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**COMMISSION IMPLEMENTING DECISION**

**of 9.12.2015**

**adopting an Annual Action Programme for Montenegro for the year 2015**

## COMMISSION IMPLEMENTING DECISION

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### adopting an Annual Action Programme for Montenegro for the year 2015

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures of the implementation of the Union's instruments for financing external action<sup>1</sup> and in particular Article 2(1) thereof,

Having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002<sup>2</sup> and in particular Article 84(2) thereof,

Whereas:

- (1) Regulation (EU) No 231/2014<sup>3</sup> lays down the objectives and main principles for pre-accession assistance to beneficiaries listed in Annex I to that Regulation.
- (2) In accordance with Article 7 of Regulation (EU) No 231/2014 the assistance should be implemented through annual or multi-annual, country-specific or multi-country programmes. These programmes should be drawn up in accordance with the framework for assistance referred to in Article 4 of Regulation (EU) No 231/2014 and the relevant country or multi-country indicative strategy papers referred to in Article 6 of that Regulation.
- (3) The Council established an Accession Partnership or a European Partnership for all beneficiaries listed in Annex I of Regulation (EU) No 231/2014. The Commission adopted an indicative strategy paper for Montenegro for 2014 - 2020 on 18 August 2014, which provides indicative allocations for the sectors for pre-accession assistance.<sup>4</sup>
- (4) Considering the proposals for action submitted by the beneficiaries concerned, the Country Action Programme on Montenegro for 2015 aims at providing assistance for actions in the sectors: Democracy and Governance, Rule of law and fundamental rights.
- (5) It is necessary to adopt a financing decision, the detailed rules of which are set out in Article 94 of Commission Delegated Regulation (EU) No 1268/2012.<sup>5</sup>

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<sup>1</sup> OJ L 77, 15.03.2014, p. 95.

<sup>2</sup> OJ L 298, 26.10.2012, p.1.

<sup>3</sup> Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (OJ L 77, 15.03.2014, p. 11).

<sup>4</sup> C(2014) 5771 of 18.8.2014.

<sup>5</sup> Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (OJ L 362, 31.12.2012, p. 1).

- (6) The Commission should be able to entrust budget-implementation tasks under indirect management to the IPA II beneficiary specified in this Decision, subject to the conclusion of a Financing Agreement. In accordance with Article 60(1) and (2) of Regulation (EU, Euratom) No 966/2012 and first subparagraph of Article 14(3) of the Commission Implementing Regulation (EU) No 447/2014<sup>6</sup> the authorising officer responsible needs to ensure that the entrusted entity guarantees a level of protection of the financial interests of the Union equivalent to that required under Regulation (EU, Euratom) No 966/2012, when the Commission manages Union funds.
- (7) The entrusted entity is currently undergoing a complementary assessment of its systems and procedures. In anticipation of the results of this review, the authorising officer responsible deems that, based on the entity's positive assessment under Council Regulation (EC, Euratom) No 1605/2002<sup>7</sup> and Commission Regulation (EC) No 718/2007<sup>8</sup> and the entity's present compliance with the requirements of points (a) to (d) of Article 60 (2) of the Regulation (EU, Euratom) No 966/2012, budget implementation tasks can be entrusted to this entity. In accordance with Article 60(1)(c) of Regulation (EC, Euratom) No 966/2012, the authorising officer responsible needs to ensure that measures are taken to supervise and support the implementation of the entrusted tasks. A description of these measures and the entrusted tasks are laid down in the Annex to this Decision.
- (8) It is appropriate to authorise the award of grants without a call for proposals to the bodies identified in the Annex and for the reasons provided therein.
- (9) The maximum contribution of the European Union set by this Decision should cover any possible claims for interest due for late payment on the basis of Article 92 of Regulation (EU, Euratom) No 966/2012 and Article 111(4) of Delegated Regulation (EU) No 1268/2012.
- (10) Pursuant to Article 94(4) of Delegated Regulation (EU) No 1268/2012, the Commission should define changes to this Decision which are not substantial in order to ensure that any such changes can be adopted by the authorising officer responsible.
- (11) The action programme provided for by this Decision is in accordance with the opinion of the IPA II Committee set up by Article 13 of Regulation (EU) No 231/2014,

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<sup>6</sup> Commission Implementing Regulation (EU) No 447/2014 of 2 May 2014 on the specific rules for implementing Regulation (EU) No 231/2014 of the European Parliament and of the Council establishing an Instrument for Pre-accession assistance (IPA II) (OJ L 132, 3.5.2014, p. 32).

<sup>7</sup> Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 248, 16.9.2002, p.1).

<sup>8</sup> Commission Regulation (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA) (OJ L 170, 29.6.2007, p.1).

