital governance</td>
<td></td>
<td>☑</td>
<td></td>
</tr>
<tr>
<td>digital entrepreneurship</td>
<td></td>
<td>☑</td>
<td></td>
</tr>
<tr>
<td>digital skills/literacy</td>
<td>☑</td>
<td></td>
<td></td>
</tr>
<tr>
<td>digital services</td>
<td></td>
<td>☑</td>
<td></td>
</tr>
<tr>
<td>Connectivity</td>
<td>☑</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tags</td>
<td>YES</td>
<td>NO</td>
<td></td>
</tr>
<tr>
<td>digital connectivity</td>
<td>☑</td>
<td></td>
<td></td>
</tr>
<tr>
<td>energy</td>
<td></td>
<td>☑</td>
<td></td>
</tr>
<tr>
<td>transport</td>
<td></td>
<td>☑</td>
<td></td>
</tr>
<tr>
<td>health</td>
<td></td>
<td>☑</td>
<td></td>
</tr>
<tr>
<td>education and research</td>
<td>☑</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Migration</td>
<td>☑</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduction of Inequalities</td>
<td></td>
<td>☑</td>
<td></td>
</tr>
<tr>
<td>COVID-19</td>
<td></td>
<td>☑</td>
<td></td>
</tr>
</tbody>
</table>

**BUDGET INFORMATION**

**Amounts concerned**
- Budget line: 15.020201
- Total estimated cost: EUR 3 280 000
- Total amount of EU budget contribution EUR 3 100 000
- This action is co-financed in joint co-financing by:
  - Montenegro for an amount of: EUR 180 000

**MANAGEMENT AND IMPLEMENTATION**

**Implementation modalities (management mode and delivery methods)**
- Direct management through:
  - Procurement
- Indirect management with Montenegro.

**Final Date for conclusion of Financing Agreement**
- At the latest by 31 December 2025

**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]**
- 72 months following the conclusion of the Financing Agreement
1.2. Summary of the Action

The Action will assist Montenegro with preparatory activities for the Operational Programme 2024-2027 for Employment and Social Policy (OP ESP). The OP ESP, in turn, will be a preparation towards efficient and effective Montenegrin use of EU cohesion policy/European Social Funds (ESF+) at the time of EU accession. On the one hand, the Action will help ensure the maturity of actions foreseen to be proposed for financing under the OP ESP 2024-27. This will include support to policy development, institutional and stakeholder coordination, and development of relevant institutional and regulatory frameworks (for example in relation to prevention of de-institutionalisation, social entrepreneurship, youth guarantee implementation, and information management. On the other hand, the Action will enhance capacities of actors in the research development innovation (RDI) area for high quality innovation, through strengthened intersectoral synergies. Complementary support to enhance the institutional and administrative capacities of the related Operating Structures to manage the programme satisfactorily under indirect management with ex-post controls is foreseen to be provided separately through an amendment to the ongoing IPA 2022 SBS/PAR budget support and its complementary actions.

The Action is consistent with the overall objectives of IPA III Programming Framework¹ for the period 2021-2027, under which Window 4 aims to promote the competitiveness and inclusive growth by strengthening the economic and social cohesion, including education, innovation, social inclusion and employment.

1.3 Beneficiary of the Action

The action shall be carried out in Montenegro.

2. RATIONALE

2.1. Context

Fulfilment of the economic criteria is a key requirement for EU membership of Montenegro, and it implies establishing a functioning market economy with the capacity to withstand competitive pressure inside the EU single market. Montenegro is however still lagging in reforming economic structure and improving competitiveness. Montenegro faces high unemployment rates and low labour market participation, in particular among women and youth, as well as low level of human development, increasing inequalities and regional challenges among economically underdeveloped north and advanced southern region. Montenegro suffers from large skills mismatches, persistent informal economy, unfriendly business environments, and low level of innovation.

---

The 2023 Commission Report on Montenegro\(^2\) underlines that Montenegro needs to continue to reform and strengthen the Employment Agency of Montenegro (EAM) in order to allow it to play its role as a modern public employment service, designing and implementing quality employment activation measures, ensuring these are targeted, including at young people, women, persons with disabilities, vulnerable persons and minorities, including Roma. Furthermore, the report stresses that Montenegro has to continue preparations focused on the establishment and implementation of the **Youth Guarantee** and enable the Employment Agency to take on the challenge of delivering the Youth Guarantee and promoting upskilling and reskilling actions. There is also a need to monitor implementation of the revised labour law and reinforce staffing in and the institutional structure of the labour inspectorate, also ensuring that issues regarding women, persons with disabilities, minorities including Roma and vulnerable people, are more robustly addressed. Montenegro should continue the reform of the **social protection system** based on the Roadmap of Social Protection Reform so as to adopt and implement the strategy on **de-institutionalisation**.

On **administrative capacities**, when referring to the **regional policy and coordination of structural instruments**, the report indicates that the lack of adequate resources for procurement, contract management and preparation and implementation of key structural reforms remains a weakness. The implementation of the staff retention policy was resumed in the second semester of 2021, being implemented through a salary supplement for staff within IPA. However, the hiring of additional experienced staff, the delivery of targeted trainings, as well as clearer strategic directions from management boards from the Ministries, remains necessary so to build capacity and motivate staff. The capacities of indirect management structures still need to be further strengthened to ensure they can effectively operate in an ex-post control environment.

As a Member State, Montenegro will have the opportunity to benefit from the EU Cohesion policy, including receiving significant benefits from the **European Social Fund Plus (ESF+)**. The ESF+ will bring notable differences in comparison with the Instrument for Pre-accession assistance (IPA) and IPA 2014-2020 financial perspective. For instance, ex-ante conditionalities have evolved into enabling conditions for the effective and efficient implementation of the specific ESF objectives, which is crucial to comprehend from both the programming and implementation perspectives.

Under the **IPA III Programming framework and Strategic response**, the action is part of **Window 4 Thematic Priority 1**: Education, Employment, Social Protection and Inclusion Policies, and Health. The Action is as such consistent with its overall objective: to improve social development by promoting equality for women, reducing inequities, and fostering social cohesion through policies relating to employment and labour. Also, the Window 4 comprises key sector priorities, which will be implemented through the series of structural reforms. Thus, sectoral administrative and institutional capacities will be strengthened, and institutions that support education and the labour market will be able to meet the requirements of the accession process and the standards found in the EU acquis.

The proposed Action is also aligned with the **Economic and Investment Plan (EIP) for the Western Balkans and Western Balkans Agenda on Innovation, Research, Education, Culture, Youth and Sport**, in its emphasis on development of human capital in the areas of education and skills, employment and social protection and inclusion. The EIP emphasises the need to improve labour market participation, especially of young people and women, disadvantaged groups and minorities, in particular Roma. In order to support employment and offer solutions and perspectives for young people at local level, through the EIP, the Commission proposed **the Flagship 10 - Youth Guarantee** - an activation scheme to ensure that all young people receive a good quality offer of employment, continued education, apprenticeship or traineeship within a period of four months of becoming unemployed or leaving formal education.

The Action also has a strong basis in the **National Employment Strategy 2021–2025**. The vision of this document is to establish an inclusive and functional labour market and it, for the first time, includes the focus of active employment policy measures and programmes tailored for specific target groups.

The Action is consistent with Montenegro’s **Strategy for Gender Equality 2021-2025** and integrates Sustainable Development Goals (SDG) and Beijing +25 goals as well as priorities identified in the new EU Gender Equality Strategy. The strategy offers an overall strategic framework for enhancement of gender equality till 2025, addressing anti/discrimination, gender equality and including multiple dimensions of all forms of violence contributing to social just and inclusive society for equal opportunities for all.

The proposed action would also enable enhanced support for the **National Action Plan for the Implementation of Istanbul Convention 2022-2025**, elements of which have also been integrated in Action Plan of Chapter 23. At the same time, the EU Strategy on Gender Equality identifies prevention and combat against Gender-based Violence (GBV) as one of the key priorities.

Similarly, the action will enable enhanced implementation of the **Strategy for Development of the Social Welfare of Elderly 2018-2022** in its measure 2.3, which aims to “improve the services of home accommodation for the elderly”, the task 2.3.1. “Transformation of public institutions for accommodation of the elderly”.

Along the same logic, the Action is consistent with the implementation of the plans of transformation of the residential institutions.

The Action is also an opportunity to build capacity to strengthen the implementation of the **Strategy for exercising the rights of children in Montenegro 2019-2023** focused on improving access and quality of social and health protection and education for all children. Socio-economic inclusion, health and education of the children is also one of the main actions included in the **EU Strategy on the Rights of the Child**3, adopted in March 2021. The strategy encompasses actions relating to both the internal and external dimension of EU policies and is particularly relevant in the framework of the enlargement process. Related, in spring 2021 the Council of the European Union adopted the **European Child Guarantee**4 whose objective is to promote equal opportunities by guaranteeing access to a set of key services for children in need.

The Action supports the implementation of the **Strategy for Social Inclusion of Roma and Egyptians 2021-2025**, which aims at improving the socio-economic and legal position of Roma and Egyptians in Montenegro, through the development of an inclusive and open society dedicated to the fight and the elimination of all forms of discrimination, anti-gypsyism and poverty.

This Action is furthermore aligned with the priorities and objectives stated in **EU Green Deal - Green Agenda for the Western Balkans**5, by preparing for the implementation of measures that will upgrade people’s key competences and skills necessary to perform in the green economy in the future. Therefore, curricula plan to include key competences and skills necessary to perform in the green economy of the future.

The Action is also consistent with the Thematic Priority 2 specific objective - to improve the business environment, innovation ecosystem and investment climate of the beneficiaries, promoting integration with EU industrial value chains, in view of supporting the socio-economic recovery after the COVID-19 pandemic and increasing the competitiveness of economy. It will build on smart specialisation to strengthen research, technological development and innovation.

---

The 2023 report for Montenegro related to science and research addresses that Montenegro has made good progress on the 2022 recommendations, by continued implementation of the Smart Specialisation Strategy and by increasing participation in the Horizon Europe. The recommendations include to continue to strengthen academia-business cooperation, and further support knowledge transfer between them, also to deliver on greed deal priorities. Investment on research and development (R&D) continues to increase, and the country is marked as emerging innovator⁶.

The Action is aligned with the Agenda on Innovation, Research, Education, Culture, Youth and Sport, especially focusing on transforming the national research and innovation eco-system, counteracting climate change and supporting the digital transformation and promoting the implementation of the EU Green Deal in the Western Balkans, but also promoting education and training, boosting human capital development and improving mobility and connectivity.


Finally, the Action is aligned with Montenegro’s Industrial Policy and S3 Strategy, that reflect supporting measures for the implementation of the Economic and Investment Plan for WB Flagship 9 aim to improve entrepreneurial capacity of Montenegrin economy, implementation of S3 development principles, development of woman entrepreneurship, improved access finance and more efficient business operations.

