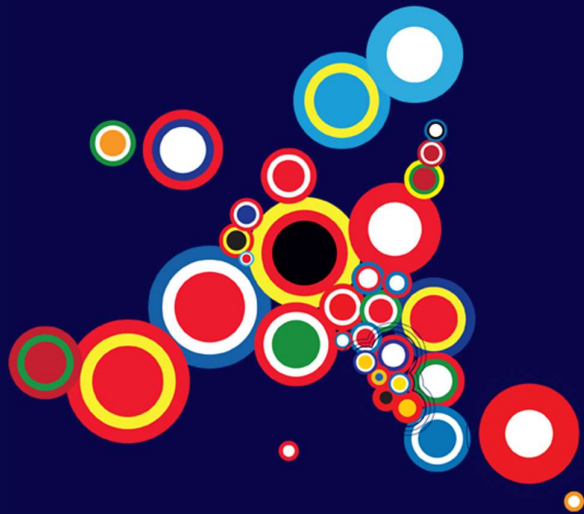




## INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020

### MONTENEGRO

#### EU Support to Transport Development



#### **Action summary**

The Action benefits the railway, maritime/inland water land and road transport modes with a view to modernise its infrastructure, capacity building and acquis alignment. The Action focuses on three main results: (i) contribution to developing the rail transport core network in Montenegro, (ii) upgrade standards and capacity in the area of maritime and inland waterways transport ensuring a better environmental protection and (iii) improvement of capacities within transport institutions, of the regulatory framework, and alignment of national legislation with the EU acquis.

<b>Action Identification</b>	
<b>Action Programme Title</b>	Annual Action Programme for Montenegro for the year 2017
<b>Action Title</b>	Support to the Transport sector in Montenegro
<b>Action ID</b>	IPA/2017/039-816/03/ME/Transport
<b>Sector Information</b>	
<b>IPA II Sector</b>	4. Transport
<b>DAC Sector</b>	21010
<b>Budget</b>	
<b>Total cost</b>	11,343,824 EUR
<b>EU contribution</b>	9,642,250 EUR
<b>Budget line(s)</b>	22.020102
<b>Management and Implementation</b>	
<b>Management mode</b>	Indirect management
<i>Indirect management:</i> <b>National authority or other entrusted entity</b>	Directorate of Public Works (DPW)
<b>Implementation responsibilities</b>	Ministry of Transport and Maritime Affairs
<b>Location</b>	
<b>Zone benefiting from the action</b>	Montenegro
<b>Specific implementation area(s)</b>	
<b>Timeline</b>	
<b>Final date for concluding Financing Agreement(s) with IPA II beneficiary</b>	At the latest by 31 December 2018
<b>Final date for concluding delegation agreements under indirect management</b>	NA
<b>Final date for concluding procurement and grant contracts</b>	3 years following the date of conclusion of the Financing Agreement, with the exception of cases listed under Article 189(2) of the Financial Regulation
<b>Final date for operational implementation</b>	6 years following the conclusion of the Financing Agreement
<b>Final date for implementing the Financing Agreement (date by which this programme should be de-committed and closed)</b>	12 years following the conclusion of the Financing Agreement

<b>Policy objectives / Markers (DAC form)</b>			
<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Aid to environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender equality (including Women In Development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Trade Development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Climate change mitigation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

# 1. RATIONALE

## PROBLEM AND STAKEHOLDER ANALYSIS

Montenegro suffers from the constraints of a difficult topography, which require increased investments and maintenance expenditure, particularly for railway and road infrastructure. The poor quality of the transport infrastructure hampers economic growth due to the low quality and high cost of transportation, as well as low safety standards. Improvement of transport connections will facilitate the integration of Montenegro in the regional trade flows, further political cooperation and links between people.

Effective transportation systems are essential to Montenegro's economic growth and prosperity through facilitation and improvement of the mobility of citizens and goods, while they also have significant impacts on road safety, social development and the environment. While adequate transport infrastructure is stimulating economic growth it however tends to bring about persistent and detrimental impacts, whether it is at local, regional or global level, particularly with regard to environment and health.

The economic and quality-of-life benefits of access to safe and affordable transportation apply to both men and women<sup>1</sup>. Nevertheless, due to their different economic and social roles and activities, men and women have different transport needs, priorities and patterns of usage. The results and attendant activities outlined in this action document can be regarded as being of a low level of relevance to the goal of gender equality; that is to say, the projected potential differential impact on women and men is likely to be small. Nevertheless, care will be taken to take account of the needs and views of relevant stakeholders as activities are designed and implemented.

According to the screening reports of the Chapters 14 and 21, Montenegro has reached a satisfactory level of alignment with the *acquis* in the field of transport policy. In this context Montenegro needs to make further adjustments of the legal and institutional framework and in particular strengthen its administrative and implementation capacities. Montenegro needs also to ensure further harmonisation and sound implementation of social, safety and technical rules in road transport, safety and security requirements in the maritime sector, safety and interoperability rules in rail transport, as well as the standards for the transport of dangerous goods by road. In the area of railway transport, Montenegro will have to ensure the independence of the regulatory body and the capacity of the railway safety authority. Montenegro will also have to implement the *acquis* regarding inland waterways to the extent applicable, taking into account the geographic specificity of the country. A legal framework for Intelligent Transport System (ITS) and clean vehicles will have to be established. Montenegro has not yet aligned its legislation with the Trans-European transport networks *acquis*, but has reached a satisfactory level of preparedness regarding the strategic development of the transport networks in accordance with the design and objectives of the TEN-T. This policy has undergone major revision at EU level, including the *acquis* related to the implementation of the TEN-T Programme, which can only be implemented in practice after accession. In the course of the negotiations on this Chapter, Montenegro must ensure compliance with the relevant provisions of the new legal framework. In that sense, the administrative capacity will need to be reinforced for the effective implementation of this EU policy.

In addition, improvements to cross-border transport links are needed to improve the economic integration of Montenegro with its neighbours and with the EU Member States. It is also important to consider the regional dimension and, where needed, to improve the quality of cross-border sections and to ensure that links are in place between the various national priority corridors.

Any measure proposed by the Action which envisages institutional changes in terms of reorganisation, establishment of new institutions, staffing and development of policy development and coordination mechanisms will align with the overall reform of public administration as outlined in the Public Administration Reform (PAR) Strategy 2016-20 shortly to be adopted. In terms of employment opportunities, due consideration will be given to ensure a proactive approach to gender balance in

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<sup>1</sup> European Commission Directorate-General for Mobility and Transport (DG MOVE), (2014), She moves Women's Issues in Transportation

recruitment and promotion, and to promote equal opportunities for all. In order to ensure that the design of new transport policy and of transport developments meet the needs of all users, it will be important to devise mechanisms to allow for input from all groups; this should include the appointment of women as appropriate.

### **Railway sub-sector**

Montenegro has the opportunity to promote the connection Bar–Belgrade via combined maritime-railway transport mode in order to give access to the Balkans and South Central Europe hinterland and gain competitive advantage compared to the already established alternatives TEN corridor through Croatia, Bosnia or Albania.

The Montenegrin railway network includes 248.76 km of single track. Almost 2/3 of the railway length includes 106 tunnels, 107 bridges and nine galleries. Length of all lines is 325.94km (open line and stations tracks), split in three routes:

Bar–Vrbnica (border with Serbia), length 168.16 km, open for passenger and cargo transport:

Bar–Vrbnica railway line, which is part of the international railway line Belgrade–Bar (South-East European Transport Observatory (SEETO) Route 4) connects the port of Bar with trans-European corridors VII and X, and is one of the most important transportation routes for the economy of Montenegro.

The electrified line Bar–Vrbnica has a length of 168.16 km and was opened to traffic in 1976. Maximum allowable axle weight is 22.5 t (UIC track class D). It is currently the only operational rail line linking Montenegro to the European rail network, via Belgrade. The realisation of the Bar–Vrbnica line in the 70s was the largest railway construction undertaken in Europe at the time. It was previously known as the central-Yugoslavian mountain line: 37% of it is in or on technical infrastructure such as bridges (107), tunnels (106), galleries (11) and culverts (371).

Podgorica–Tuzi-border with Albania, length 24.70 km, only used for cargo transport and not electrified:

The railway line Podgorica – Tuzi -State border with Albania (24.70 km), it is not electrified and was opened for traffic in 1986. This line has 5 bridges and 3 tunnels and 24 culverts. During the period 1992 - 2002, the railway line was closed for traffic, and after that only freight transport was established. After the construction of the railway, maximum speed on this line was 80 km/h, which is now reduced to 60km/h due to conditions of the tracks.

Podgorica–Nikšić, length 55.90 km used only for cargo transport until September 2012, when the electrification and overhaul of the line was completed and passenger transport was established.

Further cost benefit analysis and budget estimations on different sections of both corridors will need to be carried out in order to define future renovation and rehabilitation proposals in line with fiscal space for Montenegro.

Responsibility for the preparation, adoption and implementation of regulations in the field of railway transport lies within the Ministry of Transport and Maritime Affairs of Montenegro (MTMA) - Directorate of railway transport. Railway Directorate, which was established in January 2010, operates as an independent body of the state administration, as the regulatory and safety authority in the field of railways. There are four separated companies that operate within the Montenegrin railway system: Railway Infrastructure of Montenegro JSC (infrastructure manager), Railway transport of Montenegro JSC (passenger railway undertaking), Montecargo JSC (freight railway undertaking), and Maintenance of railway rolling stock JSC, whose work is regulated and supervised by the regulatory authority or the Directorate of Railways.