HAS DECIDED AS FOLLOWS:

*Article 1*

*Adoption of the programme*

The Annual Action Programme for Montenegro for the year 2015 under the Instrument for Pre-accession Assistance (IPA II) as set out in the Annex, is hereby approved.

*Article 2*

*Financial contribution*

The maximum amount of the European Union contribution for the implementation of the programme referred to in Article 1 is set at 25,135,235 euro and shall be financed as follows:

25,135,235 euro from the budget line 22.02.01.01 of the general budget of the EU for year 2015.

The financial contribution referred to in the first sub-paragraph may also cover interest due for late payment.

*Article 3*

*Implementation modalities*

This programme shall be implemented by *direct and indirect management*.

The budget implementation tasks under indirect management may be entrusted to the entities identified in the Annex subject to the conclusion of the relevant agreements.

A Financing Agreement shall be concluded between the Commission and the Government of Montenegro in conformity with the Framework Agreement concluded between the same parties on 04 June 2015.

*Article 4*

*Grants without a call for proposals*

Grants may be awarded without a call for proposals to the bodies identified in the Annex, in accordance with the conditions specified *therein*.

*Article 5*

*Non-substantial changes*

The following changes shall not be considered substantial provided that they do not significantly affect the nature and objectives of the actions:

- (a) increases or decreases for not more than 20% of the maximum contribution set in the first paragraph of Article 2, and not exceeding EUR 10 million;
- (b) cumulated reassignments of funds between specific actions not exceeding 20% of the maximum contribution set in the first paragraph of Article 2;

- (c) extensions of the implementation and closure period;
- (d) within the limits of 20% referred to in points (a) and (b) above, up to 5% of the contribution referred to in the first paragraph of Article 2 of this financing decision may serve to finance actions which were not foreseeable at the time the present financing decision was adopted, provided that those actions are necessary to implement the objectives and the results set out in the programme.

The authorising officer responsible may adopt such non-substantial changes in accordance with the principles of sound financial management and proportionality.

Done at Brussels, 9.12.2015

*For the Commission*  
*Johannes HAHN*  
*Member of the Commission*

## ANNEX 1

### *Annual Action Programme for Montenegro for the year 2015*

#### 1 IDENTIFICATION

<b>Beneficiary</b>	<i>Montenegro</i>
<b>CRIS/ABAC Commitment</b>	IPA/2015/037-894
<b>Total cost</b>	EUR 26,722,815.34
<b>EU Contribution</b>	EUR 25,135,235.00
<b>Budget lines</b>	22.02 01 01
<b>Management Mode/ Entrusted entities</b>	1. Direct management by the European Commission for Actions 1, 3 and 4  2. Indirect management by Montenegro for Action 2 – Participation in Union Programmes and Agencies. The implementation of this will consist in the payment of the IPA part of the financial contribution to the programmes by the National Fund.
<b>Final date for concluding <u>Financing Agreements</u> with the IPA II beneficiary</b>	At the latest by 31 December 2016
<b>Final date for concluding <u>procurement and grant contracts</u></b>	3 years following the date of conclusion of the Financing Agreement, with the exception of the cases listed under Article 189(2) Financial Regulation
<b>Final date for operational implementation</b>	6 years following the date of conclusion of the Financing Agreement.
<b>Final date for implementing the Financing Agreement</b>	12 years following the conclusion of the Financing Agreement.
<b>Programming Unit</b>	NEAR D1 - Montenegro
<b>Implementing Unit/ EU Delegation</b>	EU Delegation to Montenegro

#### 2 DESCRIPTION OF THE ACTION PROGRAMME

##### 2.1 SECTORS SELECTED UNDER THIS ACTION PROGRAMME

- **Rationale for the selection of the specific sectors under this programme:**

The 2014-15 Enlargement Strategy<sup>9</sup> recalls the emphasis the European Commission places on addressing fundamental reforms early in the accession process, in particular as regards the rule of law, economic governance and public administration reform. Taking these priorities in to account, as well as the proposals of the Montenegrin authorities, the 2015 Action Programme for Montenegro will focus on two of the eight priority sectors identified in the Indicative Strategy Paper 2014-2020<sup>10</sup> - Democracy and Governance and Rule of Law and Fundamental Rights.

Under the **Democracy and Governance** sector, an EU integration Facility will provide technical assistance to Montenegro in the accession negotiation process, as well as for IPA implementation and programming tasks. In addition, this programme will support the participation of Montenegro in Union Programmes. The main intervention under this programme is included under the **Rule of Law and Fundamental Rights** sector. This action consists of a sector reform contract supporting the implementation of the Integrated Border Management (IBM) Strategy, which will improve the capacity of Montenegro to deal with the influx of refugees and irregular migrants and contribute to securing the future external EU border and reducing irregular migration and cross-border organised crime. An additional action will focus on the protection of human rights of Roma and other vulnerable groups, complementing the social inclusion measures supported through other IPA programmes.

