

## ANNEX III

**to the Commission Implementing Decision on the financing  
of the annual action plan in favour of the Republic of Montenegro for 2021**

## ACTION DOCUMENT “EU FOR CONNECTIVITY AND GREEN AGENDA”

## 1. SYNOPSIS

## 1.1. Action Summary Table

<b>Title</b>	<b>EU for Support to Sustainable Connectivity and Green Economy in Montenegro</b> Annual Action Plan in favour of Montenegro for 2021
<b>OPSYS number - CRIS</b>	IPA III/2021/ 043-663/3
<b>Basic Act</b>	Financed under the Instrument for Pre-accession Assistance (IPA III)
<b>Team Europe Initiative</b>	No
<b>Zone benefiting from the action</b>	The action shall be carried out in Montenegro
<b>Programming document</b>	IPA III Programming Framework
<b>PRIORITY AREAS AND SECTOR INFORMATION</b>	
<b>Window and thematic priority</b>	Window 3: GREEN AGENDA AND SUSTAINABLE CONNECTIVITY Thematic Priority 2: Transport, digital economy and society, and energy
<b>Sustainable Development Goals (SDGs)</b>	Main SDG (1 only): Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation Other significant SDGs (up to 9) and where appropriate, targets: Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development
<b>DAC code(s)</b>	Main DAC code – DAC 5 code 210 – Transport policy and administrative management
<b>Main Delivery Channel @</b>	12000 - Recipient Government 12001 - Central Government

<b>Markers</b>  (from DAC form)	<b>General policy objective @</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers @</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Biological diversity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<b>Internal markers</b>	<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>
Digitalisation		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Migration		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
COVID-19		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>BUDGET INFORMATION</b>				
<b>Amounts concerned</b>	Budget line: 15.020201.02 Total estimated cost: EUR 3 485 000.00 Total amount of EU budget contribution EUR 3 485 000.00 EUR 0 for indirect management with IPA III beneficiary.			
<b>MANAGEMENT AND IMPLEMENTATION</b>				
<b>Type of financing</b>	Project Modality			

<b>and method(s) of implementation</b>	<b>Direct management</b> through: Procurement
<b>Relevant priorities and flagships from Economic and Investment Plan for the Western Balkans [only for the Western Balkans]</b>	Priorities: “Transport” Flagships: “I Connect East-West”, II Connect North-South”, “III Connect Coastal Regions”, “IV Renewable Energy”
<b>Final Date for conclusion of Financing Agreement</b>	At the latest by 31 December 2022
<b>Final date for concluding contribution / delegation agreements, procurement and grant contracts</b>	3 years following the date of conclusion of the Financing Agreement, with the exception of cases listed under Article 114(2) of the Financial Regulation
<b>Indicative operational implementation period</b>	6 years following the conclusion of the Financing Agreement
<b>Final date for implementing the Financing Agreement</b>	12 years following the conclusion of the Financing Agreement

## 1.2. Summary of the Action

This action aims to promote an efficient, sustainable and performant transport network towards Green economy in Montenegro. It includes measures aiming to mitigate risks on impact to the environment, increase safety and security levels or promotion of alternative energy fuels. Finally, it is well recognized that, due to lack of capacity within the different transport institutions, further continuous support to legal framework and institutional strengthening and support to programming, management, monitoring and control is essential to ensure quality/maturity of the project pipeline and increase absorption capacity rates. This is key not only within the IPA accession process but also as a preparation for the future ESIF once Montenegro will become a new Member State from the EU.

## 2. RATIONALE

### 2.1. Context Analysis

Since its independence in 2006, Montenegro has been advancing in the process of the European Integration, obtaining the candidate status at the end of 2010, at the same time as the Commission Opinion. In December 2008, by applying for EU membership, Montenegro showed its readiness to commit to intensive reform processes. Accession negotiations started in June 2012. Owing in part to prospect of EU membership, Montenegro has made a considerable effort and progress in the transport sector. In fact, the European Commission in the Country Report most recently published in 2021 underlines that Montenegro is moderately prepared/has a good level of preparation in the area of transport policy (chapter 14). Nevertheless, as far as the transport sector is concerned, the initial momentum has slightly lost steam.

As regards to Chapter 21, Montenegro is only moderately prepared in the area of trans-European networks. It has not yet aligned its legislation with the Trans-European transport networks Acquis, but has reached a satisfactory level of preparedness regarding strategic development of the transport networks in accordance with TEN-T design and objectives. This policy has undergone major revision at EU level, including the Acquis related to the TEN-T programme implementation. The programme can only be implemented in practice by accession. Within the process of negotiation for Chapter 21, Montenegro must ensure compliance with the relevant provisions of the new legal framework. In that sense, administrative capacity will need to be reinforced for the effective implementation of this EU policy. These priorities are in line with the new Transport Development Strategy (TDS) for 2019-2035. Montenegro is the signatory of the Transport Community Treaty, aiming to bring the Western Balkan (WB) countries closer to the EU by creating a fully integrated transport network among the WB, as well as with the EU. Nevertheless, despite some achievements on legislative alignment with the EU Acquis, there has been almost no progress in completing key outstanding sector reforms. This remains the challenge of the new recently elected Government. In fact, law enforcement in the transport subsectors still requires to be effectively put in place and must be operationalised.

The preparation for EU membership is an intricate and resource-intensive process, especially in relation to the implementation of the EU Acquis, and in the identification, prioritization, selection and implementation of infrastructure projects. Delays, complications, and de-commitments have been experienced by all countries receiving IPA financial assistance. This has been the case, also, for Montenegro. An important element of Montenegro EU accession is the Instrument for Pre-Accession Assistance (IPA), which has contributed to start building institutional capacities for enforcement of the EU Acquis and preparing the country for EU funds management.

Montenegro has benefited from this Instrument since 2007. Apart from some specific annual support, the Transport sector benefited mainly from IPA I with the Operational Programme Regional Development (OPRD) 2012-2013. The Programming period 2014-2020 tried to promote the Sector Approach (SA). Even though the Government of Montenegro (GoM) always put some emphasis on preparing strategic documents, it was the first time the transport sector was assessed as a whole based on SA framework. Within the last year, using SA methodology, the former Ministry of Transport and Maritime Affairs (MTMA), now under the new Ministry of Capital Investment (MCI), has been continuously making some progress first by identifying transport sector gaps in all sub transport modes and second by plug in some of the gaps for meeting SA criteria. A long term Technical Assistance (TA) for Capacity Building (CB) improvement has been providing support in that regard since 2020.

Still, despite a multiannual programming having been drafted in 2016, IPA II for Transport was mainly conceived through Annual Programming. It has required mobilizing resources on an annual basis and had to cope with longer administrative process. Yet, development needs of Montenegro remain acute, especially when it comes to investment and development of physical infrastructure. In order to optimize infrastructure development, based on its prioritization tool, Montenegro has developed a Single Project Pipeline (SPP) for investments in the fields of transport, energy, environment and business infrastructure. This is now helping to better implement a bottom up approach. Improving project preparation remains one of the most urgent priorities for the transport sector. Various TA projects under the Infrastructure Project Facility (IPF) and Project Preparation Facility (PPF) support will be used as complementary intervention to this Action.

