

**Standard Summary Project Fiche – IPA 2008 centralised National
and CBC Programmes
Support to Environmental Management**

1. Basic information

- 1.1 CRIS Number:** 2008/020-316
1.2 Title: Support to Environmental Management
1.3 ELARG Statistical Code: 02.27
1.4 Location: Montenegro

Implementing arrangements:

1.5 Contracting Authority (EC):
Delegation of the European Commission in Montenegro

1.6 Implementing Agency:
Delegation of the European Commission in Montenegro

1.7 Beneficiary (including details of project manager):
Ministry of Tourism & Environment (MTE)
Podgorica
Montenegro.
Tel.: +382 (0)20 482 145, +382 (0)20 234 091
Contact: Sinisa Stankovic (Assistant Minister, MTE)

1.8 Overall cost (VAT excluded)¹:
€1,000,000

1.9 EU contribution:
€1,000,000

1.10 Final date for contracting:
Two years from the conclusion of the Financing Arrangement

¹ The total cost of the project should be net of VAT and/or other taxes. Should this not be the case, the amount of VAT and the reasons why it should be considered eligible should be clearly indicated.
Standard Project Fiche - IPA centralised programmes 2008

1.11 Final date for execution of contracts:

Two years from signature of the contract.

1.12 Final date for disbursements:

One year from the final date of the contract.

2. Overall Objective and Project Purpose

2.1 Overall Objective:

The overall objective is improvement of environmental conditions in Montenegro by ensuring continued legal harmonisation and development of institutional capacities, as well as provision of a catalyst for investments in the sector.

2.2 Project Purpose:

To increase capacities of the Ministry for Tourism and Environment (MTE) in development and harmonisation of environmental legislation with the *acquis* including strengthening capacities of the recently-established Environmental Protection Agency to meet its functional responsibilities and to develop the Project Implementation Unit (PIU-PROCON) into operational institution capable of managing environmental infrastructure investments.

2.3 Link with AP/NPAA/EP/SAA

The project addresses short-term priorities defined in the **European Partnership** relating to harmonisation of legislation and development of complementary institutional capacity to enforce such legislation. It will also contribute to dealing with the medium-term priority of strengthening administrative capacity relating to environmental planning, permitting enforcement and monitoring, as well as project management.

Although concluding that good progress has been made on legislative harmonisation, the **EC Progress Report (2007)** highlights the need to accelerate the process of strengthening administrative capacity to ensure effective implementation and enforcement of legislation.

Through its support to the EPA, the project will address the over-arching requirement of the **Stabilisation and Association Agreement** to strengthen administrative structures and procedures. More specifically, it will support the environment-related requirements of the SAA; to develop strategies to reduce local, regional and trans-boundary air and water pollution, and to implement environmental impact assessment and strategic environmental assessment.

2.4 Link with MIPD

The project will directly address main priorities identified in the Montenegro 2007-2009 **MIPD** i.e. the introduction of key environmental legislation and its enforcement,

including environmental impact assessment; implementation of activities and investments in the areas of waste water, solid waste and air pollution. The project activities are consistent with those defined in the MIPD relating to supporting the environmental sector through capacity building, raising of awareness of the obligations of industries, consumers and citizens, and municipalities, and promoting investment in priority environmental infrastructure and equipment.

2.5 Link with National Development Plan

The project will support the implementation of environment-related priorities identified in the Government's **National Strategy for Sustainable Development** (NSSD). These include the need to establish an efficient legislative and institutional framework for environmental protection, particularly relating to free access to information, implementation of environmental impact assessment (EIA), strategic environmental assessment (SEA) and Integrated Pollution Prevention and Control (IPPC) legislation and strengthening other regulatory and market instruments for environmental management.

2.6 Link with national/sectoral investment plans (where applicable)

The Government has adopted strategic investment master plans to ensure the rational development of its environmental infrastructure system. An element of the proposed project will support the implementation of this investment strategy.

3. Description of project

3.1 Background and justification:

The Ministry of Tourism and the Environment (MTE) was established in November 2006, substantially combining the mandates of the former Ministry of Environment & Urban Planning and the Ministry of Tourism. Responsibility for urban planning issues has been transferred to the Ministry of Economic Development. MTE has four departments responsible for air and radiation; control of industrial pollution, waste and wastewater management; nature protection, EIAs, SEAs and IPPC; and strategic integration and processes in the field of the environment.

The administrative capacity of the Ministry relating to environmental management is inherently weak, as highlighted in the MIPD, EP and SAA.. It continues to be responsible for the full spectrum of environmental management issues, from policy making through to regulation, monitoring and enforcement. In order to rationalise administrative arrangements in line with the *acquis*, responsibility for executive tasks is in the process of being separated from legislation and policy. The Ministry will therefore continue to be responsible for legislation and policy. And a new institution, the Environmental Protection Agency (EPA), will take over responsibility for executive tasks, including: permitting; inspection and enforcement of legislation; collecting, collating and dissemination of environmental data; preparation and publishing of state-of-the-environment reports; and public awareness campaigns.

