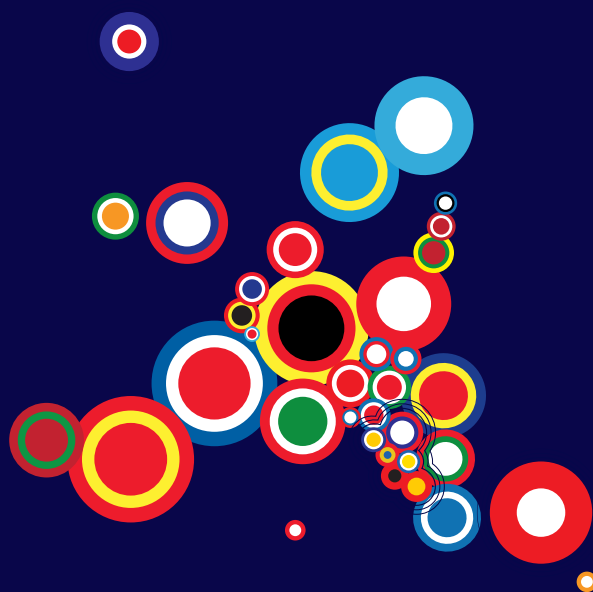




INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020

MONTENEGRO EU Integration Facility



Action summary

The Action aims at strengthening the capacity and accountability of the NIPAC Office, line Ministries and other stakeholders to improve the preparation for programming and implementation of IPA II assistance and ensure sector coordination in order to better prepare for EU membership. This objective will be achieved through the preparation of well targeted, mature and good quality action or sector documents, through the preparation of tender documentation or other preparatory studies or through the implementation of activities that will ensure the effective and timely implementation of IPA programmes. Some needs related to the negotiation process not addressed in the rest of the programme could also be addressed. Finally, evaluations of the actions could be carried out through this Facility.

Capacity building interventions will seek to enhance capacities of the NIPAC to coordinate the overall process and to increase the ownership and capacities of sector working groups, line ministries and other stakeholders to programme IPA funding more efficiently and better link it to the accession process.

Action Identification	
Action Programme Title	Annual Action Programme for Montenegro (2014)
Action Title	EU Integration Facility
Action Reference	IPA/2014/ 037-803.06/ME/EUIntegration
Sector Information	
IPA II Sector(s)	Democracy and Governance
DAC Sector	43010
Budget	
Total cost	EUR 4 604 080
EU contribution	EUR 4 604 080
Management and Implementation	
Method of implementation	Direct management
<i>Direct management:</i> EU Delegation	EU Delegation to Montenegro
Implementation responsibilities	/
Location	
Zone benefiting from the action	Montenegro
Specific implementation area(s)	/
Timeline	
Deadline for conclusion of the Financing Agreement	At the latest by 31 December 2015
Contracting deadline	3 years following the date of conclusion of the Financing Agreement, with the exception of the cases listed under Article 189(2) Financial Regulation
End of operational implementation period	6 years following the date of conclusion of the Financing Agreement

1. RATIONALE

PROBLEM AND STAKEHOLDER ANALYSIS

Montenegro applied for EU membership in December 2008 and was granted candidate status in December 2010. In June 2012, following the endorsement by the European Council, the accession negotiations with Montenegro were opened, marking the start of a more intensive phase in the accession process. The screening process was completed in May 2014, when the last screening report was processed by the Council. Montenegro's efforts in the context of accession negotiations will have to focus on fully meeting the political and economic Copenhagen criteria for EU membership, as well as the ability to assume the EU *acquis*.

In terms of EU financial assistance, Montenegro benefits from the Instrument for Pre-accession Assistance (IPA). IPA I covered the period 2007-2013 (EUR 235.7million) and IPA II covers the period 2014-2020 (indicatively EUR 270.5 million). The basis for programming assistance in the next seven-year period (2014-2020) is the *Indicative Strategy Paper for Montenegro (2014-2020)* (ISP) which introduces a sector approach to programming. The ISP has been prepared by the European Commission, in consultation with various national stakeholders, other donors and EU Member States.