The former MTMA, now new MCI, and its related bodies still lack of consolidated skilled staff able to perform new tasks independently. Additional identified missing positions have been covered but turnover or changes within staff remain a problem. Young, well trained staff with good skills in the English language EC procedures often decide to leave the ministries to move to the private sector or get promoted to other positions due to political changes. However, steps were recently taken by the Government to address questions related to staff retention policies in order to avoid loss of gained experience and knowledge in the future. The retention policy changed including salary increase, more training opportunities, and promotions. In the last two years, there was less staff turnover than in the past. Taking all of this into consideration, capacity-building activities are crucial when it comes to ensuring continuity of operations and efficiency in the process of programming, contracting, implementing, monitoring and evaluating IPA financed projects in the transport sector.

In this regard, all actions need to take into consideration specific past horizontal public administration reforms, such as PAR Strategy 2016-2020 but more in particular the systematization changes planned by the new administration in place. In particular, the new public restructuring strategy envisages measures to comprehensively improve the Government's policy development system by developing a set of horizontal methodologies and instruments that include cost effective policy options and assessing socio-economic impacts of policy and legislative proposals.

In February 2020, Montenegro adopted the Programme for Accession to the EU 2020-2022. This programme sets the priorities for alignment in the different negotiation chapters. Regarding Chapter 14, suggested planned interventions are included in the respective Action Plans from TDS 2019-2035 and different transport subsectors, and consequently implies strengthening their main and body institutions both in terms of capacities, legal framework and processes.

In addition, the Montenegro Economic Reform Programme (ERP) 2019-2021 clearly considers sustainable transport, as a key factor for economic development of Montenegro. In addition, the Treaty establishing the Transport Community promotes progressive integration on EU transport markets in terms of technical standards, interoperability, safety, security and traffic management and highlights the importance of building capacities and of the harmonization of the *acquis*.

In this context, 'sustainable' transport is understood as a key pillar to reduce greenhouse gas emissions. So far, the transport sector in Montenegro has been contributing 20% to the annual greenhouse gas emissions (from 110 ktCO<sub>2</sub>eq in 1990 (NDC baseline year), up to 609 ktCO<sub>2</sub>eq in 2013 and further, up to 993 ktCO<sub>2</sub>eq in 2030 in the business-as-usual scenario, i.e. more than a nine-fold increase compared to the baseline). The introduction of more effective energy efficiency parameters for the road and maritime transport systems are key. Companies are increasingly taken into responsibility to report on their GHG emissions, including those resulting from production and trade (transport between the actors of their supply chains and their sales channels). Transport-specific (no intra-state air traffic, non-scheduled nautical traffic, and low GHG emissions from rail transport, which was refocused from diesel to electric locomotives) has so far contributed to the decrease of habitat and endangering of species, especially in the central and coastal regions (Durmitor with Bioce, including canyons of the Rivers Tara, Piva and Susica, Bjelasica, Komovi and Prokletije with Visitor, Zijovo, Hum Orahovski, canyons of the Rivers Cijevna and Mrtvica, Skadar Lake with northern slopes of the Mountain Rumija, Skadar Lake and Bojana river). In particular, the maritime sector has provoked a negative effect on the sea biodiversity in ports Ratac and Platamuni. Climate change has brought more extreme weather events which show in form of frequency of warm nights and warm days increased while the frequency of cold nights and cold days decreased and have been impacting on the road and transport system, making e.g., roads vulnerable to faster deterioration, which challenges the of domestic and international trade logistics.

To make the trade routes more resilient in the context of strengthening ‘sustainable transport’ is foreseen by the Report for the preparation of the updated national determined contribution (NDC) from 2020, adopted by GoM on the 3<sup>rd</sup> of June 2021 in order to reduce greenhouse gas emissions to 35% by 2030. Also, the forecast economic growth for 2017–2030 is based around clean energy (hydroelectric power plants (HPPs), wind, photovoltaic, biomass, and energy-efficiency programmes in transportation (building the national highway and other projects), industry (especially the metal industry), tourism (tourist resorts and hotels) and agriculture. Montenegro remains determined to use the energy resources trapped in the form of its coal deposits, hence plans for the modernization of its coal combustion plant to ensure the long-term stability of the power system and a reliable power supply from which to launch its low-carbon strategy. The opportunities that can come with the utilisation of digital applications and instruments in the transport sector, including to measure and analyse environmental and climate data, have so far not been fully realised.

Finally, the Stabilisation and Association Agreement, through Article 7 where it invites the Parties to “mutually adopt coordinated measures necessary for the development and promotion of rail and combined transport as a mean of ensuring that in the future a major proportion of their bilateral and transit transport through Montenegro is performed under more environmentally-friendly conditions”. The document also confirms that this support requires gradually making future legislation compatible with the Community acquis and sustainable by building the necessary capacities to ensure proper aid absorption.

## 2.2. Problem analysis by areas of support

### ***AREA OF SUPPORT 1: SPECIFIC ACTIONS TO INCREASE PERFORMANCE AND EFFICIENCY WITHIN THE TRANSPORT SYSTEM***

Effective, safe and secure transportation systems are essential to Montenegro’s economic growth and prosperity through facilitation and improvement of the mobility of citizens and goods, as they also have significant impacts on education, social development and environment. While adequate transport infrastructure is a precursor for economic growth, its implementation process must also take into account possible detrimental impacts, whether it is at local, regional or global level, particularly with regard to environment and health. Still, some key soft measures to bring transport network system at higher standards are required in the fields of safety and security and energy efficiency for the maritime, railway and road subsectors.

In terms of project pipeline preparation, it is still very important to bring several relevant projects to maturity both in the fields of high-risk road sections, intermodality or railway infrastructure development but also in the new areas linked with energy or digital economy within the thematic priority of the Windows 3. There is an urgent need within the context of the Western Balkans Strategy on Sustainable and Smart Mobility to improve maturity within transport infrastructure projects ready for implementation. The Single Project Pipeline (SPP) contains a number of green transport projects mirroring the flagships of the Economic Investment Plan, however, those are largely in arrear in their level of preparation. Some of the main problems faced are: out of date budget estimates, quality control and improvement of technical designs not properly ensured due to the lack of technical staff, difficulty to expand the project pipeline due to fiscal space constraints, lack of prioritisation in terms of railway sections in particular for the Corridor Route 4 where a complete feasibility study is missing, etc.

In the past years, there has been a substantial bottleneck in conducting technical gap assessment and bringing to maturity standards infrastructure projects within the main transport corridors. This is particularly the case for the railway Route 4 where unclear priority settings within most technically advanced sections, continuous delays in improving maturity designs in order to reach bankable status or fiscal space constraints have limited the number of investments. Technical support for bringing at standards a prioritized list of projects, in particular for the railway and road subsectors, are of urgent necessity.

With regard to EU regulations on port reception facilities for ship-generated waste and cargo residues, the EU has undertaken a number of activities to improve this segment of the maritime industry and provided guidelines aimed at improving ship-generated waste handling in European ports and more effective oversight of MARPOL convention. From the aspect of sustainable development, the large number of vessels in the Bay of Boka Kotorska which can potentially have negative effects on environmental parameters and on sea biodiversity must be taken into consideration.