With support from the CARDS 2005 Programme (*Support to the Ministry of Environment*, contract number 05MTG01/06/002 with amount of 1,119,308.08 €), the institutional model for the EPA was agreed by all the principal stakeholders. However, there have been delays in getting the institution up and running largely due to the

government's failure to adopt revisions to the Environmental Law. A temporary management team has been established, with support from the CARDS 2006 Programme (*Support to the development of environment sector*, contract number 06MON01/07/001 with amount of 1,364,000.00 €), which has enabled progress to be made on the development of operational procedures and training programmes. Based on the Law on Environment that was adopted by Parliament of Montenegro on August 11th 2008, Environment Protection Agency is established. Law on Environment is published in the Official Journal of Montenegro number 48/08.

Preparation of a *National Environmental Approximation Strategy* is ongoing with bilateral support from the Italian Government. Limited progress on this project has been made so far. There is, however, a priority need to develop secondary legislation to support the detailed functioning of the EPA, in particular laws relating to regulation, inspection, permitting and enforcement. This will complement the solid legislative progress that has been made following the adoption of laws relating to EIA, IPPC; Air Quality, Noise, Chemicals, and ozone depleting substances.

The crucial issue of improving the country's environmental infrastructure base has been quantified and prioritised within three strategic master plans funded under previous CARDS programmes. Priority investment requirements to upgrade facilities for wastewater treatment and solid waste disposal are approximately €500 million. In order to address these needs, initially through the attraction of IFI funding, there is a need to develop enhanced project preparation and management capacity. The formation of a centralised Project Implementation Unit (PIU - PROCON) has been supported via a previous CARDS-funded assistance project. Based on Government decision, Limited Liability Company "Project - Consulting" Podgorica has been established. This Government decision was published in "Official Journal of Montenegro number 07/08 from 01.02.2008. Based on article 11 para 2 of the Decision to establish Limited Liability Company "Project - Consulting" Podgorica, Board of Directors, with the agreement of Government has adopted Statute of the company. At the same meeting, held on 22.07.2008, Rulebook on internal organization has also been adopted. Registration of PIU in the court is ongoing and is planned to be finished in the beginning of September. Recruitment of staff will start by the end of September. It is planned to recruit 13 people in the first year of operation. **Further development of the PIU's capacity is essential in order to manage ongoing loan programmes and to act as a catalyst for further loan arrangements.**

3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact

The project's main **impact** will be the tangible improvement of environmental management and information dissemination procedures. This improvement will manifest itself by way of reduced pollution to air, water and soil, more environmentally-friendly proposals development and increased public awareness.

Improved environmental protection will act as a **catalyst** for foreign investment, particularly the tourist industry. Developing the capacity of the PIU will also encourage increased private and IFI investment in environmental infrastructure.

Sustainability of the results of the project will be enhanced by securing Government commitments to provide the necessary financial and human resources to maintain the targeted institutions.

The benefits of improved water, air and soil quality within the country will also have a positive impact on neighbouring countries.

3.3 Results and measurable indicators:

Result 1

Environmental legislation harmonised with the *acquis* as defined in the National Programme for Integration.

Measurable indicators:

6 sub legal acts, stipulated as a short term priorities in different fields of environment in the National Programme for Integration, drafted or adopted.

Result 2

Fully operational and resourced Environmental Protection Agency, capable of fulfilling its mandate.

Measurable indicators:

50 permanently employed staff in the EPA trained;

Instructions on operational procedures agreed and adopted;

10 trainings on implementation of adopted procedures conducted;

70 permits per annum applied for, processed and approved/rejected; 150 inspections undertaken;

150 industrial and commercial enterprises involved in campaigns with aim to raise awareness of their legal responsibilities related to environmental pollution;

At least two awareness raising activities conducted;

10 inspections conducted based on pollution register data;

Monitoring data on different environmental indicators collected, compiled and disseminated to the general public on the regular basis;

Result 3

Establishment of Project Implementation Unit (PIU-PROCON) having the necessary and capable human resources and technical capacity to manage existing infrastructure investment programmes developed.

Measurable indicators:

Training needs identified and agreed.

10 trainings to PIU staff delivered.

5 Municipal-level strategic environmental infrastructure investment plans for Northern part of the country developed.

3 project designs and tender dossiers prepared on the basis of municipal strategic environmental investments plans;

3 works and supplies contracts procured and implemented within an agreed time schedule and in accordance with the procurement regulation of the funding institution.

A quantitative and qualitative budget plan for environmental infrastructure maintenance developed and adopted for 5 municipalities;

IT development plan and necessary procurement developed and set-up;

PIU-PROCON web-site.

3.4 Activities:

Activities related to Result 1

A 1.1. Expert support in preparation of draft legal acts in the field of nature protection (biodiversity, management of protected areas) in accordance with the acquis. Sub legal acts to be adopted :

- Rulebook on criteria and conditions which should fulfil legal and physical entities for establishing bank of gene.
- Rulebook on detailed requirement of keeping, breeding, manner of marking and record keeping of animals and manner of marking strictly protected animal species
- Rulebook on detailed requirement which should fulfil manager regarding expertise and organization skills in order to manage of protected areas
- Guidelines for capacity building of custom authorities for control of endangered protected flora and fauna

Activities related to Result 2

A 2.1. The provision of specialised expertise to establish detailed organisational arrangements and training of human resources in order to render EPA capable of fulfilling its responsibilities relating to issues such as nature protection (including Natura 2000), soil protection, national parks management, SEA, EIA, IPPC, data collection, data analysis and data reporting, environmental permitting, inspection and enforcement

A 2.2 Implementation and promotion of training programmes and awareness-raising activities for both regulated entities and the general public to ensure that environmental legislation is implemented properly.