- **Overview of past and on-going EU, other donors' and/or IPA II beneficiary's actions in the relevant sectors:**

No "lead donor" from EU Member States or from other organisations was identified for a given sector, given that most donors have phased out their assistance from Montenegro as a candidate country. As a result, the European Union remains by far the principal donor, or the exclusive donor in several areas.

- In the *Democracy and Governance* sector, previous IPA support addressed the reform of the civil service and its legal framework. The 2014 programme includes a number of actions linked to Public Financial Management (PFM). The enhanced focus on PFM one of the main lessons learned from past IPA programmes. The United Nations Development Programme (UNDP) and the Organisation for Economic Cooperation and Development (OECD), through the EU-funded SIGMA programme, have been key partners on enhancing good governance and participatory democracy.

- In the *Rule of Law and Fundamental Rights* sector, past EU assistance has continuously financially supported the reform in this sector. In particular under the 2012 and 2014 programmes, IPA support targeted directly the implantation of the Action Plans for Chapters 23 and 24. In the area of fundamental rights past assistance focused on the needs of refugees and displaced persons, in particular the residents of the Konik camp, as well as on more general on measures promoting antidiscrimination and gender equality. In addition other donors such as the Council of Europe and UNDP, as well as bilateral donors have previously been active in this sector. Some of the main lessons in this sector are linked to the importance of a strategic framework to ensure coherence and the overall impact of actions, but also to ensure flexibility and tailoring specific interventions to the local needs.

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<sup>9</sup> COM(2014)700 of 08.10.2014 - Communication from the Commission to the Council and the European Parliament, "Enlargement Strategy and Main Challenges 2014-2015" and corresponding progress reports

<sup>10</sup> C(2014)5771 of 18.08.2014 – Commission Implementing Decision adopting an Indicative Strategy Paper for Montenegro for the period 2014-2020"

*List of Actions foreseen under the selected Sectors/Priorities:*

**Democracy and Governance**

INDIRECT MANAGEMENT WITH THE IPA II beneficiary		OTHER IMPLEMENTATION ARRANGEMENTS (DIRECT MANAGEMENT BY THE EU DELEGATION)	
		Action 1 - EU Integration Facility	EUR 2,450,654.66
Action 2 - Participation in Union Programmes and Agencies	EUR 1,684,580.34		
TOTAL	EUR 1,684,580.34	TOTAL	EUR 2,450,654.66

**Rule of Law and Fundamental Rights**

INDIRECT MANAGEMENT WITH THE IPA II beneficiary		OTHER IMPLEMENTATION ARRANGEMENTS (DIRECT MANAGEMENT BY THE EU DELEGATION)	
		Action 3 - Support to implementation of IBM Strategy	EUR 20,000,000
		Action 4 - Protection of the rights of Roma, Egyptians	EUR 1,000,000
TOTAL		TOTAL	EUR 21,000,000



## 2.2 DESCRIPTION AND IMPLEMENTATION OF THE ACTIONS

<b>SECTOR 1</b>	<b>Democracy and Governance</b>		<b>EUR 4,135,235.00</b>
<i>Action 1</i>	<i>EU Integration Facility</i>	<b>Management mode: Direct management</b>	<i>EUR 2,450,654.66</i>

### *(1) Description of the Action, objective, expected results and key performance indicators*

**Description of the Action:** Montenegro is well advanced in the accession negotiations with 20 chapters opened and 2 chapters provisionally closed (as of June 2015). The EU Integration Facility will provide support to the national authorities to address some of the challenges required to open and close the remaining chapters. In addition, the EU Integration Facility will aim to strengthen the capacity for identifying and preparing actions/programmes for IPA funding, as well as to develop appropriate monitoring and evaluation frameworks.

**Objectives:** Therefore, the two specific objectives of this Action are 1) to strengthen overall capacities for accession negotiations, transposition of the acquis and implementation of EU policies; and 2) to improve the quality of planning, programming, implementation and monitoring of EU assistance. The beneficiaries are the National IPA Co-ordinator (NIPAC) office, line Ministries, and other stakeholders.

**Expected results:** It is expected from this Action that:

- Legislative and institutional capacities of Montenegrin administration for transposition and implementation of the acquis and capacities for leading and carrying out the accession negotiations are strengthened
- Capacities and relevant documentation for identification, programming, implementation and evaluation of EU assistance are developed

**Key performance indicators:** Progress will be measured according to a number of key indicators, including:

- Progress of Montenegro towards meeting the political, institutional, administrative reforms assessed by the Progress reports (qualitative assessment);
- Number of accession negotiations benchmarks met;
- Percentage of EU funds absorbed.