Due to this, it is necessary to define reception capacity of the Bay and work out the dynamics of calls by vessels into the ports, as well as the regime of ports in the Bay of Boka Kotorska. Defining clear measures to regulate and monitor vessels access in the Bay of Boka Kotorska should definitively decrease the negative effect of maritime transport on the environment. For the maritime sector, the former Directorate for Maritime Economy has the mandate to develop projects in the subsector, in full coordination with the Maritime Safety and Port Management Authority (MSD).

In the field of road safety, some advancements took place but gaps need to be covered in order to make full practical use of the high-risk road sections methodology. Initially, under IPA 2014 national programme a "Road Safety Assessment in Montenegro" has been performed for the first time in Montenegro based on the iRAP methodology which helped identifying high-risk routes rather than "high-risk road sections". The identification and implementation of improvements takes place in the medium or long term, covers the entire road network and requires significant material investments to achieve positive results, which is difficult to implement due to lack of financial resources. In order to improve efficiency of the road safety action plan to be implemented for Montenegro, to narrow and better focus these road investments, a methodology for detecting high risk and dangerous road sections has been defined. Approved in November 2020, it is based on observing the distribution of traffic accidents that actually occurred on the Montenegrin road network, finding and eliminating the causes of accidents in certain places and sections of roads. However, despite the theoretical models ready to use, the quality and comprehensiveness of road accident data collection are still not standard. In addition, some procedures and integrated coordination mechanisms between traffic and police need to be put in place, in particular for the data collection on road accidents (adoption of revised detailed questionnaire of data accident for example).

Recently, implementing the high-risk road sections methodology requires expanding into a list of analysed and identified sections with impaired road safety. In order to effectively address these high-risk road sections, it is necessary through the data analysis to determine the list of projects arranged according to the priority of resolution, the maturity of projects and improve further technical documentation for the most urgent sections. This will be the basis of the long term Road Safety Strategy, which is not in place for the moment.

## ***AREA OF SUPPORT 2: CAPACITY BUILDING AND IMPROVED LEGAL HARMONIZATION WITH THE ACQUIS***

In terms of alignment with the EU Acquis, some transport subsector legislative areas have been postponed or remain unfinished. Also, there is still a need to continue strengthening the implementation of the Acquis by providing support in the identification of non-compliance measures and setting up enforcement procedures. In addition, some beneficiary entities will certainly come out as well with final requirements on the transposition of the national legislation with the EU acquis on recent targeted evolving topics such as ITS, transport of dangerous goods, inland waterways, combined transport, intermodality and/or multimodality. This is particularly relevant for the railway sector where, according to the EU Directives, some related bodies have to be further strengthened.

Capacity in terms of resources and skills remains an issue with potential for improvement in Montenegro within the transport sector. High turnover and, proper HR strategy insufficiently enhanced and implemented, within the public administration are still issues not solved and require full additional support. In Road safety, the number of actors, diversity of stakeholders and lack of well-identified leading institutions will not help for a clear implementation of provisions of the Road safety directives. The way of working between transport institutions (and with other ministries as well) and a weak absorption capacity, without formal written rules of functioning, precise procedures and clearly defined chart of responsibilities are other constraints within the harmonization process.

The need for interventions has been highlighted by the sector analysis, in particular the legal framework and institutional set up to be progressively adapted for the EU accession. Even more now with the post COVID-19 situation, it is well recognized that, due to lack of capacity within the different transport body institutions, further continuous institutional strengthening and support to programming, management, monitoring and control is essential to ensure the foreseen and expected quality/maturity of project pipeline and increase absorption capacity rates. In terms of capacity building, additional knowledge gaps have been identified in areas related to the new IPA III programming methodological approach under the Window Sustainable connectivity and Green Agenda, more in particular the Thematic Priority

Transport, Energy and Digital Economy where transport is not considered as a sectoral isolated program intervention anymore.<sup>1</sup>

Knowledge in terms of climate change actions related to transport initiatives, energy efficiency mobility means, sustainable ways to approach transport in order to reach zero emissions and CO<sub>2</sub> offset, are still missing. Furthermore, knowledge and skills gaps exist in the field of road inspections, in what concerns law implementation related to the control of analogue and digital devices, knowledge of the all norms and relevant actions within the framework of the Regulation 165/2014 of the European Parliament and of the Council on tachographs in road transport. Finally, lack of capacities and processes directly related to the proper institutional setting up for preparing, designing and implementing future structural funds, including potentially budget support reinforcement and innovative mechanisms of financing, need to be addressed properly in advance view of future accession of Montenegro to the EU. Moreover, some complementary skills are required in order to approach integrated projects under the Window Sustainable connectivity and Green Agenda, in line with new sustainability topics related to SDGs. To be noted that this is also in line with the new skills required for ESIF preparation.

Finally, there are over 210.000 officially registered vehicles in Montenegro. The fleet park is old with an average age of 16 years. Urban environments are characterized by numerous congestions in the traffic flow, which finally results in pollution of the environment from exhaust gases and noise from the vehicle. The growth of motorization, which is expected to reach 330 000 vehicles in 2025 (assuming an annual growth of 5%) is alarming. It is expected to reach the EU level within the next decade, which means 50% more cars, as from today.

In the previous period, the already mentioned problems represented a burden in most EU countries. Alternative fuels and alternative drives of motor vehicles come as a result of the efforts to overcome these problems. An alternative drive, which has become increasingly popular in the recent years, is electric drive, therefore electric vehicle. According to the Monstat, the number of electric vehicles are increasing by 50% every year in the last two years. The market share in Montenegro remains very low in a high growing market. Such trends need to be monitored and analysed within a wider context towards a transport sector turn around aiming for zero-emission mobility. Some initial actions are already taking place, such as a public call for the purchase of electric and hybrid vehicles in 2021 for citizens, legal entities and entrepreneurs with the financial incentives under the recently established Eco fund.

In that sense, under the Action a feasibility study will comprehensively analyse the Montenegrin context and develop a national strategy for sustainable alternative fuel vehicles taking account all elements of the Western Balkans Strategy on Sustainable and Smart Mobility. This is fully in line with the Circular Economy Action Plan, in particular for the sustainable development policy area.

The MCI remains the main stakeholder beneficiary for the transport sector as a whole. Railway Infrastructure of Montenegro (RIOM) is an administrative body cooperating with Directorate for railway transport within MCI in terms of railways. One of the administrative bodies established under the competence of the MCI to act as public authority in terms of road safety is the Directorate for State Roads, Division for State Roads Maintenance and Safety. For the maritime sector, the Directorate for Maritime transport and Inland Waterways has the mandate to develop projects in the subsector, in full coordination with the Administration for Maritime Safety and Port Management (MSD). The Government of Montenegro has recently formed the National Body for Transport Safety which is organized as inter-ministerial body responsible for management of the systems for transport safety of Montenegro.

