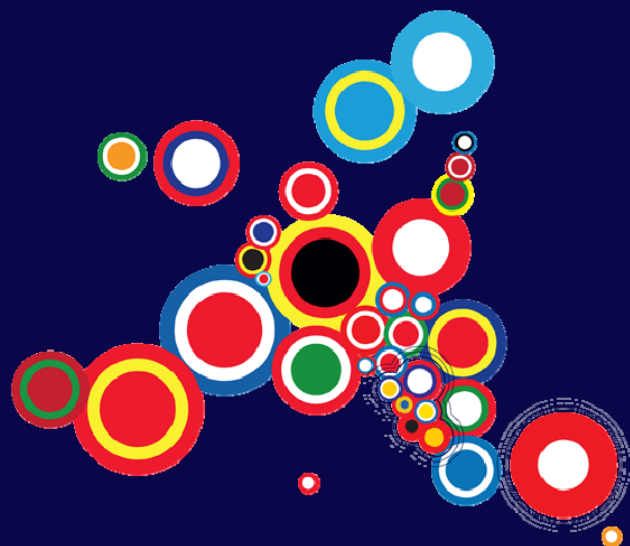




INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020

MONTENEGRO

Support to Participation in
Union Programmes and
Agencies



Action summary

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.

The Action will enhance participation of Montenegro in Union Programmes

Action Identification	
Action Programme Title	Annual Action Programme for Montenegro for the year 2015
Action Title	Support to Participation in Union Programmes and Agencies
Action Reference	IPA/2015/037-894/2/ME Union Programmes
Sector Information	
IPA II Sector(s)	Democracy and Governance
DAC Sector	
Budget	
Total cost	EUR 3,272,160.68
EU contribution	EUR 1,684,580.34
Management and Implementation	
Method of implementation	Indirect management
<i>Indirect management:</i> National authority or other implementing body	Directorate for Finance and Contracting of the EU Assistance Funds (CFCU)
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 2016
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

CONTEXT ANALYSIS

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 EU, the participation to these programmes and agencies represents an opportunity to be better prepared for accession and also to familiarise itself with the EU policies and operating methods. Beyond the necessary signature of international agreements for the participation to a specific programme, the other main condition of participation is the payment of an annual fee to the budget of the EU.

The *Thessaloniki Agenda for the Western Balkans: Moving towards European Integration*, endorsed at the European Council on 20 June 2003, indicates that the: “Union programmes will be opened to SAP countries along the lines established for the participation of candidate countries”.

Consequently, Framework Agreements have been signed with all the Western Balkan countries to establish the general principles for their participation in the Union programmes. The former State Union of Serbia and Montenegro signed Framework Agreement between the European Community and Serbia and Montenegro on the general principles for the participation of Serbia and Montenegro in Community programmes on 22 November 2004, which came into force on 27 July 2005. Following Montenegro's independence, as Montenegro was not covered any more by the Framework Agreement signed with Serbia and Montenegro, its provisions were included in the *Stabilisation and Association Agreement* signed with Montenegro, as its Protocol 8¹.

The Protocol 8 of the *Stabilisation and Association Agreement* provides the legal basis by establishing the general principles of Montenegro's participation in Union Programmes. It specifies that:

- Montenegro shall contribute financially to the general budget of the European Union corresponding to the specific programmes in which it participates;
- The specific terms and conditions for its participation in each particular programme will be determined by agreements, in the form of a *Memorandum of Understanding*, between the European Commission and Montenegro;
- Montenegro may apply for Community external assistance under IPA, and the conditions governing the use by Montenegro of the Community assistance shall be determined in a financing agreement.

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

The objective of the participation of candidate countries in the Union programmes is to enable the countries to familiarise themselves with the methods and policies of the European Union.

¹ In Article 1 of the Protocol 8, it is stipulated that Montenegro shall be allowed to participate in the Community Programmes listed in the Annex to the *Framework Agreement between the European Community and Serbia and Montenegro on the general principles for the participation of Serbia and Montenegro in Community Programmes (OJ L192, 22. 7. 2005)* and in the programmes established or renewed after 27 July 2005 as well as in those that contain an opening clause which foresees the participation of Montenegro.

The Action will contribute to all IPA II sectors defined in the *Indicative Strategy Paper for Montenegro (2014-2020)*, by encouraging Montenegro's participation in several Union Programmes before its accession, thus contributing to its preparation and to better absorption of funds and better implementation of projects after its accession.

Through its participation in the Union Programmes, Montenegro will continue to build knowledge and capacities of different stakeholders dealing with European issues; actively participate in the implementation of the EU policies; support different activities of institutions, small and medium enterprises; intensify international cooperation and initiate mobility in relation to EU countries and thus become deeper involved into the European integration process.