Having in mind the scale of reforms necessary for accession and the available IPA funds, a key challenge for Montenegro is to focus funds on strategic interventions, while efficiently leveraging national commitments and resource allocations to address the EU accession priorities, ensuring that these are well targeted to achieve impact. In this respect, the institutional structures for programming, implementation and monitoring need to be set up or upgraded and appropriate coordination capacities need to be strengthened. In addition, sector priorities need to be more coherent, strategic and result oriented and translated into adequate measures, applying a sector wide approach and thus contributing to the policy objectives, and overall synergy of the accession process at country level. One of the major challenges for the Government of Montenegro (GoM), its state administration and institutions is to strengthen the administrative capacities for applying a sector wide and integrated planning approach in designing relevant, well targeted and articulated sector programmes and specific actions, meeting strategic needs to the EU accession process and thus ensuring an effective use of the available EU financial assistance.

The National IPA Co-ordinator (NIPAC) is the main counterpart of the European Commission for the overall process of strategic planning, coordination of programming, monitoring of implementation, evaluation and reporting of IPA II assistance. Having in mind the limited capacities of newly established structures, the new approach introduced by IPA II and state of play of the accession negotiation process, it is necessary to have a flexible instrument within IPA II, in order to provide timely assistance to the emerging needs in the accession process as well as in the programming of IPA II, thus increasing impact of the EU financial assistance.

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

The *Montenegro 2013 Progress Report* emphasised that project preparation and strategic planning capabilities of the authorities need to improve. The *ISP* for Montenegro stresses throughout the need for further improvement in the capacity of the authorities to implement, monitor and evaluate sector strategies.

The *ISP* also states that in order to improve the overall efficiency and effectiveness of delivering assistance to Montenegro, the European Commission is making a gradual transition from a project-based approach under IPA I (2007-2013) to a sector-based approach under IPA II (2014-2020). IPA II support will seek to strengthen the capacity of the national authorities to prepare national strategic documents, ensure sector coordination and monitor the implementation of such strategies and move towards multi-annual, performance-based budgeting.

In addition, IPA II support may also be mobilised in response to unforeseen priority needs relevant to the course of preparations for accession, which do not fall under the aforementioned priority sectors. This may include, but will not be limited to, ad hoc and short-term technical assistance, twinning projects and grants etc.

To increase the effectiveness of IPA II, all management modes, including direct management by the European Commission, indirect management by Montenegro or by accredited international organisations will be available; the decision on which mode to use will be made on a case-by-case basis with due regard to the management capacities of the beneficiary institution. Linked to this is also the capacity of Montenegrin national authorities to prepare mature actions and manage the implementation of EU funds in accordance with EU procurement and financial control standards.

SECTOR APPROACH ASSESSMENT

Montenegro currently meets some of the criteria for the sector approach in most of the sectors defined by the *ISP*. Lead institutions have been identified and sector working groups have been established. Comprehensive sector strategies are well developed for most sectors, except notably for long term and overarching strategies in the field of environment, agriculture and rural development, competitiveness and innovation. In some other sectors, the need for development of new strategic documents focusing on the period from 2015 to 2020 is obvious. However, the capacity to implement, monitor and evaluate the sector strategies, as well as medium term budget planning, needs to be further improved.

Some sectors may benefit from the direct sector budget support, upon meeting the necessary eligibility criteria: namely a stable macro-economic framework, a credible programme to improve public finance management, transparency and oversight of budget, and credible and relevant sector strategies that are consistent with the EU accession strategy. Once these conditions are in place, sector budget support can be provided in those sectors where there is a good strategic basis for implementation of reforms. The first sector proposed for this modality is the sector of Rule of Law and Fundamental Rights.

LESSONS LEARNED AND LINK TO PREVIOUS FINANCIAL ASSISTANCE

The project preparation facility funds under the previous IPA programmes have been utilized for delivering short-term assistance in: designing effective strategic plans in different sector areas, often followed by more detailed investment strategies; providing ad hoc support in particular chapters or future areas of negotiation; supporting planning and programming of the EU funded actions by assisting in stakeholder consultations; drafting the Action Documents and their annexes; and drafting the tender documentation and support the evaluations for the implementation of the EU funded actions.

