

## ANNEX

### to the Commission Implementing Decision adopting an Annual Action Programme for Montenegro for the year 2020

#### 1 IDENTIFICATION

<b>Beneficiary</b>	Montenegro
<b>Basic act:</b>	Instrument for Pre-accession Assistance (IPA-II) <i>Western Balkans</i>
<b>CRIS/ABAC Commitment references and budget line(s):</b>	2020/CRIS/042-142 EUR 7 050 000 from 22.02 01 01 2020/CRIS/042-145 EUR 15 000 000 from 22.02 01 02
<b>Total cost:</b>	EUR 24 885 734.97
<b>EU Contribution:</b>	EUR 22 050 000
<b>Method of implementation</b>	<p><b>Direct management by the European Commission</b></p> <p>Action 2 - EU Integration Facility</p> <p>Action 3 – EU for Rule of Law III</p> <p>Action 4 – EU for strengthening the competitiveness and innovation capacity of the private sector of Montenegro</p> <ul style="list-style-type: none"> <li>• Result 1 – Private sector development and industry competitiveness increased with a focus on small and medium enterprises (SMEs) and support for female and young entrepreneurs. <ul style="list-style-type: none"> <li>○ Activity A.1 – Advanced business development services for improving the capacities of SMEs</li> </ul> </li> <li>• Result 3 – Administrative capacity and level of alignment to the EU <i>acquis</i> in the field of Competitiveness and Innovation increased <ul style="list-style-type: none"> <li>○ Activity A.2 - Provision of horizontal assistance for increasing the capacity of relevant institutions for harmonisation and implementation of <i>acquis</i> in the area of Competitiveness and Innovation</li> </ul> </li> </ul> <p>Action 5 – EU for smart and inclusive growth -</p>

	<p>education, employment and social inclusion 2020.</p> <ul style="list-style-type: none"> <li>• Result 2 – Strengthened capacities to implement sector wide approach and assume obligations deriving from the EU accession process in Education, Employment and Social Policies (EESP) sector in line with the relevant EU <i>acquis</i>. <ul style="list-style-type: none"> <li>○ Activity 2.1 - Improved evidence-based policymaking, implementation practices and coordination in the EESP sector and strengthened capacities to participate in the European Social Fund (ESF).</li> </ul> </li> <li>• Result 3 – Reduced mismatch between education supply and labour market needs <ul style="list-style-type: none"> <li>○ Activity 3.1 - Improved quality of education process and relevance of its outcomes (Technical Assistance (TA) Component)</li> </ul> </li> </ul> <p><b>Indirect management with Montenegro</b></p> <p>The Operating structures responsible for the implementation of the actions are:</p> <p><i>1. Directorate for Management Structure</i></p> <p>Action 1 – Support to Participation in Union Programmes – Implementation will consist in the payment of the IPA part of the financial contribution to the programmes by the National Fund</p> <p><i>2. Directorate for Finance and Contracting of the EU Assistance Funds (CFCU)</i></p> <p>Action 4 – EU for strengthening the competitiveness and innovation capacity of the private sector of Montenegro – All activities except:</p> <ul style="list-style-type: none"> <li>• Activity A.1 under Result 1</li> <li>• Activity A.2 under Result 3</li> </ul> <p>Action 5 – EU for smart and inclusive growth - education, employment and social inclusion 2020 –</p> <p>All activities except:</p> <ul style="list-style-type: none"> <li>• Activity 2.1 under Result 2</li> <li>• Activity 3.1 under Result 3</li> </ul>
<p><b>Final date for concluding <u>Financing Agreement(s)</u> with the IPA II beneficiary</b></p>	<p>At the latest by 31 December 2021</p>
<p><b>Final date for contracting,</b></p>	<p>3 years following the date of conclusion of the</p>

<b>including the conclusion of contribution/delegation agreements</b>	Financing Agreement
<b>Indicative operational implementation period</b>	6 years following the date of conclusion of the Financing Agreement.
<b>Final date for implementing the Financing Agreement</b> (date by which this programme should be de-committed and closed)	12 years following the conclusion of the Financing Agreement.

## DESCRIPTION OF THE ACTION PROGRAMME

### 1.1 SECTORS SELECTED UNDER THIS ACTION PROGRAMME

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

The Annual Action Programme (AAP) for Montenegro for the year 2014 contributed to the achievement of the objectives identified in the Indicative Strategy Paper 2014-2020 (ISP) of Montenegro and its subsequent revision<sup>1</sup> through formulating actions covering six of the eight priorities defined in the ISP. The first sectors initially covered by IPA II funds included *democracy and governance, the rule of law and fundamental rights, environment and climate action, transport, competitiveness and innovation, and the Agriculture and rural development* sector.

The *Annual Action Programme for Montenegro for the year 2015* covered *Democracy and governance* and the *Rule of law and fundamental rights* sectors. It also included the first sector budget support programme aimed at supporting the implementation of the integrated border management strategy.

