



Brussels, 10.12.2014
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COMMISSION IMPLEMENTING DECISION

of 10.12.2014

adopting an Annual Country Action Programme for Montenegro for the year 2014

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THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action¹ and in particular Article 2(1) thereof,

Having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002² and in particular Article 84(2) thereof,

Whereas:

- (1) Regulation (EU) No 231/2014³ lays down the objectives and main principles for pre-accession assistance to beneficiaries listed in Annex I to that Regulation.
- (2) In accordance with Article 7 of Regulation (EU) No 231/2014 the assistance should be implemented through annual or multi-annual, country-specific or multi-country programmes. These programmes should be drawn up in accordance with the framework for assistance referred to in Article 4 of Regulation (EU) No 231/2014 and the relevant country or multi-country indicative strategy papers referred to in Article 6 of that Regulation.
- (3) The Council established an Accession Partnership or a European Partnership for all beneficiaries listed in Annex I to Regulation (EU) No 231/2014. The Commission adopted an indicative strategy paper for Montenegro for 2014 - 2020 on 18 August 2014⁴, which provides indicative allocations for the sectors for pre-accession assistance.
- (4) Considering the proposals for action submitted by the beneficiaries concerned, the Country Action Programme for 2014 aims at providing assistance for actions in the following sectors: democracy and governance; rule of law and fundamental rights;

¹ OJ L 77, 15.03.2014, p. 95

² OJ L 298, 26.10.2012, p.1

³ Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (OJ L 77, 15.03.2014, p. 11).

⁴ C(2014) 5771 of 18 August 2014

environment and climate action; transport; competitiveness and innovation and agriculture and rural development.

- (5) It is necessary to adopt a financing decision, the detailed rules of which are set out in Article 94 of Commission Delegated Regulation (EU) No 1268/2012⁵.
- (6) The Commission should be able to entrust budget-implementation tasks under indirect management to the IPA II beneficiary specified in this Decision, subject to the conclusion of a Financing Agreement. In accordance with Article 60(1) and (2) of Regulation (EU, Euratom) No 966/2012 and the first subparagraph of Article 14(3) of the Commission Implementing Regulation (EU) No 447/2014⁶ the authorising officer responsible needs to ensure that the entrusted entity guarantees a level of protection of the financial interests of the Union equivalent to that required under Regulation (EU, Euratom) No 966/2012 when the Commission manages Union funds.

The entrusted entity is currently undergoing a complementary assessment of its systems and procedures. In anticipation of the results of this review, the authorising officer responsible deems that, based on the entity's positive assessment under Council Regulation (EC, Euratom) No 1605/2002⁷ and Commission Regulation (EC) No 718/2007⁸ and the entity's present compliance with the requirements of points (a) to (d) of Article 60 (2) of the Regulation (EU, Euratom) No 966/2012, budget implementation tasks can be entrusted to this entity. In accordance with Article 60(1)(c) of Regulation (EC, Euratom) No 966/2012, the authorising officer responsible needs to ensure that measures are taken to supervise and support the implementation of the entrusted tasks. A description of these measures and the entrusted tasks are laid down in the Annex to the Decision.

- (7) The Commission should be able to entrust budget-implementation tasks under indirect management to the entities specified in this Decision, subject to the conclusion of a delegation agreement. In accordance with Article 60(1) and (2) of Regulation (EU, Euratom) No 966/2012, the authorising officer responsible needs to ensure that these entities guarantee a level of protection of the financial interests of the Union equivalent to that required when the Commission manages Union funds.

The Council of Europe and the United Nations Development Programme (UNDP) are currently undergoing the assessment under Regulation (EU, Euratom) No 966/2012. In anticipation of the results of this review, the authorising officer responsible deems that, based on the entities' positive assessment under Regulation (EU, Euratom) No 1605/2002 and on the long-standing and problem-free cooperation with them, budget-implementation tasks can be entrusted to these entities.

⁵ Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (OJ L 362, 31.12.2012, p. 1).

⁶ Commission Implementing Regulation (EU) No 447/2014 of 2 May 2014 on the specific rules for implementing Regulation (EU) No 231/2014 of the European Parliament and of the Council establishing an Instrument for Pre-accession assistance (IPA II) (OJ L 132, 3.5.2014, p. 32).

⁷ Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 248, 16.9.2002, p.1)

⁸ Commission Regulation (EC) No 718/2007 of 12 June 2007 implementing Council Regulation (EC) No 1085/2006 establishing an instrument for pre-accession assistance (IPA) (OJ L 170, 29.6.2007, p.1)

- (8) It is appropriate to authorise the award of grants without a call for proposals to the bodies identified in the Annex and for the reasons provided therein.
- (9) The maximum contribution of the European Union set by this Decision should cover any possible claims for interest due for late payment on the basis of Article 92 of Regulation (EU, Euratom) No 966/2012 and Article 111(4) of Delegated Regulation (EU) No 1268/2012.
- (10) Pursuant to Article 94(4) of Delegated Regulation (EU) No 1268/2012, the Commission should define changes to this Decision which are not substantial in order to ensure that any such changes can be adopted by the authorising officer responsible

The action programme or measures provided for by this Decision are in accordance with the opinion of the IPA II Committee set up by Article 13 of Regulation (EU) No 231/2014.

HAS DECIDED AS FOLLOWS:

Article 1

Adoption of the programme/measure

The Annual Country Action Programme for Montenegro for the year 2014 under the Instrument for Pre-accession Assistance (IPA II) as set out in the Annex, is hereby approved.

Article 2

Financial contribution

The maximum amount of the European Union contribution for the implementation of the [programme][support measure] referred to in Article 1 is set at EUR 35 707 300.00 and shall be financed as follows:

EUR 19 467 000.00 million from the budget line 22.02.01.01 of the general budget of the EU for year 2014 and

EUR 16 240 300.00 million from the budget line 22.02.01.02 of the general budget of the EU for year 2014

Article 3

Implementation modalities

This programme shall be implemented by direct and indirect management.

The budget implementation tasks under indirect management may be entrusted to the entities identified in the Annex subject to the conclusion of the relevant agreements.

A Financing Agreement shall be concluded between the Commission and the Government of Montenegro in conformity with the Framework Agreement to be concluded between the same parties.

Article 4

Grants without a call for proposals

Grants may be awarded without a call for proposals to the bodies identified in the Annex, in accordance with the conditions specified therein.

Article 5

Non-substantial changes

The following changes shall not be considered substantial provided that they do not significantly affect the nature and objectives of the actions:

- a) increases or decreases for not more than 20% of the maximum contribution set in the first paragraph of Article 2, and not exceeding EUR 10 million;
- b) cumulated reassignments of funds between specific actions not exceeding 20% of the maximum contribution set in the first paragraph of Article 2;
- c) extensions of the implementation and closure period;
- d) Within the limits of 20% referred to in points a) and b) above, up to 5 % of the contribution referred to in the first paragraph of Article 2 of this financing decision may serve to finance actions which were not foreseeable at the time the present financing decision was adopted, provided that those actions are necessary to implement the objectives and the results set out in the programme.

