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STRATEGIC/ INTERIM EVALUATION OF EU IPA PRE- ACCESSION ASSISTANCE IN MONTENEGRO

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Acronyms

AP	Accession Partnerships
CAFAO	Customs and Fiscal Assistance Office
CARDS	Community Assistance for Reconstruction, Development and Stabilisation
CBC	Cross-border Cooperation
CC	Candidate Country
CFCU	Central Finance and Contracting Unit
CoE	Council of Europe
DACI	Directorate for the Anticorruption Initiative (Montenegro)
DFID UK	Department for International Development
DG ENLARG	Directorate-General Enlargement
DIS	Decentralised Implementation System
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EI	European Integration
EP	European Partnership
EU	European Union
EUD	Delegation of the European Union
FAs	Financing Agreements
FDI	Foreign Direct Investment
IA	Interim Agreement
IFI	International Financial Institutions
IPA	Instrument for Pre-accession Assistance
IR	Inception Report
MDF	Development Fund of Montenegro
MEI	Ministry for European Integration
MIFF	Multi-annual Indicative Financial Framework
MIPD	Multi-annual Indicative Planning Document
MS	Member State
NAO	National Authorising Office
NF	National Fund
NIPAC	National IPA Coordinator
NPAA	National Programme for the Adoption of the Acquis
NPI	National Programme for Integration
OECD-DAC	Organisation for Economic Coordination and Development – Donor Assistance Coordination
OSCE	Organisation for Security and Cooperation in Europe
PAO	Programme Authorising Officer
PAR	Public Administration Reform
PMU	Programme Management Unit
RACER	R-Relevant, A-Accepted, C-Credible, E-Easy and R-Robust
ROM	Results Oriented Monitoring
RTA	Resident Twinning Advisor
SAA	Stabilisation and Association Agreement
SAP	Stabilisation and Association Process
SMART	S-Specific, M-Measurable, A-Available, R-Relevant and T-Time-bound
SPO	Senior Programming Officer
TAIB	Technical Assistance and Institution Building
UNDP	United Nations Development Programme

Executive Summary

1. Introduction

This evaluation was directed solely at the EU IPA Component I and was focused on providing the Commission with relevant findings, conclusions and recommendations for the ongoing process of reviewing its approach to planning and programming assistance to IPA beneficiaries, and for the preparation of 2011-2013 Multi-annual Indicative Planning Documents (MIPDs). The evaluation was also asked to provide inputs to the ongoing Mid-Term Meta-Evaluation of IPA Assistance.

The strategic/interim evaluation has two specific objectives:

- **Specific Objective 1:** To assess the intervention logic of IPA assistance to Montenegro including to which extent assistance is/should be programmed and implemented through a sectoral approach.
- **Specific Objective 2:** to provide a judgement on the performance of programming and implementation of IPA assistance (as regards its relevance, efficiency, effectiveness, impact and sustainability).

The applied methodology included an intensive review of the secondary data sources combined with field interviews with key stakeholders within the Delegation of the EU in Montenegro, representatives of beneficiary institutions of the Government of Montenegro, team leaders and senior experts of IPA projects and donor representatives. A list of institutions and individuals interviewed during the field mission can be found in Annex 12.

2. Basic Information on IPA in Montenegro

Being a potential candidate country, Montenegro is entitled only to the first two components of IPA, i.e.

- IPA I: Transitional Assistance and Institutional Building (TAIB)
- IPA II: Cross-border Cooperation Component (CBC).

The IPA financial envelope for Montenegro is €31.4 million for 2007 and slightly above €35.4 million allocated for 2013. The majority of the allocated funds are budgeted for Component I, from €27.49 million in 2007 to almost €31 million in 2013. This makes the highest *per capita* amount for Component I among all eligible IPA countries.

However, in absolute terms, the total amount of the envelope for Montenegro for IPA Component I is significantly smaller than in almost all other IPA countries (only FYR Macedonia has a smaller envelope for IPA Component I). Having in mind that EU accession requires substantial reforms with high fix cost no matter the size of the country, it might be concluded that the financial envelope for IPA Component I for Montenegro is rather small and insufficient to cover all the cost of transitional adjustment of Montenegrin administration to the requirements for EU accession.

3. Questions, Findings, Conclusions and Recommendations

The table below is designed to give the reader a “snapshot” of the main findings, conclusions and recommendations contained in this report. By its nature this table is only possible to indicate a small selection of the main findings, conclusions and recommendations in an abbreviated form. A more elaborated picture of this “snapshot” is contained in Chapters 3 & 4 and in annex 2.

Summary of Findings Conclusions & Recommendations

Evaluation Question	Finding	Conclusion	Recommendation
1. Programming and Intervention Logic (Question Group 1 and Question Group 4)			
E.Q.1. To what extent are objectives SMART at different levels (strategic, MIPDs & programmes)?	Significant number of objectives at all levels are not of a good quality.	Poor quality of objectives has affected monitoring of project results.	There is a need for further capacity among beneficiaries to design a special training programme that will provide advance knowledge in this regard.
E.Q.2. To what extent planning & programming provide adequate assessment of needs (both financial & time) to meet all accession requirements /strategic objectives?	It is unlikely that Montenegro will comply with all necessary institutional adjustments within the 2007-2013 timeframe.	Mechanisms for assessing the needs are not clear.	It is recommended to look and apply models of new member states of a smaller size such as Cyprus and Malta.
E.Q.3. To what extent are annual IPA component I allocations (MIFFs) adequate in relation to the strategic objectives of the MIPDs?	Financial allocations are not sufficient to meet the expectations determined by the MIPD strategic objectives. Absorption capacity of IPA funds is limited.	IPA Component I envelope for Montenegro is not sufficient for large-scale administrative reform and institutional adjustments for EU accession. IPA Component I does not have a sufficiently good number of quality project ideas	Programming should be focused in achieving quick wins in areas most important for the EU Accession. A focused approached to programming is required
E.Q.4. To what extent is the project selection mechanism appropriate in the sense of selecting the most relevant, efficient & effective projects to meet strategic objectives?	Mechanisms for selection of project ideas are the weakest link of the programming process.	The capacity of the NIPAC office continues to be insufficient to implement the selection process	NIPAC office should be encouraged to take a more leading role in the process of selection of project ideas.
E.Q.5. To what extent programming provides adequate prioritisation & sequencing of assistance? (When answering this EQ, findings from EQ3-4 will be used)	Beneficiaries' capacity limits the possibilities for prioritization of assistance while sequencing of the assistance has been effective	The other approach is rather "elitist", giving more attention to the beneficiaries with more capacity than to those ones with less.	NIPAC office and beneficiaries need to improve their capacity in prioritisation and sequencing.
E.Q.6. To what extent programming	NIPAC and SPOs offices lack capacity to	There are no institutional mechanisms to	The beneficiaries should be further educated