In 2015, Montenegro developed a *Regional Development Operational Programme 2016-2020 (RDOP)* to provide a multiannual framework for IPA programming in *environment, competitiveness and transport* sectors. Two actions, focusing on economic development and growth by providing assistance to the environment and climate action and competitiveness and innovation sectors, were included in the *Action Programme for the year 2016*. A third action aiming at the improvement and development of the transport sector was included in part 1 of the *Annual Action Programme for Montenegro for the year 2017*.

The *Annual Action Programme for Montenegro for the year 2017* part 2 strengthened and complemented the existing EU support to the democracy and governance sector targeting the area of public administration reform (PAR) as public administration reform is one of the key priorities of the Enlargement Strategy.

*In 2018, the Annual Action Programme for Montenegro* addressed issues concerning Democracy and Governance, Rule of Law and Fundamental Rights and Competitiveness and Innovation, Agriculture and Rural Development. In addition, the AAP 2018 included an action funded under the performance reward granted to Montenegro in the area of Education, Employment and Social Policies focusing in the area of Health.

*The Annual Action Programme for Montenegro for the year 2019* continued its support in the environment, climate action and energy sector by passing from a capacity building approach in 2016 to an infrastructure development and investment phase in 2019. The programme also supported the transport sector with further investments in the railway transport to support the corridor Bar-Belgrade, the modernisation of the network and the promotion of inter-modality systems.

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<sup>1</sup> Commission Implementing Decision C(2018) 5026 of 3.8.2018 amending Commission Decision C(2014)5771 of 18.8.2014 adopting the Indicative Strategy Paper for Montenegro for the period 2014-2020

In 2020, the Annual Action Programme will target the sectors of Democracy and Governance, Rule of Law, Competitiveness and Innovation and Education, Employment and Social Issues.

As regards the area of **Rule of Law and Fundamental Rights**, the activities under this Action target the following key needs and results from the revised Indicative Strategy Paper for Montenegro 2014-2020, after the 2018 mid-term review:

- To strengthen efficiency and professionalism of the judiciary.
- To rationalise the judicial network.
- To strengthen the independence and capacity of the Centre for Training in Judiciary and State Prosecution Service.
- To provide for reliable and comprehensive system of judicial statistics.
- To fight against drug smuggling, trafficking in human beings and money-laundering.
- To improve technical equipment, including information technology (IT) databases, adequately train human resources and reinforce inter-institutional cooperation.
- Enhanced independence, efficiency and professionalism of the judiciary and strengthened integrity safeguards.
- Improved coherence and consistency of jurisprudence and improved enforcement of judicial rulings.
- Increased efficiency of and co-operation between the law enforcement agencies.
- Reduced level of organised and serious crime and a solid track record of investigations, prosecutions, final convictions, and recovery of assets in corruption and organised crime cases developed.

Concerning the sector of **Competitiveness and Innovation** the action contributes to support the achievement of the revised ISP expected results, notably with respect to:

- Development of a Smart Specialisation Strategy.
- Small Business Act recommendations (SME Policy Index) regularly followed up and implemented.

The Action proposed under the sector or **Education, Employment and Social Policies (EESP)** is fully in line with the overall objective in the revised ISP for Montenegro and will address the mismatch between the skills demanded in the labour market and those offered by the education and training system.

Some of the ISP's key results that will be targeted by this Action are:

- Improved employability of human resources through modernising the vocational, educational, training and research systems in Montenegro, updating their teaching methods and enhancing their mobility opportunities.
- Improved connection of the vocational, educational, research and social protection systems with the needs of the labour market and overall economy.
- Improved access to health, education and employment opportunities for all citizens, with a particular focus on socially disadvantaged or marginalised groups.

In addition to the above mentioned sectors, the AAP 2020 will contribute to the Participation in Union Programmes with an allocation of EUR 1 000 000 and will set up a new EU Integration Facility (EUIF) with EUR 3 550 000 contribution under the **Democracy and Governance sector**. Action 1 ensures Montenegro's participation in European Programmes by co-financing the participation fees or entry tickets. The EU Integration Facility focuses mainly on technical support and capacity building related to the EU accession process. By ensuring the effectiveness and impact of actions financed through IPA II, the EUIF will also help the preparation for future cohesion and structural funds. In addition, special attention will be granted to ensuring good communication and visibility of EU actions in specific sectors as well as performing programme evaluations that will inform and steer preparation of future IPA III programmes.