Law on safety, organization and efficiency of rail transport, adopted in January 2014 defines the area of safety and interoperability of rail transport. This law treats interoperability and safety of the railways in accordance with Directive 2008/57 on the interoperability of the rail system and Directive on safety of railways 2004/49. The law is partially compliant with the aforementioned directives and further alignment will be achieved by further adoption of bylaws, a number of which is already adopted.

The Railway Law prescribes in more details the obligations and conditions to be met by railway companies to perform activities they are established for, and the relationship between the Government of Montenegro, the MTMA, Directorate for railways and railway companies. The Law is fully compliant with Directive 95/18 on licensing of railway companies and partially with Directive 91/440 on the development of the railways, Directive 2001/12 on amending Directive 91/440 on the development of the railways, Directive

2001/14 on the allocation of railway infrastructure capacity, the introduction of fees for the use of railway infrastructure and security certificates, Directive 2001/13 on amending Directive 95/18 on the licensing of railway undertakings and Regulation 1370/2007 on public services obligations in railway and road transport.

### **Maritime sub-sector**

Safety at sea, pollution prevention and consequently, the preservation of biological diversity of the Adriatic Sea are conditions which have an impact on sustainable development of Montenegro. The primary responsibility for execution of these tasks lies mainly with MTMA and Maritime Safety Department (MSD).

In order to implement EU requirements in the field of maritime safety and marine environment protection some crucial investments have to be done. According to the Progress report of Montenegro for 2014, the availability of properly qualified, trained and authorised officers, in particular harbourmasters, remains a major challenge for Montenegro: consequently, there is a need for further improvement and further strengthening of professional capacities and employees in the maritime sector such as education, trainings and certification system of seafarers.

Montenegro has implemented some sub-systems of Vessel Traffic Monitoring and Information System (VTMIS) and technical requirements that Montenegro had to do as a coastal state (Very High Frequency (VHF), Global Maritime Distress and Safety System (GMDSS), Automatic Identification System (AIS), Long Range Identification and Tracking (LRIT), Adriatic Mandatory Reporting System (ADRIREP) etc. Investments were made using IPA 2011 funds and national budget funds.

However, the completion of the VTMIS and its implementation need to be extended and continued in the forthcoming period. With a view to facilitate maritime transport and to reduce the administrative burdens for shipping, the reporting formalities need to be simplified and harmonised with the EU to the expected level. This could be done using ICT technologies by implementing so called Maritime National Single Window (MNSW) that is obligatory for member states according to EU Directive 2010/65/EU on reporting formalities for ships arriving in and/or departing from ports of the Member States. Using IPA II funds Montenegro will fulfil requirements from EU directive 2010/65 and implement MNSW.

In addition, it is necessary to further develop the Inland waterways transport (IWT) system in Montenegro, in line with the general principles and directives in use in the EU IWT system. A recent study (carried out in June - July 2015) concludes that a number of EC Directives in the field of IWT need to be implemented in Montenegro. It concerns Directive 2006/87/EC, laying down technical requirements for inland waterway vessels, Directive 96/50/EC, on the harmonization of the conditions for obtaining national boatmasters' certificates for the carriage of goods and passengers by inland waterway in the Community, and Directive 2004/26/EC, on measures against the emission of gaseous and particulate pollutants from internal combustion engines to be installed in non-road mobile machinery.

The study further proposes that all inland waterways are classified as such, and that special units and departments are set up to support the further development of the IWT sector. This requires capacity building in several areas, so that the necessary IWT knowledge is built up, allowing the units and departments to perform their tasks in IWT policy making, management, monitoring and inspection. Sector support is also needed to help the private sector to meet the increasing requirements and to be able to invest in IWT operations.

Regarding investments, main needs are concentrated in the Ports of Bar and Kotor. In addition to the low level of investments in the sector, the main problems and weaknesses of the Montenegro maritime transport sector remain the insufficient use of the capacities offered by the Ports of Bar and Kotor, inefficiency of transshipment operations resulting in time increase and loss of competitive advantage, out-of-date equipment not sufficiently maintained, limited information technology and lack of qualified staff in areas such as operations, logistics or shipping resulting in lower productivity and efficiency levels.

### **Enforcement and implementation of legislation**

As regards to the road safety inspection, the EC requested Montenegro to adopt Guidelines for Road Safety Inspection (RSI). After publishing this document, all road inspectors had to attend trainings in this area. One issue that needs to be overcome in the future period refers to the Law on Amendments to the Law on Roads (from 2011) where the implementation of the directive is postponed until the accession of Montenegro to the EU. Law on Amendments to the Law on Roads is planned for the IV quarter of 2017. However, as this

obligation is one of the "soft measures" identified in the Berlin Process, Montenegro endeavoured to meet the requirements for progress on this issue before the Paris Summit in July 2016. Guidelines for Road Safety Inspection (RSI) were published on the website of the MTMA. Inspectors attended the training for safety on roads which was organized by World Bank and SEETO in the period 20- 25 June 2016 in Belgrade. According to the administrative capacities for the road transport in the next period and until 2018, it is necessary to employ two persons for the inspection of road transport.

For the railway transport mode, it is expected to employ one person in 2017 and one person in 2018 within the Railway Directorate (NSA and Regulatory body) responsible for supervising law enforcement of legislation in the railway sector. Since the implementation of EU legislation, during the past three years, one inspector for railway transport and two advisers were employed within the MTMA, Directorate for railways.

As regards maritime transport subsector, it is planned to employ one person in the MTMA and three persons in the MSD until 2017, those staff being in charge of the Law on Safety of Maritime Transport. In the Port Authority, it is expected to employ one person who will be in charge of the Law on Merchant Vessel and Port Security.

In this regard, the action will take into consideration specific horizontal public administration reforms as planned under the PAR Strategy 2016-20, shortly to be adopted. In particular, the draft PAR strategy envisages measures to improve the whole-of-Government policy development system by developing a set of horizontal methodologies and instruments which include costing of policy options and assessing socio-economic impacts of policy and legislative proposals. The General Secretariat of the Government is the leading institution.

### **Stakeholder analysis**

The MTMA is the lead Institution in the sector which has the overall responsibility for the development, management and coordination of the different transport modes. Administrative bodies have been established under the umbrella of the Ministry to act as public authority, regulator or safety and security authority for the different modes of transport, such as the Railway Directorate, the Directorate for Transport, the Port Authority, the Maritime Safety Department and the Directorate for Public Works. The Directorate for Transport is established within the Ministry to act as public authority, in charge for management, development, building, reconstruction, maintenance and protection of state roads. The Ministry of Interior and the Police Directorate have responsibility for the safety and security of road transport, dangerous goods, roadworthiness tests, registration of vehicles and driver licensing.

The MTMA also coordinates the work of the Sector Working Group for IPA II (2014-2020) in charge of coordinating activities among partners and stakeholders and defining its time frame for implementation. A Thematic Working Group, includes representatives from MTMA and Ministry of Interior (MoI), institutions which are under MTMA competence (Maritime Safety Department (MSD), Directorate for Transport, Railway Directorate, Port Authority) and other relevant companies (Railway Infrastructure of MNE, Airports of Montenegro).

In the MTMA, the Department for European Integration and International Cooperation operated as project implementation unit (PIU) for the IPA Component I. This Department performs tasks referring to:

- Coordination and improvement of the activities and cooperation in pursuing the EU accession policy;
- Follow-up of the *acquis* and proposing appropriate measures,
- Monitoring and analysis of the implementation of proposed measures and realisation of infrastructural projects financed by international financial institutions and by the Budget of Montenegro;
- Cooperation with international financial organisations, programming tasks inside the Department;
- Coordination of the oversight over the execution of contracts in this area; preparation, control and assessment of projects financed from EU funds;
- Monitoring the contracting processes, reporting and monitoring;
- Cooperation with international institutions;
- Multilateral activities etc.

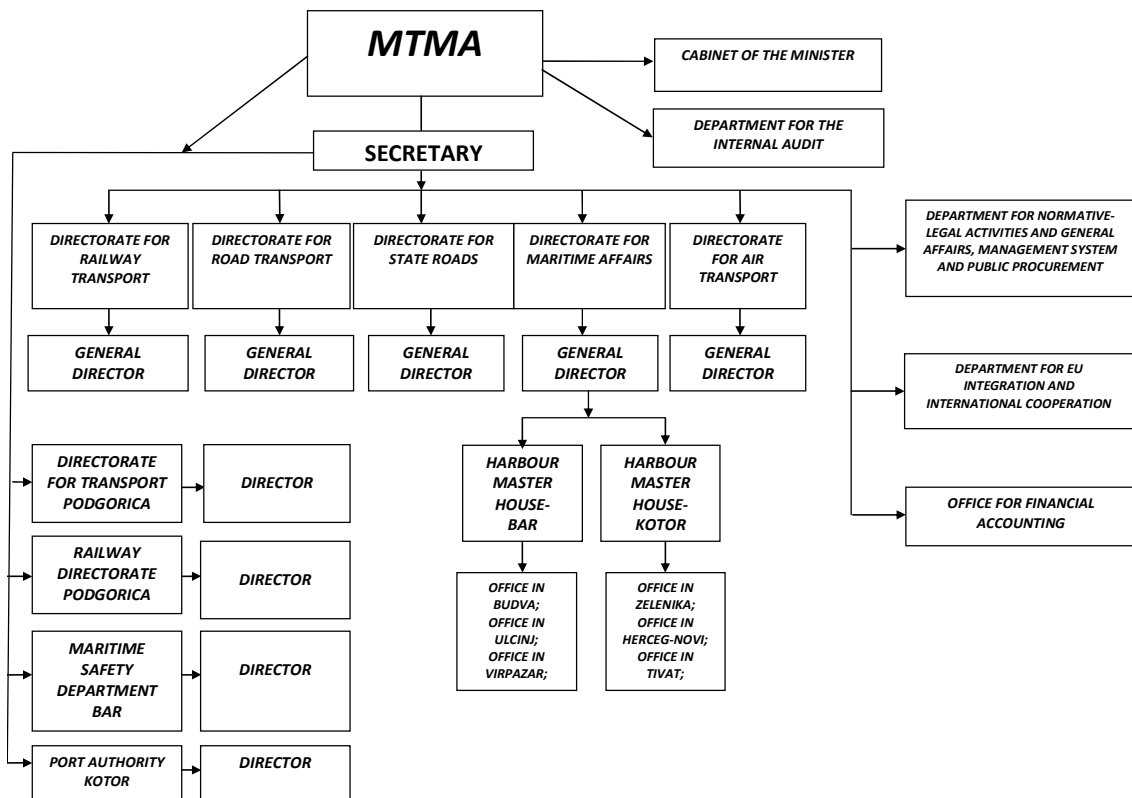


Figure 1: MTMA Organisational structure

The Department is also a Body responsible for Priorities and Measures for transport, which is a part of the Operating Structure for the IPA I 2012-2013 Component III, together with the Ministry of Sustainable Development and Tourism as Body responsible for Operation Programme / Body responsible for priorities and measures for the environment, and the Directorate for Public Works as implementing body.