The authorising officer responsible may adopt such non-substantial changes in accordance with the principles of sound financial management and proportionality.

Done at Brussels, 10.12.2014

For the Commission
Johannes HAHN
Member of the Commission

ANNEX 1

Annual Country Action Programme for Montenegro for the year 2014

1 IDENTIFICATION

Beneficiary	MONTENEGRO
<p>CRIS/ABAC Commitment references</p> <p>Total cost</p> <p>EU Contribution</p> <p>Budget lines</p>	<p>2014/032-022 EUR 9 827 920.00 - 22.02 01 01 – indirect management</p> <p>2014/032-803 EUR 11 460 300.00 - 22.02 01 02 – indirect management</p> <p>2014/037-803 EUR 9 639 080.00 - 22.02 01 01 – direct management</p> <p>2014/037-812 EUR 4 780 000.00 - 22.02 01 02 – direct management</p> <p>EUR 39 227 420.00</p> <p>EUR 35 707 300.00</p> <p>22.020101 and 22.020102</p>
<p>Management Mode/</p>	<p>1. Direct management by the European Commission for Actions 6, 7,8,10,16 and 17</p>

<p>Entrusted entities</p>	<p>2. Indirect management by Montenegro for the following actions:</p> <p>2.1. by the Central Financial and Contracting Unit (CFCU), together with the following beneficiaries):</p> <ul style="list-style-type: none"> - Ministry of Finance: Actions 1, 2, 3 and 4 - Ministry of Foreign Affairs and European Integration: Action 5; - Ministry of Sustainable Development: Action 9; - Ministry of Transport: Action 11; - Ministry of Economy: Actions 13, 14 and 15 <p>2.2. by the Department of Public Works (Ministry of Sustainable Development and Tourism), together with the following beneficiary:</p> <ul style="list-style-type: none"> - Ministry of Transport: Action 12.
<p>Final date for concluding</p> <p><u>Financing Agreements</u> with the IPA II beneficiary</p>	<p>At the latest by 31 December 2015</p>
<p>Final date for concluding</p> <p><u>delegation agreements</u> under indirect management</p>	<p>At the latest by 31 December 2015</p>
<p>Final date for concluding</p>	<p>3 years following the date of conclusion of the Financing Agreement, with the exception of the cases</p>

<u>procurement and grant contracts</u>	listed under Article 189(2) Financial Regulation.
Final date for operational implementation	6 years following the date of conclusion of the Financing Agreement.
Final date for implementing the Financing Agreement (date by which this programme should be de-committed and closed)	12 years following the conclusion of the Financing Agreement.
Programming Unit	DG Enlargement Unit B1 "Montenegro, Iceland"
Implementing Unit/ EU Delegation	EU Delegation to Montenegro

2 DESCRIPTION OF THE ACTION PROGRAMME

2.1 SECTORS SELECTED UNDER THIS ACTION PROGRAMME

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

The European Commission 2013-2014 Enlargement Strategy⁹ emphasises the need for addressing fundamental reforms first. Therefore a renewed focus on democracy and governance, rule of law and fundamental rights, as well as on measures improving economic governance and competitiveness have shaped the design of the Action Programme 2014 for Montenegro. Out of the eight priority sectors defined in the Indicative Strategy Paper 2014-2020¹⁰, six of them are addressed under this Action Programme. A high number of sectors are addressed because of the needs identified in numerous chapters during the negotiations process. The small size and limited absorption capacity also prevents the implementation of larger interventions at this stage of preparation.

Actions included in the **Democracy and Governance** sector address the reform of the public financial management (PFM) system, which is an integral part of the public administration reform (PAR). Furthermore, in the areas of taxation, customs and procurement the programme supports Montenegro's efforts to align with the EU *acquis*. Lastly, an EU integration Facility will support IPA II implementation and programming as well as the preparation of the negotiation process in the sectors not otherwise addressed in the Programme. The **Rule of Law and Fundamental Rights** sector will support the implementation of the Action Plans for Chapters 23 and 24 with a focus on the judiciary and the fight against organised crime and corruption as well as on anti-discrimination and gender equality policies.

In the **Environment and Climate Action** sector, the programme will support the harmonisation of the national legislation, especially in relation with the water directive, and an improved administrative capacity in line with the requirements of EU *acquis* on environment. The **Transport** sector will aim, on the one hand, at improving the road transportation systems while, on the other hand, at promoting the connection Bar-Belgrade through the rehabilitation of a section of railways in Montenegro. The IPA II 2014 Action Programme will contribute in the **Competitiveness and Innovation** sector to improving the business environment and supporting Montenegro in aligning and implementing the EU *acquis* related to financial services and internal market. Lastly, in the **Agriculture and Rural Development** sector, two actions will address the subsectors veterinary and fishery.

⁹ COM(2013)700 of 16.10.2013 - Communication from the Commission to the Council and the European Parliament, "Enlargement Strategy and Main Challenges 2013-2014" and corresponding progress reports

¹⁰ C(2014)5771 of 18.08.2014 – Commission Implementing Decision adopting an Indicative Strategy Paper for Montenegro for the period 2014-2020"

The Education, Employment and Social Policies sector is not included in the Action Programme. The implementation of the "Human Resources Development" Operational Programme 2012-2013 adopted in 2012 is expected to start in autumn 2014. A follow-up programme could therefore be envisaged at a later stage.

In addition to the actions included in this Programme, the Regional and Territorial Cooperation sector will be supported in 2014 through multi-country action programmes, Cross-Border Cooperation Programmes and ERDF trans-national cooperation programmes.

In 2014, Montenegro has been indicatively allocated an amount of EUR 39 457 300.00 IPA funds. Out of this allocation, EUR 2 250 000.00 is earmarked for the Civil Society Facility and EUR 1 500 000.00 for the Regional Housing Programme (through separate Financing Decisions). The funds allocated under this Action Programme therefore amount to **EUR 35 707 300.00**.

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

No "lead donor" from EU Member States or from other organisations was identified for a given sector, given that most donors have phased out their assistance from Montenegro as a candidate country. As a result, the European Union remains by far the principal donor, or the exclusive donor in several areas¹¹.

- In the *Democracy and Governance* sector, previous IPA support addressed the reform of the civil service and its legal framework. The United Nations Development Programme (UNDP) and the OECD, through the EU-funded SIGMA programme, have been key partners on enhancing good governance and participatory democracy.

- In the *Rule of Law and Fundamental Rights* sector, past EU assistance has continuously financially supported the reform in this sector. In addition other donors such as the Council of Europe, as well as bilateral donors have previously been active in this sector.

- In the *Environment and Climate Action* sector, past IPA assistance in the areas of environment and climate change focused on alignment with the *acquis* and administrative capacity building, as well as on creating a cleaner, safer environment. International financial institutions, such as the European Investment Bank (EIB), the European Bank for

¹¹ For further details on donors' coordination per sector, cf. the country specific report on Montenegro annexed to the study "Mapping of Sector Strategies" released on 28 February 2014 and available at:

http://ec.europa.eu/enlargement/news_corner/key-documents/index_en.htm (section evaluations)

Reconstruction and Development (EBRD), as well as Kreditanstalt für Wiederaufbau (KfW) provide financing for investments in environmental infrastructure.