Evaluation Question	Finding	Conclusion	Recommendation
takes adequate & relevant account of beneficiaries' policies, strategies & reform process in relevant key areas?	<p>check the alignment of the project objectives and results with the policies and strategies of the beneficiary institutions.</p> <p>Beneficiary institutions lack experience and knowledge in making long-term planning and they are much more focused in solving contemporary issues.</p>	<p>check if the submitted projects are the most relevant to meet objectives in key areas.</p> <p>IPA Component I is not design to rapidly respond on the urgent issues of the beneficiary institutions</p>	on the long-term programming process
E.Q.7. To what extent programming takes adequate & relevant account of assistance provided & reforms promoted by key donors where applicable?	Since May 2010 the Government of Montenegro has been establishing a system of coordination of the donor support.	<p>Programming identifies synergies with other donors.</p> <p>Coordination of donor activities has been very weak and not institutionally established till recently.</p>	Government should finalise its activities in establishing an overall system of coordination of donor support.
E.Q.8. To what extent programming include SMART indicators to measure progress towards achievement of objectives?	Even though, in the past, beneficiary institutions have not been capable of designing good indicators, there have been some recent indications of improvements in this process	<p>Beneficiaries still have some difficulties in properly designing objectives and indicators.</p> <p>The whole concept is still somewhat vague to beneficiaries and their knowledge in this regard is more theoretical than practical.</p>	Beneficiaries and NIPAC Office should be additionally trained in designing project indicators at different levels.
E.Q.9. Which are the main gaps /weaknesses in the current programming framework?	<p>Selection of project ideas remain to be the main weaknesses of the current programming framework.</p> <p>There is a tendency among beneficiaries to submit project ideas that are related to their immediate needs than to strategic, long-term priorities.</p> <p>NIPAC has insufficient capacity and lacks leadership in this regard.</p>	<p>The quality of project ideas has improved but with significant input from the Delegation and DG Enlargement.</p> <p>The information flow between IPA stakeholders is weak</p>	<p>NIPAC should be held accountable for the process of selection of the project ideas and therefore its capacity should be developed in this regard.</p> <p>There is a need for increasing the institutional communication between IPA stakeholders</p>

Evaluation Question	Finding	Conclusion	Recommendation
E.Q.11. How can programming of assistance be enhanced to more efficiently & effectively reach strategic objectives?	All stakeholders need to maximize efforts to ensure transparency in projects and to ensure that regular meetings are arranged for information exchange and sharing.	Coordination of meetings between donors and potential donors will help provide effective synergy between participating agencies and Member States and will help identify common development objectives.	Operational linkages between strategic and budget planning functions need to be established across all ministries. There is a need to concentrate on key aspects of the EU integration process, taking into account demands from beneficiary institutions.
E.Q.12. How can programming be enhanced to improve the impact & sustainability of financial assistance?	Beneficiaries do not yet have sufficient capacity to improve impact & sustainability	Constant and flexible source of capacity building support is needed.	It is strongly recommended that the Montenegrin government funds, at least partially, contributes to the financing of IPA projects and thus commit to the ownership of projects.
EQ 13: Is programming through a sectoral based approach a suitable, feasible & operational option for future programming (MIPDs & national programmes)	While sector strategies in each field of programming have improved there is no accurate information available how many sector-based strategies exist in Montenegro and which fields they are targeting	IPA programming has so far been project-based rather than sector-based and there is a lack of national capacity to coordinate the sector-based programmes and strategic priorities.	In order to make a shift to a sector-based approach, there is a need for a Sector Policy Support Programme with the aim of increasing national capacity for applying and coordinating sector-based programmes
EQ 14: To what extent is the beneficiary ready to operate a shift towards a sector based approach in its own strategies, and in planning & programming sector based actions & finances?	Beneficiaries have not advanced their abilities to introduce full-fledged sector-based approach and there is no unique methodology applied in strategy development. There is no or a little harmonisation between different strategies.	Sector-based approach in Montenegro and it has a long way to go until its successful implementation. The inter-ministerial or multi-beneficiary strategy harmonisation seems to be a difficult process.	A shift towards a sector-based approach should be done using a step-by-step approach, ensuring high level of coordination between all involved parties and in combination with capacity-building activities;
2. Administrative and Monitoring Capacity (Question Group 5)			
EQ 15: Are the administrative & organisational structures in place ensuring efficient & effective implementation of financial assistance?	Not yet in place but planned between the EUD and the Government of Montenegro	Montenegro has been preparing for the introduction to DIS and the CFCU is quite advanced in preparing for DIS for Component I. Allocation of donor assistance and its coordination must be more effective.	It should be ensured that in national institutions there is continuity of staff that undergo training, develop programming skill and subsequently in projects implementation itself.