Participation in the Union Programmes will encourage the active involvement of public and private institutions, NGOs, civil society institutions and universities to benefit from the EU accession process. It is expected that the knowledge and skills developed through participation in Union Programmes will be retained within the participating institutions and within the responsible ministries.

In accordance with the Protocol 8, the specific terms and conditions regarding each particular programme, in particular the financial contribution payable (the *entry ticket*), are determined by agreement, in the form of an Agreement, between the Commission and Montenegro.

It is therefore beneficial for the country's progressive integration into the EU networks to join wide range of programmes before its accession. The entry tickets to be paid would however have constituted a serious obstacle for the authorities of Montenegro to agree on Montenegro's participation if they would have to be covered entirely by the State budget. Such a participation in a wide range of programmes in different areas would not have been possible without the guarantee of IPA partial reimbursement.

IPA programming experience has shown that line ministries should increase their planning capacities. In order for IPA funds to be available for reimbursement during the participation of the country in a given year, IPA funds need to be earmarked in the IPA national programme of the previous year. Montenegro should carefully plan financial contributions, since the part of the entry ticket which is financed from the State budget should increase progressively during the participating years.

MoUs have already been concluded with Montenegro concerning the Union Programmes established under the Multi-annual Financial Framework (MFF) 2007-2013, such as the *Seventh Framework Programme for Research and Development (FP7)*, the *Entrepreneurship and Innovation Programme (EIP)*, *Culture 2007-2013*, *ICT Policy Support Programme 2011*, *Customs 2013*, *Europe for Citizens* and *Lifelong Learning*.

Following the opening of the accession negotiations with Montenegro on 29 June 2012, Montenegro renewed its commitment to the participation in the Union Programmes during financial perspective 2014-2020. This Action will provide IPA II support to Montenegro's participation in the Union Programmes in 2016 and following years.

LESSONS LEARNED AND LINK TO PREVIOUS FINANCIAL ASSISTANCE

Previous annual IPA programmes, under the Multi-annual Financial Framework (MFF) 2007-2013, were used to co-finance the financial contribution (*entry-ticket*) paid in the previous years by Montenegro for its participation in the Community/Union programmes, such as the *Seventh Framework Programme for Research and Development (FP7)*, the *Entrepreneurship and Innovation Programme (EIP)*, *Culture 2007-2013 Program*, *ICT Policy Support Programme 2011* and *Customs 2013*.

The experience shows that participation in the Union programmes is an extremely important feature of a successful pre-accession strategy. It is useful for the country's progressive integration into the EU networks to join a wide range of programmes before its accession. The *entry tickets* to be paid would

however have constituted a serious obstacle for the authorities of Montenegro to agree on Montenegro's participation if they would have to be covered entirely by the State budget. Such a participation in a wide range of programmes in different areas would not have been possible without the guarantee of IPA partial reimbursement.

2. DESCRIPTION AND IMPLEMENTATION ARRANGEMENTS

INTERVENTION LOGIC

Objective:

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 to Union programmes or agencies

Result:

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

Indicators:

- Montenegro's participation rates in the following Union Programmes: *Cosme, Europe for Citizens, ERASMUS+, Customs, Fiscalis, Horizon 2020, Creative Europe* and *EaSI*.
- Number of successful applications to the Union programmes

IMPLEMENTATION ISSUES

IPA funds of year N co-finance *entry tickets/participation fees* for year N, N+1 or in case of front-loading also for years N+1 and N+2 [e.g. participation fees for 2014 are co-financed by IPA 2013; IPA 2014-2020 would co-finance 2015-2021 fees, i.e. the last year of IPA co-financing is falling outside this financial framework].

The participation of the IPA II beneficiary in Union Programmes, including payment by the country of the entry ticket/participation fees, shall follow the specific terms and conditions set out for each programme in the relevant International Agreement.

Co-financing rates from previous participation shall be taken into account, and in line with the principle of increasing Montenegro's ownership and responsibility IPA funding rates shall decrease over the years in real or relative terms down to a 50/50 co-financing of annual contributions. IPA co-financing can amount up to 90% of annual entry costs for the first year of participation of Montenegro to new programmes or agencies, and this co-financing rate will then be decreased by 10 points annually.

Montenegro must not only provide the co-financing but also the funds necessary for the payment of the total entry ticket, prior to receiving the partial reimbursement from IPA II. The reimbursement will be paid as a grant to Montenegro.

The NIPAC will regularly monitor the participation rates and reports on them as well as on co-financing trends in the context of IPA monitoring committees.