2.2. Problem Analysis

Labour Market and Employment Policy

Level of participation of the working population in the labour market is still significantly below the EU average, especially when it comes to vulnerable groups (youth, PWD, Roma and Egyptian, women)

The labour market of Montenegro has undergone large shifts during the previous decade, facing structural problems such as high inactivity rates, low female labour market participation, territorial imbalances, and slow increases in productivity. In the period 2014-2019, most of the key labour market indicators improved, but the COVID-19 pandemic led to their major deterioration. In 2020, practically all gains on the labour market achieved in the previous period were cancelled. The mild recovery of the labour market began in 2021, which continued during 2022.

According to the Labour Force Survey (LFS) data for the last quarter of 2022, the active population of Montenegro was 299,200, out of which 256,000 or 85.5% were employed and 43,200 or 14.5% unemployed. The activity rate (population 15-64) was 59.9%, the employment rate was 51.2%, the female employment rate amounted to 45.5%, while the unemployment rate was 14.4%. Out of total number of labour force (active population), there were 55.3% of men and 44.7% of women. 54.8% of employed persons were men and 45.2%

were women. As regards the employment status, the share of those in employment amounted to 81.6%, self-employed persons 16.5% and unpaid family workers 1.9%.

**There are significant disparities in employment rates between the three regions in Montenegro.** The unemployment rate is still highest in the Northern region amounting to 32.1%, which is more than eight times when compared to the Coastal region (3.9%).

The most marginalised/vulnerable groups on the labour market are still found among young people, women, Roma and Egyptians, and persons with disabilities. The low skilled and long-term unemployment remains a structural challenge.

In 2020, approximately 33,500 young people (15-29) were NEET in the country, corresponding to over one fourth (26.6%) of the total youth population. The shared of young NEET is higher for men compared to women (51.1% and 48.9%, respectively); for those in the younger cohort compared to those aged 25-29 (51.1% and 48.9%, respectively).

Competent Montenegrin institutions have undertaken activities throughout 2021 to establish a youth support system and create conditions for the implementation of the Youth Guarantee Programme (YG) in Montenegro to address the challenges related to the inactive and unemployed youth. Accordingly, the first draft of the Youth Guarantee implementation plan (YGIP) was done in 2022 and it was finalised at the beginning of October 2023.

The rationale for introducing an enhanced guarantee for young people in Montenegro rests on several grounds. First, reducing the share of young people who are NEET. Second, to reach a larger group of youth working in the informal economy or engaged in non-standard forms of employment without access to social protection, or still struggling to find their first employment.

Positive side effects will also be to encourage structural reforms, particularly in the Public Employment Service and its service delivery system. Furthermore, the strong partnership approach that is the basis for YG will underline the principle that the challenge of youth employment is the joint responsibility of several actors (MLSW, Ministry of Education, Ministry of Sports and Youth, specialized government agencies, social partners and civil society organisations).

The draft Youth Guarantee Implementation plan (YGIP) in Montenegro covers the period 2023 – 2026, with the Piloting YG service delivery system planned for 2025 – 2026. This timeframe will allow: (i) implementation of the necessary amendments to the legal system; (ii) adopting the necessary policy reforms in the EAM to manage the YG service delivery system and establishing a monitoring mechanism aligned with the Employment Committee indicator framework; and (iii) develop a plan for the roll-out of YG based on lessons learned from the piloting phase. The piloting of the YG service delivery system will be carried out in three regions (northern, central and coastal regions). The Twinning project “Strengthening capacities of the Employment Agency of Montenegro in terms of Active Labour Market Measures implementation, future participation in European Social Fund and facilitation of labour force mobility” within the period of 2023 – 2024 is providing support to the EAM.

In addition to youth, there are also other disadvantaged groups facing barriers in the access to the labour market. According to the last data (March 2022) there were 10,594 persons with disabilities (PwD) in the EAM unemployed register, representing 23% of the total registered unemployment. Most PwDs were

---

7 Data from IV Q 2022
8 ILO research - "Young people who are not employed, nor are in the education or training system - NEET"
9 Mapping of YG Implementation Plan measures to be included in the SOP 2025-2027 will be done in the programming phase of the OP
registered in the Northern region. The highest number of PwDs is without occupation and professional qualification (48.64%). Most PwDs are over 60 years old (23.28%), followed by those from 55 to 59 years old (21.57%) and those from 50 to 54 years old (17.78%).

Almost three fifths of the total number of unemployed people in Montenegro are women. The number of women without any work experience is double that of men. There is a lack of gender-sensitive career counselling, programmes aimed at encouraging young women’s enrolment in non-traditional vocational programmes and studies, or programmes aimed at helping women come back to the labour market after a prolonged absence, for example because of childcare. Issues such as gender gap in employment and pay, workplace sexual harassment, lack of affordable childcare negatively impact the equality between women and men and women participation in the labour market.

According to the existing data from the last Census of Population, Households and Apartments in Montenegro of 2011, 6251 people (1.01% of the total population) declared that they belong to the Roma nationality. The Egyptian population numbers 2054 people, or 0.33% of the total population. According to estimates by the Council of Europe, about 25 000 Roma and Egyptians live in Montenegro. Often facing discrimination and segregation but also lack of qualification and skills, they are not well integrated and often do not have access to the labour market. Low level of RE employment rate indicate that targeted measures aiming at upskilling and reskilling are needed to increase their competitiveness level for the labour market.

To address challenges in the labour market, Montenegro is implementing active labour market policy measures (ALMP). The whole system of ALMP faces several limitations. The total investment is significantly below the average found in neighbouring countries (0.2% of GDP, once the Professional Training for Graduates is excluded). Coverage of the unemployed is quite low (1,100 people in 2021 were referred to ALMPs, 50% of whom participated in public works programme). The priority is assigned to young people - they comprise over 40% of the participants of ALMP participants (compared to a 25% share of youth in the EAM register). According to the functional assessment conducted by the ILO in 2019, the delivery of employment services programmes to unemployed (counselling, career guidance, job placement, referral to active labour market measures) and programmes is constrained by an outdated service delivery model, lack of administrative capacity in EAM and the fact that there is no marketing towards employers.

ALMPs are not yet sufficient to help jobseekers find sustainable, long-term employment and they still focus insufficiently on re- and up-skillling measures. Montenegro lacks a comprehensive monitoring and impact assessment of the effectiveness of ALMPs.

The country must adapt its employment policy and measures to address more efficiently structural challenges in the labour market, regional disparities and lack of the skilled workforce.

Institutional responsibilities for labour market policies and measures

Ministry of Labour and Social Welfare, Directorate for Access to the Labour Market, is responsible for the creation of the employment policy. The Employment Agency of Montenegro (EAM) is the key player for the implementation of the active labour market measures. The EAM performs its activities within the Head Office (Central Service), 9 Regional Offices and 25 local employment offices. Within the Central Service there are 4 sectors, 2 services, 2 departments and 1 Fund for professional rehabilitation and employment of persons with disabilities. The activities of the regional and local offices which refers to provision of information and services to EAM clients are governed by the Department for Employment within the EAM Central Office. In EAM there are in total 303 employees (November 2023), out of which 97 are working in the Central Office and 206 in its local branche offices. The regional and local branches offices 105 are working in direct communication with the clients. The EAM is planning further strengthening of the front office staff through additional employment and training.
The EAM\textsuperscript{11} implements the following programmes of active employment policy: Education and training of adults; Employment incentives; Public works; Grants for entrepreneurship; An innovative programme for continuous stimulation of employment and entrepreneurship.

Efforts are ongoing to improve the institutional set-up and functioning of EAM. The process to digitalise EAM is expected to facilitate its work. It is also expected to improve the provision of tailor-made and targeted services for young people and other disadvantaged unemployed, and to contribute to the effective monitoring and evaluation of ALMPs.

\textit{Social protection and inclusion}

Social services in Montenegro are not equally accessible to all target groups, due to the regional disparities and lack of continuous support.

Montenegro’s social protection system is relatively centralised, especially with respect to financing, planning and policy design. Expenditures on social protection are similar to the average Western Balkan country, driven mostly by spending on social insurance and it is not used to its full potential. With over 30 programmes covering different groups of people in need, the system covers more than half of the population in Montenegro. The high coverage of social protection had, up until recently, been almost entirely due to the wide reach of pensions (which fall under social insurance), \textit{whereas the coverage of social assistance has been low}. The poverty-targeted material support (MO) has been shrinking in size, despite its ability to accurately reach the poorest, while increased funding has been allocated to categorical benefits. \textit{Financing of social services has been low}, and a minimum level of services cannot be guaranteed, despite the increased need and demand, which will only be exacerbated by an aging population requiring long-term care. \textbf{There are territories in Montenegro where there is no or limited access to social services.}

Target groups benefiting from the social protection services are children (approximately 28\% of services), persons with disabilities (22\%), elderly (17\%), victims of violence (7\%), youth (7.5\%), families (7\%) Roma and Egyptian population (8.5\%) and other groups, such as LGBT persons, sexual workers, convicted persons serving prison sentences, gambling addicted persons and homeless.

Municipalities still have a significant role in delivering and financing social services in the community. Since there is no legal obligation for local self-governments to fund social services, this leads to their insufficient participation in the development of social and child protection. Most municipalities have functional day care centres for children and youth with disabilities, 17 of which were established by 2020. Such day care is co-financed by municipalities and the MLSW. \textit{The supply of community-based services such as assisted living for adults with disabilities continues to be non-existent}. Several day care facilities have been established and from March 2020 a home help service was financed from the national level. One of the main constraints is still the supply of professional staff. NGOs are playing an expanding role in the provision of social protection services, but their financing is often unsustainable.

Significant efforts have been made in the deinstitutionalisation of childcare, but \textit{prevention, outreach and child, family and victim support services are scarce}. In the last decade, the share of children residing in residential institutions has been decreasing to the point where no more children under the age of three lived in institutions in 2019. To support the deinstitutionalisation process, the foster care system has been strengthened but still lacks adequate level of emergency and foster care support. Children are still being institutionalised presumably due to lack of services to prevent family separation and foster care services. This leads to residential institutions often being the only alternative in emergency situations.

\textsuperscript{11} Active employment policy programmes, \url{https://www.zzzcg.me/programi-aktivne-politike-zaposljavanja/}
Social and child welfare services to children without parental care is provided (beside CSWs) in the **Children’s Home “Mladost” in Bijela**. Currently, this institution has 84 employees (out of which 30 professional workers and professional associates) that take care of 95 children living there, out of which 50% are children with developmental disabilities and 25% children with psychiatric diagnoses requiring ongoing care by a qualified neuropsychiatrist. Children's Home "Mladost" has been in the process of transformation since 2015, so the First Transformation Plan was implemented in 2018. A year later, the Second Transformation Plan was adopted, which was partially implemented.