- In the **Transport** sector, IPA focused previously on the development of the Bar-Belgrade corridor offering combined maritime-railway transport. In the area of road transport, IPA funded improvements to regional traffic flow conditions. As regards other donors active in the transport sector, the EBRD, EIB and KfW are also ready to support Montenegro in both road and railway infrastructure. In addition, Montenegro has signed an agreement with China for the financing and construction of the Smokovac-Mateševo segment of the Bar-Boljare highway.

- In the **Competitiveness and Innovation** sector, past IPA assistance in this area focused on supporting the development of the SME Development Strategy, as well as financing measures to strengthen business environment and facilitate access to the Internal Market. As regards other donors, EBRD, the World Bank group (WB) and KfW support Montenegro in this sector.

- In the **Agriculture and Rural Development** sector, previous IPA support focused on capacity building projects, both as regards the alignment with EU standards and the establishment of the necessary structures for the management of the EU funds. In addition, funds were allocated to rural development measures, implemented through a trust fund managed by the WB. Additional support has been received through bilateral aid from other donors.

List of Actions foreseen under the selected Sectors/Priorities:

Democracy and Governance

INDIRECT MANAGEMENT BY THE IPA II beneficiary		OTHER IMPLEMENTATION ARRANGEMENTS	
		(DIRECT MANAGEMENT BY THE EU DELEGATION)	
Action 1 "Support to the Tax administration"	EUR 900 000.00		
Action 2 "Improvement of the public finance management policies"	EUR 3 600 000.00		

Action 3 "Support to the Customs administration"	EUR 2 970 000.00		
Action 4 "Implementation of an e-procurement system"	EUR 1 500 000.00		
Action 5 "Participation in Union Programmes and Agencies"	EUR 857 920.00		
		Action 6 "EU Integration Facility"	EUR 4 604 080.00
TOTAL	EUR 9 827 920.00	TOTAL	EUR 4 604 080.00

Rule of Law and Fundamental Rights

INDIRECT MANAGEMENT BY THE IPA II beneficiary		OTHER IMPLEMENTATION ARRANGEMENTS (DIRECT MANAGEMENT BY THE EU DELEGATION)	
		Action 7 "Support to the implementation of Chapters 23 and 24 Action Plans"	EUR 3 600 000.00
		Action 8 "Support to the anti-discrimination and gender equality policies"	EUR 1 435 000.00
		TOTAL	EUR 5 035 000.00

Environment and Climate Action

INDIRECT MANAGEMENT	OTHER IMPLEMENTATION
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BY THE IPA II beneficiary		ARRANGEMENTS	
		(DIRECT MANAGEMENT BY THE EU DELEGATION)	
Action 9 "Strengthening the capacities for air quality management in Montenegro"	EUR 935 000.00		
		Action 10 "Implementation of the Water Framework Directive"	EUR 1 900 000.00
TOTAL	EUR 935,000.00	TOTAL	EUR 1 900 000.00

Transport

INDIRECT MANAGEMENT BY THE IPA II beneficiary		OTHER IMPLEMENTATION ARRANGEMENTS	
		(DIRECT MANAGEMENT BY THE EU DELEGATION)	
Action 11 "Development of a road network database and a safety assessment Programme"	EUR 1 035 300.00		
Action 12 "Rehabilitation of the railway section Kos-Trebešica"	EUR 4 140 000.00		
TOTAL	EUR 5 175 300.00		

Competitiveness and Innovation

INDIRECT MANAGEMENT BY THE IPA II beneficiary		OTHER IMPLEMENTATION ARRANGEMENTS	
		(DIRECT MANAGEMENT BY THE EU DELEGATION)	
Action 13 "Enhancement of business environment and competitiveness of the private sector"	EUR 1 500 000.00		
Action 14 "Support to regulation of financial services"	EUR 1 700 000.00		
Action 15 "Alignment with and implementation of the EU internal market acquis"	EUR 2 150 000.00		
TOTAL	EUR 5 350 000.00		

Agriculture and Rural Development

INDIRECT MANAGEMENT BY THE IPA II beneficiary		OTHER IMPLEMENTATION ARRANGEMENTS	
		(DIRECT MANAGEMENT BY THE EU DELEGATION)	
		Action 16 "Enhanced control and management of fisheries"	EUR 550 000.00
		Action 17 "Support to the veterinary sector"	EUR 2 330 000.00

		TOTAL	EUR 2 880 000.00
GRAND TOTAL	EUR 21 288 220.00	GRAND TOTAL	EUR 14 419 080.00

2.2 DESCRIPTION AND IMPLEMENTATION OF THE ACTIONS

SECTOR 1	Democracy and Governance	EUR 14 432 000.00
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Actions under this sector, except Action 6 – EU Integration Facility - will be managed under indirect management by the CFCU. The entrusted entity shall be responsible for carrying out the tasks relating to the implementation of the Action. The entrusted entity shall be responsible for the overall administration of all the activities required to implement the Action, including preparation, implementation and conclusion of grant and procurement contracts, and management of corresponding expenditures.

<i>Action 1</i>	<i>Support to the Tax Administration</i>	<i>EUR 900 000.00</i>
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(1) Description of the Action, objective, expected results and key performance indicators

The objective of the Action is to strengthen the administrative and operational capacities of the Montenegrin Tax Administration in accordance with EU standards *acquis*. It is expected from this Action that:

- The Montenegrin legal framework in the field of tax administrative cooperation is further aligned and mutual assistance developed in line with EU *acquis* on indirect and direct taxes;
- A comprehensive training programme is implemented, and consequently the Montenegrin Tax Administration's organisation, risk management, administrative and control procedures are enhanced;
- Conditions for the administrative co-operation and mutual assistance with EU Member States are improved;
- The operational capacity and computerisation of the Montenegrin Tax Administration are further strengthened.

Progress will be measured according to a number of key indicators, including:

- % of indicators within particular chapters of Fiscal Blueprints met by the Tax Administration by the end of the Action
- % of top level business managers trained on strategic and modern performance oriented management;
- Level of alignment with the EU taxation *acquis* (qualitative assessment).

(2) Assumptions and conditions

Montenegro ensures the appropriate human and financial resources in the target institutions to ensure the sustainability and long-term impact of this action. The recommendations and proposals made in the course of this action are effectively implemented. Effective political commitment and a good co-operation between all stakeholders are also essential to the reform process.

National co-financing of EUR 100 000 will be provided to achieve the above mentioned results.