Evaluation Question	Finding	Conclusion	Recommendation
EQ 15b: To what extent are the monitoring mechanisms & structures appropriate & correctly functioning?	At the moment the CFCU and the line ministries are often understaffed and this will impact negatively on their future capacity	The high turnover of staff in various bodies is jeopardising the effectiveness of the administration system.	It is recommended to utilise relevant IPA TA projects (TA to CFCU and twinning project developing NDP) which are covering administrative capacity development activities to strengthen inter-ministerial and inter-institutional coordination.
3. Mapping of existing strategies and financial assistance (Question Group 2 and Group 3)			
<p>EQ 10: What are the existing sectoral strategies in Montenegro?</p> <p>To what extent are strategies duly embedded into beneficiaries' policies /budget?</p> <p>To what extent is EU/ donor assistance aligned with /embedded into existing strategies?</p>	<ul style="list-style-type: none"> • There are 95 identified strategies and 39 donor agencies/development organizations (not including local NGOs) included in strategy development. • The Government adopted the strategies, making them official sector intervention policies. • Implementation of strategies is heavily dependent on donor intervention and many strategies remained unimplemented 	<ul style="list-style-type: none"> • There is a lack of institutional mechanisms for coordination of the project intervention and monitoring achievements of the strategy objectives. • Very often Strategies are not assigned with the action plans and necessary budget allocations. • The donor intervention has contributed a lot to the development of strategies in Montenegro but donor commitment to the strategy implementation is less visible. 	<ul style="list-style-type: none"> • It is recommended to conduct a strategy mapping study with the mechanisms for horizontal adjustments and harmonisation • There is a need for a Sector Policy Support Programme with aim to increase national capacity for applying and coordinating sector-based programmes • A shift towards a sector-based approach should be done using a step-by-step approach, ensuring high level of coordination between all involved parties and in combination with capacity-building activities;
EQ11: Overview of assistance and projects per donors and sector	A variety of donors (approximately 30) are active in Montenegro and are fully listed in Annex 9	Currently, IPA provides the most important donor assistance to the country. It represents 60-70% of all grants coming to the country and it represents 20-30% of the capital expenditure of the country	See EQ 7 above
4. Efficiency and Effectiveness (Question Group 6)			

Evaluation Question	Finding	Conclusion	Recommendation
EQ 16: To what extent ongoing IPA assistance has /is contributing to achieving the strategic objectives /priorities linked to accession preparation?	<p>The EUD in Montenegro has satisfactorily performance and high percentage of signed contracts</p> <p>The majority of IPA projects show a high degree of relevance.</p>	<p>IPA programmes in Montenegro have been effective insofar and as they have been aligned with national development priorities, compatible with the development priorities of funding donors and partners.</p> <p>In general, completed projects have delivered the expected results</p>	This positive process should be continued
EQ 18: Are there any potential actions which would improve the efficiency & effectiveness of ongoing assistance?	The European Union uses different approaches to monitor the implementation of project for continuously verifying the sound management of interventions, albeit with a very heavy workload	It is unlikely that the CFCU will be not able to manage the same capacity of projects once the DIS is accredited.	The CFCU needs to be fully staffed and fully trained prior to DIS Accreditation so that it can easily assume its operational role and responsibilities once Conferral of Management Powers is awarded
5. Impact and Sustainability (Group 7)			
<p>EQ 17: Which are the prospects for immediate & long-term impact & sustainability of assistance?</p> <p>Are there any elements which are/ could hamper the impact and /or sustainability of assistance?</p>	<p>Need for beneficiaries to focus better on the impact/sustainability factor</p> <p>Lack of staff and staff turnover rate</p> <p>Possible lack of state contribution to IPA projects</p>	<p>Regular capacity building support for IPA institution is important for ensuring long term impact and sustainability</p> <p>Lack of capacity due to staff situation</p>	<p>Continuous capacity building activities required</p> <p>Effective staff planning required</p>
EQ 19: Are there any actions which would improve prospects for impact & sustainability of ongoing assistance?	The EUD initiated IPA funded project "Preparation of Impact evaluation of the IPA" in order to establish mechanism for efficient and significant impact evaluation of all IPA programmes	<p>A permanent mechanism for efficient and effective impact evaluation of IPA programmes will be established</p> <p>Ownership and awareness among Beneficiary institutions is growing</p>	<p>EUD Advisory role to continue as long as possible</p> <p>Government should contribute more to the physical activities of programming and implementation (as well as providing co-financing of projects) thereby committing to ownership of projects</p>

1. INTRODUCTION

This introduction provides an overview of the scope and objectives of the evaluation as well as the methodology followed and the activities undertaken by the evaluation team. Chapter 3 section "Findings" will provide an analysis of European Union Instrument for Pre-Accession Assistance to Montenegro structured via the evaluation questions. Chapter 4 formulates conclusions and recommendations.

1.1. Objective of the evaluation

As specified in the Terms of Reference of the present evaluation, the primary objective of evaluation is to provide relevant findings, conclusions and recommendations to the Commission for its ongoing process of reviewing its approach on planning and programming assistance to IPA beneficiaries and for the preparation of 2011-2013 Multi-annual Indicative Planning Documents (MIPDs) with the view to responding to the strategic goals of enlargement policy and improving the performance of financial assistance to Montenegro under IPA Component I.

The strategic/interim evaluation has two specific objectives:

- **Specific Objective 1:** To assess the intervention logic of IPA assistance to Montenegro including to which extent assistance is/should be programmed and implemented through a sectoral approach.
- **Specific Objective 2:** to provide a judgement on the performance of programming and implementation of IPA assistance (as regards its relevance, efficiency, effectiveness, impact and sustainability).

1.2. Evaluation methodology

The evaluation began with an inception phase, mainly devoted to structuring and preparing the evaluation approach and methodology. During the Desk Phase, a review has been carried out of relevant EC policy documents, using two main sources: EC websites (especially the websites maintained by DG Enlargement) and Commission services (especially during the course of interviews and during mission-preparation meetings). Other documents have been selected from Montenegro public administration and donors.

The field phase included interviews in Brussels and Montenegro. The senior expert attended the coordination meetings held in Brussels on 6/7 July. Both experts conducted the field mission. The field phase included analysis of relevant information, phone interviews, e-mail communication and other tools that complemented interviews and analysis of information. The list of interviewed persons is presented in Annex 12.

At the end of the fieldwork, briefing meetings were organised in Podgorica to present preliminary findings, conclusions and recommendations stemming from the field and desk phase. The first briefing meeting took place on 23 July 2010, the second one on 27 August 2010.

This 2nd draft of the final report is submitted to the Evaluation Unit of DG Enlargement, which is in charge of circulating it for comments to beneficiaries and stakeholders.

It is anticipated that a presentation will be made in Podgorica to the Commission services and other relevant stakeholders on the evaluation's findings, conclusions and

recommendations.

1.3. Evaluation questions

The Terms of Reference formulated 19 evaluation questions. The evaluation has been mainly based on the criteria endorsed by the OECD-DAC: relevance, impact, effectiveness, efficiency and sustainability. Directorate General Enlargement (DG ENLARG) has provided the Evaluation Team with the finalised evaluation matrix, which DG ENLARG has discussed and revised for the Strategic/interim evaluation of IPA pre-accession assistance in other West Balkan countries (see Annex 2).