The AD is presented as a bulk of specific consistent and synergetic actions targeting improvement of safety, security and energy efficiency parameters for the road and maritime transport systems and promotion and awareness of e-mobility and electric cars.

### 2.3. Relevance and complementarity with strategies supported by key national stakeholders

These interventions are foreseen in the following national, regional and sectorial strategies:

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<sup>1</sup> [EUR-Lex - 32021R1529 - EN - EUR-Lex \(europa.eu\)](#)



- Transport Development Strategy (TDS) for Montenegro 2019-2035, in particular in terms of performance and quality of service as foreseen in PA2 *Level of service on Networks* or what concerns capacity and process of independent regulatory bodies
- The Railway Development Strategy and its Action Plan 2017-2027, in particular fully reflected in its objective 5 Efficient and effective system of state institutions taking care of the railway sector
- The Maritime Economy Strategy 2020-2030 and its Action Plan 2020-2021, where improving maritime navigation safety in terms of human lives, property at sea and port facilities is clearly indicated in the objective in the Operational *Goal 2.2*, measure 2.2.4.
- The Montenegro Economic Reform Programme (ERP) 2019-2021, where sustainable transport connectivity is considered key for economic development of Montenegro and administrative reforms are mentioned in order to increase efficiency in addition to technical assistance support to build progressive know how.
- The Montenegro's Programme of Accession to the EU 2020-2022; where, within Chapter 14, interventions are included in the respective Action Plans from TDS 2019-2035 and different transport subsectors, and consequently implies strengthening their main and body institutions both in terms of capacities, legal framework and processes
- The National Plan for the Adoption of the Acquis, where some actions are planned for transposition of safety, ITS and inter/multimodality directives.

This AD intervention have been identified following the principles of Sector Approach (SA). First, the identified set of actions are well balanced and highly relevant, fully aligned with the global and specific objectives of the TDS 2019-2035. They are declined from some of the gaps identified not only at the level of the TDS Action Plan (AP) but also within the Maritime Economy Strategic AP 2020-2021 or Railway Development Strategy AP 2017-2027.

Actions are not only highly complementary among them, as for example the capacity building, PPF and law harmonization but also with other thematic priorities such as environment and climate change (that is the case for example of optimization of maritime navigation systems in the in the protected Bay of Boka Kotorska). The AD has been built as an integrated programme for increasing efficiency within the overall transport approach, avoiding isolated soft infrastructure intervention and bringing high potential impact based on cluster of measures.

Regarding sector coordination, a preliminary gap assessment was conducted on means of coordination at Transport sector institutions and stakeholders and at donors' level. Apart on reviewing frequency of internal and external coordination mechanisms, it has identified whether sector or donor coordination working groups are guaranteeing the efficient and inclusive exchange/share of information, access to project databases. Further work is foreseen in 2021 to plugging some gaps and to promote integrated actions within the Window 3 and related thematic priority.

Regarding monitoring systems and reporting based on performance, the monitoring needs and quality of the reporting systems are subject to assessment of the quality of indicators (target, performance) already defined at strategic planning stage. It will define clear link between PAFs and Programming/Strategic phase in order to define properly indicators but also to guarantee that adequate proper source of information/statistics are detected to guarantee an accurate data collection.

The AD interventions also aim at increasing better understanding and transfer of best practices of the EU structural and cohesion policy in order to prepare beneficiaries for the accession. The proposed actions are designed in a way to assess, address and mainstream gender and promote gender equality. In addition, they would be complementary with other interventions in the field of private sector development, trade, research and innovation, agriculture, rural development and fisheries. In addition, the intervention has been planned making use as much as possible of new source of financing such Guarantee Fund, blending or PPP models. Such investments would always be associated with the institutional and regulatory reforms already undertaken in the context of the alignment with EU acquis and standards by the Government of Montenegro. Large infrastructure projects within this AD are featured in the National Single Project Pipeline and in line with the medium term budget plans. The investment plans are expected to systematically provide information on the planning process and the allocation of resources against the government policy priorities. They would also include possible financing sources from the budget, borrowing plans, donor contributions, private sector participation and financial constraints.

## 2.4. Relevance and complementarity with EU policy and EU and other donors' assistance

In a first stage, this AD proposals were already assessed as highly relevant as reflected in the following policy instruments of the enlargement process:

- The Western Balkans Strategy, in particular its Connectivity Agenda where safety and sustainable means of transport are considered as key priorities;
- The communication on EU Enlargement Policy 2019; where it is clearly stated that some additional progress is expected in terms of improvement of safety measures and sustainable connectivity, that “*Significant efforts are needed to further develop a balanced intermodal transport approach, especially for container transport from the port of Bar*” or “*Delays in implementing large infrastructure projects reveal absorption capacity constraints*”.
- Treaty establishing the Transport Community, where progressive integration on EU transport markets are defined in terms of technical standards, interoperability, safety, security and traffic management and where the importance of building capacities and of the *acquis* are highlighted
- The Stabilisation and Association Agreement, through Article 7 inviting the Parties to “*mutually adopt coordinated measures necessary for the development and promotion of rail and combined transport as a mean of ensuring that in the future a major proportion of their bilateral and transit transport through Montenegro is performed under more environmentally-friendly conditions*”. The document also confirms that this support requires gradually making future legislation compatible with the Community *acquis* and sustainable by building the necessary capacities to ensure proper aid absorption.
- The Commission's Sustainable and Smart Mobility Strategy, where a clear path is needed to achieve a 90% reduction in transport-related greenhouse gas emissions by 2050. This is the effort required from transport to ensure the EU becomes the first climate neutral continent by 2050, as outlined in the European Green Deal.

This AD is also fully aligned with the Economic Investment Plan (EIP), the Western Balkans Investment Framework. Most of the actions are also defined promoting key strategic pillars of the EIP, complementary and contributing to Flagship 9 Investment in competitiveness of private sector and Flagship 8 Digitalization of infrastructure.<sup>2</sup> Through alternative fuel cars and safety efficiency measures, the AD is also able to connect the partners in the region and between the region and the EU through the integration of sustainable and smart elements in transport policy (such as electric charging stations and multimodal connection points to rail and waterway networks were applicable). Similarly, this AD is totally in line with EU Green Deal and with the Sustainable and Smart Mobility Strategy – putting European transport on track for the future.<sup>3 4</sup>

## 2.5. Lessons learned and links with previous financial assistance

Experience gained during the previous programming periods, in particular through the multiannual programming period 2012-2013 and further Strategic Planning Document (SPD) 2014-2020, has brought some important lessons learned which need to be taken into account for future IPA III assistance:

**Strategic Planning and Project Prioritization:** Past experience shows how important is to have sound and updated a top down strategy in place, as well as project prioritization methodologies allowing assigning efficiently the limited financial resources to the most urgent priority projects. In that sense, financial programming of infrastructure projects requires special attention taking into account complementary studies such as environmental impact assessment, economic and financial feasibility, cost-benefit methodology, and affordability limitations (fiscal space). In this case, project prioritization has been conducted rejecting projects not meeting the necessary relevant requirements, having also in mind the budget constraints, and optimizing financing.