In addition, a Project Implementation Unit (PIU) has been established in the Railway Infrastructure of Montenegro, closely cooperating with the MTMA PIU/BRPM and other related institutions. Railway Infrastructure of Montenegro–Željeznička Infrastruktura Crne Gore (ZICG) intends to create a Project Management Office (PMO) to assume responsibility for the effective planning, financing, preparation, coordination, monitoring and post-evaluation of projects proposed or accepted by IFIs.

A National Investment Committee (NIC) has been set up to coordinate the capital investment activities; the NIC secretariat is provided by the Secretariat for Development Projects. The NIC has reflected these priorities in the recently adopted Single Project Pipeline (SPP) that will serve as a basis for programming and blending of all available financial sources.

## OUTLINE OF IPA II ASSISTANCE

This Action aims to combine support to the railway, maritime and inland waterways transport mode. In addition to supporting key infrastructure improvements and safety and security equipment, the Action aims also to strengthen capacities within the main relevant stakeholders in the transport sector (MTMA, Railway companies, MSD and DPW, NIC / Secretariat for Investment Projects, among others) as well to align national legislation with the *acquis communautaire* in order to complete the necessary steps for the EU accession. Finally, past EU funding experience through IPA I has highlighted the necessity to concentrate on building a wider and better prepared consolidated project pipeline reaching sufficient level of maturity for investment projects. The new Single Project Pipeline has now defined the way to prioritize the infrastructures in line with the strategic planning and programming mechanisms, on both the Core and



Comprehensive networks, with a particular focus on quick gains and removing bottlenecks at the borders with neighbours.

The Action will combine the following targets:

- To contribute to the developing of a core railway transport system in Montenegro by facilitating international movements of freight and passengers through modernisation of the corridors and regional core network in terms of quality, efficiency and safety.
- To improve the Montenegrin maritime transport mode by promoting national ports and inland waterways of Montenegro as a privileged and safety access for the regional hinterland in the Western Balkans and developing its facilities to face growing forecast demands in a sustainable way.
- To enhance the efficiency of the Programme design, monitoring, implementation and evaluation by building capacity within the related transport Institutions and to improve the regulatory framework and EU acquis related activities.

In that sense, the Action will aim to reach the following three Results:

**Result 1: Improved transport conditions and travel times on the railway corridor Bar–Vrbnica**

- Cross border railway station renovated and reconstructed to provide appropriate working conditions for both Montenegrin and Serbian border crossing authorities (customs, police, phyto-sanitary)

**Result 2: Improved safety standards concerning maritime and inland transport**

- Efficient system of monitoring the traffic of ships carrying dangerous and polluting goods, to establish a system of prevention of pollution from ships (VTMIS Phase II)
- Efficient equipment delivered for preventive/corrective measures in case of pollution, in accordance with IMO Conventions and EU regulations

**Result 3: Improved capacity within national transport institutions and alignment with EU acquis completed.**

- National Legislation and Strategies aligned with EU Acquis for Transport
- Increased capacity for project planning, preparation, management and supervision for the Institutions involved on the implementation of Transport policies

**RELEVANCE WITH THE IPA II STRATEGY PAPER AND OTHER KEY REFERENCES**

According to Montenegro Indicative Strategy Paper (ISP), the main results to be achieved under Transport sector with the help of IPA II support are as follows:

- ISP II.1. Improved capacity of the administration for defining an appropriate sector strategy and drafting appropriate legislation, as well as capacity building for the preparation and implementation of complex infrastructure projects;
- ISP II.2. Existing and new national laws aligned with the EU acquis in all areas (liberalisation and internal market, technical harmonisation, accident investigation and safety);
- ISP II.3. SEETO routes and interconnections with neighbouring countries further advanced;
- ISP II.4. Railway transport safety on the line Bar–Vrbnica further improved;
- ISP II.5. Vessel Traffic Monitoring and Information System fully operational by 2020;
- ISP II.6. Enhancement of the opportunities for developing combined transport;
- ISP II.7. Reduced negative environmental impacts, pollution and GHG emissions in the transport sector.

Result 1 is fully contributing to ISP II.3, 4 and 7, while Result 2 to ISP II.3, 5 and 7 and Result 3 to ISP II.1, 2 and 6.

The reconstruction of the cross border railway station Bijelo Polje on the Vrbnica–Bar railway line will contribute in meeting the goals defined in the Transport Development Strategy adopted in 2008. This will contribute making use of the railway transport mode more attractive. It is expected for number of passengers and freight to slightly increase. It will improve access of the Montenegro to the Balkans and South Central

Europe hinterland and increase the attractiveness, performance and reliability of railway transport in Montenegro through improvement of service quality and safety.

The government of Montenegro is currently in the process of updating the Transport Development Strategy that will provide a renewed framework for the action. The Technical Assistance provided will build on the outcome of this exercise.

Strategic goal of the Ministry of Transport and Maritime Affairs (MTMA) in the Transport Development Strategy is to preserve and to protect the environment against the negative impact of traffic and regarding the pollution of sea by vessels. VTMS Phase II will definitely contribute to that. It is planned to provide stipulated and adequate equipment for actions in accidental pollution situations. The equipment provided will be allocated in Port of Bar while the end recipient will be MSD..

In addition, Regional Strategy for Prevention and Response to Marine Pollution from Ships 2016-2021“ developed by the Regional Marine Pollution Emergency Response Centre for the Mediterranean Sea (REMPEC) requires Montenegro to:

- enhance the level of Government owned pre-positioned oil spill response equipment for open sea,
- ensure adequate emergency towing capacity,
- and to increase the level of knowledge of oil spill response personnel in the field of preparedness and response to accidental marine pollution by oil and other harmful substances.

In terms of legislation harmonization, according to the screening/ EC Progress reports of the Chapters 14 and 21, Montenegro has reached a satisfactory level of alignment with the acquis in the field of transport policy. Further adjustments of the legal and institutional framework and in particular strengthening of administrative and implementation capacities are needed, in particular in the field of Inland waterways transport mode.

### **Connectivity agenda**

The Action is also in line with the South East Europe 2020 (SEE) and the main EU Policy, the White Paper on Transport. For the SEE, the expected results will contribute to tackle the priorities of Integrated growth, Sustainable growth and Governance growth. By developing the SEETO Route 4 and improving maritime and inland waterway transport sector modes, the Action contributes to the objectives of the White paper to achieve a genuine trans-European transport network (TEN-T) via new financing and new tariff rules for infrastructure, the reduction of greenhouse gas emissions through modal shift and new technologies or the integration of the transport sector into the global market to protect European interests.

Concrete proposals for the establishment of the core regional transport network on Montenegro's territory are:

- SEETO roadway 4: Bar-Boljare highway (border with Serbia);
- SEETO roadway 1: Adriatic-Ionian corridor (fast traffic route along the coastline), as a connection to Croatia and Albania;
- SEETO railway line 4: Bar-Vrbnica railway (border with Serbia);
- SEETO railway line 2: Podgorica-Tirana railway (link with Albania)
- Port of Bar;
- Podgorica airport

In parallel with the planning and implementation of the investments, it is equally important to create the conditions for opening of the transport market, notably the railway market that would benefit consumers in terms of providing a better and more efficient service. In this regard, a set of soft measures has been agreed in Vienna in 2015 with the set targets for aligning technical standards and formalising cross-border operation between the networks. Montenegro has already achieved a good progress, while pending issues are mainly related to adoption of network statement for the port of Bar and adoption the of road safety inspection standards Guidelines in the national legislations.

## LESSONS LEARNED AND LINK TO PREVIOUS FINANCIAL ASSISTANCE

In the previous financial perspective 2007-2013, IPA supported projects in the transport sector with more than EUR 23.4 million, mainly focused on approximation with transport acquis, capacity building actions and infrastructure development, predominantly in the area of railways and maritime transport. Besides the EU, the Transport sector has also attracted several bilateral donors such as Czech Republic, Germany, France and Italy, as well as International Financial Institutions (IFIs) such as the EIB, EBRD, KfW among others.