“Komanski Most” is a public institution for the accommodation of adults with intellectual disabilities. 116 people currently live at this institution (64 men and 52 women). Komanski Most has 86 staff members, out of which 23 are professional workers and professional associates. Since 2015, when the First Transformation Plan was implemented, Komanski Most has been undergoing transformation. The Second Transformation Plan was prepared in 2020, and the change process is ongoing. A total of 570 adults with intellectual or mental disabilities are also accommodated in 5 homes for the elderly (Pljevlja, Bijelo Polje, Risan, Podgorica and Nikšić).

**There is a need for further deinstitutionalisation and transformation of these institutions.**

More work remains to be done to consolidate the results already achieved and ensure quality reform and development of the social and child protection system, as well as further strengthen the institutional capacities to ensure accountability, better quality of the system, improved coordination, improved financing, accelerated implementation of laws and policies, expansion of services.

To prevent institutionalisation, the country must widen the network of social services throughout its territory to secure accessibility to all that are in need. In a parallel track, the country must support further deinstitutionalisation process of those already living in the institutions. This could be only achieved by widening the accessibility and affordability of social services in community so that those previously living in institutions can continue to receive the needed support.

**Institutional responsibilities for the social protection system**

**Ministry of Labour and Social Welfare** (MLSW) is the main institution in charge of the policy of social protection system and policy making. Responsibilities include preparation of strategic documents, legal amendments, and implementing and monitoring of the legislative framework through protection of individuals, families, children without parental care, children with special needs and adults with disabilities etc. MLSW also regulates and controls institutions and other providers of social and child protection and builds cooperation with NGOs and local self-governments.

**The Institute for Social and Child Protection** carries out advisory, research and professional activities in the field of social and child protection; quality monitoring of professional work and services in social and child protection institutions; supervisory support to improve professional work and social and child protection services; licensing of professional workers and issuance of work licenses; professional and organisational tasks in the process of accreditation of training programmes for professional workers, associates and service providers.

The activity of social and child protection is performed by the **institutions of social and child protection**, which may be established as public or private institutions. Public institutions are centres for social work,

---

12 Data from March 17, 2023. Out of 84 employees, of which 10 are on long-term sick leave
13 Data 2020 from Transformation plan. Available at Komanski most web page: [https://juzkomanskimost.me/dokumenti](https://juzkomanskimost.me/dokumenti)
14 Established within the reform of the social and child protection system in 2014.
institutions for children and youth, institutions for adults and the elderly and institutions for relaxation and recreation.

Centres for Social Work are the key institutions in social and child protection in Montenegro, with the public authority to provide social and child protection assistance to their beneficiaries: children (families), adults and elderly people. A wide range of social and childcare services has been introduced. However, no dedicated funds have been set up for the development and financing of these services. There are 13 functioning Centres for Social Work with 12 branch units, covering 24 municipalities throughout the whole territory of Montenegro. In 2017 the institution employed 445 employees; of the total number of employees, 228 are professional workers, 25 are professional associates and 167 are administrative and logistics associates, while there is no workplace data for 25 employees\(^\text{15}\). The MLSW reports that in 2022 the total number of professional workers is raised to 259.

UNICEF analysis indicates that Montenegro has been investing significant efforts and resources in improving the work of the CSWs in the past 10 years. In the period from 2011 to 2018, the number of workers increased by 53% and the network of CSWs was further developed by the establishment of new centres. Significant resources were also invested in improving the competencies of professional workers, and the legislative framework.

On the other hand, human capacity constraints in CSWs still lead to reactive rather than proactive provision of services. CSWs use disproportionately more resources on cash benefit related affairs than on case management, which weakens its role as social and child protection agencies. Less than half the staff are engaged in direct work with beneficiaries. In addition, linkages between the CSWs and the Employment Agency, as well as between CSWs and municipalities, are sporadic at best, so activation for most disadvantaged groups (e.g. RE population, PwD and financial social assistance users) is not being carried out effectively.

**Social entrepreneurship**

In the European countries social enterprises are recognised as a business model that brings added social value through employment (especially of hard to employ persons), provision of social services, mobilisation, and development of local communities in undeveloped rural areas and areas with weak economic activity. As demand for social services exceeds existing supply, it is important to stimulate the development of social entrepreneurship sector, which in Montenegro is still in developing phase.

Social enterprises in Montenegro are underdeveloped, fragmented, disorganised, poorly equipped, with limited capacities and resources to carry out work, and depend on donations. There is no national definition of what constitutes a social enterprise in Montenegro and social enterprises can be set up using a variety of legal forms and statuses, often being “hidden” among existing legal forms.

In the absence of official data and comprehensive research on the size of the sector, it is estimated that there are not more than 50 social enterprises in Montenegro and that their economic activities generate an annual turnover of about EUR 200,000 - EUR 250,000. They usually have less than 10 employees\(^\text{16}\).

---


Despite all the problems, there is significant potential for the development of social entrepreneurship in Montenegro, but social enterprises need additional support to be sustainable and profitable. Since there is no law on social entrepreneurship in Montenegro, nor any appropriate strategic development plan, the IPA 2020 TA project Improved evidence-based policymaking, implementation practices and coordination in the ESP sector and strengthened capacities to participate in ESF will support MLSW and other relevant national institutions in creating a favourable environment for the development of the social economy in Montenegro. Recommendations for the new legal, institutional, and financial framework for social entrepreneurship will be prepared\textsuperscript{17} and the support to the creation of the national network of (existing) social enterprises will be provided.

**To further strengthen social entrepreneurship sector, the country must invest in the policy and institutional framework for social entrepreneurship** to be able as the next step fund the social entrepreneurs and their economic activities. At the same time, employment of vulnerable groups will be achieved together with the increase in the provision of the services in the community.

**Research, Development and Innovation (RDI)**

At the strategic level, the development of innovation activity and technological development in Montenegro is based upon the Strategy for Smart Specialization 2019-2024 and the Operational programme for the implementation of the Strategy for Smart Specialization 2021-2024. It is the main objective of the Strategy to modernise and increase the competitiveness of the Montenegrin economy by focusing available research, natural and economic resources around a limited array of priority areas, and to ensure further accelerated development of the priority areas as well as the development of new ones, as well as new industries carrying strategic potential, and based upon the synergetic interaction among the priority areas. The Strategy established the following vertical priority areas: Sustainable Agriculture and Food Value Chain, Energy and Sustainable Environment, Sustainable and Health Tourism, and one horizontal priority area: ICT.

The efficient implementation framework for the innovation and smart specialisation in Montenegro that ensures improved mechanisms entailing consultations among all stakeholders in the innovation system in the area of creating, implementing and monitoring innovation policy, was established in December 2021 in line with the recommendation of the DG JRC and following the specific character of the Montenegrin innovation ecosystem. The Council for Innovation and Smart Specialization is the key governmental advisory body that coordinates innovation and smart specialisation policy through collaboration among the public administration bodies, local government bodies, companies and other entities, while its work is significantly supported by the work of other important entities in the architecture of the implementation framework for innovation and smart specialisation – Innovation working groups of the Council focused upon the S3 priority areas.

The line Ministry responsible for research and innovation policy (R&I) is the key body that provides administrative and expert support to the work of the Council and to the innovation community, while coordinating with the strategic planning and organising monitoring and evaluation of the R&I policies. The dedicated organisational unit for S3 is in the line Ministry. The Interinstitutional working group deals with the management of the S3 implementation and is in charged with proposing the policy instruments.

The innovation infrastructure entities: Innovation and Entrepreneurial Centre “Tehnopolis” Nikšić, Science and Technology Park of Montenegro, clusters and incubators are important part of the ecosystem. Apart from the above listed actors, the Innovation Fund of Montenegro, as the key implementing body for the innovation

\textsuperscript{17} Based on the conclusions and reccomendation of the study: SOCIAL ENTREPRENEURSHIP IN MONTENEGRO - A QUICK OVERVIEW AND PROPOSALS TO MOVE STEP FORWARD (May 2020) prepared by Teodor Petričević, SNKE in the area of social policies, in particular related to social entrepreneurship within the Technical Assistance to the Operating Structure for SOPEES project

14
policy and S3 programmes and projects, is relatively new institution, registered in September 2021 as Limited Liability Company fully owned by the Government of Montenegro.

During last two years of operations, the Fund has successfully implemented nine public calls for the innovation development support and one ongoing. For the first year (2022) the total budget was EUR 1 million, out of which EUR 770,000 was used for two public calls which incentivise collaboration between academia and the private sector (Innovation vouchers and Collaborative innovation grants). The budget increased sharply for the second year 2023 (to EUR 3.4 million in the second year compared to the EUR 1 million in the first), reflecting strong commitment of the Government. It gave the opportunity to the Fund to launch seven different public calls, covering all TRL (technology readiness level) phases of the development of innovative projects: Pre-acceleration program for start-ups, Early stage start up development program, Proof of Concept, Strengthening innovation in MSMEs, Support for patent protection, Support for strengthening of innovation culture and Support for the educational programmes in S3 priorities.

The eighth call is related to the S3 Flagship initiative (Programme for fostering innovation to support energy efficiency in industry). Up to now, the innovation programmes placed by the Innovation Fund of Montenegro triggered the large interest of the R&I community and all available funding has been absorbed almost 100% by the innovation community. Bearing in mind that the Collaborative innovation grant scheme was certified by the European Innovation Council (EIC), this demonstrates that the Innovation Fund of Montenegro has established the high-quality procedures, aligned with the EU standards in the area. In the field of supporting innovation in Montenegro, the Innovation Programme 2023-2027 is the key programme basis, covering with the different programme lines the whole cycle of the innovation development. The Programme makes a clear distinction between the responsibilities of the Innovation Fund of Montenegro and those of the line Ministry. Namely, the Innovation Fund, as the main national body for the implementation of innovation policy, is placing the innovation support lines covering the whole innovation development cycle. The line Ministry is placing the programme lines supporting the participation of the Montenegrin innovation actors in the EU programmes for innovation or in strategic calls related to innovation.

In parallel, Montenegro is in the process of changing the legal framework for Science and Research Activity and one of the focus areas is the reformed model of financing science and research in Montenegro, including: public funding mechanisms, programme orientation of the funding, with a particular focus on the challenge-driven topics and mechanisms of the private sector engagement. Despite Montenegro’s proactive and continuous efforts in the R&I policy and increase in public R&I funding in the last years, the country faces substantial challenges in stimulating research, development and innovation (RDI). Main areas of further needed intervention are: diversification of the science and research funding instruments, further strengthening and enlargement of the Innovation Fund of Montenegro’s capacities, strengthening collaboration between academia and industry through innovation infrastructure and technology transfer initiative, strengthening of R&I human capital and more focused tackling the Green and Digital Transition through R&I initiatives.

The European Innovation Scoreboard (EIS) 2023 confirms, particularly, the need of the further strengthening of the Government support for business Research and Development (R&D) and R&D expenditure in the business sector. According to the EIS 2023, Montenegro is an Emerging Innovator with performance at 47.0% of the EU average.