<i>Action 2</i>	<i>Improvement of public finance management policies</i>	<i>EUR 3 600 000.00</i>
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(1) Description of the Action, objective, expected results and key performance indicators

The objective of the Action is to improve the efficiency, effectiveness and transparency of the Public Finance Management (PFM) policies. It is expected from this Action that:

- The budget system based on transparent programme structure, clear policy objectives and performance indicators is improved ;
- The transparency and accountability of decision making as regards PFM is improved;
- The key PFM policies, such as state aid, concessions and public procurement are improved as regards legislation, institutional set-up and capacities;
- The external audit performed by the State Audit Institution and the Audit Authority is strengthened.

Progress will be measured according to a number of key indicators, including:

- Progress in the accession negotiations on related chapters number 5, 8, 17, 18, 32 and 33
- Significant improvement in the Public Expenditure and Financial Accountability rating
- Decreasing number/ Increased implementation rate of structural SAI recommendations on PFM

(2) Assumptions and conditions

The action presupposes that a PFM Reform Strategy is prepared by the national authorities and that a coordination and monitoring mechanism is established.

Montenegro also needs to ensure appropriate human and financial resources in the target institutions to ensure the sustainability and long-term impact of this action. The recommendations and proposals made in the course of this action are effectively implemented. Effective political commitment and a good co-operation between all stakeholders are also essential to the reform process.

National co-financing of EUR 400 000 will be provided to achieve the above mentioned results.

<i>Action 3</i>	<i>Support to the Customs administration</i>	<i>EUR 2 970 000.00</i>
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(1) Description of the Action, objective, expected results and key performance indicators

The objective of the Action is to strengthen the operational capacity of the Customs Administration of Montenegro (MCA) in order to implement national transit procedures fully aligned to the requirements of Common transit procedures of the European Union and in order to implement National Transit Application (NTA) fully aligned to the requirements of the New Computerised Transit System (NCTS). It is expected from this Action that:

- MCA staff and economic operators are ready for applying the new transit rules;
- Server equipment and licences for databases and other system software necessary for the NCTS implementation is supplied;
- NTA is fully operational in line with EU requirements, and the MCA is capable of working and managing the NTA application and to provide advice to the trade community;
- The Montenegro NTA is ready for NCTS conformance testing using Common Communications Network/Common Systems Interface

Progress will be measured according to a number of key indicators, including:

- NTA tested at national level;
- Ratification and implementation of relevant common customs conventions;
- Level of alignment of customs legislation with EU *acquis*.

(2) Assumptions and conditions

Montenegro ensures that the national transit legislation is adapted to the Convention on Common transit procedure and the amendments to the Customs Law and implementing provisions, as well as the plan for NCTS are adopted within the required timeframe. Furthermore, Montenegro provides the appropriate human and financial resources in the target institutions to ensure the sustainability and long-term impact of this action. The recommendations and proposals made in the course of this action are effectively implemented.

National co-financing of EUR 330 000 will be provided to achieve the above mentioned results.

<i>Action 4</i>	<i>Implementation of an e-procurement system</i>	<i>EUR 1 500 000.00</i>
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(1) Description of the Action, objective, expected results and key performance indicators

The objective of the Action is to establish an e-procurement system in line with the EU acquis and best practices. It is expected from this Action that:

- An electronic public procurement system is developed and supports the electronic implementation of public procurement procedures and
- The business community and national administration are prepared to use the e-procurement system.

Progress will be measured according to a number of key indicators, including:

- Number of public procurement procedures conducted through e-procurement system;
- Degree of alignment of customs legislation with EU acquis on public procurement.

(2) Assumptions and conditions

- Government and Parliament are ready to adopt new legislation harmonised with the EU;
- Good and continuous interaction between the Public Procurement Administration and other stakeholders relevant for the enforcement of e-procurement;
- Ensured budget sustainability for supporting e-procurement policy;
- Institutional set-up and administrative capacities of Public Procurement Administration are sufficient to effectively absorb the activities

National co-financing of EUR 150 000 will be provided to achieve the above mentioned results.

<i>Action 5</i>	<i>Participation in Union Programmes and Agencies</i>	<i>EUR 857 920.00</i>
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(1) Description of the Action, objective, expected results and key performance indicators

The objective of the Action is to ensure participation of Montenegro in Union Programmes and agencies, such as COSME, Europe for Citizens, ERASMUS+, Customs, Fiscalis, Horizon 2020, Creative Europe or EaSI, by co-financing of the costs of the entry-tickets/participation fees to be paid. The following is expected from this Action:

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

Progress will be measured according to a number of key indicators, including:

- Number of successful applications to the Union programmes
- Participation rates in the respective European Union Programmes

(2) Assumptions and conditions

Each institution signatory of an Agreement for participation to a Union Programme ensures sufficient budget allocation to pay annual contributions.

Montenegro is responsible for paying the full amount of the entry ticket, prior to receiving the partial reimbursement from IPA II. The reimbursement will be paid as a grant to Montenegro. Following the reimbursement of the entry ticket from IPA funds, national co-financing will amount to at least EUR 801 920.00.

<i>Action 6</i>	<i>EU Integration Facility</i>	<i>EUR 4 604 080.00</i>
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(1) Description of the Action, objective, expected results and key performance indicators

The objective of this Action is to support the preparation and implementation of already adopted IPA programmes, the better programming of new IPA programmes and the preparation of the negotiation process in the sectors or subsectors not addressed in the Programme. The beneficiaries are the National IPA Co-ordinator (NIPAC) office, line Ministries, and other stakeholders. It is expected from this Action that:

- Tender documentation is prepared to allow the effective and timely implementation of IPA programmes;
- Activities linked to the effective and timely implementation, and to improve the impact, quality and achievements of the results already defined in the programme are financed.
- Capacity of the stakeholders in the identification, programming, implementation and evaluation of IPA funds is enhanced and well-targeted, mature and good quality actions or sector proposals are produced.
- Sector coordination is enhanced, sector strategic documents are prepared and disseminated and sector approach fully applied.
- Ad hoc support in some specific areas linked to the EU acquis is provided.
- Recommendations of the evaluation of actions of this programme are taken into account in future programming and during the implementation of future programmes.

Progress will be measured according to a number of key indicators, including:

- Progress of Montenegro towards meeting the political, institutional, administrative reforms assessed by the Progress reports (qualitative assessment)
- Overall level of administrative capacity assessed by the Progress reports (qualitative assessment)

(2) Assumptions and conditions

The implementation of the Action requires an effective coordination mechanism being put in place by the NIPAC office, together with all line ministries and other IPA stakeholders.