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

#### Rule of Law and Fundamental Rights

The Action supporting the Rule of Law in Montenegro takes into account previous support provided to the country such as "EUROL I" under IPA I, "EUROL II" and "Results Oriented Review of the Delivery of Justice in Montenegro" under IPA II. The current support will be a continuation of past assistance building up on sustainable results achieved by national authorities. Specific attention has been granted to the outcomes and good practices identified during the implementation of EUROL II as well as to the recommendations of the recent evaluation on EU Support on Rule of Law. Following past experience, the following issues have been taken into consideration while developing this Action and will be important during its implementation:

- Proper analysis and adequate planning and sequencing increase the sustainability of actions and absorption capacity.
- Given the complexity and diversity of the sector, the success of any intervention depends on adequate planning and cooperation.
- Communication and coordination with negotiating structures is essential for quality programming and implementation.
- Quality of donor coordination is precondition for sustainable results.
- Policies that ensure efficient human resources management and investments in new technologies should be carefully planned during the process.
- Adequate financial framework should be carefully planned and provided in line with strategic prioritisation.
- Importance of stakeholder's proactive and meaningful participation during project implementation and planning of activities should be ensured by an efficient participation mechanism.
- The implementation of the Joint Action Plan on Counter-Terrorism for the Western Balkans, signed by the EU and all Western Balkans partners (including Montenegro) on 5 October 2018 in Tirana, through a Counter-Terrorism Arrangement between the European Commission and Montenegrin authorities.

The action will continue to build on the donor coordination matrix developed by the Ministry of Justice to ensure complementarities among different stakeholders and synergies with other donor activities.

### Competitiveness and Innovation

Assistance under IPA II 2014 – 2020 in the Competitiveness and Innovation sector has focused on three main pillars of intervention:

- Enhancement of the business environment and private sector development.
- Improvement of innovation capacity of private sector.
- Administrative capacity and level of alignment to the EU *acquis*.

Planning and programming of the current Action took into consideration past experiences through the previous process of programming and implementation of IPA 2014 and IPA 2016 and was designed to contribute to overcome several issues by:

- Improving communication and coordination among projects.
- Increasing administrative and monitoring capacity.
- Better linkages between the EU assistance to national sector strategies and action plans and the Montenegrin economy.

Both IPA 2014 and IPA 2016 Actions aimed at improving technical and administrative capacities of the relevant institutions in related chapters. IPA 2014 project *Technical Assistance for Alignment and Implementation of the EU Internal Market acquis – AIM II* is particularly of high relevance for Montenegro, since it is intended to be one of the key instruments for further advancement of the country towards the full membership in the EU, within the area of free movement of goods and consumer protection.

The programme will take into account other important programmes currently financed by other organisations and donors such as:

The project "*Strengthening the capacity to accelerate the process of negotiations with the European Union*", financed by the **Norwegian Ministry of Foreign Affairs**, implemented by the United Nations Development Programme (UNDP) in Montenegro, in cooperation with the Office for European Affairs and the General Secretariat of the Government of Montenegro, engaged three experts to support the government in the negotiations of Chapter 8 – Competition.

The **EBRD** is promoting the implementation of a fair and competitive business environment in Montenegro with a capacity building project for the National Agency for the Protection of Competition. The project includes training for staff and judges on merger and antitrust cases, the introduction of econometric software to analyse competition cases and activities to raise public awareness about competition rules among businesses.

Montenegro also benefits from the **Western Balkans Enterprise Development and Innovation Facility (WB EDIF)** which is funded by the EU and managed by the European Investment Fund (EIF). The programme aims at improving access to finance to SMEs in the Western Balkans.

## Education, Employment and Social Policies

In the EESP sector, past IPA assistance focused on issues of labour market performance and quality education attainment. As regards social inclusion, significant efforts have been invested in developing the law on social welfare and child protection and creating the necessary structures, particularly addressing the problems of children, minority groups and internally displaced people.

For the period 2015-2017, the Multi-annual action programme on Employment, Education and Social policies (SOPEES) was programmed, worth EUR 15.3 million. There are four actions to be implemented through this Programme:

- Improving the Labour Market and Increasing Employability;
- Enhancing the Education System;
- Improving Social Inclusion and Social and Child Protection System;
- Technical Assistance.

This action will build upon results and lesson learned under SOPESS and will go a step further taking new and innovative approaches to tackle persisting and new challenges in education, employment and social policy.

Regarding other donors active in this sector, UNDP provides support for social inclusion; UNICEF's priority is child protection and social inclusion; the Council of Europe Development Bank (CEB) provides support for education, health and social housing; and Kreditanstalt für Wiederaufbau (KfW) and the World Bank support higher education.