Through an iterative process, a new grouping of EQs was agreed at the kick-off meeting held in Brussels on 6th July 2010, with the following question groups agreed:

1. Programming and Intervention Logic (groups 2 and 4 in the ToR's)
2. Administration and Monitoring (part of group 5 in the ToR's)
3. Mapping of existing strategies and financial assistance (groups 1 and 3 in the ToR's)
4. Efficiency and Effectiveness (parts of groups 5 and 6 in the ToR's)
5. Impact and Sustainability (parts of groups 5 and 6 in the ToR's)

2. BASIC INFORMATION ON IPA IN MONTENEGRO

The Instrument for Pre-Accession Assistance (IPA) is the key tool of the European Commission's pre-accession assistance strategy for the 2007-2013 period, established by the Council Regulation (EC) No 1085/2006 from 17 July 2006. It has been designed as a simple, clear and lean regulation, replacing the legal basis previously available in the pre-accession area (PHARE, ISPA, SAPARD, the Turkish pre-accession instrument and the financial instrument for the Western Balkans - CARDS). The overall IPA budget for the period from 2007 to 2013 is €11,468 billion.

The purpose of IPA is to support countries in their transition from potential candidate to candidate countries and eventually to membership of the European Union. In that regard, IPA aims to help pre-accession countries meet the Accession Criteria (fulfil the political, economic and acquis-related criteria for membership, building their administrative and judicial capacity) and prepare for the programming, management and implementation of EU Cohesion, Structural and Rural Development Funds after accession.

IPA constitutes a framework regulation, laying down the objectives and main principles for pre-accession assistance and presenting the articulation of the five components, which compose the Instrument for Pre-accession Assistance – the IPA Components. The Components are the following:

IPA Component I: The Transitional Assistance and Institutional Building.

This component translates the priorities set out in the European Partnership in 3 sub-components:

- (1) Political requirements where EC assistance will be used to support a stable, modern, democratic, multiethnic and open society based on the rule of law. Special impetus will be given to Public Administration and Judiciary Reform;
- (2) Socio-economic requirements where EC assistance will be used in support of the development of the socio-economic environment;
- (3) European standards where EC assistance will support and accompany the country in its European integration plan (legal approximation, administration needs and requirements for DIS).

IPA Component II: Cross-Border Cooperation.

This component applies to border regions between beneficiaries from member states, candidate states and countries in pre-accession status.

IPA Component III: Regional Development.

This component supports policy development as well as preparation for the implementation and management of the European Regional Development Fund and Cohesion Fund.

IPA Component IV: Human Resources.

This component supports policy development and the preparation for the implementation and management of the European Social Fund

IPA Component V: Rural Development.

This component supports policy development as well as the preparation for the implementation and management of the Community's common agricultural policy.

Being a potential candidate country, Montenegro is entitled only to two components of IPA: (1) the Transitional Assistance and Institutional Building and (2) Cross-border Component. The IPA financial envelope for Montenegro was €31.4 million in

2007 and lightly above €35.4 million allocated for 2013. Table 1 shows the breakdown of the envelope for Montenegro by year of assistance.

TABLE 1: BREAKDOWN OF THE INSTRUMENT FOR PRE-ACCESSION ASSISTANCE ENVELOPE FOR MONTENEGRO¹

Country	Component	2007	2008	2009	2010	2011	2012	2013
Montenegro	Transition Assistance and Institution Building	27,490,504	28,112,552	28,632,179	29,238,823	29,843,599	30,446,471	30,996,035
	Cross-border Co-operation	3,909,496	4,487,448	4,667,821	4,761,177	4,856,401	4,338,551	4,418,687
	Total	31,400,000	32,600,000	33,300,000	34,000,000	34,700,000	34,785,022	35,414,722

Source: MYFF 2011-2013, p.9

Montenegro also has access to the IPA Multi-Beneficiary Programs, not considered in this evaluation, together with multi-country and horizontal projects.

Analysing the IPA package for Montenegro, a gradual increase of the envelope is noted for the Component I of about 2% annually or 12.75% for the period 2007-2013. Compared to other potential candidate countries in the Western Balkan, the growth is much lower than in Albania (61% for the period 2007-2013) and Bosnia and Herzegovina (83.83%), yet slightly bigger than in Serbia (11.90%)².

The IPA Component I envelope for the three candidate countries (Croatia, FYR Macedonia and Turkey) decreases in the period 2007-2013, by 7.16% in case of Turkey, 22.37% in Croatia and 32.90% in FRY Macedonia.

The analysis of IPA Component I envelope per capita in the pre-accession countries shows that among all countries, Montenegro is receiving the highest amount (40.90€/per capita for IPA2007 and 46.11€/per capita for IPA2013). However, the analysis of the envelope per km² of the area shows that Montenegro falls within the average (with a maximum of 2,223.85€/km² for IPA2013), receiving less support than Kosovo (6,495.11€/km² for IPA2013), Albania (3,041.81€/km² for IPA2013) and Serbia (2,621.54€/km² for IPA2013), though still better than Bosnia and Herzegovina (2,086.94€/km² for IPA2013)³.

Although the “per-capita” analysis might give the impression that Montenegro receives a substantially better package than other countries, the “per km²” analysis proves that is not the case. In addition, the total amount of the envelope for Montenegro in absolute terms is significantly smaller than in almost all other IPA countries (only FRY Macedonia has a smaller envelope for IPA Component I), with about 30 million € per annum. Having in mind that EU accession requires substantial reforms with high fixed costs no matter how big the country is, it might be concluded that the financial envelope for IPA Component I for Montenegro is rather small and insufficient to cover all the costs of transitional adjustment of Montenegrin administration to the requirements for EU accession.

¹ Source: COM (2009) 543 – 14/10/2009: Communication from the Commission to the Council and the European Parliament: Instrument for Pre-Accession Assistance (IPA) Multi-Annual Indicative Financial Framework for 2011-2013, page 8.

² Kosovo is a special case and cannot be easily analysed here since Kosovo received additional grant to the originally planned envelope for IPA2008 and IPA2009.

³ The complete analysis of IPA Component I Country envelopes per capita and per km² might be seen at the table given in Annex 4 of the Report.