(3) Essential elements of the action (for direct management)

Procurement:

- Global budgetary envelope reserved for procurement: EUR 3 104 080:
- Indicative number and type of contracts: a number of service, supplies, works contracts -at least 10.
- Indicative time frame for launching the procurement procedure: Q3 2015 - Q4 2017

Grants

An indicative amount of up to EUR 1 500 000.00 could be used for activities to be implemented through twinning light or grants to international organisations.

a) Objectives and foreseen results: Support to meeting criteria for accession and capacity building of the national administration

b) The essential eligibility criteria: applicants must be EU Member State administrations, mandated bodies or international organisations with recognised technical and administrative experience in the field.

c) The essential selection criterion is the financial and operational capacity of the applicant.

d) The essential award criteria are technical expertise of the applicant, and the relevance, methodology and sustainability of the proposed action.

e) Maximum rate of EU co-financing: The maximum possible rate of EU financing may be up to 100% of the total cost of the action in accordance with Article 192 of Financial Regulation if full funding is essential for the action to be carried out. The necessity for full EU funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

f) Indicative amount of grant contract: up to EUR 500 000, unless justified by the objective and nature of the intervention

g) Indicative date for launching the selection procedure: Q3 2015 - Q4 2017

SECTOR 2	Rule of Law and Fundamental Rights	EUR 5 035 000.00
<i>Action 7</i>	<i>Support to the implementation of Chapters 23 and 24 Action Plans</i>	<i>EUR 3 600 000.00</i>

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

The objective of the Action is to support Montenegro to strengthen the efficiency of the judiciary and to counter corruption and organised crime. It is expected from this Action that:

- The efficiency of the judicial system (Ministry of Justice, Court Authorities and Prosecutors) is strengthened;
- Legislation concerning the fight against organised crime and corruption are effectively enforced. This includes the enhancement of financial investigations capacity and the coordination mechanism of the State Prosecution Office, Police, Courts Authorities, Anti Money Laundering administration, Customs administration and Tax administration.
- The Integrity plans are effectively enforced, thus contributing to prevention of corruption.
- A Rationalisation plan and preliminary and final design for courts and prosecutor's network is prepared
- Support to the programming of IPA assistance and to the monitoring of the implementation of possible Sector Budget Support programmes in the rule of law area is provided.

Progress will be measured according to a number of key indicators, including:

- Chapters 23 and 24 Actions Plans are implemented in line with EU standards and best practices;
- Track record of organised crime and corruption cases is established and improved. Number of integrity plans being adopted and implemented throughout the public administration.

(2) Assumptions and conditions

Montenegro ensures the appropriate human and financial resources in the target institutions to ensure the sustainability and long-term impact of this action. The recommendations and proposals made in the course of this action are effectively implemented. Effective political commitment and a good co-operation between all stakeholders are also essential to the reform process. The implementation of the EU 2012 Rule of Law project is successfully finalised and activities carried out and results achieved are fully taken on board during the implementation of the Action.

(3) Essential elements of the action (for direct management)

Grant – Call for proposal (EUR 3 000 000):

a) Objectives and foreseen results: The action aims at strengthening the efficiency of the Judiciary, the prevention and fight against corruption and organised crime. Expected results include an enhanced efficiency of the judicial system and an effective enforcement of legislation concerning the fight against organised crime and corruption.

b) The essential eligibility criteria: Types of action eligible for financing include (a) thematic meetings, seminars and conferences, round tables with police and security services, intelligence services, judicial authorities, financial investigation; (b) Study visits, workshops, training activities; (c) Specialised expert missions and gaps and needs-analysis sessions, specific studies, assessment missions; (d) Actions improving operational cooperation and coordination (strengthening networking, mutual confidence and understanding, exchange and dissemination of information, lessons learned, experience and best practices); (e) Development and transfer of technology and methodology; (f) Provision of advice on legislation, regulations, operational procedures; (g) Procurement of equipment for strengthening law enforcement and justice reform.

In order to be eligible for a grant, applicants must be (a) a European Union Member State public sector institution/operator or mandated body; (b) directly responsible for the preparation and management of the action with the co-applicant(s) and affiliated entity(ies), if any, not acting as an intermediary.

c) The essential selection criteria are financial and operational capacity of the applicant, including experience in the law enforcement and justice sector.

d) The essential award criteria are relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.

e) Maximum rate of EU co-financing: The maximum possible rate of EU financing may be up to 100% of the total cost of the action in accordance with Article 192 of Financial Regulation if full funding is essential for the action to be carried out. The necessity for full EU funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

f) Indicative amount of the call: 3 000 000

g) Indicative date for launch of the call for proposals: Q3 2015

Grant – Twinning – Call for proposals (EUR 600 000):

a) Objectives and foreseen results: Effective enforcement of integrity plans thus contributing to prevention of corruption.

b) The essential eligibility criteria: applicants must be EU Member State administrations or mandated bodies.

c) The essential selection criterion is the operational capacity of the applicant.

d) The essential award criteria are technical expertise of the applicant, and the relevance, methodology and sustainability of the proposed action.

e) Maximum rate of EU co-financing: The maximum possible rate of EU financing may be up to 100% of the total cost of the action in accordance with Article 192 of Financial Regulation if full funding is essential for the action to be carried out. The necessity for full EU funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

f) Indicative amount of Twinning contract: EUR 600 000

g) Indicative date for launching the selection procedure: Q3 2015

<i>Action 8</i>	<i>Support to the anti-discrimination and gender equality policies</i>	<i>EUR 1 435 000.00</i>
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(1) Description of the Action, objective, expected results and key performance indicators

The objective of the Action is to improve the social and institutional responsiveness towards promotion, protection and enforcement of human rights and equal opportunities, specifically focusing on the implementation of the anti-discrimination and gender equality policies. It is expected from this Action that:

- The Anti-discrimination framework is known, understood, and implemented especially towards Roma, Lesbian, Gay, Bisexual, Transgender and Intersex, Persons with disability, Women and minorities.
- An efficient and effective system for accomplishment of gender equality and women's empowerment standards is established;
- The system of protection of human rights of persons deprived of liberty is enhanced.

Progress will be measured according to a number of key indicators, including:

- % of fulfilled objectives of the strategic frameworks regarding anti-discrimination
- Change of perceptions on benefits and challenges of diversity within society

(2) Assumptions and conditions

Montenegro ensures the appropriate human and financial resources in the target institutions to ensure the sustainability and long-term impact of this action. The recommendations and proposals made in the course of this action are effectively implemented. Effective political commitment and a good co-operation between all stakeholders are also essential to the reform process.

National co-financing of EUR 293 000 will be provided in parallel to achieve the above mentioned results.