### *(2) Assumptions and conditions*

The implementation of the Action requires an effective coordination mechanism being put in place by the NIPAC office, together with all line ministries and other IPA stakeholders.

### *(3) Implementation arrangements for the action:*

This action will be implemented in direct management by the EU Delegation in Montenegro

#### *(3)(a) Essential elements of the action*

##### **Procurement:**

- Global budgetary envelope reserved for procurement: EUR 1 766 600:
- Indicative number and type of contracts: 8 service, supplies or works contracts.
- Indicative time frame for launching the procurement procedure: Q4 2016

##### **Grants/Twinning**

An indicative amount of up to EUR 750 000.00 could be used for activities to be implemented through twinning, twinning light or grants.

a) Objectives and foreseen results: Support to meeting criteria for accession and capacity building of the national administration

b) The essential eligibility criteria:

- For grants: applicants could be legal entities, natural persons or groupings without legal personality, local authorities, public bodies, international organisations, NGOs, economic actors such as SMEs, profit, or non-profit organisations.
- For twinning: applicants must be EU Member State administrations or mandated bodies.

c) The essential selection criteria are:

- For grants: the financial and operational capacity of the applicant.
- For twinning: the operational capacity of the applicant.

d) The essential award criteria are:

- For grants: relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.
- For twinning: technical expertise of the applicant, and the relevance, methodology and sustainability of the proposed action.

e) Maximum rate of EU co-financing:

- For grants: The maximum possible rate of EU co-financing for grants under this call is 95 % of the eligible cost of the action. The maximum possible rate of EU financing may be up to 100% of the total cost of the action in accordance with Article 192 of Financial Regulation if full funding is essential for the action to be carried out. The necessity for full EU funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.
- For twinning: The maximum possible rate of EU financing may be up to 100% of the total cost of the action in accordance with Article 192 of Financial Regulation if full funding is essential for the action to be carried out. The necessity for full EU funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

f) Indicative amount of grants/twinning contract: up to EUR 750 000.

g) Indicative date for launching the call for proposals/selection procedure: Q2 2017

<b>Action 2</b>	<b>Participation in Union Programmes and Agencies</b>	<b>Management mode: Indirect management</b>	<b>EUR 1,684,580.34</b>
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***(1) Description of the Action, objective, expected results and key performance indicators***

***Description of the Action:*** Protocol 8 of the *Stabilisation and Association Agreement* provides the legal basis and establishes the general principles of Montenegro's participation in Union Programmes. On this basis, Montenegro has already signed Agreements to participate in a number of Union Programmes under the Multi-annual Financial Framework (MFF) 2014-2020, such as COSME, Europe for Citizens, ERASMUS+, Customs, Fiscalis, Horizon 2020, Creative Europe or EaSI.

The objective of the Action is to ensure participation of Montenegro in such Union Programmes and Agencies by co-financing of the costs of the entry-tickets/participation fees to be paid.

**Expected results:** The following is expected from this Action:

- Enhanced participation of Montenegro in Union Programmes and Agencies, including increased exchanges with EU Member States;
- Strengthened ownership and responsibility of Montenegro (including in financial terms) for participation in Union Programmes and Agencies.

**Key performance indicators:** Progress will be measured according to a number of key indicators, including:

- Number of successful applications to the Union Programmes and Agencies
- Participation rates in the respective European Union Programmes and Agencies

**(2) Assumptions and conditions**

Each institution signatory of an Agreement for participation to a Union Programme ensures sufficient budget allocation to pay annual contributions.

Montenegro is responsible for paying the full amount of the entry ticket, prior to receiving the partial reimbursement from IPA II. The reimbursement will be paid as a grant to Montenegro. Following the reimbursement of the entry ticket from IPA funds, national co-financing will amount to at least EUR 1,587,580.34.

**(3) Implementation arrangements for the action:**

This action will be implemented in indirect management by IPA II beneficiary.

**(3)(a) Short description of the tasks entrusted to the entity**

This action will be managed under indirect management by the Central Financial and Contracting Unit (CFCU), together with the Ministry of Foreign Affairs and European Integration CFCU. The entrusted entity shall be responsible for carrying out all the tasks relating to the implementation of the action. In particular, the entrusted entity shall be responsible for the contracting, implementation, information and visibility, monitoring and reporting of IPA II activities, and the evaluation thereof whenever relevant, in accordance with the principle of sound financial management, and for ensuring the legality and regularity of the expenditure incurred in the implementation of the programme. This action will consist in the payment of the IPA part of the financial contribution to the programmes by the National Fund.