A 2.3 Establish a polluter register, as required by legislation, to streamline environmental inspection activities. The register will detail the type, quantity and method of disposal or release of detrimental or hazardous substances and enable the authorities to react in the event of accident or emergency.

A 2.4 Selection of professional institution which will be responsible for the collection of needed data and preparation of report according to researches;

A 2.5 Preparation of Visibility Plan for dissemination of information to the public

A 2.6 Preparation and implementation of activities according to the prepared Visibility Plan for dissemination of information to the general public about findings based on researches;

A 2.7 Develop a coordinated system of environmental data collection, compilation and reporting produced on the basis of internationally-recognised indicators. This responsibility rests with Centre for Eco-toxicological Research, the Hydro-meteorological Institute, the Institute for Nature Protection and MONSTAT. The Environmental Protection Agency will assume overall responsibility for environmental data and support will be given to the establishment of a web portal as part of the European Environment Information and Observation Network (EIONET) in order that important environmental information under State responsibility can be made available to the public.

A 2.8 Revision of current reporting policies and procedures in order to disclose to the public, on a regular basis, environmental information produced by monitoring actors and competent government organisations, including Internet.

Activities related to Result 3

A 3.1 Updating of strategic master plans in order to identify contemporary priorities. Preparation of data, including EIAs and feasibility studies, necessary to attract IFI funding. Building of capacities to manage the preparation of EIAs, the design, procurement and supervision of environmental infrastructure projects.

A 3.2 Coaching and supporting the PIU management and staff in the professional development of the organization – in-service trainings and study tours implementation;

A 3.3 Review and assess the organisational structure of the republic's communal service providers in municipalities of Northern region of the country;

A 3.4 Provide specific assistance to develop municipal-level strategic investment plans taking into account cost-effectiveness and affordability.

A 3.5 Assistance with the preparation of project approval documentation to be submitted to the EIB and to other funding sources.

A 3.6 Assistance with the procurement of design services for individual projects;

A 3.7 Assistance with the review and approval of technical designs;

A 3.8 Assistance with the production of works and supplies tender dossiers for projects under preparation (like final check of tender documents prior to issuance to prospective tenderers, organisation of pre-tender meetings and site visits, attending pre-tender meetings, responding to tenderers' questions and attend tender opening sessions);

A 3.9 Assistance the PIU-PROCON to prepare pre-qualification documents and reports in the standard format of the funding institution, and assist with the obtaining of 'no objection' approval;

A 3.10 Assistance will cover all expert activities in the preparation stage, the evaluation stage, the contract stage and the supervision stage;

A 3.11 Assistance with the development of donor activities related to communal services;

A 3.12 Assistance in the development of annual environmental infrastructure programmes for operations, maintenance, renewal and rehabilitation;

A 3.13 Assist with the revision and finalisation of the draft work 'procedures manuals' prepared in the previous EAR-funded project

A 3.14 Review the output of the previous project concerning privatisation issues and operational and maintenance issues in the ViKs (municipal utility companies) and provide a further report and recommendation to the Ministry.

A 3.15 Assistance in the development of a communication and information plan for the PIU (PROCON);

A 3.16 Assist further with the development of a PIU - PROCON website

A 3.17 Assist with the set-up and development of an IT development plan and necessary procurement;

3.5 Conditionality and sequencing:

The beneficiary should provide an action plan for assuring the provision of adequate funding for physical and human resources necessary to ensure the continued operation of the targeted institutions. The process of drafting and adopting secondary legislation to complement the activities of the EPA needs to be commensurate with the Agency's operational development.

3.6 Linked activities

The proposed project is a logical continuation of institutional support activities in the environment sector under the national CARDS 2005 (*Support to the Ministry of Environment*, contract number 05MTG01/06/002 with amount of 1,119,308.08 €) and 2006 (*Support to the development of environment sector*, contract number 06MON01/07/001 with amount of 1,364,000.00 €). Achievements to date include a consensus agreement, supported by all relevant environmental management, on the operational structure and mandate of the EPA. Training requirements have been assessed and working procedures defined. Although, due to delays in adoption of complementary legislation, the legal basis for the EPA has not yet been secured, a temporary management structure has been established in order to facilitate commencement of functional operation of the institution. Similarly, the structure of the PIU has been agreed but it has not yet implemented. With support from the above CARDS projects, the PIU is functioning at a basic level in order to support the preparation of documentation for the ongoing EIB-funded infrastructure rehabilitation programme. The investment programme is based on the priorities identified in a strategic investment plan for the central and northern regions of Montenegro, funded by the CARDS 2003 programme (*Preparation of a Sewerage and Wastewater Strategic Master Plan (Central and Northern Region) Montenegro* prepared by consortium of Safege-Tebodin-LDK, contract number 03MTG01/04/00 with amount of 765,000.00 €).

UNDP has completed implementation of a project funded by the Government of the Netherlands to review the existing organisation and operational arrangements within the former Ministry of Environment and Physical Planning. The aim was to prepare a detailed analysis in order to identify potential capacity gaps and suggest areas of improvement. The recommendations included establishing a more efficient and effective line Ministry structure with increased ability to develop and manage policies; an improved Ministry operational system with mechanisms identified to adopt, implement and comply with the EU acquis; strengthened Public Information, IT system and documentation management within the Ministry. The review was fully taken into account during the final stages of identifying the EPA structure.