(3) Essential elements of the action (for direct management)

Two direct grants will be awarded to the Council of Europe (CoE) and UNDP respectively:

Grant to the CoE- Direct grant award (EUR): 700 000.00

a) Objectives and foreseen results: Capacity building of relevant institutions and civil servants in the area of anti-discrimination in order to ensure more effective multi-disciplinary and inter-institutional response to discrimination, through strengthening mechanisms for cooperation among institutions in charge of anti-discrimination, with the aim to decrease the level of discrimination in Montenegro through raising awareness of the general population on human rights of marginalized groups and raise capacities, understanding, knowledge and commitment of civil servants, police, judiciary members and politicians to work in accordance with EU and international human rights standards, and to offer more effective protection and services to people who are victims of any kind of discrimination

b) Justification for the use of an exception to calls for proposals: Council of Europe, given specific characteristics of the action that require a particular type of body on account of its technical competence, its high degree of specialisation and certain administrative power in the concerned sector, which falls under *Article 190 (f) of the Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012*.

c) Name of the beneficiary: *Council of Europe*

d) Indicative amount of the grant: EUR 700 000.00

e) Maximum rate of EU co-financing: the maximum possible rate of EU co-financing for grants under this call is 100% of the eligible cost of the action.

f) Indicative date for signing the grant agreement: Q2 2015

Grant to the UNDP- Direct grant award (EUR): 735 000.00

a) Objectives and foreseen results: Capacity building of relevant institutions and civil servants in the area of ant-discrimination and gender equality and ensuring more effective multi-disciplinary and inter-institutional response to discrimination and family violence, through strengthening mechanisms for cooperation among institutions in charge of anti-discrimination and family violence. Decrease the level of discrimination in Montenegro through raising awareness of the general population and raise capacities, understanding, knowledge and commitment of civil servants, police, judiciary members and politicians to work in accordance with EU and international human rights standards, and to offer more effective protection and services to people who are victims of any kind of discrimination. Ensuring full, equal and effective participation and leadership of women at all levels of decision-making in the public spheres and elimination of harmful practices such as unequal employment opportunities and decent work or violence in family.

b) Justification for the use of an exception to calls for proposals: UNDP, given specific characteristics of the action that require a particular type of body on account of its technical competence, its high degree of specialisation and certain administrative power in the concerned sector, which falls under *Article 190 (f) of the Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012*.

c) Name of the beneficiary: *UNDP*

d) Indicative amount of the grant: EUR 735 000.00

e) Maximum rate of EU co-financing: the maximum possible rate of EU co-financing for grants under this call is 100% of the eligible cost of the action.

f) Indicative date for signing the grant agreement: Q2 2015

SECTOR 3	Environment and climate action	EUR 2 835 000.00
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Actions under this sector, except Action 10 – Implementation of the Water Framework Directive (WFD) – will be managed under indirect management by the CFCU. The entrusted entity shall be responsible for carrying out the tasks relating to the implementation of the Action. The entrusted entity shall be responsible for the overall administration of all the activities required to implement the Action, including preparation, implementation and

conclusion of grant and procurement contracts, and management of corresponding expenditures.

Action 9	Strengthening the capacities for air quality management in Montenegro	EUR 935 000.00
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(1) Description of the Action, objective, expected results and key performance indicators

The objective of the Action is to complete the monitoring network in line with the Air Quality Directives (2008/50/EC and 2004/107/EC) and the Convention on Long-range Transboundary Air Pollution (CLRTAP) and the European Monitoring and Evaluation Programme (EMEP) Protocol. It is expected from this Action that:

- The implementation (monitoring and reporting) of the air quality acquis and CLRTAP/EMEP Protocol is improved;

Progress will be measured according to a number of key indicators, including:

- Rate of coverage of the AQ monitoring
- Quality and quantity of air quality data;
- Number of new AQ monitoring stations and EMEP station

(2) Assumptions and conditions

Montenegro ensures the appropriate human and financial resources in the target institutions to ensure the sustainability and long-term impact of this action. The recommendations and proposals made in the course of this action are effectively implemented.

National co-financing of EUR 165 000.00 will be provided to achieve the above mentioned results.

Action 10	Strengthening the Capacities for Implementation of the Water Framework Directive	EUR 1 900 000.00
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(1) Description of the Action, objective, expected results and key performance indicators

The objective of this Action is to contribute to the implementation of the transposed Water Framework Directive (2000/60/EC). The specific objective of the intervention is to prepare the River Basins Management Plans (RBMPs) for the Adriatic and Black Sea Basins. This project will also contribute in capacity building and involvement of competent authorities contributing to the development of technical capacities for the sound implementation of the Directive. It is expected from this Action that:

- The preconditions for preparation of water management and river basin plans are ensured and water monitoring according to WFD is operative – monitoring equipment procured;
- The RBMPs for the Adriatic and Black Sea are prepared;

Progress will be measured according to a number of key indicators, including:

- Overall assessment of the administrative and institutional capacity for the implementation of the Water Framework Directive (qualitative assessment);
- Level of alignment with the EU environmental *acquis*.

(2) Assumptions and conditions

Montenegro ensures that the new Law on amendments on the existing Law on Waters is adopted and that staffing and funding for water management institutions are in place in accordance with the relevant legal provisions. Furthermore, the cooperation among the Ministries and local authorities responsible for various aspects of water management is strengthened.

(3) Essential elements of the action (for direct management)

Procurement:

- Global budgetary envelope reserved for procurement: EUR 1 900 000

- Indicative number and type of contracts: At least one service and one supply contract
- Indicative time frame for launching the procurement procedure: *Q2 2015*

SECTOR 4	Transport	EUR 5 175 300.00
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Actions under this sector will be managed under indirect management and by the CFCU (Action 11 - Road network database) and by the Department of Public Works (Action 12 – Railway rehabilitation) respectively. The entrusted entity shall be responsible for carrying out the tasks relating to the implementation of the Action. The entrusted entity shall be responsible for the overall administration of all the activities required to implement the Action, including preparation, implementation and conclusion of grant and procurement contracts, and management of corresponding expenditures.

<i>Action 11</i>	<i>Development of a road network database and a safety assessment programme</i>	<i>EUR 1 035 300.00</i>
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(1) Description of the Action, objective, expected results and key performance indicators

The objective of the Action is to improve the management, planning and development of the road transport network in order to reduce traffic accidents.

It is expected from this Action that:

- A database of the state and regional road transport network is established and operational;
- The capacities of the Directorate for Transport in planning and managing the road transport network are increased;
- The Risk mapping and Road Investment Plan are in place and capacities built in addressing road safety issues.

Progress will be measured according to a number of key indicators, including:

- Quality of traffic flow along the core transport network;
- Number of traffic accidents and fatalities.

(2) Assumptions and conditions

Montenegro ensures the appropriate human and financial resources in the target institutions to ensure the sustainability and long-term impact of this action. The recommendations and proposals made in the course of this action are effectively implemented.

National co-financing of EUR 182,700.00 will be provided to achieve the above mentioned results.

<i>Action 12</i>	<i>Rehabilitation of the railway section Kos-Trebešica</i>	<i>EUR 4 140 000.00</i>
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(1) Description of the Action, objective, expected results and key performance indicators

The objective of the Action is to improve the railway network condition by rehabilitating the railway route Bar-Belgrade on the section Kos-Trebešica. It is expected from this Action that:

- The superstructure is rehabilitated and the rails/wooden sleepers/etc. are replaced;
- The telecommunication equipment and Remote Control Centre connection to earth/interlocking are installed.

Progress will be measured according to the following key indicator:

- Travel time and speed on the railway section Kos-Trebešica.

(2) Assumptions and conditions

Montenegro ensures the appropriate human and financial resources in the target institutions to ensure the sustainability and long-term impact of this action. Sufficient budgetary resources are allocated to ensure the maintenance and sustainability of the investment.

National co-financing of EUR 460 000.00 will be provided to achieve the above mentioned results.