3. EVALUATION ASSESSMENT AND FINDINGS

3.1. Programming and Intervention Logic

3.1.1. Introduction

Programming of the IPA Component I and II has been described within the IPA Programming Guide, developed by DG Enlargement in 2008. However for the purpose of the evaluation the overview of the Programming stages is herewith presented with reference to the situation in Montenegro.

The Stabilisation and Association Process (SAA) is the framework for the European policy in the Western Balkan countries, all the way to their future accession. The EU signed the SAA with Montenegro on 18th September 2007 and the agreement entered into force on 1st May 2010.

The basic policy documents setting up the political priorities for programming IPA, however, are the European Partnerships (for PCCs) and Accession Partnerships (for CCs), which present the Commission's overall enlargement policy, as well as the annual Progress Reports. The European Council adopted the European Partnership for Montenegro on 22nd January 2007⁴.

The main priorities identified in the European Partnership relate to the capacity of Montenegro to meet the criteria defined by the Copenhagen European Council of 1993 and the conditions set for the Stabilisation and Association.

The priorities listed in this European Partnership have been selected on the basis that it is realistic to expect that Montenegro can complete them or make substantial progress with them over the next few years. However, some of the important tasks are left for future partnerships, all in line with further priorities and progress made by Montenegro.

The European Partnership makes a distinction between short-term priorities (focused on one to two years) and medium-term priorities (from three to four years). The European Partnership with Montenegro determines 109 short-term, and 75 medium-term priorities that concern both legislation and its implementation⁵. Partner countries are expected to adopt these priorities as their own, by developing an action plan and a timetable for transposing them into national law. This national strategy document is referred to as National Programme for the Adoption of the Acquis (NPAA, for CCs) or National Action Plan (for PCCs), though may be called differently. In case of Montenegro the strategy is called European Partnership Implementation Action Plan⁶.

⁴ The European Partnership with Montenegro had a long way to its end. First, the Council adopted the European Partnership with Serbia and Montenegro including Kosovo as defined by the United Nations Security Council Resolution (UNSCR) 1244, on 14 June 2004. Later, on 30 January 2006, the Council has decided to update the European Partnership, also with Serbia and Montenegro including Kosovo under UNSCR1244. However, Montenegro proclaimed its independence on 3 June 2006, which was recognised by all EU member countries. Therefore, the Council consider appropriate to establish a new European Partnership with Montenegro on the basis of the part referring to Montenegro of the European Partnership with Serbia and Montenegro adopted on January 2006, updated in view of the findings of the 2006 progress report, and supplemented with priorities addressing the challenges that Montenegro faces as an independent state.

⁵ The European Partnership with Montenegro with complete list of priorities (though not numerated) might be seen on the EC webpage (last accessed on September 5, 2010): <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:020:0016:01:EN:HTML>.

⁶ The Government of Montenegro adopted the European Partnership Implementation Action Plan on May 17, 2007. The document can be downloaded from the Government web-link: www.gov.me/files/1180347769.pdf, last accessed on September 5, 2010.

The Partnerships thus form the basis for programming pre-accession assistance from Community funds. The Partnerships are regularly updated in order to adjust the priorities to the countries' specific needs and stages of preparation, identified in annual Strategy Paper and Progress Reports of the Commission.

The indicative breakdown of the overall IPA envelope that allocates funds per beneficiary country and per component is designed within the Multi-Annual Indicative Financial Framework (MIFF)⁷. The MIFF acts as the link between the political framework within the enlargement package and the budgetary process.

The MIFF is usually based on a rolling three-year programming cycle. The last MIFF has been set up for the time frame 2011-2013, indicating the allocation of the envelope for pre-accession assistance by country and by component for these years, and also gives an indication of the multi-beneficiary programme envelope and supporting expenditure. However, this document is open to changes due to the expected positive answer to the candidacy of Montenegro (and Albania) for EU Membership.

The key strategic planning document for IPA programming within each beneficiary country is the Multi-Annual Indicative Planning Documents (MIPD), through which pre-accession aid is delivered, taking into account the indicative breakdown proposed in the MIFF. There is also a separate MIPD to cover the multi beneficiary programmes under IPA Component I. The MIPD is established for a three-year rolling period with annual reviews.

The priorities set out in the MIPD serve as a basis for the programming of the relevant components.

The MIPD represents the Commission's view of major areas of intervention and main priorities that the beneficiary country is expected to develop in detail in the programming documents.

The MIPD identifies three priority areas:

- I. Political Requirements:* The emphasis is on fulfilling the requirements of the SAA, through:
 - Strengthening democratic institutions, good governance, judicial reform and the reinforcing of the rule of law
 - Implementing reforms in public administration, including local government
 - Supporting the development of civil society and an independent media
 - Protecting human and minorities' rights, and the rights of vulnerable groups (including children and disabled people).

- II. Socio-Economic Requirements:* The key areas include:
 - Pursuing economic reforms, strengthening competitiveness, developing an appropriate business environment and social dialogue
 - Human resources development especially employment, education and social inclusion
 - Improving the infrastructure in areas such as transport, energy and the environment.

- III. Approximation to the EU/Ability to Assume Obligations of Membership:* The MIPD emphasizes the importance of approximating to European standards as part of the SAA process and overall European integration. The key elements are:
 - Progressive alignment with the Acquis in areas such as agriculture, environment, energy, internal markets, transport, and security (including integrated border

⁷ MIFF is proposed by the Commission in accordance with article 5 of the IPA Regulation (EC) 1085/2006.

management and visa/migration policy).

- Strengthening Montenegro's administrative capacity to take increasing local ownership of IPA through the decentralised implementation system, and of other subsequent EU funds and programmes.

The preparation of the country-based MIPDs (as well as multi-beneficiary MIPD) is under the responsibility of DG ENLARG, in close consultation with the Montenegrin Government. National authorities should be actively involved in the preparation of MIPDs. Member states and other relevant stakeholders such as International Financial Institutions (IFI) and civil society organisations should also be consulted in the process of drafting the MIPD.

So far, three MIPDs were prepared for Montenegro, covering the periods 2007-2009, 2008-2010 and 2009-2011. Strategic choices are the same within each MIPD, although adjustments were made based on annual Progress Reports and evaluation reports, as well as on the findings of international organisations and donors. MIPD also takes into consideration the NPI objectives.