**From Project approach to Sector Approach to Integrated Approach:** Sector approach concept has helped to provide a framework for the sector as a whole, avoiding isolated infrastructure projects not being addressed as part of core network and identified through TEN-T methodology, and focusing more on the accession process, building among

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<sup>2</sup> [communication on wb economic and investment plan october 2020 en.pdf \(europa.eu\)](#)

<sup>3</sup> [EUR-Lex - 52019DC0640 - EN - EUR-Lex \(europa.eu\)](#)

<sup>4</sup> [EUR-Lex - 52020DC0789 - EN - EUR-Lex \(europa.eu\)](#)

others the required capacities for a successful implementation of EU acquis. Continuity with strategic Programming period 2012-2013 and SPD 2014-2020, new alignment with the integrated approach with the Green Agenda and EU sustainability and Smart Mobility Strategy promoted by the Commission have been fully considered.

**Project Maturity:** Lack of mature projects and pipelines of projects was identified as one of the elements hindering IPA II implementation. Projects should be analysed not only from the relevance point of view but also from the maturity perspective. Project gap assessments have to be carried out in order to identify the project's needs for being ready for implementation. For those relevant projects in line with IPA III methodology, measures need to be put in place in order to address the gaps in order to finalize technical studies together with all necessary complementary documentations.

**Isolated annual vs multiannual programming:** The long process and effort for conducting annual programming in the transport sectors requires to further move into a multiannual programming, aiming to target the real challenges in terms of Green Economy and Western Balance EIP based on the experience acquired through the SA. Results from the final evaluation of past Programme should be carefully taken into consideration. If changes in the institutional set up are to be considered, they have to value the cumulated experience, and the pros and cons of such a decision.

**Sector Coordination:** Additionally, competent authorities need to be very proactive in cooperation with relevant stakeholders at central and local level and to improve internal and inter-sectoral cooperation with other ministries in the programming and implementation of projects financed with the support of IPA. As coordination among stakeholders is recognized as a crucial problem and overcoming, this is even more the case now with the new integrated and coordinated approach in IPA III, where comprehensive and clear information flows and focus on common understanding of responsibilities, obligations and deadlines is required. As shown in the past years, Sector Working Group in Transport must ensure an effective coordination role, in line with the new integrated approach promoted under IPA III. All selected activities are fitting within a coordinated approach for the Transport sector. It is also expected to fully coordinate and make use of synergies with the Transport Community Secretariat.

**EU procedures especially for Public Procurement:** Transport bodies need to build capacity for implementation of IPA procedures, especially those related to Public Procurement (PRAG rules). Internal capacities in the line Ministries for preparing adequate tender dossiers have to be reinforced. Based on its cumulated experience in IPAAII as a Contracting body within the purely transport sector investments, PWA requires continuing to be strengthened and reinforced. Wherever possible, an attempt will be made not to fragment rail works as it was the case in the past. The fragmented works on tunnels, bridges and tracks have an inert risk of duplicative work and coordination, even when all activities are under WBIF IFIs. In order to increase cost efficiency and incentivize competition, clustering and proposal of sufficiently large section construction tenders is to be followed as a general approach.

**Technical requirements:** To guarantee coherence, specific technical requirements must be defined on the basis of positive lessons learnt from the past and appointed decisions. Otherwise, this is translated in additional delays.

**Staff Turn-over and Administrative capacity:** Lessons learned from past assistance proves the capacity building process is key for ensuring sustainability, having in mind high employee turnover, reliance on temporary staff and lack of expert skills in the administration. This situation definitely hinders proper implementation of policies and projects. This AD foreseen to build upon knowledge management and capitalization, including practical approaches to training coaching and coordination mechanisms aiming to contribute to staff retention.

### 3. DESCRIPTION OF THE ACTION

#### 3.1. Planned results and intervention logic

**Impact: To improve sustainable connectivity and green economy in Montenegro, in terms of performance, efficiency and safety, by ensuring alignment with EU standard, and facilitating inter-connection of Montenegro with the neighbouring countries and the EU**

**Outcome 1: Performance and efficiency within the transport system increased**

**Output 1.1: Project preparation facility to mature projects in place**

This intervention includes additional project preparation from initiation to development or any activity related to project maturity, meaning viable relevant projects in line to become bankable and, accordingly, to be financed by EU pre-accession/accession assistance or other by IFIs. It consists of activities such as feasibility studies, technical preliminary and detailed design, technical project review, cost-benefit analyses, environmental impact assessments, high-risk road sections designs, etc... Project selection needs to be based on Single Project Pipeline methodology. This has been the case for a first wave of transport projects already assessed as strategically significant in terms of relevance (i.e. ensuring potential contribution towards achieving strategic objectives). In that sense, technical support is required in terms of assessment of project readiness (maturity) verifying the quality (reliability of data), planning completeness and all relevant documentation requirements. The goal of this activity is to continue building up a mature project pipeline ready to be transformed into bankable projects. In particular, this activity can be displayed on demand to prepare technical and financial studies involving the new actions to be promoted in railway section rehabilitations, combined transport, intermodality and/or multimodality or ITS designs. In terms of maturity, use of future TA for PPF with complementary financial resources could be suggested through additional expertise support to further continue building a mature project pipeline for the intervention related to high-risk road section improvements, multimodality, any relevant railway section from the corridor Bar – Vrbnica or any future intervention in the field of energy and digital economy.

### **Output 1.2: Maritime safety measures for Boka Kotorska analysed and designed to maturity for implementation**

In Montenegro, based on the principles of green economy, it is necessary to secure sustainable development of maritime economy and preserve the environment, in general, and the sea as an extremely important resource. One of the highly relevant activities to achieve these strategic and operational goals is to draft an analysis for optimizing maritime transport vessel traffic in the Bay of Boka Kotorska with the aim of improving maritime navigation safety and reducing the effects of maritime transport on biodiversity of the sea and other environmental parameters. The study will analyse and propose measures to improve and monitor large vessels traffic capacity management in the Bay of Boka Kotorska, in order to avoid potential negative environmental effects, better contributing to the Green Agenda. Due to this, it is necessary to define reception capacity of the Bay and work out the dynamics of calls by vessels into the ports, as well as the regime of ports in the Bay of Boka Kotorska. All of this in order to decrease the effect of maritime transport on the environment through definition of clear measures which will alleviate negative effects. In terms of maturity, preparatory work is ongoing as to define the terms of references for the Study for optimizing maritime navigation in the Bay of Boka Kotorska to improve safety and environmental impacts on biodiversity to be included in the tender dossier, ensuring full maturity of the project in due time.

### **Output 1.3: High-risk road section interventions designed to maturity for implementation**

Based on the approved methodology for detecting high-risk road sections on the Montenegrin road network and preliminary roll out of the model based on improved traffic accidents data collection from previous years, it is necessary to list identified high-risk road sections, classify and prioritize them according to the degree of consequences of traffic accidents, degree of maturity, benefits and potential improvement of road network performance. The study will analyse the social impact and environmental impact assessment of the proposed projects and improvement measures. In terms of sector maturity it is necessary to improve accident data collection mechanisms, coordination measures to improve traffic management with police interventions together with future practical roll out of the high-risk road sections modelling for Montenegro. The defined most urgent interventions are to be brought to maturity standard (detailed technical designs) through the PPF technical support. It is then expected to use the WBIF mechanism for solving main high-risk road sections problems, preliminary screened and identified.