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

Sector/Priority/Action	Direct management [EUR]	Indirect management	
		With entrusted entity [EUR]	With IPA II beneficiary [EUR]
<b>Democracy and Governance</b>			
Action 1 – Support to participation in Union Programmes	0	0	1 000 000
Action 2 – EU Integration Facility	3 550 000	0	0
<b>TOTAL</b>	<b>3 550 000</b>	<b>0</b>	<b>1 000 000</b>
<b>Rule of Law</b>			
Action 3 – EU for Rule of Law III	2 500 000	0	0
<b>TOTAL</b>	<b>2 500 000</b>	<b>0</b>	<b>0</b>
<b>Competitiveness and Innovation, Agriculture and Rural Development</b>			
Action 4 – EU for strengthening the competitiveness and innovation capacity of	1 997 500	0	2 002 500



the private sector of Montenegro			
<b>TOTAL</b>	<b>1 997 500</b>	<b>0</b>	<b>2 002 500</b>
<b>Education, Employment and Social Policies</b>			
Action 5 – EU for smart and inclusive growth - education, employment and social inclusion 2020	2 600 000	0	8 400 000
<b>TOTAL</b>	<b>2 600 000</b>	<b>0</b>	<b>8 400 000</b>
<b>TOTAL</b>	<b>10 647 500</b>	<b>0</b>	<b>11 402 500</b>

## 1.2 DESCRIPTION AND IMPLEMENTATION OF THE ACTIONS

The envisaged assistance is deemed to follow the conditions and procedures set out by the restrictive measures adopted pursuant to Article 215 TFEU<sup>2</sup>.

<b>SECTOR</b>	<b>Democracy and Governance</b>	<b>EUR 4 550 000</b>
<b>Action 1</b>	<b>Support to Participation in Union Programmes</b>	<b>EUR 1 000 000</b>

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

- Description of the action and objectives

The Union Programmes are a series of integrated measures promoted by the European Union, aimed at strengthening the co-operation among the Member States regarding EU policies for a period of time. Union Programmes are financed from the general budget of the European Union, covering different areas: from environmental protection, research and innovation, energy and transport to the development of entrepreneurship and competitiveness, and they represent significant instruments for defining and conducting internal EU policies. For Montenegro, as candidate country which negotiates accession to the EU, the participation in these programmes represents an opportunity to be better prepared for accession and also to familiarise itself with the EU policies and operating methods.

The *objective* of this Action is to ensure participation of Montenegro in Union Programmes by co-financing the costs of the entry-tickets/participation fees to be paid by Montenegro as set out in the respective international agreements governing the participation in Union programmes in areas such as justice, education, science, culture, employment, entrepreneurship and innovation, taxation, custom system and IT technological development.

- Expected results and key performance indicators

The following *expected results* are foreseen:

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

The results achieved will be measured by the following *indicators*:

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<sup>2</sup> www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

- Number of programmes for which an International Agreement has been concluded;
- Number of institutions/organisations fully benefiting under EU Programmes and initiatives;
- Montenegro's competent institutions receive reimbursement of entry-tickets in a timely manner;
- Level of ownership and commitment of Montenegro, including in financial terms, over participation in Union programmes;
- Level of awareness in the country on the Union Programmes (e.g. level of participation and interest in the various programmes);
- Level of engagement and outreach with minority communities, to the extent applicable, for each specific programme in the country.

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

The following assumptions have been identified:

- Timely defined Union programmes novelties within IPA III perspective considering that within this action funds are planned for reimbursement of the fees for the first programming year of IPA III perspective (2021);
- The responsible line ministries ensure timely payment of the total entry ticket, as well as timely and documented requests for reimbursement;
- Responsible ministries continuously facilitate the support to applicants' participation in the programmes, in a transparent and non-discriminatory way;
- National Contact Points and line ministries are regularly communicating with beneficiaries and potential EU Programmes applicants.

Failure to comply with the requirements set out above may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

## **(3) Implementation modalities:**

### **(3)(a) *Indirect management* with Montenegro**

Implementation will consist in the payment of the IPA part of the financial contribution to the programmes by the Directorate for Management Structure.

<b>Action 2</b>	<b><i>EU Integration Facility</i></b>	<b><i>EUR 3 550 000</i></b>
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**(1) Description of the Action, objectives, expected results and key performance indicators**

- Description of the action and objectives

This action will provide effective and efficient response to emerging priorities linked to the EU accession process as well as to improve the quality and maturity of planning and programming documents and to support effective implementation and visibility of EU assistance.

This action focuses mainly on technical support and capacity building related to the EU accession process and it should ensure adequate visibility, effectiveness and impact of actions financed through IPA II. The EU Integration Facility provides flexible support to the national authorities aimed at addressing specific needs identified in the course of the implementation of IPA II, but it may also be used in ad-hoc circumstances where EU assistance is required and/or suggested.

The **objective** of the action is to support Montenegro in the successful conducting of EU accession, including compliance with cohesion and structural funds related rules and standards.

- Expected results and key performance indicators

The **expected results** of this action are:

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

The achievement of the results envisaged by the action will be measured by the following **indicators**:

- Number of projects focusing on capacity building activities under the EUIF;
- Percentage of successful EUIF applications;
- Number of Actions Programmes adopted by the European Commission.

**(2) Assumptions and conditions**

Assumptions for this action are:

- Continued commitment of government structures to the accession process;
- Ensured adequate staff for state administration;
- All relevant coordination mechanisms established and functioning;
- Availability and commitment of staff for capacity building interventions.