The World Bank is funding solid waste initiatives in the coastal area of Montenegro, including the establishment of two regional landfills. Funds are being used to support the formation of a consortium of participating Municipalities, for closing existing dumpsites, for the construction of proper sanitary landfills and for the provision of associated equipment.

The Global Environmental Facility, through the World Bank, is providing funding to support integrated ecosystem management in the Skadar Lake area. Project Implementation Units have been established in Montenegro and Albania to undertake a trans-boundary diagnostic study and prepare a strategic investment plan. Funding is being made available for priority small-scale infrastructure projects.

KfW currently supports the development of a regional water and wastewater utility serving the coastal region. Following establishment of necessary institutional arrangements, a feasibility study on water supply was prepared in advance of investment funding being made available to upgrade water supply infrastructure.

3.6 Lessons learned

Administrative capacity within the environmental management sector is inherently weak. Although technical expertise exists within the various institutions, the fragmented and poorly-defined respective mandates and lines of communication result in ineffective and inefficient management of environmental issues. Previous CARDS projects have made substantial progress in addressing these weaknesses, but the scope of the progress has been severely limited by the delayed adoption of corresponding legislation. Therefore, in future, more emphasis should be placed on supporting the beneficiary during the legislation adoption procedure in order not to undermine the operational establishment of the new institutions.

Clear commitments need to be secured from the Government regarding necessary budgetary provision to finance the required human and physical resources.

4. Indicative Budget (amounts in €)

			SOURCES OF FUNDING									
			TOTAL EXP.RE	IPA COMMUNITY CONTRIBUTION		NATIONAL CONTRIBUTION					PRIVATE CONTRIBUTION	
ACTIVITIES	IB	INV	EUR (a)=(b)+(c)+(d)	EUR (b)	%	Total EUR (c)=(x)+(y)+(z)	%	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (d)	%
Contract 1 (Twinning)	x		1,000,000.00	1,000,000.00	100							
TOTAL IB			1,000,000.00	1,000,000.00	100							
TOTAL INV												
TOTAL PROJECT			1,000,000.00	1,000,000.00	100							

Amounts net of VAT

It is anticipated that the project will be implemented via one twinning contract.

5. Indicative Implementation Schedule (periods broken down per quarter)

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1 (twinning)	Q1 2009	Q3 2009	Q2 2011

All projects should in principle be ready for tendering in the 1ST Quarter, following the signature of the FA.

6. Cross cutting issues:

6.1 Equal Opportunity

Extensive legislation exists in Montenegro related to equal opportunity issues. The Project will ensure, as far as is practicable, that the internal policies, structure or operating procedures of the beneficiary will conform to relevant EU directives and/or laws related to the promotion of equal opportunity.

The project will be gender sensitive and ensure access of women to its benefits, particularly with regards to access to training and increasing opportunities for employment and career advancement. The advertising of job vacancies and recruitment will be by via a process of fair and open competition.

6.2 Environment

The project directly addresses the promotion of improved environmental conditions in Montenegro and the project will be in compliance with relevant EU Directives.

6.3 Minorities

Enhanced environmental management capacity relating to permitting, enforcement and regulation will result in improved ambient air, water and soil quality which will benefit all groups of society, regardless of gender or minority status. The proposed project will, as far as is practicable, take the required steps to assure that the internal policies, structure or operating procedures of the beneficiary will conform with or promote minority issues.

ANNEXES

- 1 - Log frame in Standard Format
- 2 - Amounts contracted and Disbursed per Quarter over the full duration of Programme
- 3- Description of Institutional Framework
- 4 - Reference to laws, regulations and strategic documents:
 - Reference list of relevant laws and regulations
 - Reference to AP /NPAA / EP / SAA
 - Reference to MIPD
 - Reference to National Development Plan
 - Reference to national / sectoral investment plans
- 5 - Details per EU funded contract

ANNEX 1: Logical framework matrix

Logframe Planning Matrix for Support to Environmental Management, Montenegro	Programme name and number	
	Contracting period expires: two years from the conclusion of the Financing Agreement	Disbursement period expires one year after the final date of the execution of the contract
	Total budget: € 1.0 million	IPA budget: € 1.0 million

Overall objective	Objectively verifiable indicators	Sources of Verification	
Improvement of environmental conditions in Montenegro by ensuring continued legal harmonisation and development of institutional capacities, as well as to provide a catalyst for investments in the sector.	<p>Quality of environmental conditions meets European standards by the end of 2011, through implementation of existing and adoption of new legal documents, prepared by the Ministry of Tourism and Environment.</p> <p>Institutional and human resource capacities of the EPA and the PIU in place, trained and equipped, to meet criteria of technical competence, efficiency and transparency in line with the <i>acquis</i> and as required by IFI's and donor organisations, by the end of the project.</p>	<p>Government Annual report on state of environment Eionet priority data flows report</p> <p>National statute book (Official journal)</p> <p>MS twinning partner project progress report</p> <p>Government/IFI reports</p>	
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
To increase capacities of MTE in development and harmonisation of environmental legislation with the <i>acquis</i> including strengthening capacities of the recently-established Environmental Protection Agency to meet its functional responsibilities and to develop the Project Implementation Unit (PIU-PROCON) into operational institution capable of managing environmental infrastructure investments.	<p>30 percent decreased time for processing and issuance of environmental permits and increased number of processed requests</p> <p>Completion of investment project documentation for priority investment needs identified in strategic investment plans.</p> <p>Current IFI loan programmes are advanced in accordance with agreed implementation schedules</p> <p>Number of legal acts in compliance with the <i>acquis</i> drafted or adopted</p> <p>Implementation of municipal environmental infrastructure projects simplified through involvement of PIU and kick started two environmental infrastructure projects.</p>	<p>Permit register and Annual report on Activities of EPA.</p> <p>Project progress reports and internal/external monitoring reports</p> <p>IFI Financing Agreements</p> <p>No objection approvals issued by IFIs</p> <p>EBRD, EIB and other donor reports</p> <p>National statute book (Official journal)</p>	<p>The Government of the Montenegro remains committed to institutional and legislative reforms</p> <p>The Government of Montenegro maintains its commitment to the adopted investment strategy</p> <p>Timely provision of IFI and other donor funding</p>