<b>SECTOR 2</b>	<b>Rule of Law and Fundamental Rights</b>		<b>EUR 21,000,000</b>
<i>Action 3</i>	<i>Support to the implementation of the Integrated Border Management (IBM) Strategy</i>	<b>Management mode: Direct management</b>	<i>EUR 20,000,000</i>

**(1) Assumptions and conditions**

Montenegro remains fully committed to the EU accession process, in particular in the rule of law area under chapters 23 and 24, and ensures adequate implementation of the IBM policy and follow-up of the policy dialogue. Furthermore, Montenegro maintains its eligibility for budget support operations through ensuring macro-economic stability and continues to advance its reform efforts on public financial management and budget transparency.

**(2) Implementation arrangements for the action:**

This action will be implemented in direct management by the EU Delegation in Montenegro

**(3) Sector Budget Support**

a) Eligibility for budget support

- *Public policy*

In the course of the accession negotiations, Montenegro, together with EU border experts, identified a number of main shortcomings that Montenegro needs to address. Acknowledging these problems and following-up on the EU recommendation, the Government of Montenegro adopted the IBM Strategy 2014-2018 and the Framework Action Plan at its session of March 27, 2014.

This revised IBM policy addresses the relevant external borders key challenges, which include the (a) alignment of the legislative framework for border control with the acquis; (b) consolidation of a comprehensive border surveillance system at sea and land; (c) streamlining of the Border Police to enhance efficiency; (d) strengthening of the security of the green and blue borders; (e) fostering of operational interagency cooperation at the border; (f) enhancing corruption prevention and detection measures at the border crossings.

As regards policy credibility, Montenegro has a good track record of implementing reforms in the area of border management. The negotiations on the visa-free travel regime were the first test case for Montenegro with regard to its capacity to tackle challenges in this area. The successful conclusion of the visa liberalisation process attested to the policy delivery capacity of the Montenegrin authorities in the area of home affairs and border management. As regards asylum and migration policy, Montenegro has made efforts to align to EU standards, and it opened reception and registration facilities that have been to-date sufficient for the current inflows of migrants/asylum seekers. The activities and results described in the 2014 implementation report of the IBM strategy show a continued track record of implementation of the policy. However, improvements are needed as regards results measurement and reporting.

Against this background, the eligibility criterion on sector policy is considered to be met.

- *Macroeconomic policy*

Montenegro experienced a severe downturn shortly after the onset of the global crisis. The economy contracted by -5.7% in 2009 as industrial production plunged by about one third over the year. Growth picked up again in 2010 and 2011, but fell again (by -2.5%) in 2012. Growth however returned in 2013 (3.3%), to slow down to 1.5% in 2014. The Commission forecasts for 2015 and 2016 a moderate acceleration of growth to 3.3% and 3.9%. The average harmonised consumer price inflation (HICP) during 2014 contracted to -0.5% from 1.8 % a year before.

The government has embarked on the first section of a large highway project connecting the coastal city of Bar with the Serbian border. The cost of the first priority section (Smokovac – Mateševo) is estimated at 23% of GDP (2014), and is financed at 85% by Chinese Exim Bank with a 20 year loan bearing a 2% fixed interest rate and a six-year grace period. Pro-cyclical

fiscal policy in the years preceding the burst had led to a worsening of the government budget stance, but fiscal perspectives have improved in recent years. A stated goal of the Montenegrin government is to consolidate the government fiscal operations, reduce in the medium term the budget deficit and the level of public debt, albeit with a debt target that should be pursued “flexibly” without refraining from growth-inducing investment or reforms beneficial in the long term.

Based on this analysis, it can be concluded that the authorities pursue a credible and relevant stability oriented macroeconomic policy (non-exempt of risks) aiming at restoring fiscal stability and sustainability. The Law on Budget and Fiscal responsibility was adopted in 2014, setting the general government debt and deficit ceilings in line with Maastricht's criteria. Economic governance was enhanced in 2015 with the first elaboration of the Economic Reform Programme (ERP) covering the period 2015-2017. The key objectives of the ERP are to pursue fiscal consolidation and to improve the business environment to support economic growth.

Against this background the eligibility criterion on macroeconomic stability is considered to be met.

- *Public financial management (PFM)*

A Public Expenditure & Financial Accountability (PEFA) was undertaken in July 2013 following a prior assessment in 2008 and there has been no significant change since 2008. However, gradual improvements happened in this area such as reforms in numerous sub-systems such as public procurement, internal control, budget cycle management (classifications, timing, cash and debt management). The budget is cash-based and annual, although the government is planning to introduce a medium-term perspective from 2015 based on programme budgets.