Failure to comply with the requirements set out above may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

### **(3) Implementation modalities:**

**(3)(a) *Indirect management*** with international organisation.

(i) A part of this action may be implemented in indirect management with an entity which will be selected by the Commission services using the following criteria: nature of the action, operational and technical capacity, value added, transparency and absence of conflict of interest. The implementation by this entity entails the activities deemed necessary to be implemented under Indirect Management with International Organisations. This modality will contribute to achieve both results mentioned in section 1. Its use will depend on the beneficiary's needs and requests.

**(3)(b) *Direct management (project approach)***

#### **Procurement:**

The envisaged procurements will contribute to achieving all results of the action. The action provides flexible support to the national authorities aimed at addressing specific needs identified in the course of the implementation of IPA II, including ad hoc requests. Scope covered by the procurement will depend on the specific request of the beneficiary. The global budgetary envelope reserved for procurement: EUR 2 500 000.

#### **Grants**

a) **Purpose of the grants:**

Potential grants would address all objectives and results of the action depending on the specific request of the beneficiary.

In case of twinning contracts the result targeted would be to provide support to legislative and institutional capacities of Montenegrin administration for transposition and implementation of the *acquis* and capacities for leading and carrying out the accession negotiations.

b) **Type of applicants targeted:**

In case of grants:

Legal entities, natural persons or groupings without legal personality, local authorities, public bodies, international organisations.

In the case of Twinning:

Applicants must be EU Member State administrations or their mandated bodies.

The global budgetary envelope reserved for grants: EUR 1 050 000

### **(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.

Without prejudice to the above, the Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

<b>SECTOR</b>	<b><i>Rule of Law and Fundamental Rights</i></b>	<b><i>EUR 2 500 000</i></b>
<b>Action 3</b>	<b><i>EU for Rule of Law</i></b>	<b><i>EUR 2 500 000</i></b>

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

- Description of the action and objectives

The support provided by this action is in line with the Commission's commitment to the 'Fundamentals First' approach in the enlargement process. The aim is to ensure further improvement of the Justice and Law enforcement system, in supporting the accountability, transparency, efficiency and professionalism of the judiciary, establishing a concrete and sustained track record of tackling corruption, money laundering/terrorist financing, trafficking in human beings, organised crime, including cybercrime, and terrorism as well as improving the results on confiscation of proceeds of crime in Montenegro.

Activities will primarily involve coaching and mentoring by EU Member States judges/prosecutors/police and peer-to-peer exchange among national and EU experts with possibility for hands-on transfer of experience. A limited number of *ad hoc* study visits might be foreseen.

The Action aims also to improve Montenegro's ability to deliver concrete results and strengthen its track record on fighting corruption, organised crime and terrorism by further strengthening of international and regional judicial cooperation, the increase of general and specific knowledge of the judicial office holders about the EU, its legal system and judicial practice of the courts of EU.

In this context, the ***Objective*** of the Action is to prepare Montenegro for accession to the EU by assisting it to align with and effectively implement the relevant EU *acquis* and European standards in the fields of justice, freedom and security.

- Expected results and key performance indicators

The ***Expected Results*** of this Action are:

- Improved track record in fighting organised crime, corruption and terrorism/violent extremism, both offline and online;
- Improved efficiency and performance of the judiciary;
- Improved Judicial Cooperation;

- Improved performance of the Institutions involved in meeting standards under Chapters 23 (Judiciary and fundamental rights) and 24 (Justice, freedom and security).

The achievement of the results envisaged by the action will be measured by the following *indicators*:

- Increased number of detections, investigations, prosecutions and final decisions on organised crime, terrorism, anti-money laundering/terrorist financing and corruption charges;
- Number of Interpol communications;
- Advance Passenger Information / Passenger Name Record (API/PNR) system in place;
- Asset Recovery Office fully operational and in line with EU standards;
- Number of replies to asset tracing requests by the Asset Recovery Office of Montenegro and number of asset tracing requests sent to the Asset Recovery Offices of the EU Member States;
- Number of freezing and confiscation orders issued and estimated value of the assets frozen or confiscated;
- Rate of implementation of the measures planned in the Strategy for the Reform of the Judiciary 2019-2022 and its Action plan;
- Rate of implementation of concrete rationalisation measures;
- Rate of implementation of the Information and Communication Technology (ICT) Strategy in the Judiciary 2016-2020;
- Increased number of court-to-court direct cooperation;
- Improved rate of answers to Mutual Legal Assistance (MLA) requests from third countries in a given period of time;
- Increased number of MLA requests transmitted to third countries;
- Increased number of judges and prosecutors with a sufficient level of English language to process requests in English;
- Normative and technical conditions for the European Criminal Records Information Exchange System (ECRIS) established;
- Number of ad hoc trainings and assistance;
- Rate of support in legislation (i.e alignment on adoption of procedural rights);
- Number of procured equipment.