Results	Objectively verifiable indicators	Sources of Verification	Assumptions
<p>Result 1 Environmental legislation harmonised with the <i>acquis</i> as defined in the National Programme for Integration</p> <p>Result 2 Fully operational and resourced Environmental Protection Agency, capable of fulfilling its mandate.</p> <p>Result 3 Establishment of the Project Implementation Unit (PIU-PROCON) having the necessary and capable human resources and technical capacity to manage existing infrastructure investment programmes developed.</p>	<p>6 sub legal acts, defined as a short term priorities in different fields of environment in the National Programme for Integration, drafted or adopted</p> <p>50 permanently employed staff in the EPA trained;</p> <p>Instructions on operational procedures agreed and adopted;</p> <p>10 trainings on implementation of adopted procedures conducted;</p> <p>70 permits per annum applied for, processed and approved/rejected; 150 inspections undertaken; 150 industrial and commercial enterprises involved in campaigns with aim to raise awareness of their legal responsibilities related to environmental pollution;</p> <p>At least two awareness raising activities conducted;</p> <p>10 inspections conducted based on pollution register data;</p> <p>Monitoring data on different environmental indicators collected, compiled and disseminated to the general public on the regular basis;</p> <p>Training needs identified and agreed;</p> <p>10 trainings to PIU staff delivered;</p> <p>5 Municipal-level strategic environmental infrastructure investment plans for Northern part of the country developed.</p> <p>3 project designs and tender dossiers prepared on the basis of municipal strategic environmental investments plans;</p> <p>3 works and supplies contracts procured and implemented within an agreed time schedule and in accordance with the procurement regulation of the funding institution.</p> <p>A quantitative and qualitative budget plan for environmental infrastructure maintenance developed and adopted for 5 municipalities IT development plan and necessary procurement developed and set-up;</p> <p>PIU-PROCON web-site.</p>	<p>Rulebook on criteria and conditions which should fulfil legal and physical entities for establishing bank of gene, Rulebook on detailed requirement of keeping, breeding, manner of marking and record keeping of animals and manner of marking strictly protected animal species, Rulebook on detailed requirement which should fulfil manager regarding expertise and organization skills in order to manage of protected areas, Guidelines for capacity building of custom authorities for control of protected flora and fauna, Decree on Temporary Emission Limit Values in the Air and Water, Sub legal act about responsibility for damage in environment regarding continuation of harmonization of Directive 2004/35/EC</p> <p>Training certificates</p> <p>Inspection of organisational structure and staff CVs</p> <p>Operational procedures manual and documentation</p> <p>Awareness raising documentary records, leaflets, brochures</p> <p>Permits register database</p> <p>Reports available in the public domain</p> <p>National statute book (Official journal)</p> <p>PIU/PROCON annual report</p> <p>Training Curricula</p> <p>Strategic investment plans adopted by the Government</p>	<p>Beneficiary institution is able to maintain adequate qualitative and quantitative counterpart staff through provision of the adequate budget resources</p> <p>The beneficiary is able to meet its co-financing and debt servicing obligations</p> <p>External budgetary constraints remain stable</p>

		Project documentation IFI Financing Agreements Tender / Contract documentation	
Activities	Means	Costs	Assumptions
<p>Activities related to Result 1</p> <p>A 1.1 Expert support in preparation of draft legal acts in the field of nature protection (biodiversity, management of protected areas) in accordance with the acquis. Legal acts to be adopted :</p> <ul style="list-style-type: none"> -Rulebook on criteria and conditions which should fulfil legal and physical entities for establishing bank of gene, -Rulebook on detailed requirement of keeping, breeding, manner of marking and record keeping of animals and manner of marking strictly protected animal species, -Rulebook on detailed requirement which should fulfil manager regarding expertise and organization skills in order to manage of protected areas, -Guidelines for capacity building of custom authorities for control of protected flora and fauna <p>Activities related to Result 2</p> <p>A 2.1 The provision of specialised expertise to establish detailed organisational arrangements and training of human resources in order to render EPA capable of fulfilling its responsibilities relating to issues such as nature protection (including Natura 2000), soil protection, national parks management, SEA, EIA, IPPC, data collection, data analysis and data reporting, environmental permitting, inspection and enforcement</p> <p>A 2.2 Implementation and promotion of training programmes and awareness-raising activities for both regulated entities and the general public to ensure that environmental</p>	Procurement of Twinning contract via PRAG procedure	Twinning contract: €1.0 million	Availability of suitably qualified expertise within applied twinning institutions.

legislation is implemented properly.