### **Outcome 2: Capacity building and improved legal harmonization with the EU transport *acquis***

#### **Output 2.1: Increased monitoring and management capacity for the Institutions involved on the implementation of Transport policies**

Further increased support for institutional strengthening through capacity building activities is still crucially needed in order to ensure transfer of know-how, coaching, guidance and skills improvements on programming, identification, formulation, tendering, implementation, monitoring and evaluation on IPA transport projects.

Moreover, some complementary skills are required in order to approach integrated projects under the Window Sustainable connectivity and Green Agenda, more in particular the Thematic Priority Transport, Energy and Digital

Economy. It is expected to concentrate substantial technical advice on Structural Funds preparation in particular what relates to institutional set-up, programming, implementation and monitoring of future ESIF. In addition, capacity building initiatives need also to focus on providing support on frequency, quality of inspection supervision and control on roads and carrier premises under the Inspectorate for Road Transport. A demand driven resources centre would, similar to the IPA 2017 support, avail expertise to the crucial stakeholders of the transport sector as well as the contracting authority.

### **Output 2.2: National Legislation and Strategies aligned with EU Acquis for Transport**

Several financing allocations through IPA I and IPA II have been provided to support transport legislation alignment with the EU acquis, particularly in areas such as safety and security. It is expected to continue advancing on reform process in the field of transport through improvement of legal and institutional system, support to the ratification of conventions, protocols and international agreements. As part of the negotiation process for accession, support for harmonizing the current national legislation according to the EU acquis is mandatory and currently provided by the TA for CB in several of the sub transport modes. In particular, Montenegro has been committed to framework reforms through law on intermodality adopted in 2014 with almost inexistent set forward for EU legal approximation in those required standards. Similarly, no law substantial advancement is to be reported in the transposition of the ITS, except for the VTMS within the maritime transport mode and for preparatory actions for installing ERTMS technology in some railway sections. The alignment required for Montenegro under these topics will be in strict cooperation, synchronization and full synergies with Transport Community Secretariat. It is expected this activity to complement the existing work currently done by the IPA 2017 technical assistance project and cover the last missing gaps for harmonization of the law in the specific subfields of: Railways (Finalisation of the implementation of Technical Specifications of Intermodality, mainly dedicated to safety and interoperability (ERTMS) or improvement of the opening of the railway market to facilitate the coming of new operators), Road Safety Infrastructure (additional Directives/Regulations to be aligned to in the field of road safety and several bylaws for implementing the ITS directive 2010/40 will have to be drafted), Road Transport (new Directives/Regulations mainly dedicated to Co-modality, the most relevant EU legislation, Fragmentation of Single Market, Right infrastructure for decarbonisation, Key principles for transport of tomorrow, etc), Maritime Transport (last gaps in terms of Protection against Sea pollution and Maritime safety, implementation of the EU legal acts (Directives/ Regulations, Decisions/ Guidance) related to the new EU Biodiversity Strategy for 2030), Air Transport (Transposition of new Directives/Regulations in the field of Civil Aviation security, pilot's certifications from third countries and legislation on Drones operators or new guidance from ICAO), Intermodality (in particular the legal framework regarding construction of intermodal terminals).

### **Output 2.3: National strategy for sustainable alternative fuel vehicles (towards zero-emission mobility)**

New clean energy drive initiatives, promotion of alternative fuels and electro-mobility in particular in urban areas have been very little explored in Montenegro. This project is aimed to examine the possibility of introducing alternative fuel cars in Montenegro. The project will clarify all positive and negative applications (usage) of electric cars with the suggestion of several scenarios for their introduction into the fleet of Montenegro. Special attention will be paid to electric car chargers and analysis of possibility of installing charging stations that use renewable energy sources. The entire recycling chain for the new type of vehicles as well as the recycling of the old, abandoned fleet should be addressed.

A strategic study would be oriented towards the conception and development of alternative fuel mobility actions within the period 2025-2035 in Montenegro. This strategic national study will deeply analyse the advantages of using the new financial instruments proposed within the new IPA III Programming period such as ESFD+ or blending mechanisms, in order to provide an efficient financial mechanism to better guarantee investment gaps in the alternative fuel car industry and limit the risk of potential financial investors to facilitate their final decision. This will be done in strict cooperation with the WBIF mechanism.

The strategy should consider legislative options to boost the use of sustainable alternative fuels vehicles for the different transport modes in order to accelerate the deployment of zero and low emission vehicles. Finally, conclusions of this study and debates will be presented and launched through consultative and awareness activities to a public auditorium with the purpose to explain the positive and negative aspects of using electric vehicles in Montenegro. As expected in every new innovation curve, doubts and certain prejudices might appear. Each competent person will give an explanation and suggestions for eventually usage from research, industry to university specialists. Promotional

activities could include giving the opportunity to as many Montenegrin citizens as possible in order to have access and try a prototype of the electric vehicle. This will help each person to create his/her own opinion and difference in relation to conventional drive and bring the idea more to reality.

### 3.2. Indicative type of activities

Herby are briefly presented the indicative activities, grouped by outputs. Examples of type of activities

- **Output 1.1, 1.2 and 1.3**

It is expected to launch one TA service contract (in line with PRAG general conditions for service contracts) for provision of the services of a Project Preparation Facility.

- **Output 2.1, 2.2 and 2.3**

It is expected to launch one TA service contract (in line with PRAG general conditions for service contracts) for provision of the services of a capacity resources centre providing training, mentoring, institution building services, as well as strategy drafting and harmonisation of legal texts.

### 3.3. Risks and assumptions

<b>Risks</b>	<b>Risk level (H/M/L)</b>	<b>Mitigating measures</b>
Risk 1 Institutional capacity is not at sufficient level. Lack of adequate number and quality of staff, in particular what concerns the Project Implementation Units in line Ministries	High	Level of capacity of absorption should be tracked based on past experience in order to design feasible and sustainable programmes. The recently elected new government is also preparing a systematisation plan in order to bring at higher standards PAR in particular for the transport sector. In addition, the TA CB is bringing full support in technical advice and coaching in all aspects, having already provided an HR analysis.
Risk 2 Transposition of the EU legislation is not fully considered as a priority in the next years which may cause delays with the implementation of some activities	Low	Government of Montenegro has put as a priority to continue its effort in harmonizing national legislation with EU acquis. This trend has been continued in 2020 through the support of the TA CB and is expected to continue in the next years in line of meeting targets for the EU accession
<b>Assumptions</b>		
All Transport stakeholder body institutions are involved, committed, well-coordinated and cooperative for the preparation, launch, implementation and monitoring of the activities defined		
Time forecast and lessons learned from IPA II programming are seriously taken into account in order to increase efficiency of the system		
Adequate staffing and funding for institutions for transport management is in place in line with the new systematisation reform programme		
Receipt of the sufficient number of qualified tenders for service activities within the estimated budget (IPA funds);		
New financing modes promoting use of ESFD through PPP, concessions or any other risk support mechanisms to private investors aligned with the new government policy		
Commitment of the new Government to undertake public reforms amendments in line with the EU Directives		

### 3.4. Mainstreaming

This AD will contribute to the Objective 4 of the EU gender equality strategy 2020-2025: Gender mainstreaming and an intersectional perspective in EU policies, putting equal opportunities between men and women as an integral part of its design, implementation, monitoring and evaluation. Responsibility for implementing the mainstreaming strategy will be system-wide, and will rest at the highest levels within the different stakeholders involved in the implementation of this AD. Gender mainstreaming strategy will include adequate accountability mechanisms for monitoring (such as specific predefined indicators) and initial identification of gender differences and disparities across all areas of activity. Gender analysis should always be carried out, in particular with broaden women's equitable participation at all levels of decision-making during the consultation process.