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

The main assumptions for the success of this Action are:

- Political commitment to EU Accession and for gradual alignment with Chapters 23 (Judiciary and fundamental rights) and 24 (Justice, freedom and security);
- Support and commitment of relevant institution;
- Government of Montenegro ensures budgeting, staffing and operational means.

Failure to comply with the requirements set out above may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

### ***(3) Implementation modalities***

#### ***(3)(b) Direct management (project approach)***

##### **Grants:**

c) **Purpose of the grants:**

The call for proposals will contribute to achieving all objectives mentioned in section 1.

d) **Type of applicants targeted:**

The applicants targeted are EU Member States administrations or their mandated bodies.

The **global** budgetary envelope reserved for grants: EUR 2 500 000.

This call might be launched under a suspensive clause prior to the adoption of this decision. This is justified because of the urgency to minimise the gap between the current ongoing EUROL II assistance and the new action in order to ensure sustainability and preserve achievements accomplished by the action.

#### **(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.

Without prejudice to the above, the Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

<b>SECTOR</b>	<b><i>Competitiveness and Innovation and Agriculture and Rural Development</i></b>	<b><i>EUR 4 000 000</i></b>
<b>Action 4</b>	<b><i>EU for Strengthening the competitiveness and innovation capacity of the private sector of</i></b>	<b><i>EUR 4 000 000</i></b>



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

- Description of the action and objectives

This action is designed as an extension of the Action 2 *Strengthening the Competitiveness and Innovation sector of Montenegro* under *Country Action Programme for Montenegro for the year IPA 2016* and it will add value to Montenegrin economy.

It contributes to the increase of SMEs competitiveness and innovation capacity with a focus on providing adequate advisory services to the private sector, supporting development of the Smart Specialisation Strategy (S3) and assisting woman and youth entrepreneurship development in order to strengthen the capacity of the SMEs to create decent jobs. In addition, it will support the increase of administrative capacity and level of alignment to the EU *acquis* in the field of competitiveness and innovation.

Thus, the *objective* of this Action is to support the development of the private sector, particularly encouraging female and youth entrepreneurship and self-employment, and of a knowledge-based economy in Montenegro, in line with the EU *acquis*.

- Expected results and key performance indicators

The *expected results* of this Action are:

- Private sector development and industry competitiveness increased with a focus on small and medium-sized enterprises (SMEs) and support for female and young entrepreneurs;
- Private sector innovation capacity increased with a focus on innovative SMEs working on the implementation of the upcoming S3;
- Administrative capacity and level of alignment to the EU *acquis* in the field of Competitiveness and Innovation increased.

The achievement of the results envisaged by the action will be measured by the following *indicators*:

*Result 1*

- Number of SMEs receiving non-financial support;
- Number of approved grants for female entrepreneurs;
- Number of approved grants for young entrepreneurs;
- Number of persons trained within responsible institutions (such as the Ministry of Economy) for providing advisory services for SMEs.

*Result 2*

- Number of SMEs receiving S3 grants;
- Number of institutions staff trained within responsible institutions (research institutions, SMEs and national coordinating body);

- Number of SMEs receiving non- financial support for implementation of S3 Strategy;
- Number of researches involved in the grant scheme

*Result 3*

- Number of institutions involved in competitiveness and innovation policies equipped;
- Number of staff trained to implement competitiveness and innovation policy.

**(2) Assumptions and conditions**

Montenegro will also undertake to ensure that the following conditions underlying the action are fully met throughout its implementation, as well as after its completion:

- Effective cooperation among the Ministries and beneficiary institutions responsible for various aspects of Competitiveness, innovation, agriculture and rural development;
- Implementation of the assistance under IPA 2014 and IPA 2016 initiated and the results used in the inception of the activities under this Action Programme;
- Adoption of rights-based policy documents related to this sector (Strategy, Action plan, Feasibility study, Strategic (business) Plan) which are based on reliable data, duly costed and consulted with the relevant internal and external stakeholders;
- Successful continuation and realisation of planned activities and commitment of all parties involved (Ministry and other stakeholders) to actively participate in the project;
- Montenegro remains committed to undertake horizontal public administration reforms;
- Costs of maintenance and operation for new institutions and equipment, as well as salaries of new staff are envisaged and ensured.

Failure to comply with the requirements set out above may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

**(3) Implementation modalities:**

**(3)(a) Indirect management**

This action will be implemented under indirect management by Montenegro, which shall be responsible for carrying out all the tasks relating to the implementation of the action.

The Operating Structure responsible for the execution of the actions is:

Directorate for Finance and Contracting of the EU Assistance Funds (CFCU).

The Ministry of Economy will play an important technical role during the implementation of this Action.

In particular, the beneficiary country 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.

