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THIS ACTION IS FUNDED BY THE EUROPEAN UNION

ANNEX 3

of the Commission Implementing Decision on the annual action plan in favour of Montenegro for 2022

Action Document for the EU Integration Facility (EUIF)

ANNUAL ACTION PLAN

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and annual and multiannual action plans and measures in the sense of Article 8 of IPA III Regulation and Article 23 of NDICI - Global Europe Regulation.

1. SYNOPSIS

1.1. Action Summary Table

Title	Action Document for the EU Integration Facility Annual Action Plan in favour of Montenegro for 2022
OPSYS	ACT-60881/JAD.1003560
Basic Act	Financed under the Instrument for Pre-accession Assistance (IPA III)
Team Europe Initiative	No
Zone benefiting from the action	The action shall be carried out in Montenegro
Programming document	IPA III Programming Framework
PRIORITY AREAS AND SECTOR INFORMATION	
Window and thematic priority	Window 2: Good governance, EU Acquis alignment, good neighbourly relations and strategic communication Thematic Priority 2: Administrative capacity and acquis alignment
Sustainable Development Goals (SDGs)	SDG 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels SDG 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development
DAC code(s)	15110
Main Delivery Channel	12000 – Recipient government 12001 – Central Government

Markers (from DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	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 and women's and girl's empowerment	<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"/>
	Disaster Risk Reduction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Internal markers	Policy objectives	Not targeted	Significant objective
	Connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Digitalisation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Migration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	COVID-19	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
Amounts concerned	Budget line: 15.020101.01 Total estimated cost: EUR 8 720 000 Total amount of EU budget contribution EUR 8 720 000			
MANAGEMENT AND IMPLEMENTATION				
Implementation modalities (type of financing and management mode)	Project Modality Direct management through: Grants, twinning grants and procurement Indirect management with UNDP, UNICEF, UNOPS and entity(ies) to be selected in accordance with the criteria set out in section 0			

Relevant priorities and flagships from the Economic and Investment Plan for the Western Balkans [only for the Western Balkans]	<p>Priorities: “Transport”, “Energy”, “Green Agenda”, “Digital Transition”, “Innovation Agenda”, “Human Capital Development”, “Common Regional Market and Economic Integration”, “Governance, Rule of Law, PAR”</p> <p>Flagships: “I Connect East-West”, II Connect North-South”, “III Connect Coastal Regions”, “IV Renewable Energy, “V Coal Transition”, “VI Renovation Wave”, “VII Waste and Waste Water “VIII Digital Infrastructure”, “IX Support Competitiveness”, “X Youth Guarantee”</p>
Final Date for the conclusion of Financing Agreement	At the latest by 31 December 2023
Final date for concluding contribution/delegation agreements, procurement and grant contracts	3 years following the date of conclusion of the Financing Agreement, with the exception of cases listed under Article 114(2) of the Financial Regulation
Indicative [operational implementation] [eligibility] period	72 months following the conclusion of the Financing Agreement
Final date for implementing the Financing Agreement	12 years following the conclusion of the Financing Agreement

1.2. Summary of the Action

The EUIF is a flexible mechanism that will contribute to increasing the effectiveness of IPA III, and management modes, including direct management by the European Commission and indirect management with entrusted entities, will be available. The decision on which mode to use will be made on a case-by-case basis with due regard to the management capacities of the beneficiary institution.

This Action will focus mainly on technical support and capacity building related to the EU accession process and it should ensure the effectiveness and impact of actions financed through IPA funds.

The EU Integration Facility shall provide flexible support to the national authorities aimed at addressing specific needs identified in the course of the implementation of IPA III (and IPA II to a lesser extent), but it may also be used in ad-hoc circumstances where EU assistance is required and/or suggested or in case of a crisis.