SECTOR 6	Competitiveness and Innovation	EUR 5 350 000.00
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Actions under this sector will be managed under indirect management by the CFCU. The entrusted entity shall be responsible for carrying out the tasks relating to the implementation of the Action. The entrusted entity shall be responsible for the overall administration of all the activities required to implement the Action, including preparation, implementation and conclusion of grant and procurement contracts, and management of corresponding expenditures.

<i>Action 13</i>	<i>Enhancement of business environment and competitiveness of the private sector</i>	<i>EUR 1 500 000.00</i>
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(1) Description of the Action, objective, expected results and key performance indicators

The objective of the Action is to strengthen the administrative capacities and framework for coordination, planning and implementation within the Competitiveness and Innovation sector through targeted support for development, research and innovation.

It is expected from this Action that:

- An Operational Programme for Competitiveness and Innovation 2016-2020 is developed and a comprehensive strategic and operational framework for the Industrial Competitiveness and Small and Medium Enterprises (SMEs) policies is established;
- The institutional capacities for designing and implementing an Operational Programme for Competitiveness and Innovation, as well as for the implementation of the Industrial Competitiveness Policy and SME development policies are strengthened, including through actions targeting the research and innovation capacity;
- Measures fostering competitiveness and innovation are developed.

Progress will be measured according to a number of key indicators, including:

- Number of institutions capacitated to implement competitiveness and innovation policy;
- Doing Business - distance to frontier.
- Rate of participation of SMEs in Horizon 2020 and COSME.

(2) Assumptions and conditions

Montenegro ensures the appropriate human and financial resources in the target institutions to ensure the sustainability and long-term impact of this action. The recommendations and proposals made in the course of this action are effectively implemented. The Industrial Competitiveness Policy is finalised and adopted and the drafting of the SME Development Strategy 2016 – 2020 is initiated.

National co-financing of EUR 160 000.00 will be provided to achieve the above mentioned results.

<i>Action 14</i>	<i>Support to regulation of financial services</i>	<i>EUR 1 700 000.00</i>
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(1) Description of the Action, objective, expected results and key performance indicators

The objective of the Action is to further align the legislation related to financial services with the EU acquis and to strengthen the regulatory and supervisory capacities of the relevant institutions.

It is expected from this Action that:

- The regulatory framework in the banking sector is further aligned and the capacity of the Central Bank (CBM) is further strengthened;
- The legislation for insurance market is further aligned with EU acquis and the technical and human capacities of the Insurance Supervisory Agency (ISA) are improved;
- The capital market regulation is further harmonised; the technical and administrative capacities at Securities and Exchange Commission of Montenegro (SECMN) are strengthened.

Progress will be measured according to a number of key indicators, including:

- Level of alignment with *acquis* on financial services (qualitative assessment).

(2) Assumptions and conditions

Montenegro ensures the appropriate human and financial resources in the target institutions to ensure the sustainability and long-term impact of this action. The recommendations and proposals made in the course of this action are effectively implemented.

National co-financing of EUR 200 000.00 will be provided to achieve the above mentioned results.

<i>Action 15</i>	<i>Alignment with and implementation of the EU internal market acquis</i>	<i>EUR 2 150 000.00</i>
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(1) Description of the Action, objective, expected results and key performance indicators

The objective of the Action is to align and implement the EU internal market legislation. It is expected from this Action that:

- A significant part of the national legislation under Chapter 1 "Free Movement of Goods", as well as a significant part of the relevant legislation on consumer protection are aligned with the EU acquis,
- The administrative capacity of all the relevant institutions for implementing the national strategic framework on Internal Market is significantly improved.

Progress will be measured according to a number of key indicators, including:

- % in the Exports/Import of goods and services to EU, relative to GDP;
- Level of alignment with *acquis* on the internal market (qualitative assessment)

(2) Assumptions and conditions

Montenegro ensures the appropriate human and financial resources in the target institutions to ensure the sustainability and long-term impact of this action. The recommendations and proposals made in the course of this action are effectively implemented. Effective political commitment and a good co-operation between all stakeholders are also essential to the reform process. Montenegro adopts relevant Strategy and Action Plans for the implementation of the EU acquis pertaining to the Internal Market, especially the Strategy and Action Plan for the Implementation of the EU acquis in the Field of Free Movement of Goods, as well as the National Consumer Protection Programme.

National co-financing of EUR 277 500.00 will be provided to achieve the above mentioned results.

SECTOR 8	Agriculture and rural Development	EUR 2 880 000.00
<i>Action 16</i>	<i>Enhanced control and management of fisheries</i>	<i>EUR 550 000.00</i>

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

The objective of the Action is to align the electronic data collection in fisheries with the EU standards. It is expected from this Action that:

- The sub systems are established in order to improve the control and management of the fishery activities;
- A system for the automatic location and identification of vessels is established and functional;
- Fishermen and fisheries inspectors are trained and a manual for using electronic log book is prepared.

Progress will be measured according to a number of key indicators, including:

- Functioning and operability of control and management systems of fisheries activities;
- Level of alignment with the EU fisheries *acquis*.

(2) Assumptions and conditions

Montenegro ensures the appropriate human and financial resources in the target institutions to ensure the sustainability and long-term impact of this action. The recommendations and proposals made in the course of this action are effectively implemented.

(3) Essential elements of the action (for direct management)

Procurement:

- Global budgetary envelope reserved for procurement: EUR 550 000.00
- Indicative number and type of contracts: At least one service and one supply contract
- Indicative time frame for launching the procurement procedure: Q4 2015

<i>Action 17</i>	<i>Support to the veterinary sector</i>	<i>EUR 2 330 000.00</i>
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(1) Description of the Action, objective, expected results and key performance indicators

The objective of the Action is to contribute to the further alignment and enforcement of the EU veterinary standards and eradicate certain animal diseases. It is expected from this Action that:

- The legislation is prepared and adopted in accordance with the EU acquis of Chapter 12 "food safety, veterinary and phytosanitary policy";
- The capacities of the veterinary services are strengthened;
- Rabies and Classical Swine Fever control and eradication programmes are rationally implemented;
- The system for control of udder health and quality of raw milk is upgraded.

Progress will be measured according to a number of key indicators, including:

- Level of alignment with the EU veterinary *acquis*.

(2) Assumptions and conditions

Montenegro ensures the appropriate human and financial resources in the target institutions to ensure the sustainability and long-term impact of this action. The recommendations and proposals made in the course of this action are effectively implemented. The vaccination of wild carnivores is successfully applied in neighbouring countries.