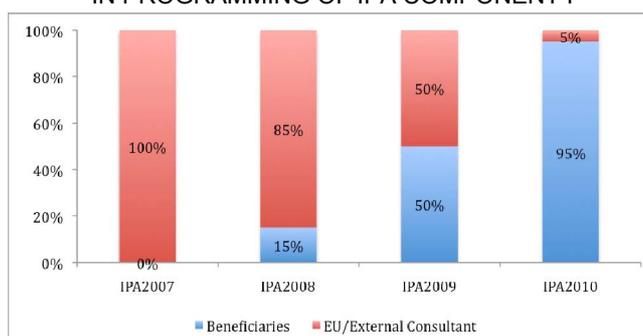
This evaluation mission has confirmed the high and active involvement of national authorities and other stakeholders in the process of designing the MIPD for Montenegro. Individual and focus groups meetings have been organized where the Delegation has presented the MIPD priorities. Stakeholders had a chance to provide their feedback on MIPD either during the meetings or by sending their written comments and suggestions. Having in mind that donor coordination in Montenegro is not very effective; the organisation of the MIPD meetings was a very good opportunity to discuss initiatives from other donors and IFI activities as well as to seek synergy and harmonisation of donor intervention in Montenegro.

IPA Component I is implemented through annual programmes, while the other components are implemented through multi-annual programmes. Therefore, the programming of IPA Component I is repeated each year.

The cycles of annual programming process usually starts at the beginning of the calendar year. So far four cycles of IPA Component I Programming have been concluded for the years 2007, 2008, 2009 and 2010. Currently the fifth cycle for programming of IPA 2011 is underway.

EAR's Task Managers and external consultants did the Programming of IPA 2007, and partially of IPA 2008. The reason for the high involvement of EAR in the programming of the first two years of IPA assistance can be found in the lack of local capacity among beneficiaries. However, the insufficient involvement of local beneficiaries in programming of IPA 2007 and IPA 2008 has had an impact on the ownership of the project. During the evaluation mission there were some serious claims by local beneficiaries that they have not been adequately informed about their role within the implementation of IPA 2007 projects awarded to their institutions.

FIGURE 1: OVERVIEW OF BENEFICIARIES' INVOLVEMENT IN PROGRAMMING OF IPA COMPONENT I



However, local beneficiaries were gradually involved in the process of IPA Component I programming, and their involvement was additionally strengthened by accompanying capacity building activities. Therefore, their real involvement has started with the programming of IPA 2008 and continued through IPA 2009, IPA 2010 and currently in the programming of IPA 2011.

According to feedback the evaluation team received during the field mission, programming of the IPA 2007 was carried out exclusively by EAR. Programming of IPA 2008 reduced the involvement of EAR to 85%. The involvement of the Delegation and external consultant has been reduced from 50% for programming of IPA 2009 to only 5% for programming of IPA 2010 (see Figure 1). Those percentages should be taken with caution since they are rather based on feedback received during the interviews than supported by robust secondary data sources on this issue.

According to this dynamic, the programming of IPA 2011 should be completely done by the local beneficiaries.

The process of annual programming is done in two phases: the first one is the identification and selection of the project ideas and the second one is the full development of project fiches. Table 2 below shows the phases of programming and the stages of each phase, with some findings and comments by the evaluation team.

TABLE 2: DESCRIPTION OF STAGES OF ANNUAL PROGRAMMING OF IPA COMPONENT I IN MONTENEGRO

Type of Action	NIPAC	Line Ministries	DG ENLARG Unit C4	Delegation of EU	Comments / Findings
Project Ideas		X			NIPAC office sends the announcement to the Line Ministries on a new cycle of IPA programming. Line ministries are asked to provide ideas for projects. NIPAC office has developed a special template in this regard.
Initial screening of the Project Ideas	X				NIPAC does the first screening of the project ideas and return back the proposals to the line ministries for possible improvements.
Appraisal of the project ideas	X		X	X	NIPAC is lacking capacity for the assessment of project ideas, criteria are not clear, coherence with national and sectoral strategies are not fully elaborated. Therefore, DG Enlargement Unit C4 and the Delegation are highly engaged in this process, though their role within this stage of planning is supposed to be symbolic or not significant.
List of Projects	X		X	Support / Feedback	NIPAC and Unit C4 are deciding on the list of projects that are going to be fully developed. The Delegation is providing support to the process.
Project Fiches Preparation	X			Support / Feedback	NIPAC and beneficiaries prepare project fiches, with the external support received by experts engaged within UNDP CDP. EUD task managers are involved in the process, providing their comments, advice and support to the beneficiaries. In some cases the role of task managers in developing project fiches was overwhelming (i.e. MONSTAT project for IPA 2009).
Final Revision	Support/ Feedback		Support / Feedback	X	The Delegation is engaged in project appraisal, closely communicating with NIPAC office and DG Enlargement/Unit C4 on all

					possible issues. The quality of project fiches is getting better each year of programming, yet some elements of the project fiches such as designing of objectives, project results and accompanied measurable indicators still require further improvement.
Project Approval			X		DG Enlargement/Unit C4 does the project approval.
Signing Financial Agreement			X		DG Enlargement/Unit C4 signs the financial agreement for the approved projects.

Source: Qualitative interviews with EUD and NIPAC representatives

There are 57 projects, developed within 4 cycles of IPA Programming in 2007, 2008, 2009 and 2010. The majority of projects were developed within the Priority Axis 3 (in total 24 projects), within Priority Axis 2 (18 projects) and finally within Priority Axis 1 (15 projects). The complete list of projects might be seen in Annex 7.

The number of projects is increasing with each year of IPA programming. Namely, there are 12 projects within IPA 2007, 14 projects of IPA 2008, 15 projects of IPA 2009 and 16 projects of IPA 2010. However, in the future there will be a tendency to reduce the number of projects, starting with IPA 2011. In addition, it appears that the focus will be more on infrastructure projects.

IPA projects are consistent with the *Acquis'* Chapters. Most projects were assigned to Chapter 24: Justice, Freedom and Security (7 projects), than to Chapter 19: Social Policy and Employment (5 projects) and Chapter 27: Environment (5 projects). Ten *Acquis'* Chapters were not covered by the Programming cycles so far⁸.

Acquis' Chapters are horizontally related to the MIPD Priority Axis objectives in the sense that projects that falls within the same Chapter might be assigned to different Priority Axis. For instance, projects within the Chapter 34: Institutions and within the Chapter 19: Social Policy and Employment are assigned to all three Priority Axis.