Although there have been 33 chapters opened, the gradual closing of negotiation chapters is a process that requires considerable effort. These efforts will include both human and financial resources and therefore the EU Integration Facility will be used to address some of the challenges in these chapters identified during the negotiation process. Coordination of the accession process and management of EU funds is present and visible in the administration structure, but it still needs support. While a series of institutional building actions were undertaken within the previous IPA programmes, the capacities of line ministries and state agencies would need additional building.

In addition, the Action aims at providing flexible support to the Ministry of European Affairs and line ministries in addressing specific needs identified in the course of implementation of EU assistance – IPA III, supporting the accession negotiation process, and reinforcing the institutional capacities for managing the accession process and EU funds. This objective will be achieved through the capacity building interventions, preparation of well-targeted, mature and good quality actions or sector documents, preparation of tender documentation or other preparatory studies or through the implementation of activities that will ensure the effective and timely implementation of IPA programmes. Evaluation of IPA II and IPA III actions may also be financed. Some needs related to the negotiation process not addressed in the rest of the programme could also be addressed.

2. RATIONALE

2.1. Context

The specific objective of IPA III in the area of administrative capacity and *acquis* alignment is to bring policies and legislation in line with the EU policies and the EU *acquis* and to build administrative capacity to fully and effectively implement sector policies and the adopted legislation, building the ability of beneficiaries to take on the obligations of membership as well as the digitalisation efforts. This objective constitutes a crosscutting priority and complements administrative capacity-building under other Windows in line with the sector approach.

With regards to public finance management reform, the Government of Montenegro adopted the Public Finance Management Reform Programme 2016-2020 on 3 December 2015. The Programme defines the key reform plans in this area, aimed at increasing responsibility and ensuring reliable financial management, by improving economy, effectiveness and efficiency in public resources management. PEFA assessment, concluded in December 2019, shows mixed performance across different PFM processes and institutions. Fundamentals of the PFM system are in place and core functions are performing at the higher end of the assessment scores. These fundamentals and core functions relate to budget reliability, transparency of budget and fiscal information, revenue mobilization and budget execution, internal control and internal audit (IA), external audit and parliamentary scrutiny and, to a certain extent, accounting and financial reporting. On the other hand, more advanced elements of the PFM system demonstrate room for further improvement and continued strengthening. Preserving efficient and reliable fundamentals while developing additional capacity for advanced PFM practices can enhance the management of public finances in the long run and contribute to the country's broader goals, such as economic growth and efficient public service delivery. Areas for further improvement include the linkage between strategic plans and budget resources; medium-term perspective in planning and budgeting; management of public investments, assets, and fiscal risks; and meaningful performance measurement and evaluation.

2.2. Problem Analysis

AREA OF SUPPORT #1: Strengthening capacity of Montenegrin institutions for efficient and functional programming, management and implementation of pre-accession assistance

Short problem analysis:

Having in mind the scale of reforms necessary for accession and the available IPA funds, a key challenge for Montenegro is to focus funds on strategic and mature interventions, while efficiently leveraging national commitments and resource allocations to address the EU accession priorities, ensuring that these are well targeted to achieve impact. In this respect, the institutional structures for programming, implementation and monitoring need to be set up or upgraded and appropriate coordination capacities need to be strengthened. Coordination of the EU funds is present and visible in the administration structure, but it still needs support. While a series of institutional building actions were undertaken within the previous IPA programmes, the capacities of line ministries and state agencies would need additional building.

Description of main stakeholders:

The main stakeholders of the action would be line ministries, agencies and local self-government, as well as all the relevant national bodies who are directly or indirectly involved in the EU process or are benefiting from them in a sense of further building of their capacities.

AREA OF SUPPORT #2: Improving and communicating appropriately the process of EU accession, sector reforms and policy dialogue.

Short problem analysis:

Montenegro applied for EU membership in December 2008 and was granted candidate status in December 2010. In June 2012, following the endorsement by the European Council, the accession negotiations with Montenegro were opened, marking the start of a more intensive

phase in the accession process. The screening process was completed in May 2014, when the last screening report was processed by the Council. So far, all 33 negotiation chapters are opened and 3 chapters are provisionally closed.