The PFM system of Montenegro is underdoing significant reforms covering all budgetary sub-systems. The government undertook adopt by autumn 2015 a PFM reform programme that addresses the key weaknesses in the PFM area, as identified by numerous assessments. It extends further the ongoing PFM reform beyond regulative framework to practices, process and standards, which reflects the country needs and context. The PFM programme is due to integrate into the overall reform process in the country and comply with Montenegro's key strategic objective to become an EU member state.

The key weaknesses that Montenegro needs to address include: 1) lack of solid multiannual financial planning that links to the annual budget 2) unreliable financial forecasting, compounded by absence of costing of policies and programmes and still weak control on commitments, 3) lack of adequate management of the assets 4) weaknesses in tax collection despite the serious improvements in the last years 5) uneven and often weak internal control framework across the public administration with still insufficient internal audit capacity, 6) non-compliance with the public procurement legislation and weak procurement capacities, 7) lack of accounting standards compliant with the international and weak PFM capacity in the public administration as a whole.

While the PFM reform programme is still under discussion, it addresses some of the main weaknesses identified and provides reasonable ground to consider that the PFM eligibility criteria will be met upon adoption of the programme and a good basis for further dialogue on PFM reform.

- *Budget transparency and oversight of the budget*

Information regarding Montenegro's budget transparency and oversight is generally available. Montenegro has established a robust annual budget process, which ensures financial balance, respects the timeframe defined by the law, and ensures a good level of transparency, Parliamentary control and oversight on governmental expenditure during the budgetary year. The entry point for the eligibility criteria on transparency and oversight of the budget can be considered as met as the executive budget proposal for 2015 has been published on the website of the Government on 10 November 2014 (<http://www.gov.me>) and the Enacted Budget on 30 December 2014 on the website of the Parliament (<http://www.skupstina.me/>).

However, further improvements are needed. The budget information, although available for the public, is not well organised and not easy to reach. Publications are difficult to trace among the sites and portals of the various actors. Montenegro will need to improve the budget documentation not only by providing higher quality information on multi-annual costs of public investments but also by publishing detailed information on government performance against its medium-term fiscal objectives. The data analysis, presented in the explanatory notes to the budget proposal and budget reports, are selective for the needs of the government and limited only to the key categories. The tight timeframe for discussions and the still limited capacity of the Parliament to process budget-related information continue to be a restraining factor for a highly efficient Parliament scrutiny. There are no or only superficial plenary discussions on the budget execution. The capacity of the Parliament as a whole to process budget-related information in short deadlines needs to be significantly strengthened. In this regard an ongoing EU project is supporting the establishment of an ITC system which will enhance the efficiency of the Parliament. State Audit Institution (SAI) has published the report on the 2013 executed budget on its website on 15 October 2014 (<http://www.dri.co.me>). A Roadmap for budget transparency and oversight is under preparation and it will form part of the overall PFM reform design process programme to be adopted by November 2015.

Against this background the eligibility criterion on budget transparency and oversight is considered to be met.

## b) Objectives

The overall objective of the EU support for the Integrated Border Management Strategy of Montenegro is to improve prevention and detection of irregular migration and cross-border crime, and enhance preservation of national security and the internal security of the EU Member States.

At the input level the programme introduces a strengthened framework for coordination and dialogue between the different stakeholders, as well as a system for reporting results and processes. This creates space for better engagement of sector expertise in the country and aims to enhance the functioning and accountability of the sector governance.

EU support for the IBM reform also puts emphasis on resourcing of the reform. Prior EU support provided technical assistance and capacity building for developing detailed needs analyses and gap assessments in the area of border management, with an aim to meet the standards for securing future EU external borders. Acknowledging the human and financial resource needs for this process, government resources should be allocated by Government on a multi-annual basis in order to accelerate the implementation of the reform at the output level, together with EU financial support for closing the financing gap for the reform and to improve the sustainability of the reform activities.

## c) Expected results

Under the variable tranches, the programme follows some key indicators of the sector strategy. The first year indicators consist mostly of process and output level indicators, with a view of paving way for measuring the outcomes. These indicators are introduced to follow progress with regard to improved professionalism and capacity of the Border Police and increase in international and inter-agency cooperation. These are key components of efficient border management systems, which deliver reliably and on time. Supporting reforms in these areas will therefore contribute to more timely reform outputs and sustainability.

Towards the end of the programme outcome level indicators are set to measure the enhanced capacity to effectively secure the external borders and to combat and prevent cross-border criminal activities, as well as corruption at the border.

## d) Main sector budget support activities

The main activities to implement the budget support package are policy dialogue, financial transfer, performance assessment, reporting and capacity development.