An overarching challenge lies in the feeble connections between academia, research institutes, and businesses. Merely 2.2% of Montenegrin micro, small, and medium enterprises invest in R&D, marking a significant disparity compared to the regional average of 22%. This inadequacy in private sector engagement hinders the holistic development of a dynamic innovation ecosystem. Moreover, the majority of research staff is concentrated in government roles or within higher education institutions. This concentration poses a challenge to the effective transfer of knowledge and collaboration between academic pursuits and the practical needs of industries.
Montenegro’s current R&D investment, at 0.50% of GDP, falls far short of the EU-28 average of 2.18% (2018). The adoption of the Smart Specialisation Strategy (S3) in June 2019 aimed to address these challenges by concentrating limited resources on thematic sectors such as agriculture, food processing, energy, sustainable environment, health tourism, and ICT. However, more concerted efforts are essential to transform this strategy into tangible outcomes.

To address the existing challenges and stimulate innovation, fostering robust partnerships between academic and business entities is critical. Such collaborations serve as accelerators for research, innovation, and product development by pooling talent, resources, and diverse perspectives. A synergetic relationship between academia and industry is foundational for enterprises to undertake and succeed in scientific and technological innovation activities, ultimately enhancing their technological advantages and overall competitiveness.

While Montenegro has initiated commendable efforts to strengthen the link between academia and industry through schemes like the Grant Scheme for Transfer of Knowledge and the Collaborative Grant Scheme, a more sustained and comprehensive approach is needed to transition towards a sustainable and competitive knowledge-based economy.

Building on past initiatives, a proposed grant scheme seeks to be an evolution of previous strategies, with a pronounced focus on fostering green economic development through the intersectoral mobility of young researchers. This strategic move aligns with the European Green Deal Initiative and the National Strategy for Sustainable Development by 2030. The envisaged scheme aims not only to address environmental challenges but also to efficiently utilise resources, contributing significantly to the broader goals of sustainable development.

The emphasis of the grant scheme lies in establishing robust partnerships between industry and academia, with a particular focus on facilitating the intersectoral mobility of young researchers, including promoting the involvement of young women. These partnerships are integral, as they blend the scientific motivation of researchers with the market-driven goals of industries, fostering an environment of collaborative innovation.

This proposed initiative aligns with the Smart Specialization Strategy of Montenegro, emphasising the urgent need to fortify human resources in research and innovation. Continuous efforts are indispensable to upgrade and improve the qualifications of the existing and new workforce. This commitment is essential to realise the overarching goal of cultivating a more innovative and creative economy based on knowledge and sustainable growth.

The programming of IPA support was based upon the approach to match the national funding in the priority areas and to perfectly close the cycle.

The interest of the innovation community in Montenegro for support measures is further reflected by the large interest that the innovation community in Montenegro took in the launching of the IPA 2020 Grant scheme for supporting the implementation of Smart Specialisation Strategy through projects worth EUR 0.9 million. The scheme offered opportunities for all target groups in Montenegro that expressed interest and readiness to invest also in innovation projects from their own funding. The scheme attracted great interest reflected in the number of applications that significantly exceeded the scope of the grant scheme. This Grant Scheme was launched at the end of 2022 and resulted in eight awarded projects signed in August 2023. Therefore, it is evident that IPA is instrumental to the widening of perspective and ratio in developing proposals for the forthcoming programming period.

Current efforts in Montenegro are concentrated around two main aspects. The first is the consolidation of the implementation framework for innovation and smart specialisation and widening and strengthening of mechanisms for supporting innovation and S3 programmes from the national funding sources, and the second is continuous capacity building gained under the two donor projects: “TASIS3” IPA 2020 and UNDP-implemented “Norway for you”, both ending by the end of 2023. These efforts will, hopefully, be
complemented by the support for the structural reforms of the system, i.e. support to the implementation of S3 and strengthening of the Innovation Fund capacities under the EU Reform Facility.

Regarding the innovation and smart specialisation policy, the activities for the forthcoming programming period focused on the strengthening of the S3 implementation framework (i.e. the remaining tasks related to the evaluation and monitoring systems, preparation for the new strategic S3 cycle, and continuation of strengthening the capacity building process for the S3 implementation framework), the capacity building of the Innovation Fund of Montenegro, the creation of the long-term strategy and innovation infrastructure policy – are proposed to be supported under the specific instrument: EU Reform Facility Annual (Action Plan in favour of Montenegro for 2021), under the action: Support to the establishment and functioning of the Innovation fund as well as support for the implementation of the Smart Specialisation Strategy of Montenegro (S3) 2019-2024, and further diversification of the economy and internationalisation of Montenegrin SMEs.

Further on, the actions related to research and innovation in the forthcoming programming period will be focused towards large-scale innovation programmes and projects: S3 clusters, acceleration programme, circular economy and flagships pertaining to new cycle of S3 priorities (new S3 flagships), all of them to be implemented by the Innovation Fund of Montenegro, as the main implementing body for the innovation programmes and projects. The overall action is expected to contribute to the increased economic competitiveness of Montenegro through RDI by assuring continuity of comprehensive support to innovation community targeting S3 clusters, acceleration programme, circular economy and new S3 flagships. The full cycle support to the innovation development has been introduced in the Programme for Innovation 2021-2024 and the increasing national expenditure for innovation is confirming the Government commitment to the support of research and innovation as crucial drivers of economic development.

2.3. Lessons Learned

Employment and Social Policy

The implementation in Montenegro of the two-year Operational Programme (OPHRD 2012-2013) under IPA I, component IV, created a basis for the sector approach, and enabled the Operating Structure under IPA I to acquire relevant experience in programming, implementing and monitoring IPA support at a sector level using multi-annual funding.

This was continued through the Multi-annual action programme for Employment, Education and Social Policies 2015-2017 (SOPEES) which supported employment of unemployed and inactive persons, their employability, creation of equal opportunities and promotion of local employment initiatives through different actions18.

Namely, through three calls for self-employment grants published and implemented by EAM, 467 Project proposals/business were awarded, contributing to raising of the share of self-employment in total employment so raising of number of new jobs created in less developed municipalities in Montenegro. Calls also contributed to activation of the most disadvantaged groups at the labour market (women, youth, long-term unemployed). Based on the good results, there is interest in making support to self-employment through grants as regular ALMM, but attention needs to be given to grants’ possible crowding-out of private investment/loans.

18 Action 1, Improving the Labour Market and Increasing Employability (1 direct grant Support programme for self-employed, 3 grant schemes Training and education activities for deficit occupations and for boosting employability of RE population; Support to employment in less developed municipalities in Montenegro; Implementation of training and education for deficit occupations and 2 service contracts)
With support of the service contract “Further Development of Local Employment Initiatives in Montenegro”, 11 Local Employment Partnerships (LEP) were established in 21 municipalities, an analysis of the functioning of the LEPs concept in Montenegro conducted; 21 local employment strategies and action plans developed and the related capacity building of LEPs have been conducted. LEPs became an important infrastructure at the local level for bottom-up employment programmes and services for unemployed.

Additional actions within SOPEES contributed to improvement of the quality of social services, with an emphasis on the local level, as well as inclusion of members of marginalised groups such as RE population. When it comes to the grant scheme aiming to support further development and quality provision of the community-based social services at the local level, 18 grant contracts were awarded out of which 45.5% to public institutions and 55.5% to NGOs active in the relevant sector.

The implementation of SOPEES ended on 31 December 2022. The programme was implemented with no major changes or deviations that could affect or jeopardise its outputs and results. All planned 25 contracts were signed with the total amount of EUR 15,404,913.50, which is 85.58% of the total value of the programme - EUR 18,000,000. Since the implementation of the SOPEES has ended recently, the programme has not yet been evaluated. Nevertheless, after assessing some of the project reports it can be already stated that achieved indicators and financial conditions admit positive assumption to ensure effectiveness, efficiency and impact of the EU aid in support of employment in Montenegro.

Through the implementation of the SOPEES, which included a sector approach, the Operating Structure including the IPA Unit at the MLSW, acquired important experience in programming, implementing and monitoring IPA support at a sector level using multi-annual funding. Good coordination and synergy was established among the activities of all SOPEES projects from the start of their implementation.

Additionally, further development of administrative capacities, effective management and institutional reforms upon completion of SOPEES is being continued under implementation of AD IPA 2020.

During the lifetime of the SOPEES, within the TA contract “Technical Assistance to the Operating Structure for SOPEES”, an external mid-term evaluation of SOPEES was carried out. This focused on the assessment of the grant scheme “Training and education activities for deficit occupations and for boosting employability of RE population”. Among the findings it was noticed that the objective of the grant scheme corresponded to the employment sector policy needs, that the expected results were achieved and that there were no indications that any of the grant beneficiaries will have difficulties to ensure the sustainability of the actions. The evaluation noted however a need for close monitoring of timeline of implementation of grants, guidelines on eligible costs, greater involvement of private sector players, guidance on green economy, exchange of good practice and lessons learnt. Regarding the final impact of the grant scheme, there was a good level of performance measured by indicators, thus the output and expected results will contribute to increased employment in Montenegro.

Other recommendations which are relevant for the future OP ESP related to insufficient importance being given to improving the implementation on the action level, incomplete monitoring and reporting at action level, and deficiencies in reporting on the programme level.

Other lessons learnt which are also being taken into account in the design of the present action and the future OP include:

- To ensure greater involvement of the private sector (employers) in the grant scheme implementation.

19 Action 3, Improving Social Inclusion and Child Protection System (1 service contract “Strengthening capacities of social and child protection system in Montenegro” and 1 grant scheme Support to provision of social and child protection service)
To develop a guidance document on green economy aspects including training modules to be included in training activities in scope of the grant actions.

To support the exchange of good practices and lessons learned during implementation of the first Call for Proposals as well as for identification of the needs on the ground for the future calls.

To conduct stronger policy dialogue on a comprehensive / inter-sectoral support to employment in order to increase the employability measures.

To strengthen the inter-service cooperation to support employment measures including with social housing, education, strategy for SMEs (self-employed). To create inter-services working group on supporting employment of vulnerable groups and for deficit occupations in order to identify measures in other sectors which will facilitate the employment.

To strengthen linkages with donors’ community and its sectoral donor coordination to ensure complementarity of support to employment.

Follow on a good experience with the working group under the Strategy for Roma inclusion where the representatives of all institutions such as ministry of health, finance and education are present. To ensure coordination/exchange of information between the working group set up for the development of both the National Employment Strategy and the Employment Action Plans, and the working group under the Strategy for Roma inclusion. Information on the RE needs in relation to employability should be taken into account in the preparation of Employment Action Plans.

In terms of development of ESP stakeholder capacities, the future support should focus on ensuring sufficient and adequate staff and further improvement of their competences.

To use outputs of previous TA projects in the future to ensure consistency since frequent turnover of employees can be recognised as a risk of institutional memory loss, which can have negative effects on the implementation of programmes and the use of IPA funds.

To define key competencies key IPA staff as a prerequisite for future systematic, planned, and sustainable training for employees at ESP institutions.

Research, Development and Innovation (RDI)

In recent years, significant efforts have been made with a view to strengthening the research community and building a solid foundation for a strong RDI ecosystem as a source of economic growth that would be able to respond to the contemporary market needs.