This AD is devoted to Transport topics but fully having in mind the Green Agenda. Environment and Climate change have been considered as key criteria in the selection of the intervention proposed. In addition, those are mainly focused in the railway and maritime subsectors, directly considered as environmental friendly transport modes.

By promoting environmental friendly transport actions and measures to promote performance and efficiency for the transport network contributing to a better safety and security for the population, this AD will contribute to reduce inequalities which lie at the heart of development problems and consequently adhere with Rights Based Approach.

The existing coordination mechanisms for external assistance, particularly sector-based coordination group, have allowed that different central-level stakeholders have been consulted for this AD. In order to facilitate the dialogue and cooperation with Civil Society in Montenegro, representatives of non-governmental organizations and civil society will be consulted and involved in the future steps for the implementation processes. Furthermore, representatives of the different key stakeholders, including CSO's may also be invited to attend Steering Committee meetings, and consequently involved in the monitoring, evaluation and decision-making process.

### 3.5. Conditions for implementation

No specific conditions have to be in place for an effective and timely implementation of the AD. Failure to comply with the deadline requirements may lead to a recovery of funds under this programme and/or the re-allocation of future funding.

### 3.6. Logical Framework for PROJECT MODALITY

Results	Results chain: Main expected results (maximum 10)	Indicators(at least one indicator per expected result)	Baselines (2019)	Targets (2025)	Sources of data (1 per indicator)	Assumptions
<b>Impact</b>	Improved sustainable connectivity and green economy in Montenegro, in terms of performance, efficiency, digitalization and safety, by ensuring alignment with EU standard, and facilitating inter-connection of Montenegro with the neighbouring countries and the EU	Logistics performance Index (LPI) infrastructure Improved performance of Montenegro's SDGs 11, 12, 13, 14, 15 Overall assessment of level of preparations of Montenegro under chapters 14 and 21	LPI Infra 2,46  Moderately well prepared	LPI Infra 3  Fully prepared	WB LPI Report MONSTAT, Statistical Office of Montenegro Montenegro reports	<i>Not applicable</i>
<b>Outcome 1</b>	Performance and efficiency within the transport system increased	Number of projects accepted mature to bankable level  Number of road accidents reduced within the high-risk road sections Improved land use planning and EIAs in the context of sustainable transport projects Number of road and maritime transport infrastructure with improved resilience to extreme weather events Decrease of GHG emission reduction from the transport sector	0  0%  tbd	5  - 30%  tbd	Annual Report from Statistical Office for Transport in Montenegro PPF progress/Final reports	Time forecast and lessons learned from IPA II programming are seriously taken into account in order to increase efficiency of the system
<b>Outcome 2</b>	Capacity building and improved legal harmonization with the EU transport acquis communautaire of projects, further reinforced	Number of persons with skills and competences improved  % of Transposition of EU legislation for all transport modes including combined transport/intermodality Number of public policies that promote, enforce and/or monitor the use of electrical vehicles Number of electric cars registered	0  76%  0  145	300  96%  3  3 299	Capacity Building Progress/Final reports Montenegro Reports	Adequate staffing and funding for institutions for transport management is in place in line with the new systematisation reform programme
<b>Output 1 related to outcome 1</b>	Project preparation facility to mature projects in place	Number of engineering technical, environmental or financial studies or supervision of works	0	5	Engineering studies or supervisory works conducted	Receipt of a sufficient number of qualified tenders for revision and design of civil works within the estimated budget (IPA funds);
<b>Output 2 related to outcome 1</b>	Maritime safety measures for Boka Kotorska analysed and designed to maturity for implementation	Improved safety measures for optimizing maritime navigation in the Bay of Boka Kotorska and reduce environmental impacts on biodiversity in place	No	Yes	Results of the study for optimizing maritime navigation in the Bay of Boka Kotorska	Receipt of the sufficient number of qualified tenders for service activities within the estimated budget (IPA funds);
<b>Output 3 related to outcome 1</b>	High risk road section interventions designed to maturity for implementation	Number of high-risk road sections prioritized with feasibility design concluded	0	30	Results of the study for prioritizing black spots	Data base of accidents well operational and quality of data improved



<b>Output 1 related to outcome 2</b>	Increased management capacity of institutions involved with transport policy implementation	Number of persons trained	0	300	Capacity Building progress & Final Reports	Receipt of the sufficient number of qualified tenders for capacity building service providers within the estimated budget (IPA funds);
<b>Output 2 related to outcome 2</b>	National legislation and strategies aligned with EU Acquis for transport	Number of Laws or amendments transposing EU Acquis drafted	0	15	Montenegro report	Commitment of the Government to undertake public reforms amendments in line with the EU Directives
		Number of Rulebooks implementing EU Acquis drafted	0	30	Official Gazette	
<b>Output 3 related to outcome 2</b>	National strategy for sustainable alternative fuel vehicles (towards zero-emission mobility)	officially adopted national strategy with action plan	0	1	Official Gazette	Commitment of the Government to continue efforts towards zero-emission mobility transport strategy

## 4. IMPLEMENTATION ARRANGEMENTS

### 4.1. Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with Montenegro.

### 4.2. Implementation modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures<sup>5</sup>.

#### 4.2.1 Direct Management (Procurement)

The procurement envisaged will contribute to sustainable connectivity and green economy in Montenegro, in terms of performance, efficiency and safety, by ensuring alignment with EU standards, and facilitating inter-connection of Montenegro with the neighbouring countries and the EU.

More specifically, it will focus on:

- Outcome 1: Performance and efficiency within the transport system increased
- Outcome 2: Capacity building and legal harmonization improved

### 4.3. 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.

### 4.4. Indicative budget

	<b>EU contribution (amount in EUR)</b>	<b>Indicative third party contribution, in currency identified</b>
<b>Outcome 1:</b> Performance and efficiency within the transport system increased; <i>composed of</i>	1 685 000	N.A.
Direct Management (Procurement) c.f. section 4.2.1		N.A.
<b>Outcome 2:</b> Capacity building and legal harmonization improved; <i>composed of</i>	1 800 000	N.A.
Direct Management (Procurement) c.f. section 4.2.1		N.A.
<b>Procurement – total envelope under section 4.2.1</b>	<b>3 485 000</b>	N.A.