In the context of preparation of the IPA national programmes, it has become clear that beneficiaries require assistance in developing programmes/actions and that it is in particular necessary to provide a facility to enable limited support targeted specifically at the design-preparation phase before larger scale funds are committed to less-well defined and relatively high-risk actions. An additional challenge is the effective and efficient application of the sector approach which needs to be adequately addressed at the earliest phase of programming – identification phase.

2. INTERVENTION LOGIC

LOGICAL FRAMEWORK MATRIX

OVERALL OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (OVI)	SOURCES OF VERIFICATION	
To strengthen the capacity and accountability of the NIPAC Office, line ministries and other stakeholders to improve the planning, programming and implementation of IPA II assistance and to ensure sector coordination in order to better prepare for EU membership	Progress of Montenegro towards timely and effective planning and implementation of assistance	NIPAC Annual Reports	
SPECIFIC OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (OVI)	SOURCES OF VERIFICATION	ASSUMPTIONS
To improve the quality and maturity of planning and programming documents and support effective and efficient management and absorption of IPA funds	Annual/Multiannual Country Action Programme developed and approved	Financing Agreements	Ownership of NIPAC, sector working groups and line ministries over IPA II funds programming and management as well as effective coordination mechanism established
RESULTS	OBJECTIVELY VERIFIABLE INDICATORS (OVI)	SOURCES OF VERIFICATION	ASSUMPTIONS
<p>R1: Capacity of the stakeholders in the identification, programming, implementation and evaluation of IPA funds enhanced</p> <p>R2: Relevant documentation for the implementation and programming of IPA programmes developed (including tender documentations, feasibility studies, etc.)</p> <p>R3 – Emerging needs related to preparation for EU integration process addressed timely and efficiently</p>	<p>% of absorption of IPA II</p> <p>Number of tender documentations, ToRs, feasibility studies, technical specifications, calls for proposals, etc.</p>	<p>IPA Monitoring Committee Reports</p> <p>NIPAC Annual Reports</p> <p>EC Progress Report</p>	Sustainability and availability of staff for programming and implementation of IPA
ACTIVITIES	MEANS	OVERALL COST	ASSUMPTIONS
<p>R.1 – A.1: Support for the strategic planning of IPA II with the focus on sector wide approach</p> <p>R.1 – A.2: Training/coaching of relevant stakeholders on programming, implementation, monitoring and evaluation of IPA II</p> <p>R1 – A.3: Promotion and awareness raising of IPA II and increased participation in the design and implementation of EU financial assistance</p> <p>R2-A.1: Technical assistance to specific sector/ sub sector working groups for development of required documents for IPA II implementation</p> <p>R.3 – A1: Short term interventions at sectoral level to support achievement of objectives related to preparation for EU integration</p>	<p>Procurement: Services/supplies/works contracts</p> <p>Grant: Twinning lights or grants to international organisations</p>	EUR 4 604 080	<p>Low fluctuation in staff working in NIPAC Office and other beneficiaries</p> <p>Promptness and readiness of beneficiaries in accepting novelties introduced by IPA II</p>

ADDITIONAL DESCRIPTION

The specific objective of the EU Integration Facility is to improve the quality and maturity of planning and programming documents and support to effective implementation of IPA II, thus better supporting the needs of Montenegro in the accession process. Therefore, the purpose of this Action is to provide high quality, cost-effective expertise to the NIPAC as the main counterpart to the EC for the overall process of IPA II programming and implementation, but also to sector working groups, line ministries and all other relevant institutions or stakeholders. It should result in better targeted programming of IPA II and improved capacities of public administration for programming, implementing, monitoring and evaluation of IPA II and improved quality of the accession negotiation process. It shall include, but is not restricted to, the following:

- Preparation of sector strategies and investment strategies, support to sector coordination;
- Technical support to programming and strategic planning;
- Capacity building of the stakeholders in the identification, programming, implementation and evaluation of IPA funds
- Technical support to communication on the European Union financial assistance and IPA visibility;
- Technical assistance in the preparation and assessment of Terms of Reference, Calls for Proposals, Technical Specifications, Bills of quantities and other relevant documents for a variety of tender procedures;
- Technical support for development of pre-feasibility studies, conceptual designs, feasibility studies, environmental impact assessments, cost-benefit analysis, and other programming documentation;
- Technical support for conducting assessments and providing recommendations for further enhancement of capacities, systems and co-ordination mechanisms for establishment/implementation of indirect implementation and contracting within the sectors identified by the ISP;
- Ad hoc support in some specific areas linked to the EU acquis is provided., including technical support for development of Action Plans/strategies and/or other accession negotiations related documents;
- Planning and execution of action monitoring visits and preparation of monitoring reports;
- Support to evaluation of IPA II.

This Action will provide capacity building in programming and identification of Sector Support Programmes/Sector Support Actions/Sector Support Oriented Actions/Stand-alone Actions to SWGs, line ministries and other stakeholders (other state bodies, independent regulators, local self-governments, social partners, civil society, etc.).

This capacity building intervention should also enhance capacities of the NIPAC to coordinate the overall process, but it will simultaneously increase the ownership and capacities of SWGs, line ministries and other stakeholders to carry out programming of IPA funding and better links to the EU accession process.

Having in mind the numerous needs and rather limited funds, the key element for successful use of funds, in order to achieve the desired impact, is coordination. Therefore, the NIPAC Office, in

cooperation with the EU Delegation to Montenegro, will establish a coordination mechanism that will ensure successful coordination and provide timely response to the emerging needs of Montenegro in the process of preparations for accession and the programming of IPA funds.

3. IMPLEMENTATION ARRANGEMENTS

ROLES AND RESPONSIBILITIES

The key beneficiary of the Action is the Ministry of Foreign Affairs and European Integration (NIPAC Office), which will coordinate and implement required technical support that various SWGs, line ministries and other stakeholders will also benefit from. The NIPAC Office will develop templates and check lists, which will need to be fulfilled by relevant stakeholders requesting the assistance through the EU Integration Facility. The requests will be submitted to NIPAC and discussed internally on intra-governmental level, after which the list with justified needs/action proposals will be prepared and discussed with the EUD to Montenegro. This list of needs/action proposals will represent possible activities relevant for implementation of this Action. The final decision on the actions that will be supported by this EU Integration Facility will be established during the implementation of the Action by a Steering Committee composed of the EU Delegation and the NIPAC Office.

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

A minimum number of 10 contracts for services/supplies/works for an amount of EUR 3 104 080 as well as grants for an amount of up to EUR 1 500 000 to be implemented through twinning lights/grants to international organisations.

4. PERFORMANCE MEASUREMENT

METHODOLOGY FOR MONITORING (AND EVALUATION)

Monitoring and evaluation of the implementation of this Action will be conducted in accordance with the rules of direct management and respecting the requirements and provisions of IPA II regulations and those that will be laid down in the Framework Agreement and in respective the Financing Agreement. Achieving of the Action results will be regularly monitored by the EU Delegation to Montenegro and National IPA Coordinator.