Engagement in dialogue around conditions and government reform priorities, the verification of conditions and the payment of budget support. Policy dialogue will follow up on the implementation of the EU asylum and migration standards by Montenegro, on its reception capacities but also on its capacity to react to and tackle any sudden increases of refugees/migrants flows.

<b><i>Action 4</i></b>	<b><i>Promotion and protection of human rights of Roma and other vulnerable groups</i></b>	<b><i>Management mode: Direct management</i></b>	<b><i>EUR 1,000,000</i></b>
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***(1) Description of the Action, objective, expected results and key performance indicators***

**Description of the Action:** The Action will support Montenegro to implement Action Plan for Chapter 23 in the segment of protection and promotion of human rights in line with EU standards and best practices.

**The objective** of this Action is to ensure that fundamental human rights, including the diversity of cultural expressions, have been protected and promoted in compliance with international standards ensuring durable and sustainable solutions for Roma and other vulnerable groups for comprehensive social inclusion in Montenegro.

**Expected results:** It is expected from this Action that:

- Access to rights of Roma and other vulnerable groups to employment, education, health care and social inclusion in municipalities of Podgorica, Nikšić and Berane will be improved.

**Key performance indicators:** Progress will be measured according to a number of key indicators, including:

- Number of measures related to human rights from the action plan for Chapter 23 (section 3.10) successfully achieved
- Number of women and men from Roma and other vulnerable groups whose employability skills have been developed.
- Number of girls and boys benefiting from education- support programs

## **(2) Assumptions and conditions**

Montenegro ensures the appropriate human and financial resources in the target institutions to ensure the sustainability and long-term impact of this action. The recommendations and proposals made in the course of this action are effectively implemented. Effective political commitment and a good co-operation between all stakeholders are also essential to the reform process.

## **(3) Implementation arrangements for the action:**

This action will be implemented in direct management by the EU Delegation in Montenegro

### **(3) (a) Essential elements of the action (for direct management)**

This action will be implemented through a grant (call for proposals):

#### **Grant – Call for proposal:**

##### a) Objectives and foreseen results:

Improved access of Roma and other vulnerable groups to the right to employment, health care and social inclusion in Podgorica, Nikšić and Berane

##### b) The essential eligibility criteria:

Types of actions eligible for financing:

Employment: Awareness raising of Roma on their rights and obligations in the field of employment and providing support in obtaining jobs; Trainings for improving Roma employability skills; Developing measures, affirmative actions for encouraging employers to hire Roma employees;

Education: Awareness raising of Roma parents on importance of education, especially girls; Developing measures to decrease segregation of Roma children in schools and providing extra-curricular support; Engagement of Roma education assistants to monitor drop-out and contribute to better attendance rates; Developing and implementing professional orientation



and adult education programme for Roma and other vulnerable groups in selected municipalities

Health care: Awareness raising of Roma on the rights to health care, and of health workers on specific needs of Roma population; Foster training and inclusion of health mediators in the health system in order to improve access of Roma population to health care, especially women and children; Set up health stations in Nikšić and Berane in Roma settlements to facilitate access to health care to women with small children, and to those who cannot afford to pay transportation costs;

Social inclusion: Tailored campaign to combat early and forced marriages, through education of parents, children and Roma activists; developing affirmative measures to employ Roma in state administration, local governments and public services, Promoting social and political activism among Roma population

In order to be eligible for a grant, the applicant must:

- be legal persons,
- be non-profit-making,
- be a non-governmental organisation,
- be an international organisation **or** be nationals of Montenegro or nationals of a Member State of the European Union or the countries covered by Article 19 of IPA Regulation,
- be directly responsible for the preparation and management of the action with their partners, not acting as an intermediary and have at least three years of experience in implementing and supporting projects facilitating the integration of Roma in Eastern Europe and/or the Balkans.

c) The essential selection criteria:

Experience in managing projects in the cumulative value of equivalent value; Sufficient technical expertise, especially knowledge of the issues to be addressed; Sufficient management capacity, including staff, equipment and ability to handle the budget for the action; Stable and sufficient sources of finance

d) The essential award criteria are relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.

e) Indicative amount of the call: 1,000,000 EUR

f) Maximum rate of EU co-financing:

The maximum possible rate of EU co-financing for grants under this call is 95 % of the eligible cost of the action. The maximum possible rate of EU financing may be up to 100% of the total cost of the action in accordance with Article 192 of Financial Regulation if full funding is essential for the action to be carried out. The necessity for full EU funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

g) Indicative date for launch of the call for proposals: Q1 2016

### 3 BUDGET

#### 3.1 INDICATIVE BUDGET TABLE - ACTION PROGRAMME FOR MONTENEGRO FOR 2015

	Titles	Indirect management with the IPA II beneficiary			Direct management by EU Delegation in Montenegro			MM	Total programme	Total EU Contribution
		EU Contribution	IPA II Beneficiary co-financing	Total expenditure	EU Contribution	IPA II Beneficiary co-financing	Total expenditure			
Objective 1 Democracy and Rule of Law CRIS 2014/32022	<b>Sector 1 - Democracy and Governance</b>	<b>1,684,580.34</b>	<b>1,587,580.34</b>	<b>3,272,160.68</b>	<b>2,450,654.66</b>	<b>0.00</b>	<b>2,450,654.66</b>		<b>5,722,815.34</b>	<b>4,135,235.00</b>
	Action 1 - EU Integration Facility				2,450,654.66		2,450,654.66	direct		
	Action 2 - Participation in Union Programmes and Agencies	1,684,580.34	1,587,580.34	3,272,160.68			0.00	IM		
	<b>Sector 2 - Rule of Law and Fundamental Rights</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>21,000,000.00</b>	<b>0.00</b>	<b>21,000,000.00</b>		<b>21,000,000.00</b>	<b>21,000,000.00</b>
	Action 3 - Support to implementation of IBM Strategy				20,000,000.00		20,000,000.00	direct (SBS)		
	Action 4 - Protection of the rights of Roma, Egyptians				1,000,000.00		1,000,000.00	direct		
	<b>TOTAL</b>	<b>1,684,580.34</b>	<b>1,587,580.34</b>	<b>3,272,160.68</b>	<b>23,450,654.66</b>	<b>0.00</b>	<b>23,450,654.66</b>		<b>26,722,815.34</b>	<b>25,135,235.00</b>

#### **4 IMPLEMENTATION MODALITIES AND GENERAL RULES FOR PROCUREMENT AND GRANT AWARD PROCEDURES**

##### **DIRECT MANAGEMENT:**

Part of this programme shall be implemented by direct management by the Commission / by the Union Delegations in accordance with article 58(1)(a) of the Financial Regulation and the corresponding provisions of its Rules of Application.

Procurement shall follow the provisions of Part Two, Title IV Chapter 3 of the Financial Regulation No 966/2012 and Part Two, Title II, Chapter 3 of its Rules of Application.

Grant award procedures shall follow the provisions of Part Two Title IV Chapter 4 of the Financial Regulation No 966/2012 and Part Two Title II Chapter 4 of its Rules of Application.

Under the Financial Regulation, Parts One and Three of the Financial Regulation and its Rules of Application shall apply to external actions except as otherwise provided in Part Two, Title IV.

The Commission may also use services and supplies under its Framework Contracts concluded following Part One of the Financial Regulation.

##### **Twinning:**

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

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

The twinning grant agreement shall be established in accordance with relevant provisions of Part Two Title IV Chapter 4 of the Financial Regulation and Part Two Title II Chapter 4 of its Rules of Application. Parts One and Three of the Financial Regulation and its Rules of Application shall apply to external actions except as otherwise provided in Part Two, Title IV.

##### **INDIRECT MANAGEMENT:**

Part of this programme shall be implemented by indirect management by Montenegro in accordance with Article 58(1)(c) of the Financial Regulation and the corresponding provisions of its Rules of Application.

The general rules for procurement and grant award procedures shall be defined in the Financing Agreement and the relevant delegation agreements between the Commission and the entrusted entity implementing such action.

#### **5 PERFORMANCE MONITORING ARRANGEMENTS**

As part of its performance measurement framework, the Commission shall monitor and assess progress towards achievement of the specific objectives set out in the IPA II Regulation on the basis of pre-defined, clear, transparent measurable indicators. The progress reports referred to in Article 4 of the IPA II Regulation shall be taken as a point of reference in the assessment of the results of IPA II assistance.

The Commission will collect performance data (process, output and outcome indicators) from all sources, which will be aggregated and analysed in terms of tracking the progress versus the

targets and milestones established for each of the actions of this programme, as well as the Country Strategy Paper.

In the specific context of indirect management by IPA II beneficiaries, National IPA Coordinators (NIPACs) will collect information on the performance of the actions and programmes (process, output and outcome indicators) and coordinate the collection and production of indicators coming from national sources.

The overall progress will be monitored through the following means: a) Result Orientated Monitoring (ROM) system; b) IPA II Beneficiaries' own monitoring; c) self-monitoring performed by the EU Delegations; d) joint monitoring by DG NEAR and the IPA II Beneficiaries, whereby the compliance, coherence, effectiveness, efficiency and coordination in implementation of financial assistance will be regularly monitored by an IPA II Monitoring committee, supported by Sectoral Monitoring committees, which will ensure a monitoring process at sector level.