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<sup>5</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.

<b>Evaluation (cf. section 5.3)</b>	will be covered by another decision	N.A.
<b>Audit/Expenditure verification (cf. section 6)</b>	will be covered by another decision	N.A.
<b>Communication and visibility (cf. section 7)</b>	N.A.	N.A.
<b>Contingencies<sup>6</sup></b>	0	N.A.
<b>Total</b>	<b>3 485 000</b>	N.A.

#### 4.5. Organisational set-up and responsibilities

Overall responsibility for the development, management, and coordination of the transport sector in Montenegro lies within the MCI, in charge of coordinating activities among stakeholders and defining the implementation timeframe of activities. MCI is in direct communication with all administrative bodies involved in the management and implementation of IPA funds for the transport sector. This includes the national IPA coordinator (NIPAC) and the national authorizing officer (NAO) appointed in 2011 by a decree defining functions and compositions of the different IPA operating structures.

One of the administrative bodies established under the competence of the Ministry to act as public authority in terms of road safety is the Directorate for State Roads, Division for State Roads Maintenance and Safety. For the railway sector, it is the Directorate for Railways. However, allocation of infrastructure facilities to all interested railway undertakings lies within the Railway Infrastructure of Montenegro (RIOM) joint-stock company, established according to the Strategy of restructuring of the Railways of Montenegro.-For the maritime sector, the Directorate for Maritime Economy has the mandate to develop projects in the subsector, in full coordination with the Maritime Safety and Port Management Authority.

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<sup>6</sup> Consider that contracts where no financing agreement is concluded, contingencies have to be covered by individual and legal commitments by 31 December of N+1.

## 5. PERFORMANCE/RESULTS MONITORING AND REPORTING

### 5.1. Internal monitoring

A Monitoring Committee for this specific Thematic Priority shall be established after the entry into force of the Financing agreement related to the AD. The Monitoring Committee will be co-chaired by NIPAC or high ranking official representative of the Government, and a representative of the EUD.

A Steering Committee (SC) shall be established to review the progress at the contract level, comprising of representatives of this specific Thematic Working Group (TWG), beneficiary institutions, relevant implementing body, NIPAC Office and the EUD. It shall review the effectiveness, efficiency, quality, coherence, coordination and compliance of the implementation of the activities of the AD and their consistency with the relevant national and, whenever relevant, regional sector strategies. It 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 SC may invite other organizations to attend meetings in cases where this will bring added value to discussion, direction and outcomes of the AD, e.g. a representative from the national gender equality machinery, to help bring a gender perspective to this specific sector.

Implementation of this AD will be subject of special attention of 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. Operational conclusions, including any recommendations, will be drawn at the end of the SC meetings. These conclusions, including proposals and/or corrective actions, shall be subject to adequate follow-up and a review in the following committee meetings and shall be the basis for reporting to the IPA monitoring committee on progress made.

### 5.2. Roles & responsibilities for data collection, analysis & reporting

The performance and result monitoring arrangements are to be conducted by the SC lead by the beneficiary as main relevant Institution for reporting and data follow up. Strict collection of data should be done at intermediary points in order to compare initial target indicators with achieved ones. Performance assessment framework to be defined by the new MCI with the support of the TA for CB are to be followed up in line with the mechanisms for monitoring, reviewing and evaluating progress on indicators in accordance with the logframe matrix (as listed within this document).

### 5.3. Evaluation

The European Commission may carry out a mid-term, a final or an ex-post evaluation for this Action or its components via independent consultants, through a joint mission or via an implementing partner. In case a mid-term or final evaluation is not foreseen, the European Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner. The evaluations will be carried out as prescribed by the DG NEAR guidelines for evaluations.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

In addition, the Action might be subject to external monitoring in line with the European Commission rules and procedures set in the Financing Agreement.

## 6. AUDIT

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

All Financing Agreements as well as all resulting programmes, actions and subsequent contracts shall be subject to supervision, control and audit by the Commission, including the European Anti-Fraud Office (OLAF), and audits by the European Court of Auditors. As stated in the IPA III Programming Framework Financing will also be provided for support measures for the implementation, monitoring, audit and evaluation of IPA III programmes. The IPA III beneficiary shall also ensure that the agents or representatives of the Commission, including OLAF, have the right to inspect all relevant documentation and accounts pertaining to items financed under the related Financing Agreement and assist the European Court of Auditors to carry out audits relating to the use of IPA III assistance.

For the part of the action incorporating a form of financing not linked to costs but on the achievement of results, the verification mechanisms will focus on the results and performance indicators previously agreed.

## 7. COMMUNICATION AND VISIBILITY

Visibility of EU funding and communication about objectives and impact of Actions are a legal obligation for all Actions funded by the EU, as set out in the EU communication and visibility requirements in force. In particular, the recipients of EU funding shall acknowledge the origin of the EU funding and ensure its proper visibility by:

- Providing a statement highlighting the support received from the EU in a visible manner on all documents and communication material relating to the implementation of the funds, including on an official website and social media accounts, where these exist; and
- Promoting the actions and their results by providing coherent, effective and proportionate targeted information to multiple audiences, including the media.

Visibility and communication measures shall be implemented, as relevant, by the national administrations (for instance, concerning the reforms linked to EU budget support), entrusted entities, contractors and grant beneficiaries. Appropriate contractual obligations shall be included, respectively, in financing agreements, delegation agreements, and procurement and grant contracts.

The measures shall be based on a specific Communication and Visibility Plan, established and implemented in line with the EU communication and visibility requirements in force. The plan shall include, inter alia, a communication narrative and master messages for the Action, customised for the various target audiences (stakeholders, civil society, general public, etc.).

Visibility and communication measures specific to this Action shall be complementary to the broader communication activities implemented directly by the European Commission services and/or the EU Delegation. The European Commission and the EU Delegation should be fully informed of the planning and implementation of the specific visibility and communication activities, notably with respect to the communication narrative and master messages.

If the Action includes Union programmes, visibility and communication measures shall be implemented in accordance with the EU communication and visibility requirements in force and the specific rules of each Union programme. The relevant programme managing entity shall be responsible for monitoring the visibility and communication activities. The European Commission and the EU Delegation should be fully informed of the planning and implementation of the specific visibility and communication activities.

## 8. SUSTAINABILITY

Alignment with EU acquis will require not only harmonisation of the legal framework for Transport sector but as well creating enough administrative capacities for its implementation and enforcement. Investment in monitoring equipment such as the road inspection vehicle will strengthen and modernize monitoring systems having impact on the quality of the monitoring results and improving capacity to implement policy and enforce regulations in a more uniform way across the country. Montenegro should allocate the necessary resources for the implementation of the acquis, as well as the maintenance and operation of the equipment purchased.

For each of the results to be delivered under this AD, capacity building activities are foreseen such as coaching, training or technical advice and guidelines support. Based on the different tools and documents to be delivered under each Outcome, it is then expected to increase ownership and empowerment of the related beneficiaries. For example, through CB activities it is expected to prepare the administration for the future management of Structural Funds, share and exchange knowledge and provide the necessary tools to work without full dedicated support of external local and international expert assistance.