However, although there have been 33 chapters opened, the gradual closing of negotiation chapters is a process that requires considerable effort. These efforts will include both human and financial resources and therefore the EU Integration Facility should be used to address some of the challenges in these chapters identified during the negotiation process. Coordination of the accession process, transposition of the *acquis* and implementation of EU policies are present and visible in the administration structure, but it still needs support. While a series of institutional building actions were undertaken within the previous IPA programmes, the capacities of line ministries and state agencies would need additional building.

Description of main stakeholders:

The main stakeholders of the action will be line ministries, agencies and local self-government, as well as all the relevant national bodies who are directly or indirectly involved in the accession negotiations or are benefiting from the process itself.

Complementarity with national strategies for areas of support #1 and #2:

Both areas of support will be implemented mainly according to Montenegro's Programme for accession to the EU 2021 – 2023, key IPA programming documents and overarching national strategies. The accession programme identifies key priorities for the accession process and gives an overview of the progress achieved through all 33 chapters, including the strategic, legislative and administrative framework. It is specially referring to the need for administrative capacity building and engagement of employees for the jobs of importance for the European integration process of Montenegro, primarily by redistribution of work, mobility within public administration, as well as through the need for new employment. Along with this Program, Montenegro's main overarching strategies are also: Montenegro's Development Directions (2018-2021), Economic Reform Programme for Montenegro 2020-2022 and National Strategy for Sustainable Development by 2030. In addition to these overarching strategic documents, other sector and cross-sector strategies and action plans contribute to the strategic goals of the government by defining more reforms that are specific and development objectives.

The Government of Montenegro adopted the *National Strategy for Gender Equality for 2021-2025* with the Action Plan for 2021-2022 and adopted the Final Report on the implementation of the Action Plan for Achieving Gender Equality 2017-2021. The low level of gender equality in Montenegro has been recognized as a central problem in this area, and in accordance with that, the main strategic goal has been defined - to raise the level of gender equality in Montenegro by 2025, by improving the implementation of the existing normative framework and implementing measures that strengthen the capacity of institutional mechanisms to implement legal provisions for protection against discrimination. Gender mainstreaming of policies and programmes is an important mechanism for achieving the above-mentioned strategic goal.

Taking into account the overall situation by areas of support, the assistance of the action shall be targeted and adjusted to the specific situation of the beneficiaries, taking into account further efforts needed to meet the EU membership criteria as well as their capacities. Assistance shall be differentiated in scope and intensity according to needs, commitment to reforms and progress in implementing those reforms.

3. DESCRIPTION OF THE ACTION

3.1. Intervention Logic

The Overall Objective of this action is to contribute to the successful conduction of the process of EU accession, including compliance with cohesion and structural funds related rules and standards. The following outcomes and outputs will lead to this overall result/impact. The Specific Objectives (Outcomes) of this action are:

1. Strengthening the capacity of Montenegrin institutions to carry out efficient and functional programming, management and implementation of pre-accession assistance;
2. Improving and communicating appropriately the process of EU accession, sector reforms and policy dialogue.

The Outputs to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are:

Output 1 related to Outcome 1

- 1.1 Strengthening stakeholders' cooperation, necessary capacities and systems allowing further training and information in order to prolong a sustainable EU integration process;
- 1.2 Improve administrative capacities and internal monitoring and control framework for the management of the IPA and the national funds;
- 1.3 Ensure promotion of EUIF and managed unexpected situations;
- 1.4 Project preparation facility in place to ensure maturity of projects.