Experience gained during the previous 2007-2013 programming period, and in particular through the multiannual programming period 2012-2013, shows some important **lessons learned** which need to be taken into account for future IPA assistance:

- **Strategic Planning and Project Prioritization:** Past experience shows how important is to have sound and updated Strategic Planning documents in place, which are prioritised, based on the most recent reliable data, which are costed and budgeted and which set clear performance indicators to assess progress against objectives. In that sense, financial programming of infrastructure projects requires special attention taking into account complementary studies such as environmental impact assessment, economic and financial feasibility, cost-benefit methodology and affordability limitations (fiscal space).
- **Project approach vs Sector approach:** Sector approach concept has to be internalised for future IPA support, avoiding isolated infrastructure projects not being addressed as part of comprehensive or core networks and identified through TEN-T methodology, and focusing more on the accession process, building among others the required capacities for a successful implementation of EU acquis. Continuity with strategic programming period 2012-2013, where strategic view for transport within IPA was introduced compared to previous years, needs to be ensured.
- **Project maturity:** Lack of mature projects and pipelines of projects has been identified as one of the elements hindering IPA implementation. Projects should be analysed not only from the relevance but as well from the maturity point of view. Project gap assessments have to be carried out in order to identify the project's needs for being ready for implementation. For those projects being identified as a priority, measures needs to be put in place in order to address well in advance the gaps in order to finalise technical studies together with all necessary complementary documentations.
- **Operation Structure set-up and long accreditation Process:** The long process prior to OS accreditation has influenced negatively on the timely implementation of RDOP 2012-2013. It is expected that future IPA II OS will rely on the existing OS, hence the accreditation process being more expedient and less time consuming as the previous one. Results from the final evaluation of this Action should be carefully taken into consideration.
- **Sector coordination:** Additionally, competent authorities need to be very proactive in cooperation with relevant internal and external stakeholders at central and local level. Inter-ministerial coordination is key to ensure coherence between sector policies and with the Government's priorities. As coordination among stakeholders is recognized as a crucial problem and overcoming, it will require comprehensive and clear information flows and focus on common understanding of responsibilities, obligations and deadlines. Likewise, sector coordination should also envisage formalised mechanisms to involve the relevant external stakeholder in the implementation and monitoring of policies and programmes.
- **EU procedures especially related to tender preparation:** OS bodies need to build capacity for implementation of IPA procedures, especially those related to EC Procurement and PRAG rules. Internal capacities in the line Ministries for preparing adequate Tender dossiers have to be reinforced. To be noted that this is to be distinguished from the national public procurement rules to be used once Montenegro joins the EU and becomes a Member State. On the other hand, the recent experience gained at the Directorate of Public Works as an Implementing body for contracting within the transport sector will facilitate a faster implementation during the next Programming period. Experience needs to be built and applied for the programming period 2016-2020.

- **Staff Turn-over and Administrative capacity:** Lessons learned from past assistance show that the capacity building process is key for ensuring sustainability, having in mind high employee turnover, reliance on temporary staff and lack of expert skills in the administration. This situation definitely hinders proper implementation of policies and projects. The Ministry of Interior is about to finalise the new PAR Strategy 2016-20 which also includes measures to strengthen professionalism and reduce politicisation of the public service. All activities foreseen in this AD should be complemented with specific capacity building activities targeting increasing know how in the IPA programme cycle

MTMA and ZICG already had experience regarding tender procedures for projects financed by IFIs and the EU. Recently, the DPW gained and consolidated understanding of the EU procedures through deep participation in preparing and launching several IPA I related railway infrastructures within the corridor Bar-Vrbnica. In addition, the ZICG has also participated in the development of the Terms of Reference for selection of the Consultants for Preparation of the Technical Documentation for contracting of the Design and Construction of safety and security actions for the railway sector. The MTMA and ZICG have developed/been trained on tender documentation for works contract to be implemented, under the Indirect Management Mode (DPW acting as Implementing Body). Procurement procedures for the Works Contract as well as for the FIDIC Engineer contract were completed successfully. Montenegro has recently adopted a comprehensive Public Finance management reform strategy which includes measures to improve public procurement system and related capacities.

Some obstacles in the implementation of the above mentioned projects such as inadequate response to the procurement notices for the supervision of works were resolved in the shortest possible period of time and will also stimulate the MTMA, ZICG and DPW to undertake preventive measures to avoid problems like this in the future.

Maritime Safety Department (MSD) which is under the competence of the MTMA, has implemented with success the VTMS Phase I. The new financial assistance in the maritime and inland waterways is expected to continue the trend in those investments through a second phase and through complementary and interrelated actions.

It is vital that, at a minimum, procurement and tender procedures be designed to ensure that they do not discriminate, either directly or indirectly, on the basis of sex, age, race and all other grounds covered in Montenegro's Law on Gender Equality, and Law on the Prohibition of Discrimination.

## 2. INTERVENTION LOGIC

### LOGICAL FRAMEWORK MATRIX

OVERALL OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (*)	SOURCES OF VERIFICATION	
To improve the transport system in Montenegro in terms of quality, efficiency and safety by ensuring alignment to EU standards and facilitating inter-connection of Montenegro with the neighbouring countries and the EU.	Logistics performance Index (LPI) for infrastructure	World Bank LPI Report	
SPECIFIC OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (*)	SOURCES OF VERIFICATION	ASSUMPTIONS
To ensure alignment of the national legislation with the EU transport acquis and to increase the capacities for its implementation, as well as to improve rail, maritime and inland waterways transport	Overall assessment of level of preparations of Montenegro under chapters 14 and 21	- Draft Closing Benchmark Assessment Report	<p>Commitment of the MTMA, MSD, Railway companies, DPW.</p> <p>Increased safety of rail lines will improve the attractiveness of this transport mode comparing to the other transport modes</p> <p>A dedicated control and inspection unit will be put in place for ensuring implementation of the EU acquis</p>
RESULTS	OBJECTIVELY VERIFIABLE INDICATORS (*)	SOURCES OF VERIFICATION	ASSUMPTIONS
<p><b>Result 1: Improved transport conditions and travel times on the railway corridor Bar–Vrbnica</b> Cross border railway station renovated and reconstructed to provide appropriate working conditions for both Montenegrin and Serbian border crossing authorities, taking into account the differential needs and expectations of both men and women.</p> <p><b>Result 2: Improved safety standards concerning maritime and inland transport</b> Efficient system of monitoring the traffic of ships carrying dangerous and polluting goods, to establish a system of prevention of pollution from ships (VTMIS Phase II) Efficient equipment delivered for preventive/corrective measures in case of pollution, in accordance with IMO Conventions and EU regulations</p> <p><b>Result 3: Improved capacity within national transport institutions and alignment with EU acquis completed.</b> National Legislation and Strategies aligned with EU Acquis for Transport Project preparation facility used to conclude mature projects ready to be financed for construction Increased planning and management capacity for the Institutions involved on the implementation of Transport policies</p>	<p>Border control/Travel time on the rehabilitated section of the SEETO railway Corridor Bar-Vrbnica</p> <p>The level of VTMIS system maritime safety coverage on the Montenegro coast. Level of Montenegro coast protected from sea pollution caused by oil spill from vessels</p> <p>Percentage of Transposition of EU legislation for the Maritime, Railways, Inland waterways transport</p> <p>Number of Mature Projects prepared, ready for Public Procurement.</p>	<p>- MTMA Annual Report - MSD Annual Report - Harbour Master's Office Annual Reports - ZICG and Railway operator's reports on Operations - Report from Statistical Office of Montenegro and projections of railway operators - NIC reports</p>	<p>An updated Transport Development Strategy is finalised and sets up clear priorities for the sector. All Transport stakeholders involved in the maritime and railway transport policy are involved, committed, coordinated and cooperative for the design, launch, preparation, implementation and monitoring of the activities defined Single Project Pipeline is defined, respected and approved Lessons learned and complementarity with VTMIS Phase I are fully taken into consideration Time forecast and lessons learned from IPA I programming are seriously taken into account in order to increase efficiency of the system Adequate staffing and funding for institutions for transport management is in place in line with the whole-of-Government rightsizing plan. Commitment of the Government to undertake public administration reforms, with specific reference to reforming policy and coordination system and rightsizing public administration.</p>

## **DESCRIPTION OF ACTIVITIES**

### **Result 1: Improved transport conditions and travel times on the railway corridor Bar–Vrbnica**

Improving hinterland interconnectivity with neighbouring countries remains a key issue in the transport sector in Montenegro, in particular as regards the corridor Bar–Vrbnica–Belgrade. The Action will include an investment activity as covered within the one of the main priorities of the Single Project Pipeline, notably to improve and modernize the railway infrastructure on the Route 4 SEETO Comprehensive Network (Line Belgrade–Vrbnica–Bar).

Activity 1.1: Cross border railway station renovated and reconstructed to provide appropriate working conditions for both Montenegrin and Serbian border crossing authorities

For the purpose of better organisation and faster traffic flow at the border crossing between Serbia and Montenegro, in 2009 Governments of the two countries signed an Agreement on border crossing control in railway transport. According to the Agreement, the station building in Bijelo Polje has been appointed as joint border stations. In this regard, in order to achieve full implementation of the Agreement, it is necessary to adapt the station building to provide premises for the border authorities.

The main expected results of this action will be adaptation and reconstruction of the existing offices in the cross border railway station building Bijelo Polje on the Bar - Vrbnica railway line in order to provide appropriate working conditions and enable parallel control for Montenegrin and Serbian cross border authorities. This will exclude the need for double stopping of trains and decrease custom control/travel time for 30 min. This intervention will eliminate unnecessary waste of time affecting negatively the corporate users of the railway infrastructure, railway undertakings as well as the final users of their services.

The specific objectives of this intervention are: to increase the average speed and decrease travel times for passenger and freight traffic; to upgrade the station and working condition facilities along the border crossing point; and to improve hinterland connectivity with main neighbourhood countries. Care will be taken to ensure that the needs of both female and male staff and customers are understood and taken into account.