Consequently, with the assistance of EU and national support particularly important contribution to the upgrading of the existing national RDI system has been provided through the implementation of EU IPA grant schemes for strengthening synergies between science and industry, including: Transfer of knowledge between sectors of higher education, research and industry (IPA IV, OP HRD 2012-2013); Grant Scheme “Collaborative grant scheme for innovative project ideas” (IPA II, SOPEES 2015-2017); Scientific potential in support of innovation development (Annual Action Programme for Montenegro for the year 2020). Moreover, the IPA 2020 Grant Scheme “Supporting the S3 through projects” was launched timely offering opportunities for all interested target groups in Montenegro that expressed interest and readiness to invest also in innovation projects from their own funding, and IPA is instrumental to the widening of perspective and ratio in developing proposals for the programming year 2024. Under the Grant Scheme “Supporting the S3 through projects”, 8 grant contracts were signed with the implementation expected to start towards the end 2023.
The national collaborative grants for innovation were the first larger scale support for innovation development in Montenegro through academia-industry partnerships, implemented under the Programme for Awarding Innovation Grants 2018-2020 (related Call in 2018) and the Collaborative Innovation Programme (2019-2024) (related Call). Under these initiatives in 2018-2019, 18 grants for innovation projects were approved for funding in the amount of EUR 1.4 million from the state budget, while the co-financing of the innovation actors (companies) amounted EUR 740,000.

As of 2022, the Innovation Fund of Montenegro has become operational and in line with the available budget in 2022, it launched its first instruments of support to the innovation community in Montenegro with a focus on improving cooperation between the academy and the business sector. The amount of EUR 770,000 was set for the realisation of two programme lines (including evaluation costs): Innovation Voucher Programme and the Collaborative Innovation Grant Programme.

Innovation vouchers are a simple, fast and efficient financial incentive intended for micro, small and medium-sized enterprises (SMEs), with the aim of raising the level of innovation of their products and improving their competitiveness on the market using specialised services of scientific research institutions (SRI). The Public Call for the Innovation Voucher Programme was opened on 5 April 2022, in the amount of EUR 100,000. According to this line, the Fund approved 14 out of a total of 25 applications, in the total amount of EUR 95,889.

The Public Call for the Collaborative Innovation Grant Programme, in total amount of EUR 670,000, was intended for micro, small and medium-sized enterprises in order to implement innovative projects in cooperation with scientific research institutions and/or other micro, small and medium-sized enterprises with the aim of creating new products, services, technology with sustainable impact and market potential. Within the Public Call, the Fund could approve individual project grants in the amount up to EUR 100,000, for a project implementation period of 12 to 24 months. The Fund has approved 7 collaborative innovation grants. The total budget amounts to EUR 1,727,462, with own co-financing of the private sector amounts to 63.60% of the total value of the projects. In accordance with the approved budget of EUR 3 million for innovative programmes in 2023, the Fund has planned the implementation of eight different programmes to support the innovation development. The programme lines prepared by the Fund for 2023 are available to the innovation community both in the early stage of idea development and in the more mature stages aimed at its commercialisation and market entry.

The collaborative projects supported through these grant schemes produced a synergetic effect of sectors that formerly did not have an adequate level of cooperation. This underlined the importance of ensuring active and effective collaboration among the RDI actors, with particular focus on fostering intersectoral approach in this process. Such collaborations benefit both the industry, which obtains skilled workers with practical training and specialised expertise, and academia which gets an opportunity to work on pertinent technologies and problems. Moreover, besides supporting the implementation of novel solutions they provide researchers with new career opportunities and companies with the chance to hire more qualified people. As businesses are driven to acquire highly trained labour, these relationships with industry frequently allow the investigation of career transitions between academic and industry employment.

These formerly implemented mechanisms provided a sound basis to further strengthen the capacities of actors involved in terms of creating and developing innovative products and processes. The present AD creates an opportunity to use the mechanism of long-lasting support to the competitiveness of Montenegrin RDI actors as a tool to develop innovative solutions to a number of economic challenges in Montenegro, principally through stimulating resource efficiency and investments. As such, it directly builds on the results of the past IPA and national initiatives.
3. DESCRIPTION OF THE ACTION

3.1. Intervention Logic

There is an urgent imperative to ensure that sufficient absorption capacity is in place across Montenegro to effectively draw down the full IPA III and to prepare for the future ESF+ absorption and ensure that it has the intended outcomes and cumulative impact. This action is part of the wider effort to ensure effective management, absorption, and use of the pre-accession and structural funds in Montenegro.

The Overall Objective/(Impact) of this action is

To enhance Montenegro’s capacity for efficient and effective use of IPA III and future EU cohesion policy/ESF+ funds by supporting the establishment of functioning operational structures, preparatory work and the capacity to develop relevant programmes and projects in the area of employment and social policy and by enhancing support to functional innovation based on smart specialisation.

The Specific Objective(s) (Outcomes) of this action are:

1. Maturity of the activities foreseen to be implemented under the OP ESP 2024-2027 Areas of Support enhanced, including through regulatory and procedural preparatory measures;
2. Capacities to roll out the implementation of the OP ESP 2024-2027 and future ESF+ enhanced;
3. RDI actors’ capacities for high quality innovation enhanced, through strengthening intersectoral synergies.

The Outputs to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are:

Outputs for Outcome 1:

1.1 Policy, institutional and stakeholder coordination within the ESP sector established and working to improve the effectiveness of actions to be financed under the OP ESP 2024-2027 and beyond;
1.2 Framework for prevention of institutionalisation and further de-institutionalisation in place;
1.3 Framework for social entrepreneurship in place;
1.4 Youth Guarantee implementation plan ready for operationalisation;
1.5 Mature project documentation relevant to OP ESP 2024-2027 and ESP sector ready.

Outputs for Outcome 2:

2.1 Capacities of relevant Employment and Social Policy stakeholders in charge of the policy implementation, including social partners and civil society organisations, improved;
2.2 Preparatory framework for the development of the management information system (MIS) for ESI funds defined;
2.3 Framework for information and awareness rising of potential project beneficiaries and general public regarding opportunities offered by the OP ESP 2024-2027 and future ESF+ in place.

Output related to Outcome 3:

3.1 Improved capacities of RDI actors to perform high quality research, transferable into innovation, focusing up on green and digital transition.
3.2. Indicative Activities

Activities related to Output 1.1:

1.1.1 Defining the set up for and support the work of inter-ministerial, inter-agency and stakeholder coordination and consultations within the ESP sector

With a view to preparing effective actions for financing under the OP ESP 2024-27, and beyond, this activity will support the MLSW in planning, organising and monitoring the reform processes necessary for the implementation of the OP employment and social protection. This will include establishing coordination mechanisms. Coordination needs to bring together members of various relevant ministries (such as MLSW, MHMR, MoE, MPA), central and local institutions (such as Human Resources Administration, Agency for Social and Child Protection, Centres for Social Work, the Employment Agency and its local branch offices) as well as various stakeholder groups involved in employment and social policy (such as social partners, Civil Society Organisations, etc).

Working groups are important for monitoring of all planned reforms in the Employment and Social Policy sector, such as changes in the policy and strategic documents to ensure that the framework at national level underpin IPA investments and are in line with the EU acquis. Their regular work will ensure timely exchange of information and recent developments between different institutions within these two sectors. In addition, joint planned actions/cooperation mechanism/protocols of institutions in the ESP sector, that are discussed in the working group meetings, will have the aim of strengthening the system as whole to be able to address needs of the vulnerable groups (ensuring labour market participation, delivery of services based on the needs, securing accessibility of different services in the social and employment policies etc).

Also, regular work will guarantee timely detection of potential barriers in the system and identification of good solutions before they hinder the specific reform developments and consequently IPA implementation. This will include sharing of implementation results or current progress of IPA projects, progress related to the new Government legislative proposals in ESP sector, coordination agreements related to the time-planning of specific activities that feed into each other and are related to IPA implementation etc. MLSW will preside and lead the work of the Coordination groups as institution in charge of the IPA Programme but also responsible for Employment and Social policy.

Through this Action, support will be given for setting up the Coordination group(s) and its work plan(s) in detail, and then support the work, in line with the Partnership principle. Work plans can also cover monitoring of actions eventually implemented under the OP.

Activities related to Output 1.2:

1.2.1 Support to the MLSW in the preparation of bylaws which regulate norms and minimum standards and quality control for providing social and child protection services that are not of residential character; and procedures related to de-institutionalisation

1.2.2 Support in preparation and reassessment of Transformation plans for social institutions in the framework of the preparation for the deinstitutionalisation process

The activities under this output will involve preparatory actions for improvement of the existing system of social and child protection, especially developing various bylaws and procedures that are regulating norms and standards for providing services that do not have residential character in with the aim of prevention of further institutionalisation. These bylaws and/or procedures refer, in particular, to the community-based services that should be provided for different target groups, as well as licencing of potential service providers, and quality control and monitoring of services. As regards the process of deinstitutionalisation of residential
institutions, preparatory activities include support to the preparation of revised Transformation Plans for social institutions.

**Activities related to Output 1.3:**

1.3.1 Support in setting up the Register for social entrepreneurs in Montenegro

The activities under this output will enable further support for social entrepreneurship to be financed under the OP 2024-2027. Before financing can be envisaged, there is a need to finalise the legal/strategic framework for the social entrepreneurship that will define specific set of criteria for the identification of the legal entity as a social entrepreneur. This will be in line with the EU Social Economy Action Plan (2021) that define social entrepreneurs as entities providing goods and services for the market in an innovative fashion having social and environmental objectives as the reason for their commercial activity with the commitment that their profits are reinvested in the society.

In addition, and based on the set of criteria that will be eventually proscribed in the legal framework, it is planned to prepare a terminology (directives) for register of social entrepreneurs in Montenegro. MLSW will sectoral responsible institution in charge for the policy and thus in charge for the establishing and maintain the Register. Support to the preparation of the legal framework is already underway, but additional support for setting up the register is foreseen under this Action. The register has a role of securing the quality assurance and equal treatment so that any legal entity that fulfils the cumulative conditions proscribed in the legal framework can be “tagged” as social entrepreneur. In that way, any further support to these types of entrepreneurs through IPA and in the future ESF+ will be based on the prior quality control mechanism.

**Activities related to Output 1.4:**

1.4.1 Further support to the MLSW and EAM in the implementation of the YG implementation plan and preparatory activities for the delivery of the model
1.4.2 Support to monitoring and reporting of the YG Implementation plan
1.4.3 Further support for promotion

The activities under this output will enable preparative support for the YG implementation that will be financed through the OP 2024-2027 and beyond on the whole territory of Montenegro.

YG Implementation plan has been prepared for the years 2023-2026 and includes number of preparatory activities together with the initial piloting of the YG scheme.