Output 1 related to Outcome 2

- 2.1 Strengthening of the legislative and institutional capacities of Montenegrin administration for transposition and implementation of the acquis, as well as capacities for leading and carrying out the accession negotiations;
- 2.2 Support for mainstreaming of gender in policy dialogue, reforms and management of IPA and national funds;
- 2.3 Increase compliance with relevant national strategies and EU directives in the environment and climate action.
- 2.4 Increase visibility of the EU support to the country and raise the awareness of the large public on the EU of pre-accession assistance;
- 2.5 Ensure promotion of EUIF and managing unexpected situations;
- 2.6 Support for the reforms and active participation in different policy dialogues;
- 2.7 Support for the education reform and inclusion of vulnerable groups.

3.2. Indicative Activities

Activities related to Output 1

- additional strengthened stakeholders cooperation, necessary capacities and systems allowing further training and information in order to prolong sustainable EU integration process;
- improved administrative capacities and internal monitoring and control framework for the management of the IPA and the national funds;
- promotion of EUIF ensured and management of unexpected situations;

Activities related to Output 2

- additional strengthening of the legislative and institutional capacities of Montenegrin administration for transposition and implementation of the *acquis*, as well as capacities for leading and carrying out the accession negotiations.
- to support mainstreaming of gender in policy dialogue, reforms and management of IPA and national funds;
- support increased compliance with relevant national strategies and EU directives in the environment and climate action.
- increase the visibility of the EU support to the country and raise the awareness of the large public on the EU of pre-accession assistance;
- support for the reforms and active participation in the sector policy dialogue.
- to favour activities related to education reform and inclusion of vulnerable groups (including cooperation with UNICEF and UNOPS);

3.3 Mainstreaming

The EU Integration Facility reflects the European Union's longstanding commitment to address environmental and climate change concerns and enhance sustainable development by supporting the harmonisation with the EU *acquis* and implementation of the new legislation under Chapter 27, as well as the alignment with the EU *acquis* in other linked chapters. In the context of the European Green Deal¹, will require mainstreaming of the green agenda². Some examples include chapter 5 on public procurement introducing quality criteria such as respect to the environment in the public purchase, chapter 11, under which the greening of the agriculture will need to be addressed through the national policy on subsidies, or chapter 8 on competition and state aid, encouraging state aid for green investments, chapter 20 on enterprise and industrial policy, supporting a major shift to renewable energy, less polluting technologies, etc. To further enhance the process of mainstreaming environment and climate change into the integration process, support will be provided for the systematic application of Environmental Impact Assessment, Strategic Environmental Assessment, and Climate Risk and Vulnerability Assessment.

Mainstreaming gender will be one of the outcomes of the programme, with specific activities but also mainstreamed throughout the whole programme. Moreover, in order to better mainstream gender in its external policies, the EU has adopted, since 2010, three successive gender action plans GAP I, GAP II and GAP III, the latter being currently implemented until the end of 2025. GAP III is the EU instrument for promoting gender equality and women empowerment in its external relations with third countries and international fora and institutions, providing necessary guidance for the implementation of all EU external policies.

3.4 Risks and Lessons Learned

Category	Risks	Likelihood (High/ Medium/	Impact (High/ Medium/	Mitigating measures
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¹ COM(2019)/640-The European Green Deal.

² As reflected in the Staff Working Document “Green Agenda in the Western Balkans” (presented in October 2020 in parallel to the Economic and Investment Plan for the Western Balkans).

		Low)	Low)	
3	Risk 1 High fluctuation of staff working in state administration, particularly in the beneficiary institutions	M	M	The Government of Montenegro is committed to the implementation of staff retention policy measures with the aim to reduce the staff turnover in the IPA structures and its further strengthening in the next period.
2	Crisis and unexpected situations (such as COVID-19 or other global challenges)	M	M	By the time the action will be implemented, the pandemic is expected to ease. In any case, social distance and all necessary preventive measures will be in place in order to ensure efficient implementation of the action.