3.1.2. Analysis of Programming & Intervention Logic and Findings

EQ 1: To what extent are objectives SMART at different levels (strategic, MIPDs & programmes)?

General:

The strategic priorities for pre-accession assistance to the Republic of Montenegro have been determined within the framework of IPA general objective⁹ and further elaborated within the European Partnership, European Partnership Implementation Action Plan and National Program for Integration of Montenegro into the EU (NPI) for Period 2008 – 2012.

The European Partnership defines 109 short-term and 75 medium-term priorities and their fulfilment is further elaborated within the European Partnership Implementation Action Plan, adopted by the Government of Montenegro in May 2007. The priorities are in line with the *Acquis Communautaire* and Stabilization and Association Agreement signed with Montenegro as well as with the NPI that has been adopted by the Government of the

⁸ Please see the Annex 7 for an overview of the number of EU IPA Component I Projects per each *Acquis'* Chapter.

⁹ The general IPA objective is to achieve a "progressive alignment of the beneficiary countries with the standards and policies of the European Union, including where appropriate the *Acquis Communautaire*, with a view to membership". See the Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA).

Republic of Montenegro in April 2008.

Within the first four years of programming, IPA Component I mainly focused on strengthening the Rule of Law, border control and fighting organised crime, increasing revenue capacities, establishing a market economy and increasing national and local capacity for EU integration, including absorption of IPA funds.

Findings:

- The assessment of the project objectives within the IPA Component I intervention at different level (overall, specific) has shown that a significant number of them are not of a good quality, including not being SMART¹⁰. This is related to insufficient capacity among beneficiaries to design proper objectives and indicators. Even the project fiches developed by some external experts have objectives that are of a poor quality.
- Project objectives at each level are not SMART, tend to be broad and are difficult to measure.
- The Delegation of the EU in Montenegro has recognised the problem of inadequately designed objectives and indicators and has initiated a Service Contract on the Preparation of Impact Evaluation on the IPA Programme, with the specific objective to identify permanent mechanisms for efficient and effective impact evaluation of all IPA programmes. The assignment includes the review of all overall and specific objectives and assigned indicators for all ongoing and planned IPA 2007, 2008, 2009 and 2010 projects and their possible revision
- The quality of project objectives is improving with each year of IPA programming. This is due to the repetitive annual programming exercises. This is accompanied by training that has increased the capacity of beneficiaries in developing project fiches, including designing of project objectives. Although some of the beneficiaries claimed they wrote the majority of the project fiches on their own the reality is that the EUD and external consultants had a major role to play in this process. Therefore, in many cases there is a clear relationship between the quality of project objectives and the involvement of an external consultant or the task manager in charge of the project.

EQ 2: To what extent planning & programming provide adequate assessment of needs (both financial & time) to meet all accession requirements / strategic objectives?

General:

EU accession modalities do not take into consideration the size of the (pre-) candidate country in the sense that each country should develop the same institutional framework. Montenegro is a small country with a small administration and it is very difficult for them to develop the same institutions as, for instance, Turkey, Serbia or Croatia, which are considerably bigger. Therefore, it is necessary to investigate alternative modalities, looking into best practices in EU accession of new member states of similar size such as Cyprus and Malta.

¹⁰ S: Specific; M: Measurable, A: Attainable/Appropriate/Achievable; R: Relevant/Realistic; T: Time-bound.

Findings:

- It can be said that the strategic priorities are adjusted to the situation in Montenegro, developed on the basis of a balanced assessment of the goals of the Government of Montenegro for EU accession and the realistic expectations from the EU.
- The strategic priorities have been insignificantly changed over the years. The reason behind it might be the quantity of reforms that have to be implemented within each strategic criteria and the fact that the with rather limited IPA allocations the strategic priorities cannot be accomplished faster. Moreover, the low absorption capacity of the beneficiaries has also been a part of the problem
- Strategic priorities are assessed within the yearly EC Progress Reports on Montenegro, yet it is not clear how those assessment(s) contributed to the changes of strategic priorities and programming in general, since the evaluation mission could not find robust empirical evidences in that regard
- Taking into consideration all constraints, it is difficult to believe that Montenegro will comply with all necessary institutional adjustments within the given time-frame 2007-2013. Some structural changes within the programming process are necessary, from re-assessing the needs, through mapping the institutional capacities and promoting champions and best practices to changing the strategic approaches and priorities, which include looking for alternative solutions to structural adjustments for small countries as Montenegro.

EQ 3: To what extent are annual IPA component I allocations (MIFFs) adequate in relation to the strategic objectives of the MIPDs?

General:

In terms of financial allocations, Montenegro receives the highest amount per capita for Component I among IPA countries. This might lead to the (false) conclusion that the envelope is sufficient to implement the required reforms and the achievement of the accession objectives. However, having in mind the “economies of scale” behind the institutional adjustment for the accession process, the fixed cost of the necessary reforms is higher in less populated countries than in higher populated ones. Besides, the burden on the public administration is also higher than in higher populated countries. If we add the fact that Montenegro declared independence in 2006, and their institutions have now responsibilities and tasks they did not have before, one may see the high complexity of the environment and the challenges of the institutional adjustment required for EU accession.

Findings:

- MIPD’s strategic objectives are defined so widely that they cannot be achieved with annual (or multi-annual) MIFF allocations.
- The evaluation mission did not find any document that analyses the cost of achieving MIPD objectives
- It is not clear on which assessments IPA allocations for Montenegro are determined

- On the “supply” side, IPA Component I envelope for Montenegro of less than €30 million per year seems to be insufficient to make substantial changes and necessary institutional adjustments to meet the accession’s requirements and strategic objectives. However, analysing the demand side, it might be concluded that there is a serious lack of absorption capacity among beneficiary institutions. Therefore, in spite of the great needs for reform, we have a situation in which even the relatively small envelope for IPA Component I cannot be accommodated with a sufficient number of good quality project ideas
- Therefore, the progress in the achievement of the objectives is not so much correlated to the allocated funds but rather to the quality of project ideas and the capacity of the beneficiary institutions to utilise/implement the potential projects
- As a consequence, IPA 2011 programming focuses more on infrastructure-based projects since they are easier to implement than the traditional transitional assistance and capacity building projects. In addition, as already mentioned, there is a tendency to reduce the number of projects in the IPA 2011 programming, setting the limitation of one project per beneficiary
- Analysing the allocations per MIPD objectives in the first four years of IPA programming, most resources have been allocated to the Priority Axis on Economic Criteria, though the highest number of projects have been allocated to the Priority Axis 3 on Approximation to the EU. Priority Axis 1 on Political Criteria has received the least resources and the smaller number of projects. The overview of the expenses per each strategic priority is shown in Table 3.