Twinning project “Strengthening capacities of the Employment Agency of Montenegro in terms of Active Labour Market Measures implementation, future participation in European Social Fund and facilitation of labour force mobility“ is supporting Employment Service in setting up the YG model (organisation structure of Employment Service to deliver YG, training for the local level employees of PES, profiling exercise and delivering on the proposal for the revision/introduction of new active labour market measures).

At the same time, during 2024 legal revision of the relevant legislation - Act on mediation for job placement and rights during unemployment, Labour Law, Youth Law, Act on Higher Education and relevant bylaws have to be amended before the implementation could start. Before full implementation of the YG scheme on the whole territory of Montenegro, it will be implemented as pilot from 2025 and 2026 in 3 regions according to the NEET mapping exercise. NEET mapping for 2022 will be implemented during 2024 through EU-ILO support.

Through this Action the activities will support MLSW as YG Coordinator in preparation of the YG Implementation plan post 2026 with new/extending measures and budgetary commitments from the year 2027 onwards, considering the current Plan includes actions and budgetary commitments from the year 2023 until
the year 2026. Activities and measures after 2026 will be also co-financed from the OP 2024-2027. Also, support will be given for regular monitoring and reporting of the activities implemented by other YG public institutions (Ministry of Education, Ministry of Sport and Youth etc).

Jointly with the support to the MLSW, support will also be given to EAM for the enhancement of the delivery and implementation of the YG. For example, reorganisation of the functional resources in the Employment Agency, new model for the individualised service delivery and case management for the YG implementation is planned within the Twinning project during 2023 and 2024. Leaning on the results of the Twinning project and depending on the extend of the already implemented activities, continuation of the support for the effective delivery is planned through this Action, based on the previously achieved results.

Promotion of the YG will be also supported through the media and local campaigns, awareness raising on the importance of the YG programme and its benefits, support in the communication with social partners, especially employers struggling with labour shortages to encourage them to use PES services.

**Activities related to Output 1.5:**

1.5.1 Prepare tender/call documentation for actions and projects to be financed from IPA III (and ESF+)

The activities under this output will support the Intermediary Bodies in charge with the preparation of relevant documentation to be used under calls/tenders for projects/services to be financed under the OP.

**Activities related to Output 2.1:**

2.1.1 Development and implementation of capacity building activities for the institutions implementing employment and social policies as providers of services to persons in employment and social sector

The activities under this output will focus on the development and implementation of capacity building activities for the institutions implementing employment and social policies as providers of services to persons in employment and social sector. The aim is to prepare them for the participation in the ESF+, where their role will be increasingly important considering much higher public investments in the Social and Employment policy domain. These institutions will have to be able to provide public services responding efficiently and effectively to the rapid increase of EU investment through future Cohesion Policy. Some of the institutions will also act as direct grant beneficiaries of policy development and/or implementation projects.

Capacity building activities will be aimed at increasing knowledge and skills of the employees that directly provide services to the unemployed and vulnerable groups (such as employees of the PES branch offices, employees of the centres for social work etc). Since some of those institutions will be in charge for implementing projects in the ESIF funds as beneficiaries of direct grants, thus they must build their capacities in two ways, one is increasing the quality and productivity of their work, and the other is EU project management.

In addition, social partners and civil society organisations play a crucial role in the implementation of IPA and ESF+ in the future, also in two ways, first as potential beneficiaries of projects for IPA and future ESF+, but also as partners in the policy making and design of the programme in line with the Partnership principle. Thus, it is important to involve them in the discussions and build their capacities to be able to better preform their role in the future and participate in the implementation of the EU funds.

The capacity building will be based on the needs analysis for institutions, social partners and civil society organisations, targeting the real gap knowledge and practical skills.
Activities related to Output 2.2:

2.2.1 Preparation of tender documentation for the development of the technical specifications for the ESIF (European Structural and Investment Funds) information system

The activity under this output is preparation of tender documentation for the development of the technical specifications for the ESIF (European Structural and Investment Funds) information system. Technical specifications that will be the result of this activity will serve as a starting point for the second phase, and that is procurement for the development of the IT solution.

ESIF information system is a system that enables exchange of information between bodies in the management and control system of ESI funds and beneficiaries of operations in line with the e-cohesion principle (electronic data exchange systems). The system allows for the digital audit trail meaning collection of data on operation according to the relevant EU requirements. This system has to contain all the data, necessary for planning, financial management, monitoring, supervision, audit and evaluation ensuring they are collected and secured in the system on the level of each operation (project). The aim of the system is to serve the needs for accounting and administration of the future ERDF, ESF+ and CF. The system has to contain the information about each project (data on operation), the exchange of the information and verification of requests for reimbursement of the beneficiaries through the system, related applications for reimbursement (together with the documents justifying expenditure and proving payments of the expenditure or the documents of equivalent evidentiary value), amounts recovered and due for recovery, irregularities, revenues received, and expenditure incurred and recognised as declarable to the European Commission for each programme and fund etc.

As a result of this activity, technical specification in line with the applicable EU legislation (regulation governing Cohesion Policy funds) will be developed as a preparation for the IT development of the system that will be subjected to the accreditation for use of ESI funds. The development of the IT system has to be done in parallel with the development of the national rules for future ESI funds.

Activities related to Output 2.3:

2.3.1 Further support in information and awareness raising activities

These activities will contribute to easier communication, publicity and visibility of the OP 2024-2027 activities, and the future possibilities from ESF+ to various stakeholders. Ensuring EU visibility is crucial for the successful implementation of the programme but they are also conveying messages related not only to implementation of national priorities but also priorities of the EU as a whole. Potential project beneficiaries of the IPA and in the future ESF+ as well as general public need to be informed on the possibilities of available EU funding but also on the results on the projects that improve the lives of individuals and contribute to the social and economic development of the country. It is foreseen that 1 dedicated web page and 1 social network channel will be developed during the implementation of these activities.

Activities related to Output 3.1:

3.1.1 Intersectoral mobility of young researchers, with a view to fostering green economic development

To catalyse green economic development, this program facilitates the movement of young researchers across sectors. By fostering collaboration between academia and industry, it aims to break down silos and encourage cross-disciplinary innovation. Financial assistance will be provided directly to participants, incentivising their engagement in projects that align with green economic objectives. This not only stimulates innovative thinking but also establishes a network of expertise contributing to a dynamic RDI ecosystem within Montenegro.
By these future collaborations, it is anticipated that both private sector and academia will benefit from the creation of new values for market needs which will go beyond the narrow technology-based aspects of performing business and stimulate green innovation at the societal level.

3.3. Mainstreaming

Environmental Protection, Climate Change and Biodiversity

The action and the activities deriving from the action will not have any negative impact on the environment nor jeopardise environment, health and security.

Gender equality and empowerment of women and girls

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. Montenegro has adopted National Strategy for Gender Equality 2021 - 2025 and relevant Action plan as the main strategic document for promotion of gender equality in Montenegro, in line with EU standards. In consent with the Operational Objective 1 focused on improving the application of the existing normative framework for the implementation of gender equality policy and protection against discrimination based on sex and gender, the institutions are committed to system-wide gender mainstreaming in the policy adoption, implementation and monitoring processes and are actively engaged in this process through EU-funded projects as well. During the implementation of the action equal participation of women and men and empowerment of women and girls will be ensured in all outputs for outcome 1, in particular, through regulatory and procedural preparatory measures for the OP ESP 2024-2027 as well as throughout the capacity building activities and harmful practices of stereotypical gender representation shall be prevented and addressed. The process of monitoring the fulfilment of this horizontal principle will be monitored using monitoring reports that will include a separate output on horizontal principles (i.e., description of activities carried out, their results, and evaluation of their contribution to achieving the set goals of the horizontal principles). The principles of accessibility, equal opportunities, and support for equality of men and women will thereby be secured not only by disqualifying when failing to adhere to conditions but also in the evaluation and selection process where the involvement of relevant partners is envisaged. HP coordinators will be represented in the monitoring committee and the working groups preparing and implementing the OP, and will be responsible for defining a condition of provision of aid related to application of horizontal principles and the method of verification thereof; this will be binding for the MA.

Human Rights

The Action will strengthen capacities of national and local level government institutions, as well as civil society organisations, to provide essential services more efficiently. The Action engages the most basic rights accorded by the Montenegrin Constitution, the EU acquis, and international law in areas of social protection, labour, and education, both in terms of providing material conditions for the fulfilment of these rights as well as upgrading the ability of key institutions to recognise, assess, and engage rights holders. Output 3.1 emphasises the capacities of local level institutions to enable a stronger, most direct relationship between rights holders and duty bearers to resolve issues as quickly as possible.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D2. Taking into account the needs and potential contributions of persons with disabilities has been an important factor in determining activities for the Outputs of this Action, especially Outputs 1.2, 1.3, 1.4, and 3.1. Given that persons with disabilities are central to the OP ESP, their perspectives were thoroughly consulted during the drafting process of the ESP policy framework.
### 3.4. Risks and Assumptions

<table>
<thead>
<tr>
<th>Category</th>
<th>Risks</th>
<th>Likelihood (High/Medium/Low)</th>
<th>Impact (High/Medium/Low)</th>
<th>Mitigating measures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Planning, processes and systems</strong></td>
<td>Risk refers to the beneficiaries’ institutions. Their biggest problems are overcrowding with administrative work, the lack of staff and lack of knowledge in management and monitoring of EU funded actions</td>
<td>H</td>
<td>M</td>
<td>We perceive the risk as imminent and, as such, it cannot fully be prevented. However, its impact can be mitigated through following measures:</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Building a system of knowledge and skills-sharing</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Promoting the culture of institutional memory. This will be achieved by creation of information and knowledge sharing instruments, creation of adequate procedures for data collection and reporting.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Increasing the transparency of institutional’ activities to mitigate the risk</td>
</tr>
<tr>
<td><strong>People and the organisation</strong></td>
<td>Changes and fluctuations in the political climate, as well in the government structures which can influence the project progress cannot be predicted and are possible in the Montenegrin context</td>
<td>H</td>
<td>H</td>
<td>The mitigation measures for this risk are the following:</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- The identification of potential changes in government priorities and agenda should be done as far as possible, at the very early stage and remedial actions envisaged.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- Continuous cooperation with the Beneficiary and EUD in defining the clear requirements in terms of support needed to ensuring all Government Support.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- Promoting the ESP sector as important for mitigating the political, economic and social risks.</td>
</tr>
<tr>
<td><strong>People and the organisation</strong></td>
<td>This is the most common risk in public administration dealing with EU funds in Montenegro. It usually occurs as a result of low salaries and high demand in private sector for the skills which are usually possessed by the staff</td>
<td>H</td>
<td>M</td>
<td>We perceive the risk of staff fluctuation as imminent and, as such, it cannot fully be prevented. However, its impact can be mitigated through following measures:</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- Implementation of salary increase measures linked to the specific job description.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- Promoting the culture of institutional memory. This will be achieved by creation of information and knowledge sharing instruments, creation of adequate procedures for data collection and reporting.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- Ensuring the institutional memory of the capacity building. This</td>
</tr>
</tbody>
</table>
working in EU funds topics. will be achieved by recorded training, webinars, handbook and guidelines, materials. Obtaining licenced certificates and linking them to the systemisation act, etc.