A 2.3 Establish a polluter register, as required by legislation, to streamline environmental inspection activities. The register will detail the type, quantity and method of disposal or release of detrimental or hazardous substances and enable the authorities to react in the event of accident or emergency.

A 2.4 Selection of professional institution which will be responsible for the collection of needed data and preparation of report according to researches;

A 2.5 Preparation of Visibility Plan for dissemination of information to the public

A 2.6 Preparation and implementation of activities according to the prepared Visibility Plan for dissemination of information to the general public about findings based on researches;

A 2.7 Develop a coordinated system of environmental data collection, compilation and reporting produced on the basis of internationally-recognised indicators. This responsibility rests with Centre for Ecotoxicological Research, the Hydro-meteorological Institute, the Institute for Nature Protection and MONSTAT. The Environmental Protection Agency will assume overall responsibility for environmental data and support will be given to the establishment of a web portal as part of the European Environment Information and Observation Network (EIONET) in order that important environmental information under State responsibility can be made available to the public.

A 2.8 Revision of current reporting policies and procedures in order to disclose to the public, on a regular basis, environmental information produced by monitoring actors and competent government organisations, including Internet.

Activities related to Result 3

A 3.1 Updating of strategic master plans in

order to identify contemporary priorities.
 Preparation of data, including EIAs and feasibility studies, necessary to attract IFI funding. Building of capacities to manage the preparation of EIAs, the design, procurement and supervision of environmental infrastructure projects.

A 3.2 Coaching and supporting the PIU management and staff in the professional development of the organization – in-service trainings and study tours implementation;

A 3.3 Review and assess the organisational structure of the republic's communal service providers in Northern region of the country;

A 3.4 Provide specific assistance to develop municipal-level strategic investment plans taking into account cost-effectiveness and affordability.

A 3.5 Assistance with the preparation of project approval documentation to be submitted to the EIB and other funding agencies.

A 3.6 Assistance with the procurement of design services for individual projects;

A 3.7 Assistance with the review and approval of technical designs;

A 3.8 Assistance with the production of works and supplies tender dossiers for projects under preparation (like final check of tender documents prior to issuance to prospective tenderers, organisation of pre-tender meetings and site visits, attending pre-tender meetings, responding to tenderers' questions and attend tender opening sessions);

A 3.9 Assistance the PIU-PROCON to prepare pre-qualification documents and reports in the standard format of the funding institution, and assist with the obtaining of 'no objection' approval;

A 3.10 Assistance will cover all expert activities in the preparation stage, the evaluation stage, the contract stage and the supervision stage;

A 3.11 Assistance with the development of donor activities related to communal services;

A 3.12 Assistance in the development of annual environmental infrastructure programmes for operations, maintenance, renewal and rehabilitation;

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A 3.13 Assist with the revision and finalisation of the draft work 'procedures manuals' prepared in the previous EAR-funded project
A 3.14 Review the output of the previous project concerning privatisation issues and operational and maintenance issues in the ViKs (municipal utility companies) and provide a further report and recommendation to the Ministry.
A 3.15 Assistance in the development of a communication and information plan for the PIU (PROCON);
A 3.16 Assist further with the development of a PIU - PROCON website
A 3.17 Assist with the set-up and development of an IT development plan and necessary procurement;

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ANNEX 2: Amounts (in €) Contracted and disbursed by quarter over the full duration of the Programme:

Contracted	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011
Contract 1 (twinning)	1,000,000							
Cumulated	1,000,000							
Disbursed	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011
Contract 1 (twinning)	300,000		200,000		200,000			300,000
Cumulated	300,000	300,000	500,000	500,000	700,000	700,000	700,000	1,000,000

ANNEX 3: Description of Institutional Framework

In November 2006 the former Ministry of Environment & Physical Planning was superseded by the Ministry of Tourism and Environment (MTE). The MTE's present mandate is defined in the *Law on Public Administration* (2006) and includes:

- Environmental protection;
- Sustainable use of natural resources;
- Nature conservation, national parks, protected areas and biodiversity;
- Protection of air, climate and ozone layer;
- Protection from harmful effects of ionizing and non-ionizing radiation;
- Protection of soil quality;
- EIA, SEA and IPPC;
- Monitoring of the state of environment and polluter register;
- Environmental economic instruments;
- Waste management;
- Export, import, transit and disposal of hazardous substances, including radioactive substances;
- Coordination of wastewater municipal infrastructure systems;
- Coordination of regional systems for water supply; and
- International cooperation on environment.

Issues related to environmental protection and management come under four departments:

- air and radiation;
- control of industrial pollution, waste and wastewater management;
- nature protection, EIA, SEA and IPPC;
- integration of strategic processes on environment.

Although the full staffing complement for these departments is 25, there are current only 15 professional staff, including 4 lawyers and 4 environmental inspectors.