(3) Essential elements of the action (for direct management)

Procurement:

- Global budgetary envelope reserved for procurement: EUR 2 330 000.00:
- Indicative number and type of contracts: At least one service and two supply contracts
- Indicative timeframe for launching the procurement procedure: by Q3 2016

3 BUDGET

3.1 INDICATIVE BUDGET TABLE - COUNTRY ACTION PROGRAMME FOR MONTENEGRO

Titles	Indirect management with the IPA II beneficiary			Other Implementation arrangements			MM	Total programme	Total EU Contribution
	EU Contribution	IPA II Beneficiary co-financing	Total expenditure	EU Contribution	IPA II Beneficiary co-financing	Total expenditure			
Sector 1 - Democracy and Governance	9,827,920.00	1,781,920.00	11,609,840.00	4,604,080.00	0.00	4,604,080.00		16,213,920.00	14,432,000.00
Action 1 - Support to the Tax administration	900,000.00	100,000.00	1,000,000.00				IM		
Action 2 - Support to public finance management policies	3,600,000.00	400,000.00	4,000,000.00				IM		
Action 3 - Support to the Customs administration	2,970,000.00	330,000.00	3,300,000.00				IM		
Action 4 - Implementation of an e-procurement system	1,500,000.00	150,000.00	1,650,000.00				IM		
Action 5 - Participation in Union Programmes and Agencies	857,920.00	801,920.00	1,659,840.00				IM		
Action 6 - EU				4,604,080.00	0.00	4,604,080.00	direct		

Integration Facility									
Sector 2 - Rule of Law and Fundamental Rights	0.00	0.00		5,035,000.00	293,000.00	5,328,000.00		5,328,000.00	5,035,000.00
Action 7 -Support to the implementation of Chapters 23 and 24 Action Plans				3,600,000.00		3,600,000.00	direct		
Action 8 - Support to the anti-discrimination and gender equality policies				1,435,000.00	293,000.00	1,728,000.00	direct		
TOTAL	9,827,920.00	1,781,920.00	11,609,840.00	9,639,080.00	293,000.00	9,932,080.00		21,541,920.00	19,467,000.00
Sector 3 - Environment and Climate action	935,000.00	165,000.00	1,100,000.00	1,900,000.00	0.00	1,900,000.00		3,000,000.00	2,835,000.00
Action 9 - Strengthening the capacities for air quality management in Montenegro	935,000.00	165,000.00	1,100,000.00			0.00	IM		
Action 10 - Implementation of the Water Framework Directive			0.00	1,900,000.00		1,900,000.00	direct		
Sector 4 - Transport	5,175,300.00	642,700.00	5,818,000.00	0.00	0.00	0.00		5,818,000.00	5,175,300.00
Action 11 - Development of a Road Network Database and a Safety Assessment	1,035,300.00	182,700.00	1,218,000.00				IM		

Programme									
Action 12 - Rehabilitation of the Railway Section Kos-Trebešica	4,140,000.00	460,000.00	4,600,000.00				IM		
Sector 6 - Competitiveness and Innovation	5,350,000.00	637,500.00	5,987,500.00	0.00	0.00	0.00		5,987,500.00	5,350,000.00
Action 13 - Enhancement of business environment and competitiveness of the private sector	1,500,000.00	160,000.00	1,660,000.00				IM		
Action 14 - Support to regulation of financial services	1,700,000.00	200,000.00	1,900,000.00				IM		
Action 15 - Alignment and Implementation of the EU internal market acquis	2,150,000.00	277,500.00	2,427,500.00				IM		
Sector 8 - Agriculture and Rural Development	0.00	0.00	0.00	2,880,000.00	0.00	2,880,000.00		2,880,000.00	2,880,000.00
Action 16 - Enhanced control and management of fisheries			0.00	550,000.00		550,000.00	direct		

Action 17 - Support to the veterinary sector			0.00	2,330,000.00		2,330,000.00	direct		
TOTAL	11,460,300.00	1,445,200.00	12,905,500.00	4,780,000.00	0.00	4,780,000.00		17,685,500.00	16,240,300.00
TOTALS	21,288,220.00	3,227,120.00	24,515,340.00	14,419,080.00	293,000.00	14,712,080.00		39,227,420.00	35,707,300.00

4 IMPLEMENTATION MODALITIES AND GENERAL RULES FOR PROCUREMENT AND GRANT AWARD PROCEDURES

DIRECT MANAGEMENT:

Part of this programme shall be implemented by direct management by the European Union Delegation in Montenegro in accordance with article 58(1)(a) of the Financial Regulation and the corresponding provisions of its Rules of Application.

Procurement shall follow the provisions of Part Two, Title IV Chapter 3 of the Financial Regulation No 966/2012 and Part Two, Title II, Chapter 3 of its Rules of Application.

Grant award procedures shall follow the provisions of Part Two Title IV Chapter 4 of the Financial Regulation No 966/2012 and Part Two Title II Chapter 4 of its Rules of Application.

Under the Financial Regulation, Parts One and Three of the Financial Regulation and its Rules of Application shall apply to external actions except as otherwise provided in Part Two, Title IV.

The Commission may also use services and supplies under its Framework Contracts concluded following Part One of the Financial Regulation.

Twinning:

Twinning projects shall be set up in the form of a grant agreement, whereby the selected Member State administrations agree to provide the requested public sector expertise against the reimbursement of the expenses thus incurred.

The contract may in particular provide for the long-term secondment of an official assigned to provide full-time advice to the administration of the IPA II beneficiary as resident twinning advisor.

The twinning grant agreement shall be established in accordance with relevant provisions of Part Two Title IV Chapter 4 of the Financial Regulation and Part Two Title II Chapter 4 of its Rules of Application. Parts One and Three of the Financial Regulation and its Rules of Application shall apply to external actions except as otherwise provided in Part Two, Title IV.

INDIRECT MANAGEMENT:

Part of this programme shall be implemented by indirect management by Montenegro in accordance with Article 58(1)(c) of the Financial Regulation and the corresponding provisions of its Rules of Application.

The general rules for procurement and grant award procedures shall be defined in the Financing Agreement and the relevant delegation agreements between the Commission and the entrusted entity implementing such action.

5 PERFORMANCE MONITORING ARRANGEMENTS

As part of its performance measurement framework, the Commission shall monitor and assess progress towards achievement of the specific objectives set out in the IPA II Regulation on the basis of pre-defined, clear, transparent measurable indicators. The progress reports referred to in Article 4 of the IPA II Regulation shall be taken as a point of reference in the assessment of the results of IPA II assistance.

The Commission will collect performance data (process, output and outcome indicators) from all sources, which will be aggregated and analysed in terms of tracking the progress versus the targets and milestones established for each of the actions of this programme, as well as the Indicative Strategy Paper for Montenegro.

In the specific context of indirect management by Montenegro, the NIPAC will collect information on the performance of the actions and programmes (process, output and outcome indicators) and coordinate the collection and production of indicators coming from national sources.

The overall progress will be monitored through the following means: a) Result Orientated Monitoring (ROM) system; b) Montenegro's own monitoring system; c) self-monitoring performed by the EU Delegation in Montenegro; d) joint monitoring by DG Enlargement and Montenegro, whereby the compliance, coherence, effectiveness, efficiency and coordination in implementation of financial assistance will be regularly monitored by an IPA II Monitoring Committee, supported by Sectoral Monitoring Committees, which will ensure a monitoring process at sector level.