***(3)(b) Direct management (project approach)***

**Procurement:**

*The procurement envisaged will contribute to the achievement of*

- ***Activity A.1 Advanced business development services for improving the capacities of SMEs*** under the Result 1 - Private sector development and industry competitiveness increased with a focus on SMEs and support for female and young entrepreneurs.
- ***Activity A.2 Provision of horizontal assistance for increasing the capacity of relevant institutions for harmonisation and implementation of acquis in the area of Competitiveness and Innovation*** under Result 3 - Administrative capacity and level of alignment to the EU *acquis* in the field of Competitiveness and Innovation increased.

The global budgetary envelope reserved for procurement: EUR 1 997 500.

**(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.

Without prejudice to the above, the Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

<b>SECTOR</b>	<b><i>Education, Employment and Social Policies</i></b>	<b><i>EUR 11 000 000</i></b>
<b>Action 5</b>	<b><i>EU for Smart and Inclusive Growth – education, employment and social inclusion 2020</i></b>	<b><i>EUR 11 000 000</i></b>

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

- Description of the action and objectives

This Action will contribute to smart and inclusive economic growth and gender equality in Montenegro by improving decent work opportunities for all citizens and improving social integration of groups living in vulnerable situations, paying particular focus on women and girls of those groups. These outcomes will be achieved through enhanced inclusion and employability of the long-term unemployed, with the focus on social welfare beneficiaries, women, youth and persons with disabilities, by supporting life in the community and through local initiatives for employment.

In the process of accession relevant institutions need to strengthen their capacities to implement sector wide approach and assume obligations deriving from the EU accession process in the Education, Employment and Social Policies sector (EESP) in line with the Chapter 2 (Freedom of movement for workers), Chapter 19 (Social policy and employment), Chapter 22 (Regional policy and coordination of structural instruments) and Chapter 26 (Education and culture).

Finally, the quality of education process and its outcomes need to be improved in order to be more relevant for the labour market and reduce mismatch between education supply and labour market needs.

The **objectives** of this Action are:

- Improved employment opportunities for all citizens, with a particular focus on the long-term unemployed and women;
  - Improved social integration of marginalised and vulnerable groups.
- Expected results and key performance indicators

The **expected results** of this Action are:

- Enhanced employability and inclusion of the long-term unemployed in the labour market and local community, with the focus on social welfare beneficiaries, women, youth, low-skilled unemployed and persons with disabilities, by supporting life in the community and through local partnerships initiatives for employment as well as progress on social entrepreneurship;
- Strengthened capacities to implement sector wide approach and assume obligations deriving from the EU accession process in EESP sector (in line with Chapter 2 (Freedom of movement for workers), Chapter 19 (Social policy and employment), Chapter 22 (Regional policy and coordination of structural instruments) and Chapter 26 (Education and culture));
- Reduced mismatch between education supply and labour market needs.

The achievement of the results envisaged by the action will be measured by the following **indicators**:

- Participation rate of vulnerable groups in active labour market measures (sex disaggregated);
- Average number of social welfare services implemented in the local self-governments per year;
- Number of innovative social service users (sex disaggregated);
- Implementation of Performance Assessment Framework;

- Number of developed individual organisational development strategies for all key organisations involved in the management/implementation of future ESF funds;
- Share of educational programs (curriculum) based on the learning outcomes and qualification standards;
- Share of practical teaching (educational programs) implemented in work-based environment;
- Number of newly licenced providers of adult education.

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

In order to ensure an effective and timely implementation of the action, the following conditions should be met:

- Government of Montenegro continuous support to European Integration process and implementation of the EU accession negotiations advancing;
- Continuous commitment and cooperation between national and local institutions in planning and implementation of the activities and their commitments towards improving quality and range of local social services;
- Adequate capacities of local stakeholders (public bodies, civil society organisations, non-governmental organisations, private companies, individuals and other service providers as envisaged by legal framework) to participate and implement the measures;
- Adequate capacities in relevant institutions to support and coordinate policy making and implementation process in EESP sector and low fluctuation in staff working in the beneficiary institutions;
- Continuous support for social inclusion policy and active participation of business sector in social partnership in education;
- Adequate concrete measures are put in place to ensure social economy can grow. These include first mitigating then removing legal and institutional obstacles as well as implementing financial and knowledge support measures before the end of the implementation period.

Failure to comply with the requirements set out above may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

## **(3) Implementation modalities:**

### ***(3)(a) Indirect management***

This action will be implemented under indirect management by Montenegro, which shall be responsible for carrying out all the tasks relating to the implementation of the action.

The Operating Structure responsible for the execution of the actions is:

Directorate for Finance and Contracting of the EU Assistance Funds (CFCU)

In the context of the institutional framework for EESP sector, the following institutions have been responsible for programming, and will have an important role during the implementation, monitoring and evaluation of the interventions foreseen under this Action:

The Ministry of Labour and Social Welfare, Ministry of Education, Ministry of Science, as well as NIPAC Office within the European Integration Office together with implementing agencies.

The Ministry of Labour and Social Welfare (MLSW) is Sector Lead Institution (SLI).