<table>
<thead>
<tr>
<th>Legality and regularity aspects</th>
<th>This is the most common risk for implementation of projects and programmes financed from EU funds. It occurs due to the long-lasting procedures for approval and rounds of clarifications.</th>
<th>M</th>
<th>M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Publication of tenders is delayed, jeopardising the full implementation of projects</td>
<td>Support preparation of documentation to the highest level of correctness to avoid changes. Permanent interaction with Contracting Authority and early reaction to the delays, especially in activities timetable.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**External Assumptions**

Assumptions reflected in the Logical Framework Matrix below – grouped by outputs and outcomes.

**At the level of the outcomes**

- The OS and beneficiary institutions provide adequate and sufficient permanent staff to all foreseen capacity building activities.
- The turnover of the permanent staff of the OS and beneficiary institutions remains reasonably limited.
- The working relationships between the OS, the potential national and local beneficiaries remain constructive and efficient.

**At the level of the outputs**

- Effective information and communication between the various stakeholders at regional and local level;
- Continued motivation and commitment of potential beneficiaries and grant beneficiaries towards participation in IPA III and ESF+ funded projects.
3.5. Indicative Logical Framework Matrix
<table>
<thead>
<tr>
<th>Results</th>
<th>Results chain: Main expected results [maximum 10]</th>
<th>Indicators [at least one indicator per expected result]</th>
<th>Baselines (values and years)</th>
<th>Targets (values and years)</th>
<th>Sources of data</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact</td>
<td>To enhance Montenegro’s capacity for efficient and effective use of IPA III and future EU cohesion policy/ESF+ funds by supporting the establishment of functioning operational structures, preparatory work and the capacity to develop relevant programmes and projects in the area of employment and social policy and by enhancing support to functional innovation based on smart specialisation.</td>
<td>1. Framework for IPA III Operating Structure in place</td>
<td>1. Baseline 2024: 0</td>
<td>1. Target 2027: 1</td>
<td>1. AD Annual Reports, 2. Country Report</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Outcome 1</td>
<td>Maturity of the activities foreseen to be implemented under the OP ESP 2024-2027 Areas of Support enhanced, including through regulatory and procedural preparatory measures.</td>
<td>1.1 Percentage of actions under OP ESF that have achieved their maturity level of completion</td>
<td>1.1 Baseline 2024: 0</td>
<td>1.1 Target 2027: 80%</td>
<td>1. AD Annual Reports, 2. Service Contract Reports</td>
<td>Effective cooperation among the Ministries and beneficiary institutions and other stakeholders responsible for / engaged in employment and social policy.</td>
</tr>
<tr>
<td>Outcome 2</td>
<td>Capacities to roll out the implementation of the OP ESP 2024-2027 and future ESF+ enhanced.</td>
<td>2.1 Nº of capacity building activities conducted</td>
<td>2.1 Baseline 2024: 0</td>
<td>2.1 Target 2027: 30</td>
<td>1. AD Annual Reports, 2. Service Contract Reports</td>
<td>The Operating Structure (OS) and beneficiary institutions provide adequate and sufficient permanent staff to all foreseen capacity building activities. The turnover of the permanent staff of the (OS) and beneficiary institutions remains reasonably limited.</td>
</tr>
<tr>
<td>Outcome 3</td>
<td>RDI actors’ capacities for high quality innovation enhanced, through strengthening intersectoral synergies</td>
<td>Increased number of projects supported through the schemes for intersectoral cooperation</td>
<td>Baseline indicator 2022: 28</td>
<td>Target indicator 2024: 20% increase Target 2026: 40% increase</td>
<td>Administrative data (Ministry of Science and Tech. Development, Innovation Fund of Montenegro, innovation infrastructures)</td>
<td>The RDI community is receptive to and actively engages in initiatives aimed at enhancing capacities. Existing facilities can be repurposed for knowledge-sharing workshops, minimising additional costs.</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Output 1 related to Outcome 1</td>
<td>1.1 Policy, institutional and stakeholder coordination within the ESP sector established and working to improve the effectiveness of actions to be financed under the OP ESP 2024-2027 and beyond.</td>
<td>1.1.1 N° of working groups established with adequate participants and clear objectives 1.1.2 N° of meeting conclusions prepared</td>
<td>1.1.1 Baseline 2024: 0 1.1.2 Baseline 2024: 0</td>
<td>1.1.1 Target 2027: 3 1.1.2 Target 2027: 18</td>
<td>Minutes/Conclusion of working groups meetings AD Annual Reports MLSW Reports</td>
<td>Effective cooperation among the Ministries and beneficiary institutions, together with relevant stakeholders and partners responsible for employment and social policy. Commitment of decision makers at national and local level.</td>
</tr>
<tr>
<td>Output 2 related to Outcome 1</td>
<td>1.2 Framework for prevention of institutionalisation and further de-institutionalisation in place.</td>
<td>1.2.1 N° of relevant bylaws which regulate norms and minimum standards for providing social and child protection services 1.2.2 N° of Transformational Plans for social services</td>
<td>1.2.1 Baseline 2024: 2 1.2.2 Baseline 2024: 2</td>
<td>1.2.1 Target 2027: 4 1.2.2 Target 2027: 5</td>
<td>AD Annual Reports Report on Implementation of the Action Plan for the de-institutionalisation</td>
<td>Further capacity building of employees with specialised forms of dedicated education. Commitment of decision makers at national and local level. Legal and institutional adjustments implemented.</td>
</tr>
<tr>
<td>Output related to Outcome</td>
<td>1.3 Framework for social entrepreneurship in place</td>
<td>1.3.1 Register for social entrepreneurs with defined data established</td>
<td>1.3.1 Baseline 2024: 0</td>
<td>1.3.1 Target 2027: 1</td>
<td>AD Annual Reports</td>
<td>MLSW Reports</td>
</tr>
<tr>
<td>--------------------------</td>
<td>--------------------------------------------------</td>
<td>-------------------------------------------------</td>
<td>-----------------</td>
<td>-----------------</td>
<td>-----------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>Output 4 related to Outcome</td>
<td>1.4 Youth Guarantee implementation plan ready for operationalisation.</td>
<td>1.4.1 YG implementation plan in implementation 1.4.2 Monitoring reports for the YG drafted 1.4.3 N° of promotional campaigns implemented</td>
<td>1.4.1 Baseline 2024: 0 1.4.2 Baseline 2024: 0 1.4.3 Baseline 2024: 0</td>
<td>1.4.1 Target 2027: 1 1.4.2 Target 2027: 4 1.4.3 Target 2027: 1</td>
<td>AD Annual Reports</td>
<td>Youth Guarantee Coordinator Report</td>
</tr>
<tr>
<td>Output 5 related to Outcome</td>
<td>1.5 Mature project documentation relevant to OP ESP 2024-2027 and ESP sector ready.</td>
<td>1.5.1 N° of tender/call documentation or equivalent prepared</td>
<td>1.5.1 Baseline 2024:0</td>
<td>1.5.1 Target 2027: 9</td>
<td>AD Annual Reports</td>
<td></td>
</tr>
<tr>
<td>Output 1 related to Outcome</td>
<td>2.1 Capacities of relevant Employment and Social Policy stakeholders in charge of the policy implementation, including social partners and civil society organisations, improved.</td>
<td>2.1.1 N° of training participants</td>
<td>2.1.1 Baseline 2024: 0</td>
<td>2.1.1 Target 2027: 150</td>
<td>AD Annual Reports</td>
<td>Service Contract Reports</td>
</tr>
<tr>
<td>Output 2 related to Outcome</td>
<td>2.2 Preparatory framework for the development of the management</td>
<td>2.2.1 Tender documentation for the development of</td>
<td>2.2.1 Baseline 2024: 0</td>
<td>2.2.1 Target 2027: 1</td>
<td>AD Annual Reports,</td>
<td></td>
</tr>
<tr>
<td>Output 1 to Outcome 3</td>
<td>Output 3 related to Outcome 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------------------</td>
<td>--------------------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>3.1 Improved capacities of RDI actors to perform high quality research, transferable into innovation, focusing up on green and digital transition</strong></td>
<td><strong>2.3 Framework for information and awareness rising of potential project beneficiaries and general public regarding opportunities offered by the OP ESP 2024-2027 and future ESF + in place.</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1.1: Number of intersectoral partnerships established</td>
<td>2.3.1 No of Communication Action plan drafted</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1.2: Number of young researchers partaking in intersectoral mobility</td>
<td>2.3.2 No of web site developed and maintained</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1.1: Baseline 2022: 16</td>
<td>2.3.3 Baseline 2024:0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1.2: Baseline 2022: 20</td>
<td>2.3.1 Target 2024: 0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.3.2 Target 2024: 0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.3.3 Target 2024:0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.3.1 Target 2027: 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.3.2 Target 2027: 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.3.3 Target 2027: 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1.1: Target 2024: 20 Target 2026: 30</td>
<td>AD Annual Reports</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1.2: Target 2024: 25 Target 2026: 30</td>
<td>Service Contract Reports</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>National Progress Report (EC), Annual report on the implementation of the OP for S3; MONSTAT’s innovation statistics survey; Annual reports for science and innovation (line ministry)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Commitment of decision makers at national and local level;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Continued quadruple helix actors’ motivation to participate in the development and implementation of the Smart Specialisation policy;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Increasing national efforts in complying to the EU policy guidance on Smart Specialisation.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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 3.1 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 Modalities

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.

4.3.1. Direct Management (Procurement)

Procurement will contribute to achieving all outputs under Outcomes 1 and 2:

Outputs for Outcome 1:

1.1 Policy, institutional and stakeholder coordination within the ESP sector established and working to improve the effectiveness of actions to be financed under the OP ESP 2024-2027 and beyond;
1.2 Framework for prevention of institutionalisation and further de-institutionalisation in place;
1.3 Framework for social entrepreneurship in place;
1.4 Youth Guarantee implementation plan ready for operationalisation;
1.5 Mature project documentation relevant to OP ESP 2024-2027 and ESP sector ready.

Outputs for Outcome 2:

2.1 Capacities of relevant Employment and Social Policy stakeholders in charge of the policy implementation, including social partners and civil society organisations, improved;
2.2 Preparatory framework for the development of the management information system (MIS) for ESI funds defined;
2.3 Framework for information and awareness rising of potential project beneficiaries and general public regarding opportunities offered by the OP ESP 2024-2027 and future ESF + in place.

4.3.2. Indirect Management with an IPA III beneficiary

The output under Outcome 3 will be implemented under indirect management by Montenegro.

3.1 Improved capacities of RDI actors to perform high quality research, transferable into innovation, focusing up on green and digital transition.

The Managing Authority responsible for the execution of the action is the NIPAC Office. The Managing Authority shall be responsible for legality and regularity of expenditure, sound financial management, programming, implementation, monitoring, evaluation, information, visibility and reporting of IPA III.
activities. The Managing Authority shall rely on sectoral expertise and technical competence of the MLSW, as intermediate body for policy management. It shall ensure sound financial management of the action.