Lessons Learned:

The Project Preparation Facility (PPF), Support Measures Facility (SMF) and EU Integration Facility funds under the previous IPA programmes have been both utilized for delivering short-term assistance in designing effective strategic plans in different sector areas, often followed by more detailed investment strategies; providing ad hoc support in particular chapters or future areas of negotiation; supporting planning and programming of the EU funded actions by assisting in stakeholder consultations; drafting the action documents and their annexes, and drafting the tender documentation and support the evaluations for the implementation of the EU funded actions. In the context of the preparation of IPA national programmes, it has become clear that beneficiaries require assistance in developing programmes/actions and that it is in particular necessary to provide a facility to enable limited support targeted specifically at the design-preparation phase before larger scale funds are committed to less-well defined and relatively high-risk actions. Regarding the implementation of the EU Integration Facility under the IPA II, the experience shows that the beneficiary institutions are still relying in general on the IPA “project approach”. Having this in mind, it is necessary to further draw attention to the importance of the “sector approach” or approach according to thematic windows and to make sure that the action proposals from the potential beneficiary institutions are also contributing to the development of the respective sectors.

In the previous financial framework, the EU Integration Facility proved to be very efficient in delivering ad-hoc, urgent and needed help for the country, especially during the COVID-19 pandemic. This role of the EUIF should be extended in the future to react to emerging needs not previewed in regular programmes.

3.5 Indicative Logical Framework Matrix

Results	Results chain: Main expected results	Indicators	Baselines 2022	Target 2023	Sources of data	Assumptions
Impact	To successfully conduct the process of EU accession, including compliance with cohesion and structural funds related rules and standards	1. Progress in accession to the EU. Montenegro has opened 33 (out of 33 chapters) and the progress is measured by the number of provisionally closed chapters	33 chapters opened	At least 7 chapters provisionally closed	Commission Report	<i>Not applicable</i>
Outcome 1	1. The capacity of Montenegrin institutions for efficient and functional programming, management and implementation of pre-accession assistance strengthened.	1.1 Level of absorption of EU funds improved (contracting and disbursement rate) 1.2 Financial management and control systems operate smoothly (number of major audit findings and audit error rate) 1.3 % of EU funds contracted	It will be determined at a later stage	It will be determined at a later stage	Financing Agreements Commission Report IPA Monitoring Committee Reports NIPAC Annual reports Action progress reports Monitoring and evaluation reports	Ensured adequate staff for state administration Macroeconomic and political stability is maintained
Outcome 2	2. The process of EU accession, sector reforms and policy dialogue improved and communicated appropriately.	2.1. Number of recommendations from EC Country Report fulfilled 2.2. Implementation rate of the supported Sector/sub-	It will be determined at a later stage	It will be determined at a later stage	Financing Agreements Commission Report IPA Monitoring	The continued commitment of the Government structures to the accession process

		sector Strategies (by measure and/or priority); 2.3 Number of legislative acts prepared in an inclusive and evidence-based process and adopted in compliance with the acquis.			Committee Reports NIPAC Annual reports Action progress reports Monitoring and evaluation reports	
Output 1 related to Outcome 1	1.1 Strengthened stakeholders' cooperation, necessary capacities and systems allowing further training and information in order to prolong the sustainable EU integration process; 1.2 Improved administrative capacities and internal monitoring and control framework for the management of the IPA and the national funds; 1.3 Ensured promotion of EUIF and managed the unexpected situation. 1.4 Project preparation facility ensured maturity of projects.	1.1.1 Number of project proposals submitted under the EUIF; 1.1.2 Number of institutions involved in project implementation; 1.1.3 Ease of mobilising resources under the EUIF; * Average length of project launch (duration from submission of project proposal until contract signature); * EUIF Funds implementation rate (EUIF Contracting and disbursement rate); 1.1.4 Number and percentage of projects completed successfully/ results delivered Number of documents	It will be determined at a later stage	It will be determined at a later stage	EUIF implementation reports Steering Committee Reports Project reports	Sufficient interest on behalf of the public bodies and democratic institutions to develop and implement projects