In particular, the beneficiary country 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.

### ***(3)(b) Direct management (project approach)***

#### **Procurement:**

The procurement foreseen in this Action will contribute to achieving all the objectives mentioned in Section 1, and specifically:

- ***Activity 2.1 Improved evidence-based policymaking, implementation practices and coordination in the EESP sector and strengthened capacities to participate in ESF*** under Result 2 - Strengthened capacities to implement sector wide approach and assume obligations deriving from the EU accession process in EESP sector, in line with Chapter 2 (Freedom of movement for workers), Chapter 19 (Social policy and employment), Chapter 22 (Regional policy and coordination of structural instruments) and Chapter 26 (Education and culture).
- ***Activity 3.1 Improved quality of education process and relevance of its outcomes (TA component)*** under Result 3 - Reduced mismatch between education supply and labour market needs.

The global budgetary envelope reserved for procurement: EUR 2 600 000.

### **(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.

Without prejudice to the above, the Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

## **2 BUDGET**

## 2.1 INDICATIVE BUDGET TABLE - ANNUAL ACTION PROGRAMME FOR MONTENEGRO

		Indirect management		Direct management	Total EU contribution (EUR)	IPA-II beneficiary or other third party contribution (EUR)	Total (EUR)
		with IPA-II beneficiary	with entrusted entity				
		EU contribution (EUR)	EU contribution (EUR)	EU contribution (EUR)			
<b>Objective 1</b>	<b>01 - Democracy and Governance</b>	<b>1 000 000</b>	<b>0</b>	<b>3 550 000</b>	<b>4 550 000</b>	<b>1 000 000</b>	<b>5 550 000</b>
	Action 1 - Support to Participation in Union Programmes	<b>1 000 000</b>	<b>0</b>	<b>0</b>	<b>1 000 000</b>	<b>1 000 000</b>	<b>2 000 000</b>
	Action 2 - EU Integration Facility	<b>0</b>	<b>0</b>	<b>3 550 000</b>	<b>3 550 000</b>	<b>0</b>	<b>3 550 000</b>
	<b>02 Rule of Law</b>			<b>2 500 000</b>	<b>2 500 000</b>	<b>0</b>	<b>2 500 000</b>
	Action 3 - EU for Rule of Law III	<b>0</b>	<b>0</b>	<b>2 500 000</b>	<b>2 500 000</b>	<b>0</b>	<b>2 500 000</b>
	<b>TOTAL</b>	<b>1 000 000</b>	<b>0</b>	<b>6 050 000</b>	<b>7 050 000</b>	<b>1 000 000</b>	<b>8 050 000</b>
<b>Objective 2</b>	<b>05 - Competitiveness, Innovation, Agriculture and Rural Development</b>	<b>2 002 500</b>	<b>0</b>	<b>1 997 500</b>	<b>4 000 000</b>	<b>353 382</b>	<b>4 353 382</b>
	Action 4 - EU for Strengthening the competitiveness and innovation capacity of the private sector of Montenegro	<b>2 002 500*</b>	<b>0</b>	<b>1 997 500</b>	<b>4 000 000</b>	<b>353 382</b>	<b>4 353 382</b>
	<b>06 - Education, Employment and Social Policies</b>	<b>8 400 000</b>	<b>0</b>	<b>2 600 000</b>	<b>11 000 000</b>	<b>1 482 352.97</b>	<b>12 482 352.97</b>
	Action 5 - EU for Smart and Inclusive Growth - education, employment and social inclusion 2020	<b>8 400 000*</b>	<b>0</b>	<b>2 600 000</b>	<b>11 000 000</b>	<b>1 482 352.97**</b>	<b>12 482 352.97</b>
	<b>TOTAL</b>	<b>10 402 500</b>	<b>0</b>	<b>4 597 500</b>	<b>15 000 000</b>	<b>1 835 734.97</b>	<b>16 835 734.97</b>
	<b>TOTAL</b>	<b>11 402 500</b>	<b>0</b>	<b>10 647 500</b>	<b>22 050 000</b>	<b>2 835 734.97</b>	<b>24 885 734.97</b>

\* Includes EUR 50 000 for evaluation

\*\* Includes EUR 8 823.32 for evaluation

### **3 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 Indicative Strategy Paper.

In the specific context of indirect management by IPA II beneficiaries, National IPA Co-ordinators (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 the European Commission (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.

Gender-sensitive evaluation and monitoring, assessment of gender equality results and implementation of rights-based approach in terms of implementation of the project and project outcomes will be promoted.

### **4 EVALUATION**

Having regard to the importance of the action, a mid-term evaluation will be carried out for this action or its components through a joint mission via an implementing partner.

It will be carried out for problem solving, learning purposes, in particular with respect to future programming and the possibility to finance new actions under the sectors evaluated.

The evaluation reports shall be shared with the IPA II beneficiary 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 IPA II beneficiary, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.