The available technical documentation for this project is conceptual design, therefore requiring further elaboration of the actual technical solution at the level of detailed design. The activity 1.1 will be implemented through the following complementary phases:

- 1<sup>st</sup> phase: development and approval of detailed and main design documentation.
- 2<sup>nd</sup> phase: implementation of the works contract using PRAG unit price or FIDIC Red Book based model of contracts
- 3<sup>rd</sup> phase: supervision of works

### **Result 2: Improved safety standards concerning maritime and inland transport**

In the past five years, several efforts have been achieved for harmonising Montenegrin legislation with the EU acquis in the area of maritime safety and environmental pollution monitoring and prevention. In addition, Montenegro has been committed to improvements in international regulations related to the sailing safety and security such as IMO Convention, EMSA in terms of prevention of sea pollution from ships or national control in ports from the Paris Memorandum of Understanding. However, those tasks have not been achieved to meet all expectations of maritime safety and environmental pollution monitoring and prevention due to substantial lack of financial support and, consequently, lack of adequate technical equipment.

- Activity 2.1: Efficient system of monitoring the traffic of ships carrying dangerous and polluting goods, to establish a system of prevention of ships pollution (VTMIS Phase II)

Montenegro has for several years already promoted the advancement and strengthening of administrative and technical efficiency of the Maritime safety administration in the area of vessels monitoring, in particular of vessels carrying dangerous substances. This intervention tries to anticipate, prevent and put in place mitigating actions to avoid high risk of sea/inland water pollution from vessels. In a first phase, a VTMIS has been financed including sensor equipment (radar, VHF transceivers, radio goniometer, AIS equipment,

meteorological equipment, radio links, diesel generators) at locations Mavrijan (Ulcinj), Crni Rt (Bar) I Obosnik (Herceg Novi), combined with on the coastal waters set server equipment. As a complementary action, a second phase of the VTMS programme is well seen as it will continue to cover the gaps in the missing sensors (cameras) at locations within the set VTMS equipment from Phase I of the project (Mavrijan, Black Cape and Obosnik) and to complement within the new equipment in Boka Bay (radars, cameras and radio links) and Lake Skadar (radar, cameras, VHF and radio links). By implementing VTMS mitigation actions, security and safety levels for large ships accessing Montenegrin ports on the littoral and Lake of Skadar will be improved. VTMS activities will help decreasing risks of impact due to ship catastrophes and facilitates a more controlled and monitored growth of maritime traffic in Montenegrin ports. In addition, it is planned to implement a “National Maritime Single Window” (EU Directive 2010/65) through software, hardware and training. This intervention includes also the maintenance in main inland waterways and sea waterways (all accesses to Virpazar, Rijeka Crnojevica, River Bojana and Port of Kotor).

- Activity 2.2: Efficient equipment delivered for preventive/corrective measures in case of pollution, in accordance with IMO Conventions and EU regulations

It is also necessary to procure new response equipment on oil spills from vessel and off shore oil platforms in Montenegro sea. To fight against potential risks of pollution and react in a time responsive manner against natural attacks against the environment, port infrastructures, mainly at Bar and Kotor, require to be equipped with the adequate equipment to prevent, monitor, react and treat all kind of pollution in the sea territorial waters and inland waterways. Equipment placed to those authorities will remain the property of the end user MSD as part of an overall national oil spill response equipment inventory. Decision for usage and deployment of equipment will be done only by the end user MSD. The equipment will be maintained in accordance with the standards specified in maintenance plans developed by MSD, to ensure readiness, availability and protection against risks during deployment. It consist of multipurpose vessel for open seas, skimmer, powerpack (diesel generator and hydraulic pump) with hoses, light oil coastal recovery boom with reels, floating absorbent boon, granulated absorbents and training.

Also this intervention will promote specialized preventive and dedicated equipment, which will reflect the EU policy and Acquis in the maritime and inland waterways transport mode. It includes supply and installation of equipment for signalization of the inland and maritime waterways, revitalization of marine lights and safety navigation objects as necessary for safety navigation in inland waterways in Skadarsko lake, in mouth of River Bojana where many SAR accidents occur and in the Adriatic Sea. Care will be taken to ensure that the health and safety of male and female staff are understood and catered for. Similarly consideration will be given to the potential differential impact of pollutants on men and on women.

### **Result 3: Improved capacity within national transport institutions and alignment with EU acquis completed**

The need for these interventions has been highlighted by the sector analysis, in particular the institutional set up. Due to lack of capacity within the different institutions, continuous institutional strengthening and support to programming and implementation is essential to ensure the foreseen and expected quality/maturity of project pipeline and increase absorption capacity rates. It mainly consists of three major activities:

- Activity 3.1: Increased planning and management capacity for the Institutions involved on the implementation of Transport policies

Under this activity will be drawn up an institutional adjustment and Capacity Building Plan for transposition and implementation of Transport legislation at the MTMA, MSD, and local government units in line with the reforms of the policy development and coordination system that the Government has included in its PAR strategy 2016-20. The plan will improve inter-sectoral communication and coordination as well as cooperation with the relevant external stakeholders, in implementation of national legislation through which EU legislation on transport modes are transposed, particularly for the purpose of strengthening inter-sectoral cooperation in the supervision of implementation of these pieces of legislation. In accordance with the

overall resizing and public administration reorganisation plan, which the government has envisaged in the PAR strategy, the Plan will include an institutional and operational analysis as one of the key activities that will enable assessment of the capacity and the characteristics of the institutional, administrative and operational policies and procedures, related to transport sector management. This analysis should identify the opportunities for changes in the organization and working processes and policies. Focus of this analysis should be set on identification of all key actors and their roles at all levels and functions dealing with transport sector management in Montenegro; current assets being managed and current organization policies and working procedures; available and used resources and the quality of the services being provided. Careful analysis of the findings of the previous activities should result in identification of the areas where the capacity building will be needed and in what format.

The expected outputs of this intervention are:

- Operational units and departments related to transport policies restructured,
- Working procedures and processes reviewed or redone,
- Capacity Building Programme prepared and in place for Programming, Procurement, Monitoring and Implementation
- Support through technical assistance contracted and used

Special attention will be brought to design capacity building actions aiming to build the skills to work in a better sustainable way to the long term. Particularly important is to pay attention at the future management of Structural Funds. All capacity building activities should make the link between current management and monitoring of IPA funds and the future Structural Funds.

- Activity 3.2: Support to Project Preparation

This intervention includes Project preparation from initiation to development or any activity related to project maturity, including project planning and prioritisation, programming documents leading to financially viable projects for financing by EU pre-accession/accession assistance, by IFIs and/or other donors and national funds, developed and ready for implementation (e.g. feasibility studies, technical design, cost-benefit analyses, environmental impact assessments, application forms for major projects, etc.). Activities may also cover project management and supervision. Two main weaknesses have been identified in the existing selection procedures. Firstly, little attention is paid to the strategic significance of projects i.e. to their potential contribution towards achieving strategic objectives. Secondly, the assessment of project readiness (maturity) does not take into account the quality (reliability of data) and completeness of planning and technical documentation. In response to these weaknesses, it is proposed to incorporate additional assessments into the existing project selection process, namely the Strategic Relevance Assessment and the Gap Assessment of the projects before final selection.

The Action will support the preparation and implementation of projects on the Comprehensive and Core Networks, with a particular focus on quick gains and removing of bottlenecks. Priorities should be duly identified and appraised as part of the Single Project Pipeline for Montenegro. The choice of priority projects will be submitted to the Delegation of the European Union to Montenegro for prior endorsement.

Example of interventions could include:

- Updated project data base for the transport sector including status of project maturity and documentation



- Improvement of Corridor Railway Route 4 Bar–Vrbnica and 2 Podgorica–Tuzi-CB Albania (rehabilitation of the station tracks on stations Bratonožici and Bioce and overall of switches, rehabilitation of the open track on the section Bratonožici-Bioce, rehabilitation of tracks and switches in station Lutovo, improvement of station Tuzi, ...)
- Removal of bottlenecks on main international roads (focusing on cross-border road sections) and improved transit on national sections (by-passes),
- Activity 3.3: National Legislation and Strategies aligned with EU Acquis for Transport

Previous programming period has contributed to support the alignment of the transport legislation with the EU acquis in terms of legislative measures particularly in areas such as safety and security. It is required to continue the reform process in the field of transport through improvement of legal and institutional system, support to the ratification of conventions, protocols and international agreements. As part of the negotiation process for accession, support for harmonising the current national legislation according to the EU acquis is mandatory.

The closing benchmarks for Chapter 14 transport policy for Montenegro to align with are:

- EU *acquis* concerning road charging, social *acquis* in road transport, new rules on weights and dimensions of heavy goods vehicles and vehicles transporting passengers as well as the common rules for access to the profession of road transport operator, to the international road haulage market and to the international market for coach and bus services;
- Competent, independent and effective railway regulatory body and safety authority and EU safety and interoperability standards;
- *Acquis* on passenger rights in all modes of transport;
- *Acquis* on air traffic management;
- *Acquis* on inland waterways.

Montenegro made some progress in the area of implementation of ITS, because European standards are prescribed through the preparation of project documentation (which is applied to future projects in the main network). Although the ITS in the EU is governed by Directive (2010/40 / EU) this directive has not yet been transposed into national legislation. Montenegro's Programme of Accession to the European Union stipulates that the new Law on Roads has to be adopted in the fourth quarter of 2017 and it will contain a legal basis for the drafting of the Rulebook on the implementation of ITS which is planned for the fourth quarter of 2018.