The Environmental Protection Agency (EPA)

The Environment Protection Agency model has been designed under the coordination of the cross-sectoral Advisory Committee and in October 2006 was submitted to the former Government. The proposal described steps to be taken towards establishing the EPA, including plans for training and capacity building of EPA staff. Under the separated mandates, the Ministry will be responsible mostly for long-term priority issues, such as developing key national strategic documents and basic instruments for their implementation (i.e. laws, edicts and decrees, economic instruments) that will be harmonised with the acquis. The Law on Environment which was adopted by Parliament of Montenegro on August 11th 2008, has given a legal base for establishment of Environment Protection Agency. The newly established Environmental Protection Agency (EPA) will enable the strict separation of environmental policy and legislation tasks. Other responsibilities will be given to the EPA, including:

- Environmental permitting and EIA, SEA and IPPC procedures;
- Inspection and enforcement of activities under environmental legislation;
- Collecting and processing environmental monitoring data delivered by authorized institutions, establishing environmental databases, and organizing dissemination of information and public access to it;

- Reporting related to the EU environmental *acquis*, national requirements in environmental law, and environmental agreements; and
- Publishing State of Environment reports after Government approval and communicating all relevant environmental information to interested stakeholders, including relevant international organisations.
- Public awareness campaigns.

The EPA will be responsible for the practical implementation of the integrated approach to environmental issues as required by the *acquis*. To fulfil these obligations, a staffing level of 50 is anticipated.

Limited Liability Company "Project - Consulting" Podgorica has been established, based on Government decision published in "Official Journal of Montenegro number 07/08 from 01.02.2008. At the meeting held on 22.07.2008 and based on article 11 paragraph 2 of the Decision to establish Limited Liability Company "Project - Consulting" Podgorica, Board of Directors adopted Statute of the company. Rulebook on internal organization has also been adopted at the same meeting. Registration of PIU in the court is ongoing and is planned to be finished in the beginning of September. Recruitment of staff will start by the end of September. It is planned to recruit 13 people in the first year of operation

ANNEX 4: Reference to laws, regulations and strategic documents

1. Reference list of relevant laws and regulations

Laws:

Law on coastal zone (OG RM No. 14/1992)
Law on Municipal Activities (OG RM No. 7/4 1995)
Law on Environment (OG RM No. 12/1996)
Law on Protection from Ionizing Radiation (OG FRY No. 46/1996)
Regulations on environmental impact assessment (OG RM No. 14/1997)
Guidelines on EIA Study content (OG RM No. 21/1997)
Law on the Basic Principles of Environmental Protection (OG FRY No. 24/1998)
Law on Non-Governmental Organizations (OG RM No. 27/1999)
Law on Forests (OG RM No. 55/2000)
Law on genetically modified organisms (OG FRY No. 21/2001)
Law on Inspection Control (OG RM No. 39/2003)
Law on Energy (OG RM No. 39/2003)
Law on Local Self-Government (OG RM No. 42/2003)
Law on Spatial Planning and Development (OG RM No. 280/2005)
Law on Free Access to Information (OG RM No. 68/2005)
Law on Environmental Impact Assessment (OG RM No. 80/2005)
Law on Strategic Environmental Assessment (OG RM No. 80/2005)
Law on Integrated Pollution Prevention Control (OG RM No. 80/2005)
Law on Waste Management (OG RM No. 80/2005)
Law on Environmental Noise (OG RM No. 45/2006)
Law on Public Procurement (OG RM No. 46/2006)
Law on Water (2007)

Plans, Programmes, and Strategies

Poverty Reduction Strategy (2003)
National Report on Biodiversity Condition in the coastal and sea area of Montenegro (2004)
Communication Strategy for Informing the Public on Montenegro's EU Association Process (2004)
Energy Efficiency Strategy (2005)
Coastal Area Spatial Plan for Montenegro (2005)
Strategy for Development of Food Production and Rural Areas (2006)
Strategic Framework for Development of Sustainable Tourism in Northern and Central Montenegro (2006)
Tourism Development Strategy until 2020 (2006)
Administrative capacity building action plan for implementation of the Stabilization and Association Agreement (2006)

Functional Analysis of the Ministry for Environmental Protection and Physical Planning (2006)

National Diagnostic Analysis (NDA) on the Sea Pollution from Land-based Sources (2006)

National Action Plan for Montenegrin Coast (NAP) for Preventing Sea Pollution from Land-based Sources (2006)

Foreign direct investment incentives strategy of Montenegro (2006)

National Strategy for Sustainable Development (2007)

2. Reference to other strategic documents

Wastewater Feasibility Study Coastal Region, Montenegro (2003)

Master Plan for Sewerage and Wastewater in Central and Northern Region (2004)

Preparation and Implementation of a Republic-Level Solid Waste Strategic Master Plan (2005)

Ministry of the Environmental Protection and Physical Planning. National Strategy of Sustainable Development. Action Plan 2006 – 2009 (2006)

• Reference to EP / SAA

The European Partnership Document

Short-term priorities

- Continue approximating Montenegrin legislation to EU legislation and standards, notably environmental protection framework legislation. Develop the administrative capacity to implement and enforce adopted legislation.
- Develop an overall environment protection strategy (water, waste, air). Adopt the land use plan; adopt the sustainable development strategy and sectoral strategies (integrated coastal zone management, biodiversity, climate change). Strengthen environmental management administrative capacity.

Medium-term priorities

- Begin implementing the land use plan and the overall environment protection strategy. Begin implementing the sustainable development strategy and other sectoral strategies (integrated coastal zone management, biodiversity, climate change). Ensure a viable financial framework for implementing a mid- to long-term environmental protection policy.
- Ratify and start implementing the Kyoto protocol.
- Continue strengthening the administrative capacity of ministries and bodies in charge of environmental planning, permitting, inspecting, enforcement and monitoring, as well as project management.