Budget implementation tasks such as calls for tenders, calls for proposals, contracting, contract management, payments and revenue operations, shall be entrusted to the following intermediate body for financial management: Directorate for Finance and Contracting of EU assistance funds (CFCU) at the Ministry of Finance for outputs under Outcome 3. It shall ensure legality and regularity of expenditure.

**4.3.3. Changes from indirect to direct management (and vice versa) mode due to exceptional circumstances**

If the implementation modality under the indirect management under section 4.3.2, cannot be implemented due to circumstances beyond the control of the Commission, the method of implementation by public procurement under direct management would be used.

**4.4. 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).

**4.5. Indicative Budget**

<table>
<thead>
<tr>
<th>Indicative Budget components</th>
<th>EU contribution (amount in EUR)</th>
<th>Indicative third-party contribution, in currency identified</th>
</tr>
</thead>
<tbody>
<tr>
<td>Methods of implementation – cf. section 4.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Outcome 1</strong> Maturity of the activities foreseen to be implemented under the OP ESP 2024-2027 Areas of Support enhanced, in Areas of Support enhanced, including through regulatory and procedural preparatory measures composed of</td>
<td>1 300 000</td>
<td>N.A.</td>
</tr>
<tr>
<td>Procurement (direct management) – cf. section 4.3.1</td>
<td>1 300 000</td>
<td>N.A.</td>
</tr>
<tr>
<td><strong>Outcome 2</strong> Capacities to roll out the implementation of the OP ESP 2024-2027 and future ESF+ enhanced composed of</td>
<td>800 000</td>
<td>N.A.</td>
</tr>
<tr>
<td>Procurement (direct management) – cf. section 4.3.1</td>
<td>800 000</td>
<td>N.A.</td>
</tr>
<tr>
<td><strong>Outcome 3</strong> RDI actors’ capacities for high quality innovation enhanced, through strengthening intersectoral synergies composed of</td>
<td>1 000 000</td>
<td>180 000</td>
</tr>
<tr>
<td>Indirect management with Montenegro – cf. section 4.3.2</td>
<td>1 000 000</td>
<td>180 000</td>
</tr>
</tbody>
</table>
4.6. Organisational Set-up and Responsibilities

This Action consists of 2 methods of budget implementation (management modalities) through which the funds will be channelled to beneficiary. Proposed Action consist of the Direct Management for Outcomes 1 and 2 and Indirect Management for Outcome 3.

The Delegation of the European Union (EUD) is in charge of implementing the Action under Outcomes 1 and 2. It will collaborate with the NIPAC office, the line ministries, and all stakeholders and implementing partners.

Regarding Indirect Management for Outcome 3, the organisational set up proposed for this Action is consistent with the Article 10 of the Financial Framework Partnership Agreement “Establishment of structures and authorities by the IPA III beneficiary for indirect management by the IPA III beneficiary”. Managing Authority is the National IPA Coordinator (NIPAC), while the Ministry of Labour and Social Welfare is Intermediate Body for Policy Management.


No pre-conditions are required for this 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 log frame matrix and the ESP strategic framework. 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:

In case the arrangements remain the same as during the IPA II period, the overall progress will be monitored through participation of various stakeholders, such as European Commission/EU Delegation, NIPAC, NAO,
NAO SO, NF, OS as Final Beneficiary and other institutions and civil society organisations. More precisely, monitoring will be done through:

- Result Orientated Monitoring (ROM) system (led by DG NEAR): This will provide, as necessary and required, an independent assessment of the on-going or ex-post performance of the Action.

- IPA Beneficiary's own monitoring: IPA monitoring process is organised and led by the NIPAC, supported by the OS for OP ESP. NIPAC is the main interlocutor between the Montenegrin government and the European Commission regarding strategic planning, co-ordination of programming, monitoring of implementation, evaluation and reporting on the overall IPA assistance. NIPAC monitors the process of programming, preparation and implementation, as well as the sustainability and effects of programmes, aiming to improve these processes, ensure timely identification, remedying and alleviation of potential issues in the process of programming and implementation of Actions. Through the support of the MLSW and Beneficiary of this Action, the NIPAC prepares regular monitoring reports for the Government and the European Commission based on the reports drawn up by the institutions responsible for implementation. It reports on the formulation of Action, the fulfilment of preconditions for the initiation of public procurement procedures, the implementation of Action, its sustainability and effects, and organises the process of evaluation.

- Self-monitoring performed by the EU Delegation: This is part of the annual assurance strategy process and is done based on the ex-ante risk assessment of actions/contracts that are considered riskier.

- Joint monitoring by DG NEAR and the IPA Beneficiary: the compliance, coherence, effectiveness, efficiency and coordination in implementation of financial assistance will be regularly (at least once a year) monitored by the IPA Monitoring Committee. It will be supported by Sectoral Monitoring Committees which will ensure monitoring process at sector level. The results of monitoring will be used in the policy-making process to propose programme adjustments and corrective actions.

- The MLSW as the Beneficiary and key stakeholder of the project/activities, will delegate their technical staff that will maintain operational contacts with the implementing partners (Contractors and other, if applicable). The responsible technical staff will be tasked to ensure that the implementing partner produces the project log frame matrix in line with the activities leading to the completion of outputs under this Action Document. The implementing partner will also have to design adequate monitoring and reporting procedures under the guidance of the responsible technical staff of the beneficiary institutions, taking into account the internal reporting division of roles and responsibilities and the indicators foreseen by the Performance Assessment Framework (PAF).

The performance and results-based financing of activities leading to the completion of all Outputs related to Outcomes will be based on the project log frame matrix, which will be developed at the inception phase of the Action implementation by the implementing partner and agreed upon by the Beneficiary (MLSW) and the donor of project funds. The performance and result monitoring will primarily be done through a tripartite Project Steering Committee (PSC), which will meet on regular basis once in 3-6 months. All stakeholders involved (the MLSW, the EAM, the Economic and Social Council, representative trade unions and employers, etc.) will be invited at the start of the project to nominate their representatives at the PSC. The PSC will be chaired by the Team Leader appointed by the implementing partner (the Contractor) and be responsible to convene and chair the PSC meetings, produce the PSC meeting minutes and validate them with all the PSC members and reflect the PSC findings into the log frame matrix of the project.

5.2. Evaluation

Having regard to the importance of the action, a final, mid-term or ex-post evaluation(s) for this Action, or its components may be carried out via independent consultants, through joint missions, contracted by the Commission or via an implementing partner. The mid-term evaluation will be carried out for learning purposes, in particular with respect that it includes numerous components concerning the accession process. The final or ex-post evaluation will be carried out for accountability and learning purposes at various levels.
(including for policy and OS structures revision), taking into account in particular the fact that it includes numerous components concerning the accession process and utilisation of EU funding. 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. 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. Finally, the evaluations envelope will generate systemic recommendations and inputs relevant for future programming.

This Action also foresee implementation of the evaluations (ex-ante, interim and final) of the whole OP and preparation and implementation of the Evaluation Plan. These evaluations have to be well coordinated with the evaluations initiated by the EC, for the purpose of the assessing the success of this Action. In the scope of the Evaluation Plan, a system for management and control of the IPA III/ESF+ can be evaluated against qualitative and quantitative indicators which could also provide valuable inputs for the external evaluation, as it will refer directly to the success of this particular outputs within this Action. The financing of the evaluation shall be covered by another measure constituting a financing Decision.

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. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

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

This obligation will apply equally, regardless of whether the actions concerned are implemented by the Commission, the partner country, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU Member States. In each case, a reference to the relevant contractual obligations must be included in the respective financing agreement, procurement and grant contracts, and contribution agreements.

For the purpose of enhancing the visibility of the EU and its contribution to this action, the Commission may sign or enter into joint declarations or statements, as part of its prerogative of budget implementation and to safeguard the financial interests of the Union. Visibility and communication measures should also promote transparency and accountability on the use of funds. Effectiveness of communication activities on awareness about the action and its objectives as well as on EU funding of the action should be measured.

Implementing partners shall keep the Commission and the EU Delegation/Office fully informed of the planning and implementation of specific visibility and communication activities before the implementation. Implementing partners will ensure adequate visibility of EU financing and will report on visibility and communication actions as well as the results of the overall action to the relevant monitoring committees.
7. **SUSTAINABILITY**

The activities will impact on the economic and social life of the country and on the administrative effectiveness and efficiency in the employment and social policy sector. Progress under this thematic priority will contribute to the accession perspective of the country. All foreseen outputs contribute directly to the achievement of the sectoral policy objectives that have to be implemented in order to align with the EU acquis and overall ESP strategic framework. IPA III will be instrumental in implementing ESP policies but to ensure maximum absorption of EU funds, a management system and processes must be established, functional and systematically coordinated across sectors, which is the main outcome of this project.

The beneficiaries' institutions will be responsible for the institutional sustainability of the achieved outcomes. The accumulated knowledge will be transferred to future recruits of these institutions. Lessons learned will help to improve and strengthen the capacity of the staff, resulting in increased effectiveness and efficiency. Beneficiary institutions will ensure that the outputs of this action are fully used, allocating the necessary resources to ensure the sustainability of the action. This is guaranteed by technical and financial capacity of the MLSW responsible for its implementation.
Appendix 1: IDENTIFICATION OF THE PRIMARY INTERVENTION LEVEL FOR REPORTING IN OPSYS

A Primary intervention (project/programme) is a coherent set of results structured in a logical framework aiming at delivering development change or progress. Identifying the level of the primary intervention will allow for:

✓ Differentiating these Actions or Contracts from those that do not produce direct reportable development results, defined as support entities (i.e. audits, evaluations);
✓ Articulating Actions and/or Contracts according to an expected common chain of results and therefore allowing them to ensure a more efficient and aggregated monitoring and reporting of performance;
✓ Having a complete and exhaustive mapping of all results-bearing Actions and Contracts.

The present Action identifies as

| **Action level** (i.e. Budget support, Blending) |
| --- | --- |
| ☒ | Single action | Present action: all contracts in the present action |

| **Group of actions level** (i.e: i) top-up cases, ii) second, third, etc. phases of a programme) |
| --- | --- |
| ☐ | Group of actions | Actions reference (CRIS#/OPSYS#): N/A |

| **Contract level** (i.e. Grants, Contribution Agreements, any case in which foreseen individual legal commitments identified in the budget will have different log frames, even if part of the same Action Document) |
| --- | --- |
| ☐ | Single Contract 1 | N/A |

| **Group of contracts level** (i.e: i) series of programme estimates, ii) cases in which an Action Document foresees many foreseen individual legal commitments (for instance four contracts and one of them being a Technical Assistance) and two of them, a technical assistance contract and a contribution agreement, aim at the same objectives and complement each other, iii) follow up contracts that share the same log frame of the original contract) |
| --- | --- |
| ☐ | Group of contracts | N/A |