According to clean vehicles, in order to harmonize an Administrative part with the EU legislation our obligations under Montenegro Programme Accession to EU 2016-2018 are that national legislation has to be harmonized until 2018 in line with the four basic EU Directives (Directive 2007/46 /EC; 2002/24/ EC; 2003/37 / EC and 97/68/EC) . It is important to note that the harmonization of the administrative part of the system for homologation in line with EU legislation (Directive 2007/46 / EC; 2002/24 / EC; 2003/37 / EC and 97/68/EC) is one of the basic prerequisites for closing Chapter 1 - Free movement of goods. The Ministry of Transport and Maritime Affairs is currently working on a Rulebook concerning the homologation of motor vehicles which will be harmonized with the EU Directives. After the adoption of the new Rulebook, the Ministry will publish all the technical regulations which will be harmonized with EU technical directives that are identical with the UNECE regulations which are already applied based on the Agreement on the adoption of technical prescriptions for wheeled vehicles, equipment and parts that can be installed and / or used on wheeled vehicles and the conditions for mutual recognition of granted homologation on the basis of these regulations.

The Ministry of Transport / Department for Transport, regarding the implementation of soft measures relating to road safety (Road safety measure soft), during the preparation of project documentation for construction and reconstruction of sections of roads main and regional roads in Montenegro, from designers and auditors requires that through the analysis of the impact of the planned works, to anticipate and reduce

influences from the social aspect, which directly affects the increase of safety. This presents a detailed revision of safety (safety audit) at the design stage.

In particular, for the implementation of EU inland waterways acquis, three relevant EU Directives need to be integrated into the current technical rules for vessels and the crew:

- Directive 2006/87/EC, laying down technical requirements for inland waterway vessels
- Directive 96/50/EC, on the harmonization of the conditions for obtaining national boat masters' certificates for the carriage of goods and passengers by inland waterway in the Community
- Directive 2004/26/EC, on measures against the emission of gaseous and particulate pollutants from internal combustion engines to be installed in non-road mobile machinery

For the implementation of EU railways acquis, preparation of a comprehensive Track Access Charges Methodology has to be developed in line with the recommendations and requirements of current European directives and norms

- Directive 2001/14/EC of 26 February 2001 on the allocation of railway infrastructure capacity and the levying of charges for the use of railway infrastructure and safety certification,
- Regulation No 41 of 26.06.2001 regarding the access to and use of railway infrastructure,
- Recast of the First Railway Package as amendment of the directives included in the package,
- Directive 2012/34/EU, of the European Parliament and the Council of 21 November 2012 establishing a Single European Railway Area and the new Regulation 2015/909 on the modalities for the calculation of the cost that is directly incurred as a result of operating the train service.

Having in mind the fact that since 2014 and adoption of new Law on Railways, Montenegro has opened its railway market, development of Track Access Charges (TAC) and determination of costs for railway infrastructure will contribute to creation of non-discriminatory conditions for all railway undertakings. It is necessary to adopt a methodology that will take into account the multi-criteria analysis of railway market in Montenegro as well as EU regulations that determine the method of calculating the costs of Infrastructure Manager (IM), which of those costs are allowed to be the part of TAC as well as socio-economic and environmental impacts. Also in line with the EU law, it is necessary to elaborate in detail all the other charges that are not directly related to the track access. In this way the IM will be able to plan maintenance and investment, and through a Network statement, according to this methodology, railway undertakings will be able to calculate the costs incurred to the track access. Close cooperation with the Ministry of Finance will be necessary to ensure that the necessary financial resources for the implementation of legislation are allocated in the annual budget laws and reflected in the mid-term budgetary framework.

## **RISKS**

Assumptions underlying the action are:

- Further revision of by-laws, alignment and full transposition of the EU legislation is completed by 2017 that will enable the implementation of several laws on transportation.
- Adequate staffing and funding for institutions for transport management is in place in line with the whole-of-Government rightsizing plan.
- Costs of operation for new institutions and equipment, clear accountability lines as well as salaries of new staff ensured.
- Legal, institutional etc. proposals and results of the project are implemented in a consequent manner;
- Cooperation among the NIC, MTMA, ZICG, MSD, DPW, local authorities responsible for various aspects of transport management and with key external stakeholders is strengthened
- Commitment of the Government to undertake public administration reforms, with specific reference to reforming policy and coordination system and rightsizing public administration.

The risks which may affect the successful execution of the project are as follows.

Risks	Degree of probability	Mitigation factors
Institutional capacity not at sufficient level. Lack of adequate number and quality staffing	High	Take advantage of the future PAR programme by identifying shortage and put in place corrective measures
Delays and quality/ reliability of outputs in project preparation to advance on building a mature project pipeline	Medium	Based on lessons learned, adequate technical monitoring and quality control of deliverables (cost benefit analysis, EIA and technical design) is in place through better qualified and trained internal staff
Transposition of the EU legislation is not fully considered as a priority in the next years which may cause delays with the implementation of some activities	Low	Government of Montenegro has put as a priority to continue its effort in harmonizing national legislation with EU acquis. This trend would normally continue in the next years in line of meeting targets for the EU accession
Need to reduce public debt may affect measures to strengthen administrative capacities in key institutions, especially in terms of staffing	Medium	Government of Montenegro should work on staff retention and improving technical skills based on designed training programmes through the Programme. Level of capacity of absorption should be tracked based on past experience in order to design feasible and sustainable programmes

### CONDITIONS FOR IMPLEMENTATION

This action comes to support Montenegro in the process of aligning and implementing its transport policy (including the updated Transport Development Strategy) and help meet the objectives of the Berlin Process and the Connectivity Agenda. Montenegro will undertake to ensure that the conditions underlying the action are fully met throughout its implementation, as well as after its completion:

- Effective cooperation among the Ministry and the other competent authorities in the Transport sector;
- Continued implementation of the soft measures identified in the context of the Berlin process and the Connectivity Agenda;
- Successful continuation and realisation of planned activities and commitment of all involved (Ministry and other stakeholders) to actively participate in the action;
- Costs of maintenance and operation for new institutions and equipment, as well as salaries of new staff are envisaged and ensured

### 3. IMPLEMENTATION ARRANGEMENTS

#### ROLES AND RESPONSIBILITIES

The overall responsibility for the development, management and coordination of the transport sector in Montenegro lies within the MTMA, which will coordinate activities among stakeholders and define the time frame for the implementation of activities. One of the administrative bodies established under the competence of the Ministry to act as public authority, regulatory and safety authority is the Railway

Directorate. Allocation of infrastructure facilities to all interested railway undertakings lies within the Railway Infrastructure of Montenegro (ZICG AD) joint-stock company, established according to the Strategy of restructuring of the Railways of Montenegro.

As a final user ZICG develops and invests in the railway infrastructure, secures its modernization and maintenance, which is on a state level managed by the Railway Directorate.

The Directorate for Public Works (DPW) as the Implementing Agency under IPA, will be responsible for all procedural aspects of the tendering process, contracting matters and financial management (including payments) of the activities and EUD will be entitled to give the ex-ante approvals unless the control modality is changed to ex post.. ZICG will provide support to the DPW whereby ensuring the proper technical implementation of the contract activities. In this regard, the DPW and MTMA will closely cooperate throughout the contracts implementation process.

The Maritime Safety Department (MSD) will ensure conditions for, and actual performance of tasks stemming from the international obligations that the State has agreed to by signing conventions, agreements and protocols, related to the safety and security of navigation in the area of responsibility of the Contracting Government. They will actively participate in project implementation and will be end recipient of response equipment.

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

Implementation will be carried out in indirect management mode. Co-financing in the adequate amount (15%) will be provided by the Government of Montenegro. The Contracting Authority will be the DPW. The Action will be implemented through service and supply contracts, twinnings and grants to Civil Society Organisations. Supply Contracts may be divided in several lots if deemed necessary during the implementation.

#### **4. PERFORMANCE MEASUREMENT**

##### **METHODOLOGY FOR MONITORING (AND EVALUATION)**

In line with the IPA II Implementing Regulation 447/2014, an IPA II beneficiary who has been entrusted budget implementation tasks of IPA II assistance shall be responsible for conducting evaluations of the programmes it manages.

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

Monitoring and evaluation of the implementation of this Action will be conducted in accordance with the rules of indirect management and respecting the requirements and provisions of IPA II regulations and those that will be laid down in Framework Agreement and in respective Financing Agreement. Achieving of the Action results will be regularly monitored by the Steering Committee (SC) and National IPA Coordinator.

A Steering Committee (SC) will be established to review the Action progress, comprising of representatives of Sector Working Group (SWG) for Transport, beneficiary institutions, DPW, NIC Secretariat and NIPAC Office. The EU Delegation to Montenegro will attend as Observer. The SC may invite other organizations to attend meetings in cases where this will bring added value to discussion, direction and outcomes of the Action. Representatives of the other key stakeholders may also be invited to attend SC meetings where relevant (in particular Ministry of interior (public administration reform aspects), Ministry of Finance (Public Finance management system and budget planning) and Human Resources Management Authority (in charge of professional development across the public administration). The Steering Committee will submit the choice of priority projects to the Delegation of the European Union to Montenegro for prior endorsement.

A Sectoral Monitoring Committee will be set up immediately upon entry into force of the Financing agreement related to the action document. The Sectoral Monitoring Committee will be co-chaired by NIPAC or high ranking official representative of the Government, and a representative of the Commission. Its member will include:

- The National IPA Coordinator or his/her representative;
- A representative of the Commission;
- Representatives of each transport structure for the programme;
- Representatives from the state and local government authorities, civil society and socio-economic partners, regional or national organisations with an interest in and contribution to make to the effective implementation of the programme.
- The National Authorising Officer;
- A representative of the National Fund.