The Stabilisation and Association Agreement (SAA, March 2007)

Article III:

The Parties shall develop and strengthen their co-operation in the environmental field with the vital task of halting further degradation and start improving the environmental situation with the aim of sustainable development.

The parties shall, in particular, establish co-operation with the aim of strengthening administrative structures and procedures to ensure strategic planning of environment

issues and co-ordination between relevant actors and will focus on the alignment of Montenegro's legislation to the Community *acquis*. Co-operation could also centre on the development of strategies to significantly reduce local, regional and trans-boundary air and water pollution, to establish a framework for efficient, clean, sustainable and renewable production and consumption of energy, and to execute environmental impact assessment and strategic environmental assessment. Special attention will be paid to the ratification and the implementation of the Kyoto Protocol.

- **Reference to MIPD**

Main Priorities and objectives (environment-related)

Strengthening the competitiveness of the Montenegrin economy and improve the business environment via, *inter alia*, the introduction of key environmental legislation and its enforcement, including environmental impact assessment; implementation of activities and investments in the areas of waste water, solid waste and air pollution.

- **Reference to EC Montenegro 2007 Progress Report**

Relating to administrative capacity:

The environmental protection agency has not yet been established. Overall, administrative capacity is weak and suffers from lack of staff and of satisfactory coordination between the bodies involved in environmental protection issues, in particular inspection activities. The lack of implementation capacity at local level and poor coordination between central and local government further limit enforcement capability.

Overall, some progress has been achieved in terms of alignment with the EU environmental standards and harmonisation seems to be on track. However, further efforts are needed, in particular on implementation and enforcement which pose a significant challenge. Particular attention needs to be paid to strengthening administrative capacity.

- **Reference to National Development Plan**

The Government's **National Strategy for Sustainable Development** identifies the following priority tasks to improve environmental management:

the establishment of the efficient legislative and institutional framework for environmental protection (particularly relating to free access to information, implementation of EIA, SEA and IPPC legislation and strengthening other regulatory and market instruments for environmental management). The measures to achieve this include further harmonisation with EU legislation, building capacities of administration at all levels, particularly relating to efficient application of the new legislation, establishment of the Environmental Protection Agency and the eco-fund, alignment of monitoring programmes and reporting systems with EEA standards, activities to enable free access to information and more significant public participation in decision-making, etc. Certain measures relevant for the achievement of this objective are given also within other sectors and topics – in industry, new technologies, water, air, waste, governance and participation, etc.

- **Reference to national / sectoral investment plans**

Not applicable

ANNEX 5: Details per EU funded contract

Twining contract

Summary of identified tasks:

a) Support the continued harmonisation of environmental legislation

- Development of relevant legal acts and review existing legislation relating to inspection and permitting

b) Support to the further development of the Environmental Protection Agency

- Establishment of detailed organisational arrangements and training of human resources within the Environmental Protection Agency.
- Development of training programmes and awareness-raising activities for both regulated entities and the general public
- Establishment of a polluter register
- Development of a coordinated system of environmental data collection, compilation and reporting
- Revision of current reporting policies and procedures

c) Development of the operational activities of a Project Implementation Unit

- Updating of strategic master plans in order to identify contemporary priorities

Experts to be engaged on the project will be required to have a thorough knowledge and understanding of relevant EU legislation (specifically relating to environmental inspection and permitting), systems and best practice as they relate to environmental management issues. As know how transfer is at the centre of this contract, experts need to be accomplished practitioners, proficient writers and capable of delivering inputs to stakeholder workshops with a pronounced ability to speak in public, convey messages by using modern communication technology, appraise beneficiary staff, provide corresponding training on the job and design training programmes to close skill gaps observed.

In order to effectively undertake the above tasks it is envisaged that the following expert resources will be required:

Project Leader (senior long-term key expert): responsible for managing the whole consultant team, for advising the beneficiaries, for maintaining liaison with the counterpart teams, and for managing and overseeing the specific tasks. The expert should demonstrate specific expertise in developing environmental management capacity within public authorities, in particular relating to permitting, enforcement and regulation.

Resident Twining Advisor (RTA) (senior long-term key expert):

In order to undertake the above tasks and achieve the project deliverables, the Resident Twining Advisor (RTA) is expected to provide a team of experts having accrued at least 10 years experience in a relevant central administrative structure of a

Member-State; he/she shall have experience in development of capacities within environmental public institutions. Considerable experience in project management as well as ability to lead a process, communicate clearly and train staff is required. As English will be the working language, all experts are required to be fluent in English. The RTA is foreseen for 24 months mission in Montenegro.

Senior long-term key expert (PIU Expert): responsible for developing investment project management capacity in the PIU. Specific experience in water sector investment projects should be demonstrated.

Senior short-term expert (Legal Expert): responsible for reviewing and drafting harmonised environmental legislation.

Short-term experts: having experience in issues such as IT development, awareness-raising campaigns, environmental data compilation.

In general, the various levels of experts should fulfil the following criteria relating to qualifications and experience:

Senior experts:

A bachelors degree in environmental management (where a university degree has been awarded on completion of three years study in a university or equivalent institution) or other associated field, or 15 years of relevant professional experience.

Experts:

A bachelors degree (where a university degree has been awarded on completion of three years study in a university or equivalent institution), or 10 years of professional experience in a specific area associated with this contract.

Number of short term experts will be determined by MS twinning partner.