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

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

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

INDICATOR MEASUREMENT

Indicator	Description	Baseline (2010)	Last available (2013)	Milestone 2017	Target 2020	Source of information
<p><i>ISP INDICATOR(s):</i></p> <p>Progress of Montenegro towards meeting the political, institutional, administrative reforms, including administrative capacity, assessed by the Progress reports</p>	Number of accession negotiations chapters opened and/or number of opening/closing benchmarks considered as met.	no 0	no 6	33 opened	All closing benchmarks considered met	<p><i>ISP INDICATOR(s):</i></p> <p>Progress in accession to the EU</p>
<p><i>ACTION OUTCOME INDICATOR 1</i></p> <p>Annual/Multiannual Country Action Programme developed and approved</p>	Annual/Multiannual Action Programmes timely prepared by Montenegro and approved and adopted by the European Commission by passing the Commission Implementing Decisions and signing the Financing Agreements.	0	0	4	7	Financing Agreements
<p><i>ACTION OUTPUT INDICATOR 1</i></p> <p>% of absorption of IPA II</p>	% of absorption of IPA II demonstrated by the percentage of contracted and disbursed funds by programming years and in total	0	0	60% - IPA 2014 30% - IPA 2015	100% - IPA 2014 100% - IPA 2015 100% - IPA 2016 70% - IPA 2017 30% - IPA 2018	IPA Monitoring Committee Reports
<p><i>ACTION OUTPUT INDICATOR 2</i></p> <p>Number of tender documentations, ToRs, feasibility studies, technical specifications, calls for proposals, etc.</p>	Number of tender documentations, ToRs, feasibility studies, technical specifications, calls for proposals, etc. prepared, published and implemented.	0	0	10	30	NIPAC Annual Reports

5. CROSS-CUTTING ISSUES

ENVIRONMENT AND CLIMATE CHANGE (AND IF RELEVANT DISASTER RESILIENCE)

Environment protection legislation in Montenegro is comprehensive and is going through intensive process of harmonisation with the EU *acquis*. The proposed Action will give due attention to environmental issues. Among others, this will, for example, include increased use of electronic means, reduction in paper consumption (recto/verso prints), etc.

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

The Action will encourage partnership with civil society representatives, in order to include non-state actors in decision-making on priority support as well as in tailoring of services to be provided by the Action based on the real and urgent needs. Besides the civil society, the Action is open to involve other stakeholders such as media, local authorities and institutions. In this manner, the Action would contribute to creation of contacts at different levels and sectors of activities, while building the long term partnerships and networking between mentioned stakeholders.

EQUAL OPPORTUNITIES AND GENDER MAINSTREAMING

The Action will ensure that the internal policies, structures or operating procedures conform with and promote equal opportunity. In supporting legislative harmonisation, gender needs will be taken into consideration and provisions that enhance equal opportunities will be introduced. All Action activities will respect the principles of equal treatment and opportunities for women, especially trainings and awareness events. In addition, the Action will specifically contribute to the enhancement of the capacities of staff in all line ministries contributing towards the achievement of gender-related UN, EU, CoE and OSCE requirements for gender sensitive policies, legislation and programming as well as gender balanced representation.

MINORITIES AND VULNERABLE GROUPS

Being the multi-ethnic society, Montenegro is committed to preserving the culture, history, language and religion of its national minorities. Thus the Action will implement mechanisms to ensure that in the legislative process, the internal policies, structure or operating procedures of the beneficiary institutions, the principle of equitable representation of ethnic minorities and the protection of their rights is taken into consideration.

6. SUSTAINABILITY

Improved programming and capacities to utilize IPA II resources will have direct impact on advancing and accelerating accession negotiations with the EU, which is the ultimate goal of the Government of Montenegro. Therefore, the Action will contribute to the progress and sustainability of achieved results within the reforms of the process of accession to the EU, supported by IPA II.

Financial sustainability will be ensured through better programming of IPA II resources and this will enable utilisation of both IPA resources and State budget resources, contributing to financial sustainability of overall resources invested in reform and accession processes.

7. COMMUNICATION AND VISIBILITY

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

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

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

The use of *Communication and Visibility Manual for EU External Actions* is compulsory. The contractor shall use the appropriate stationery in letterheads or fax headers sheets and report presentation format, but should add the phrase “*This Action/programme is funded by the European Union*” as well as the EU flag when relevant. Elements of the communication strategy may include: press release, press conferences, leaflets and/or brochures, newsletters, web pages, vehicle panels, promotional items, reports, audio-visual productions. Any supplies or equipment delivered under an EU-funded Action must be clearly identified and must visibly carry the EU logo and the mention “*Provided by the support of the EU*” in the operational language of the EU programme and in the local language.

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

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

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