		<p>adopted, Number of people trained, Number of IT tools put in use.</p> <p>1.1.5 Number of tender dossiers prepared and published</p>				
Output 1 related to Outcome 2	<p>2.1 The legislative and institutional capacities of Montenegrin administration for transposition and implementation of the acquis strengthened, as well as capacities for leading and carrying out the accession negotiations;</p> <p>2.2 Mainstreaming of gender in policy dialogue, reforms and management of IPA and national funds supported;</p> <p>2.3 Increased compliance with relevant national strategies and EU directives in the environment and climate action supported;</p> <p>2.4 The visibility of the EU support to the country increased and the awareness of the large public on the EU</p>	<p>2.1.1 Number of legislative acts prepared and adopted in compliance with the acquis;</p> <p>2.1.2 Degree of public recognition of the EU support (percentage of people recognising the EU as the main donor);</p> <p>2.1.3 Implementation rate of the Sector/sub-sector Strategies (by measure and/or priority);</p> <p>2.1.4 Number of Reform Priorities addressed with the EUIF support.</p>	It will be determined at a later stage	It will be determined at a later stage	<p>Financing Agreements Commission Report IPA Monitoring Committee Reports NIPAC Annual reports Action progress reports Monitoring and evaluation reports</p>	<p>EU integration remains a government priority, which entails a continuous high-level political commitment to EU accession, support for the reforms and active participation in the sector policy dialogue.</p> <ul style="list-style-type: none"> - Macroeconomic and political stability is maintained - Key reforms (such as PFM, PAR, Judiciary) are well

	<p>of pre-accession assistance raised;</p> <p>2.5 The promotion of EUIF and managing unexpected situations ensured;</p> <p>2.6 The reforms and active participation in the sector policy dialogue supported;</p> <p>2.7 The education reform and inclusion of vulnerable groups are supported.</p>					progressing
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4. IMPLEMENTATION ARRANGEMENTS

4.1. Financing Agreement

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

4.2. Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed upon by the Commission's responsible authorising officer by amending this Financing decision and the relevant contracts and agreements.

4.3. Methods of implementation

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

4.3.1. Direct Management (Grants)

a) Purpose of the grant

Potential grants would address all objectives and results of the action depending on the specific request of the beneficiary.

In the case of twinning contracts, the result targeted would be to provide support to the legislative and institutional capacities of the Montenegrin administration for transposition and implementation of the EU *acquis* and capacities for leading and carrying out the accession negotiations.

b) Type of applicants targeted – in more detail, including but not limited to essential characteristics: the place of establishment

In the case of grants:

Legal entities, natural persons or groupings without legal personality, local authorities, public bodies, and international organisations.

In the case of Twinning:

Applicants must be EU Member State administrations or their mandated bodies.

The global budgetary envelope reserved for grants: EUR 600 000.

Concerning change of the management mode in exceptional circumstances, see section 4.3.4

4.3.2. Direct Management (Procurement)

This Action shall provide capacity building in programming and identification of Sector Support Programmes / Sector Support Actions / Sector Support Oriented Actions /Stand-alone Actions to SWGs, line ministries and other stakeholders (other state bodies, independent regulators, local governments, social partners, civil society, etc.). The programme shall support the NIPAC Office to coordinate the overall process of EU integration, but it will simultaneously have an impact on the capacities and ownership of line ministries, working groups for specific chapters, sector working groups and other stakeholders to carry out accession negotiations as well as programming of EU assistance which will be thus better linked with the EU accession process.

Procurement may also be used to respond to ad hoc/emergency responses.

The global budgetary envelope reserved for this modality is EUR 4 620 000.