Sectoral monitoring committee shall review the effectiveness, efficiency, quality, coherence, coordination and compliance of the implementation of the activities of the action document and their consistency with the relevant national and, whenever relevant, regional sector strategies. It shall measure progress in relation to achieving the objectives of the actions and their expected outputs, results and impact by means of indicators related to a baseline situation, as well as progress with regard to financial execution.

Operational conclusions, including any recommendations, will be drawn at the end of the Sectoral Monitoring Committee meetings. These conclusions shall be subject to adequate follow-up and a review in the following committee meetings and shall be the basis for reporting to the IPA monitoring committee on progress made.

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

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

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

## INDICATOR MEASUREMENT

Indicator	Baseline (2015)	Target 2020	Final Target (2021)	Source of information	
<b>OUTCOME INDICATOR:</b>					
Overall assessment of level of preparations of Montenegro under chapters 14 and 21	Improved	Closing benchmarked considered to be met	Closing benchmarked considered to be met	Draft Closing benchmark assessment report	
<b>OUTPUT INDICATORS:</b>					
<b>OUTPUT INDICATORS FOR RESULT 1:</b>					
Border control/Travel time on the rehabilitated section of the SEETO railway Corridor Bar-Vrbnica	60 min	30 min	30 min	<ul style="list-style-type: none"> <li>• MTMA Annual Report</li> <li>• MSD Annual Report</li> <li>• Harbour Master's Office Annual Reports</li> <li>• ZICG and Railway operator's reports on Operations</li> <li>• Report from Statistical Office of Montenegro and projections of railway operators</li> <li>• IPA Monitoring Committee Reports.</li> <li>• Service Contract Interim and Final Reports</li> </ul>	
<b>OUTPUT INDICATORS FOR RESULT 2:</b>					
The Level of Montenegro coast covered by VTMIS system maritime safety	160km	200 km	200 km		
Level of Montenegro coast protected from sea pollution caused by oil spill from vessels	140km	294km	294km		
<b>OUTPUT INDICATORS FOR RESULT 3:</b>					
Percentage of Transposition of EU legislation for the Maritime, Railways, Inland waterways transport	60%	95%	95%		
Number of Mature Projects prepared, ready for Public Procurement.	3	12	12		

## 5. SECTOR APPROACH ASSESSMENT

Overall, the transport sector has been improving in terms of sector approach but still requires some gaps to be covered. Next Programming 2016-2020 period represents an opportunity to fill in those gaps in order to move towards a more consistent, coherent and coordinated and evidence-based transport sector policy. Hereby are presented some recommendations to be taken into account in order to move in that direction:

The main transport development strategy requires updating its list of “strategic projects”. This is currently being addressed through the selection prioritization analysis, both through the WBIF and TA support for IPA II Programming.

New and readapted needs are to be defined based on the concept of European transport corridors, efficiency and multimodality and combination of several transport modes. Apart from the routes defined by SEETO for Montenegro, discussions are going on between Montenegro and the EC to formalize corridors within TEN-T network.

The main transport development strategy requires to be extended in time covering at least the period up to 2020. This is currently being addressed at the Ministry in particular by updating the list of priority projects to be financed during the current decade.

In that sense, in order to guarantee a coherent strategic framework, each transport mode sub strategies and its related Action Plans should be in line with the main transport development strategy matching the corresponding needs covered by the bottom up project pipeline. In addition, transport related objectives must be coherent with other sector objectives and with the priorities of the Government. However, a full maturity gap assessment is necessary after list of selected prioritized projects is agreed by all parties. This gap assessment will show the necessity to conduct detailed feasibility studies and use of TA for confirming the viability of the projects.

Action Plans should be prepared in an inclusive and evidence-based way, including a prioritization of selected projects gathered within the measures/priorities identified, accurate calculation of costs for their implementation and analysis of environmental and socio-economic impacts. Once the prioritization based on a multi criteria analysis set up for the WBIF, not only a planning of intervention per main projects will be needed but also an indication of the fiscal space for financing all the pre-selected projects.

In terms of institutional setting, the Government of Montenegro still faces important administrative capacity challenges in this sector due to fluctuation of staff, reliance on temporary staff and lack of skills in the administration. All these factors hinder proper implementation of sector policies, projects and reforms. Hence, further development need to be focused on staff retention policy. These issues are partially addressed in the PAR Strategy 2016-20.

There is need to reinforce the capacities of the representatives of the Sector Working Group in terms of guidance and preparation of the Programming and strategic planning.

The MTMA should establish a separate strategic department/directorate as a key unit in charge of Programming, prioritisation and strategic planning, assuming the required responsibilities for detecting and analysing the sector needs, establishing the key strategic priorities for the short, medium and long term and coordinating the programming together with its relevant competent institutional partner bodies. If not possible, at least one or two key staff within the MTMA should be in charge of planning/ programming.

Capacity building actions, support to improve the regulatory framework and *acquis communautaire*, additional technical advice and support to project preparation for covering the maturity gaps identified in the prioritized list of selected are important needs to be covered.

In terms of sector and donor coordination mechanisms, it is necessary not only to build and reinforce the capacities of the representatives of the Sector Working Group as the main instrument for sector coordination but also to build on the experience of the database for donor coordination already prepared under the Office of the Prime Minister a few years ago and to count on the recently created Central Donor coordination unit under the General Directorate for Economic Diplomacy and Cultural Cooperation of the MFAEI to continue the process by using the centrally collected information and disseminating it to the Lead Institution in charge of the transport sector. Moreover, sector coordination will also require appropriate consultations with the key external stakeholders representing relevant interests. In addition the database for transport should be primarily built up upon the list of single project pipeline defined by the NIC through the WBIF.

There is still a big gap in terms of source of funding to cover all infrastructure needs in particular for the road and railway sector. It is also clear that final prioritization of projects will require taking into account fiscal space. An adequate balance between the different transport modes needs to be found. The ministry of Finance must be included in policy discussions.

Regarding sector monitoring, new monitoring mechanisms set up within the OP RD 2012-2013 for the MTMA should be used as a basis to be further consolidated in order to initially gain experience in monitoring priorities and measures (including effective tools with target and results indicators) to further expand in the long term towards a complete and coherent sector follow up.

In terms of key Investments within the sector, next years will predominantly focus on the construction of some key road sections, such as the 41 km Bar-Boljare highway. It is expected to be financed through national funds and IFIs. In parallel to this large investment, the prioritisation of regional connectivity projects within the WBIF will further contribute to the overall sector development and its integration with the region. In this regards IPA II assistance will definitely accommodate to the list of Single Project Pipeline within the sector, focusing on interventions promoting environmentally friendly transport modes primarily tackling further rehabilitation of the railway line Bar–Vrbnica as part of the SEETO Route 4.

The current budget of the MTMA for 2015 is 25,461,884.15 euro and capital budget is 242,500,000.00 euro. Each relevant institution in railway and maritime sub sectors receives dedicated financial allocation. In line with MDD, it is planned to allocate for the transport sector 554 Million Euro for the period 2013-2016 while it becomes less optimistic for adequately filling the gaps for financing the required investments. In line with MDD 2015-2018 for pillar sustainable development specifically for transport sector for implementation of 85 projects, the allocation remains at 1.123.714.305. €.

PFM in Montenegro is largely decentralized, with central policymaking and standard setting centralized and execution decentralized. In terms of performance, the limitations are related to the omission of significant donor project expenditure in fiscal reports, lack of transparency and predictability of central government grants to local self-governments, and, lack of data on collection of tax arrears and of regular reconciliation of assessments, collections and arrears and, lack of commitment control on expenditure, no functional or administrative breakdown of expenditure for comparison with budgets, and non-disclosure of accounting standards in the annual financial statements, despite the commitment shown in the Economic Reform Programme 2015 – 2017 to increase the transparency of public finance and its adjustment to the EU Acquis, with special focus on introduction of ESA2010 (European System of National and Regional Accounts). In that sense, it is too early to foresee a budget sector support within the sector.

## **6. CROSS-CUTTING ISSUES**

### **GENDER MAINSTREAMING**

Transport and its related services is a critical catalyst for economic growth, and directly and indirectly influence a creation of the new positions. Inclusion of women in the rail industry will happen by direct employment, or by using women- owned entities for procurement purposes. Women play an important role in the entrepreneurial economy, both in their ability to create jobs for themselves and to create jobs for others. The provision of affordable, safe and reliable transportation of goods and people will be a strong tool for increased mobility of women. Equal opportunity principles and practices in ensuring equitable gender participation in the project will be guaranteed. Male and female participation in the project will be based on the relevant EU standards and will be assured by official announcements published to recruit staff needed for the project. The main criteria for recruitment will be based on appropriate qualifications and experience in similar projects, regardless of gender or age. Both, men and women, will have equal opportunities.

Though the activities encompassed in this Action are of low relevance to the promotion of gender equality, this document indicates a starting place for the inclusion of a gender equality perspective so as to contribute to the improvement of the transport sector so as to enhance the economic, social and cultural welfare of the people of Montenegro.

Therefore, gender mainstreaming needs to be applied throughout the overarching programming cycle of this thematic sector, following key steps:



- Gender Analysis and programme design should be based on evidence-gathering through sex disaggregated data, analyses of context and findings from evaluations and research existing in the area. In case of highly technical intervention, specific impact on society should be integrated in the analyses with specific reflections on gender dimension. Impact level of gender analyses will enable relevance of development intervention in transport on human development and in that sense assure measures for equal opportunities for all.
- In cases of identified targeted interventions for gender equality work or gender mainstreaming capacity development intervention, financial resources need to be assured.
- Monitoring, evaluation and reporting should be aligned with mainstreaming modality and based on that assure measurable contribution to people centered, development and application of corporate requirement for gender mainstreaming. For technical programs and interventions that respectively have strongest gender aspect at the impact level of programmatic intervention should assure that analyses, data collection and necessary impact level studies with gender analyses accompany technical interventions.