3. BUDGET BREAKDOWN

	Total expenditure	IPA II contribution		IPA II beneficiary contribution	
	EUR	EUR	%	EUR	%
Entry ticket for <i>COSME</i> 2016	79 705.00	39 852.50	50.00	39 852.50	50.00
Entry ticket for <i>COSME</i> 2017	79 705.00	39 852.50	50.00	39 852.50	50.00
Entry ticket for <i>Europe for Citizens</i> 2016	15 000.00	7 500.00	50.00	7 500.00	50.00
Entry ticket for <i>Europe for Citizens</i> 2017	15 000.00	7 500.00	50.00	7 500.00	50.00
Entry ticket for <i>ERASMUS+</i> 2016	50 000.00	25 000.00	50.00	25 000.00	50.00
Entry ticket for <i>ERASMUS+</i> 2017	50 000.00	25 000.00	50.00	25 000.00	50.00
Entry ticket for <i>Customs</i> 2016	45 000.00	22 500.00	50.00	22 500.00	50.00
Entry ticket for <i>Customs</i> 2017	50 000.00	25 000.00	50.00	25 000.00	50.00
Entry ticket for <i>Fiscalis</i> 2016	25 000.00	20 000.00	80.00	5 000.00	20.00
Entry ticket for <i>Fiscalis</i> 2017	30 000.00	21 000.00	70.00	9 000.00	30.00
Entry ticket for <i>Horizon 2020</i> 2016	1 240 715.78	620 357.89	50.00	620 357.89	50.00
Entry ticket for <i>Horizon 2020</i> 2017	1 322 034.90	661 017.45	50.00	661 017.45	50.00
Entry ticket for <i>Creative Europe</i> 2016	60 000.00	30 000.00	50.00	30 000.00	50.00
Entry ticket for <i>Creative Europe</i> 2017	60 000.00	30 000.00	50.00	30 000.00	50.00

Entry ticket for <i>EaSI</i> 2016	50 000.00	40 000.00	80.00	10 000,00	20.00
Entry ticket for <i>EaSI</i> 2017	100 000.00	70 000.00	70.00	30 000,00	30.00
TOTAL for ACTION	3,272,160.68	1,684,580.34		1,587,580.34	

ANNEX

The beneficiaries are governmental institutions (ministries) which are in charge of the coordination of the selected Union Programmes and the General Directorate for Coordination of the EU Assistance Programmes within the Ministry of Foreign Affairs and European Integration, which is in charge of the overall coordination of the Union programmes.

The Ministry of Foreign Affairs and European Integration is responsible for: governing the accession process of Montenegro to the EU, coordination of the negotiation process with the EU, coordination of the harmonisation of Montenegrin legislation with the EU legislation, coordination of translation and management of data basis for the process of support to the translation process and coordination and evaluation of the programmes of technical and financial EU support.

International Agreements for the all mentioned Programmes were signed as it follows: for participation in *ERASMUS+* (19 June 2014), *Cosme* (25 June 2014), *Horizon 2020* (1 July 2014) and *Creative Europe* (22 July 2014), Europe for Citizens (27 October 2014), Customs(16 October 2014), Fiscalis (23 December 2014) and EaSI (17 February 2015).

For each selected programme, the respective line Ministry is responsible for co-ordination of activities as follows:

Union Programme	Line Ministry in charge of coordination
Horizon 2020:	Ministry of Science Smilja Kažić-Vujačić, Head of the Directorate for International Programs and European Integration e-mail: smilja.kazic@mna.gov.me phone: +382 20 405 351
Cosme	Ministry of Economy Maja Jokanović Directorate for Industry and Entrepreneurship e-mail: maja.jokanovic@mek.gov.me phone: +382 20 482 302
Erasmus +	Ministry of Education Vanja Drljević National Erasmus+ Office Coordinator e-mail: vanja.drljevic@mps.gov.me phone: +382 20 405 346
Creative Europe	Ministry of Culture Ana Savjak Department for International Cooperation and European Integration e-mail: ana.savjak@mku.gov.me phone: +382 41 232 583
EaSI	Ministry of Labour and Social Welfare Biljana Krstajić Senior Advisor, Department for Programming and Implementation of EU Funds e-mail: marija.backovic@mrs.gov.me phone: +382 20 482 244
Europe for Citizens	Ministry of Culture Ana Savjak Department for International Cooperation and European Integration e-mail: ana.savjak@mku.gov.me phone: +382 41 232 583

Union Programme	Line Ministry in charge of coordination
Customs	Ministry of Finance Azra Bećović Custom Administration Head of the Department for International Customs Cooperation and European Integration e-mail: azra.becovic@carina.gov.me phone: +382 20 442 021
Fiscalis	Ministry of Finance Veljko Blagojević Tax Administration Assistant Director of the Tax Administration e-mail: veljko.blagojevic@tax.gov.me phone: +382 20 448 180