Concerning change of the management mode in exceptional circumstances, see section 4.3.4

4.3.3. Indirect Management with - Member State Organisation, third donor country, EU specialised (traditional/regulatory) agency, international organisation

A part of this action may be implemented in indirect management with entities that will be selected by the Commission services using the following criteria: nature of the action, operational and technical capacity, value-added, transparency and absence of conflict of interest. The implementation by these entities entails the activities deemed necessary to be implemented under Indirect Management with a Member State Organisation, third donor country or EU specialised agency or international organisation, or with an entity which will be selected by the Commission's services according to the previously defined criteria. This modality will contribute to achieving the results mentioned above. Its use will depend on the beneficiary's needs and requests.

In case the envisaged entities would need to be replaced, the Commission's services may select a replacement entity using the same selection criteria given above. If the entity is replaced the decision to replace it needs to be justified.

If negotiations with the above-mentioned entity fail, that part of this action may be implemented in direct management in accordance with the implementation modalities identified in sections 4.3.1.and 4.3.2.

A part of this action may be implemented in indirect management with the United Nations Development Programme (UNDP). This implementation entails all activities related to Output 1 of Outcome 2 point 2.2 Mainstreaming of gender in policy dialogue, reforms and management of IPA and national funds supported. The envisaged entity has been selected using the following criteria: nature of the action, operational capacity and value added of the entity. Given the experience of UNDP for gender mainstreaming, UNDP will continue working with the Government to implement the national strategy.

A part of this action may be implemented in indirect management with the United Nations Children's Fund (UNICEF). This implementation entails activities related to Output 1 of Outcome 2 point 2.7 The education reform and inclusion of vulnerable groups are supported. The envisaged entity has been selected using the following criteria: nature of the action, operational capacity and value added of the entity. Given that UNICEF has finalised a needs assessment of the Education sector in the country, the action will support the government in the development of the education strategy, ensuring that the system is inclusive.

A part of this action may be implemented in indirect management with United Nations Office for Project Services (UNOPS). This implementation entails activities related to Output 1 of Outcome 1 point 1.4 Project preparation facility ensured maturity of projects. The envisaged entity has been selected using the following criteria: nature of the action, operational capacity and value added of the entity. In continuation of the expertise that will be provided under the 2018 programme, UNOPS will support the development of social sectors/judiciary with a focus on ICT and infrastructure, and the development of mature project pipeline/programming documents (PPF).

4.3.4. Changes from indirect to direct management (and vice versa) mode due to exceptional circumstances (one alternative second option)

In exceptional circumstances and upon authorization of the European Commission, changes from indirect management as foreseen in sections 4.3.3 above to direct management as described in sections 4.3.1 and 4.3.2 above mode are possible. *Vice versa*, if the procurement and grant procedures as foreseen under sections 4.3.1 and 4.3.2 above cannot be implemented due to circumstance outside of the Commission's control, these parts of the Action can be implemented in indirect management with Entrusted Entities.

4.4. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of the origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or unavailability of services in the markets of the countries or

territories concerned, or in other duly substantiated cases where the application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.5. Indicative budget

Indicative Budget components	EU contribution (amount in EUR)	Indicative third-party contribution, in currency, identified
Budget support - cf. section 4.3	N.A.	N.A.
Methods of implementation – cf. section 4.3		N.A.
Outcome 1 Strengthening the capacity of Montenegrin institutions for efficient and functional programming, management and implementation of pre-accession assistance composed of	3 100 000	N.A.
Grants (direct management) – cf. section 4.3.1	300 000	N.A.
Procurement (direct management) – cf. section 4.3.2	800 000	N.A.
Indirect management with entrusted entities - cf. section 4.3.3	2 000 000	N.A.
Outcome 2. Improving and communicating appropriately the process of EU accession, sector reforms and policy dialogue. composed of	5 620 000	N.A.
Grants (direct management) – cf. section 4.3.1	300 000	N.A.
Procurement (direct management) – cf. section 4.3.2	3 820 000	N.A.
Indirect management with entrusted entities- cf. section 4.3.3	1 500 000	N.A.
Indirect management with Montenegro	N.A.	N.A.
Grants – total envelope under section 4.3.1	600 000	N.A.
Procurement – total envelope under section 4.3.2	4 620 000	N.A.
Indirect management with international organisations- total envelope under section 4.3.3	3 500 000	N.A.
Budgetary guarantee – the amount of annual provisioning	N.A.	N.A.
Evaluation – cf. section 5.2 Audit – cf. section 5.3	will be covered by another Decision	N.A.
Communication and visibility – cf. section 6	will be covered by another Decision	N.A.
Contingencies	N.A.	N.A.
Total	8 720 000	N.A.