### **EQUAL OPPORTUNITIES**

Any employment opportunities associated with this Action will be open to all citizens, including minority groups (Roma, disable people and other disadvantage groups from society) and women. Further, the transport benefits accruing from this action will enhance opportunities for both women and men through specific analysis when designing the programs, through specific public consultations and through consideration when conceiving and delivering training activities.

It will be necessary to promote from future works and service contractors not to make employment recruitment decisions on the basis of personal characteristics unrelated to inherent job requirements. Contractors would be advise to base the employment relationship on the principle of equal opportunity and fair treatment, and not discriminate with respect to aspects of the employment relationship, including recruitment and hiring, compensation (including wages and benefits), working conditions and terms of employment, access to training, promotion, termination of employment or retirement, and discipline. Contractors shall also ensure equal remuneration for men and women at work of equal value. Inclusion of the ROMA and Egyptian population shall be stimulated by using the benefits of the country strategy in subsidizing their salaries and/or the use of tax incentives. An effort will be made in the respect to integration of persons with disabilities related to health care, social protection and pension disability insurance, field of education, professional training and employment, accessibility, culture, sport and recreation, as well as the field related to the position of disabled people's organizations in civil society

### **MINORITIES AND VULNERABLE GROUPS**

There are current legislative provisions for the protection of minority rights. The proposed Action 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 the minority issues. Minority and vulnerable groups' concerns will be reflected in all activities programmed under IPA, in particular when it concerns public services, legislative matters and socio-economic development. All minorities and vulnerable groups will benefit from this Action, as its impact will help ensure a cleaner, safer and quicker transport links. Vulnerable groups tend to suffer disproportionately from poor mobility, and will thus benefit directly from their improvement.

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

*The Law on Strategic Environmental Assessment (SEA) (Official Gazette of Montenegro, no. 80/05)* which stipulates the conditions, methods and procedures for undertaking of SEA of certain plans or programmes, provides for public participation as one of its objectives (Article 19 Public Debate). *The Law on Spatial Development and Construction of Structures (Official Gazette of Montenegro, No. 51/08)* also provides for the presence of the public in the spatial development proceeding (Article 42 Pubic Debate). All transport Institutions should comply with these and other related obligations defined by the law in order to engage and give the opportunity to the civil society to express their concerns.

In the context of the obligation to apply a gender mainstreaming approach, every effort will be made to maximise the dissemination of information to and the engagement of as broad a representation of the public as possible. This will involve the engagement with civil society representative organisations, including those representing women.

## **ENVIRONMENT AND CLIMATE CHANGE (AND IF RELEVANT DISASTER RESILIENCE)**

Tracking climate finance is to be based on the so called Rio Markers methodology. Following the Rio Markers methodology, transport infrastructure actions will take this sensitive issue into account. Railway infrastructure for this Action shall provide elaborates on the assessment of environmental impact in conjunction with the requirements of the Environmental Protection Agency. Also rehabilitation works on the line are recognized as works with the smallest polluting. One of the main activities through Transport Development Strategy of Montenegro is implementation of legal regulation, with EU standards related to safety, security and environmental protection. Also Railway Transport is recognized as a mode of transport which has minimal impact on the environment in comparison with other modes of transport. It will be possible to use optimal originally designed speed for trains which will result in decreased consumption of electrical energy and therefore improved energy efficiency. The contractor shall comply will all applicable Montenegro legislation, regulations and specifications with respect to all measures, operations and administrative steps required for the full protection and safeguarding of the environment. The contractor will be responsible for the proper disposal of sewage from all places within the site and shall comply strictly with the regulations of the relevant authorities. The contractor shall comply with the regulations of the employer and the firefighting authorities and take all necessary precautions throughout the execution and completion of the works to prevent outbreak of fire. During the execution and completion of the works, the contractor shall protect the environment on and off the site from contamination. Accordingly, the contractor shall collect all kinds of waste, including offal, production and communal wastes, and transport them to a waste landfill approved by the FIDIC Engineer. The contractor shall not release, or permit to be released into the air, water and land area at or in the vicinity of the site any toxic or harmful effluent or substance. Where the contractor’s activity is subject to regulation under applicable environmental laws, the FIDIC Engineer may require the contractor to submit evidence of his compliance with such laws, including but not limited to, the submission of any required permits, payment of fees, or compliance with any obligatory administrative procedures. Most of the activities foreseen under this Action Document are relevant for EU Climate Action Policy:

<b>Activities</b>	<b>Links to Climate Action</b>	<b>Relevance for Climate Action</b>
<b>Activities linked to R1: Improved transport conditions and travel times on the railway corridor Bar–Vrbnica</b>		
Activity 1.1: Cross border railway station renovated and reconstructed to provide appropriate working conditions for both Montenegrin and Serbian border crossing authorities	Project infrastructure from railway subsector will have a beneficial impact trough the promotion of low carbon modes of transport. Most in particular, when waiting times are reduced and carbon emissions are reduced.	✓
<b>Activities linked to R2: Improved safety standards concerning maritime and inland transport</b>		
Activity 2.1: Efficient system of monitoring the traffic of ships carrying dangerous and polluting goods, to establish a system of prevention of ships pollution (VTMIS Phase II)	This activity will support Montenegro to fulfil monitoring and reporting obligations according to EU acquis. It has also a clear ex ante impact on preventive pollution and impact on the environment	✓
Activity 2.2: Efficient equipment delivered for preventive/corrective measures in case of pollution, in accordance with IMO Conventions and EU regulations	This activity will support Montenegro to fulfil monitoring and reporting obligations according to EU regulations and IMO conventions. It has also a clear ex ante impact on preventive pollution and	✓

	impact on the environment	
<b>Activities linked to R3: Improved capacity within national transport institutions and alignment with EU acquis completed</b>		
Activity 3.1: Increased planning and management capacity for the Institutions involved on the implementation of Transport policies	Capacity building will address Climate Action from a transversal point of view, promoting its mainstreaming in all correspondent Transport subsectors	✓
Activity 3.2: Support to Project Preparation	Projects are mainly related to maritime and railway subsectors then having a beneficial impact through the promotion of low carbon modes of transport	✓
Activity 3.3: National Legislation and Strategies aligned with EU Acquis for Transport	Adequate level of EU transposition is a key indicator for accession. Legislation will also consider the EU Acquis for Climate action related to transport modes	✓

## 7. SUSTAINABILITY

Though the investments in the railway sector, it is expected to reduce the Operation and Maintenance (O&M) costs. It is, however, important to emphasize the need for the proper monitoring systems to be in place and the ZICG to perform the regular cleaning and removal of the accumulated rocks from escarpments along the route. Maintaining also the railway in good technical condition is high on the financial planning priority list of the ZICG, which will provide the necessary funds for future maintenance.

The border crossing procedures given the share of the ownership between the custom authorities in Montenegro and Serbia are prescribed in the following protocols which are signed and based on the Agreement on border crossing control in railway transport 2009:

- Protocol on the organization and regulation of railway transport at the border line and in the common border station Bijelo Polje between Serbian Railways, Railway Infrastructure of Montenegro, Montecargo JSC Railway transport of Montenegro JSC (September 2010).
- Protocol between the Ministry of Internal Affairs and Public Administration of Montenegro and the Ministry of Internal Affairs of the Republic of Serbia on the implementation of the agreement between the Government of Montenegro and the Government of the Republic of Serbia on border control in railway traffic (13 October 2010, in Belgrade).
- Protocol between the Ministry of Agriculture, Forestry and Water Management of Montenegro and the Ministry of Agriculture, Forestry and Water Management of the Republic of Serbia on Border phytosanitary and veterinary inspection control in railway transport. (13 October 2010, in Belgrade).

In the forthcoming period there will be a couple provisions harmonized and incorporated in the above mentioned Agreement which will be based on the two agreements such as the Agreement between the Government of Montenegro and the Council of Ministers of the Republic of Albania on organizing cross-border rail traffic and also the Agreement between the Government of the Republic of Serbia and the Republic of Macedonia on establishing border procedures for railway border crossing Presevo-Tabanovce.

Maintenance costs for VTMS will be ensured through national costs. As a way of co-financing the investments, the operating costs of VTMS system will include maintenance contracts, spare parts and service providers such as internet, radio links, electricity for sites, fuel for generators, licences).

To be sustainable any institutional reform proposed by the Action will align the overall public administration reform.

## **8. COMMUNICATION AND VISIBILITY**

Communication and visibility will be given high importance during the implementation of the Action. The implementation of the communication activities shall be funded from the amounts allocated to the Action.

All necessary measures will be taken to publicise the fact that the Action has received funding from the EU in line with the Communication and Visibility Manual for EU External Actions. Additional Visibility Guidelines developed by the European Commission (DG NEAR) will have to be followed.

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

As part of the support for this action, the reconstruction of a joint rail border crossing point between Montenegro and Serbia on the main railway corridor connecting Montenegro to Serbia will be supported. As a result, trains will need to stop only once for customs and border controls and the time spent at the border will be cut in half. This intervention will provide tangible improvements in the transport conditions between the two countries and show the benefits of the connectivity agenda. Improved transport conditions and travel times on the railway corridor Bar–Belgrade (i.e. shorten travel time with 30 minutes) will be made visible through adequate communication tools.

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

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

Every effort will be made to ensure that the communication and visibility activities will target all sectors of the population equally. In particular the women and minority groups are to be specifically taken into account in activities related to communication and visibility.

## **LIST OF ANNEXES**

1. Annex Implementation - Budget