4.6. Organisational Set-up and Responsibilities

Organisational set-up and responsibilities shall be defined in more detail by the Rules of procedure for the functioning of the Steering Committee for the EU Integration Facility. The Steering Committee shall be in principle composed of representatives of the NIPAC Office and of the Delegation of the European Union to Montenegro. In case of implementation of available funds under indirect management, representatives of the Directorate for Financing and Contracting of EU funds (CFCU) in the Ministry of Finance will also be members of the Steering Committee with voting right. The Steering Committee shall be responsible for:

- determining the eligibility and checking the quality of action proposals submitted to NIPAC according to previously agreed and defined criteria;
- approving the eligible actions for financing under the EU Integration Facility (EUIF);
- regular overview of the state of play of implementation of the approved actions, identification of implementation issues and providing recommendations for overcoming them.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

5. PERFORMANCE MEASUREMENT

5.1. Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of the implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) and the partner's strategy, policy or reform action plan list (for budget support). The Commission may undertake additional project monitoring visits both through its staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Roles and responsibilities for data collection, analysis and monitoring:

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

5.2. Evaluation

Having regard to the importance of the action, a mid-term evaluation will be carried out for this action or its components via independent consultants contracted by the Commission.

It will be carried out for problem-solving, and learning purposes, in particular with respect to informing future programming in the same sector.

The Commission shall inform the implementing partner at least three months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

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

5.3. Audit and Verifications

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

6. COMMUNICATION AND VISIBILITY

Visibility of EU funding and communication about objectives and impact of Actions is a legal obligation for all Actions funded by the EU, as set out in the EU communication and visibility requirements in force.

In particular, the recipients of EU funding shall acknowledge the origin of the EU funding and ensure its proper visibility by:

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

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

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

Visibility and communication measures specific to this Action shall be complementary to the broader communication activities implemented directly by the European Commission services and/or the EU Delegation. The European Commission and the EU Delegation should be fully

informed of the planning and implementation of the specific visibility and communication activities, notably with respect to the communication narrative and master messages.

7. SUSTAINABILITY

Improved programming and capacities to utilise IPA III resources will have a direct impact on advancing and accelerating accession negotiations with the EU, which is the ultimate goal of the Government of Montenegro. Therefore, the Action will contribute to the progress and sustainability of achieved results within the reforms of the process of accession to the EU, supported by IPA III.

In addition, the sustainability will be ensured through the established coordination mechanisms for programming and implementation of IPA III, as well as through acquired skills of the state administration in the programming of IPA III that will lead to the successful implementation of projects and improved programming for next years. Specific knowledge on the preparation of relevant documentation, both for programming and for implementation, gained through the provision of expertise and/or training and coaching will ensure strengthened capacities. Having in mind that NIPAC will have the overall responsibility for coordination of the IPA III, enhanced capacities of the NIPAC Office will have multiple impacts on the capacities of sector working groups, but also of working groups for specific negotiation chapters, through direct communication and coordination with the Secretariat of the Negotiation Group (which is part of the MEA). Financial sustainability will be ensured through better programming of IPA III resources and this will enable utilisation of both IPA resources and State budget resources, contributing to the financial sustainability of overall resources invested in reform and accession processes.