TABLE 3: EU IPA COMPONENT I FINANCIAL ALLOCATIONS PER PRIORITY AXIS

Priority Axis	IPA 2007	IPA 2008	IPA 2009	IPA 2010	Total
Priority Axis 1: Political Criteria	6.00	7.10	6.35	6.70	26.15
Priority Axis 2: Economic Criteria	11.70	7.50	10.80	13.25	43.25
Priority Axis 3: Approximation to the EU/Ability to Assume Obligations of Membership	4.95	10.65	8.98	5.60	30.18
Priority Axis 4: Support for Participation in Community Programmes and Agencies			0.15	0.31	0.46
Priority Axis 7: Support Activities	1.22	1.60	2.15	2.77	7.75
Total Allocations:	23.87	26.85	28.43	28.63	107.78

Source: EU Delegation, Montenegro

As shown in the table, there is a significant increase of the allocations for Priority Axis 7 on Support Activities, mostly to provide technical assistance and project preparation facilities, from 1.22 million € within IPA2007 to 7.75 million € within IPA2010. The table in Annex 9 shows the budget increase of this priority axis.

EQ 4: To what extent is the project selection mechanism appropriate in the sense of selecting the most relevant, efficient & effective projects to meet strategic objectives?

General:

The programming of IPA Component I and Component II has been described in details within the IPA Programming Guide, developed by DG Enlargement in 2008. Montenegro’s country

specific programming of Component I has been summarized in Table 2. Basically, the programming is divided into two stages:

- Selection of the project ideas and
- Development of project fiches.

At the beginning of each new phase of IPA programming NIPAC office informs line Ministries about the procedures, asking them to submit their project ideas according to a template that is specially developed for this purpose. The line Ministries further communicate with the appropriate departments, agencies and other public administration entities.

Findings:

- There is not a single modality on how project ideas are selected; it varies according to beneficiaries and among the projects. Some projects were initiated or “proposed” by DG Enlargement or by the Delegation
- A second group of projects has been developed on the basis of the results of previous projects implemented by the beneficiary institutions
- The third group of projects were selected as brand new initiatives within the priorities of the beneficiary institutions. There are also projects that are developed to be in line with other donors’ or IFI’s interventions, mostly as a complementary activity that falls within IPA Component I objectives.
- The mechanism for the selection of project ideas is the weakest link of the programming process.
- The capacity of the NIPAC office is insufficient to implement this in practice. As a result, the selection criteria remain unclear to most beneficiaries, leaving them to believe that DG Enlargement and the Delegation have the power to decide which project ideas will be selected for further development. This belief has been strengthened by NIPAC office which sometimes is reluctant to take a leading role
- It is very important to mention the lack of effective mechanisms to assess the relationship/alignment between project ideas and horizontal/sector-based strategies. However, the evaluation mission in the field could not find empirical evidence on institutional mechanisms to check those relationships/alignments. The Delegation says that NIPAC’ office is supposed to control those issues. NIPAC office is claiming that line Ministries and SPOs are in charge of checking the coherence of project ideas with sector-based strategies. However, interviewed staff of SPO offices did not know much about those responsibilities and so far they have not assessed the alignment between the project ideas received from the departments and agencies and sector-based strategies
- As mentioned before, the projects are often selected according to the capacity of the beneficiaries to implement the project and absorb the results. On top of this, there is a rule that a beneficiary should not be awarded more than one project at a time
- It might be concluded that the selection process has serious limitations and should be urgently strengthened.

EQ 5: To what extent programming provides adequate prioritisation & sequencing of assistance?

General:

The assessment of this evaluation question has been elaborated to large extent through the findings of previous questions, especially EQ3 and EQ4.

The sequencing of the assistance has been taken into consideration in IPA Programming. An example of good sequencing is the project intervention to establish the structures for decentralized management of IPA funds (DIS), i.e. the first project in the field of establishing DIS has been implemented under CARDS2006. This project ended in December 2009. After the closure of this project, KPMG was engaged under a service contract to do the gap assessment (period January - March 2010). This was followed by a small bridging IPA 2007 project of 60 days (period March – July 2010). Finally, the technical assistance to implementation of DIS, funded under IPA 2009 commenced in November 2010. This sequencing allowed an adequate assimilation of results of the first project, which in turn prepared the sector for the activities and proposals for reform of the second (IPA2007) and third project (IPA2009). There are also other examples in sequencing, in the field of increasing revenue capacity by supporting tax and customs administrations, border controls, etc.

As stated earlier, the prioritization of the projects has been done within the framework of EU accession strategies and objectives as defined within MIPD and MIFFs, but also taking into consideration local conditions such as the ability and capacity of the beneficiaries to successfully utilise the project results.

Findings:

- The problem is that this approach is rather “elitist”, giving more attention to the beneficiaries with more capacity than to those ones with less. It should be mentioned that there is a significant difference in capacity between beneficiaries that have a history of participation in development assistance projects and those ones whose first experience with projects has started with IPA.
- However, the capacity of the beneficiaries is low in general, especially in the field of implementation of activities and monitoring of the project results.
- Due to capacity and accountability constraints in the implementation of IPA projects from the side of beneficiary, the EUD has started to apply the following principles:
 - No more than one project within a Ministry in each programming year
 - No support to a new project before the previous project has finished
 - No support to long projects with long phases
- In addition the criteria for prioritization has been changed in the programming of IPA 2011 with the intention of reducing the number of projects and to focus more on infrastructure projects. It is not clear how this new criteria will impact on the development of the rather weak institutional capacity of beneficiaries.

EQ 6: To what extent programming takes adequate & relevant account of beneficiaries' policies, strategies & reform process in relevant key areas?

General:

As described in Table 2, IPA Programming is a process that actively involves the national institutions on one side and DG Enlargement and the Delegation on the other side. The programming takes into consideration policies, strategies and reform processes within beneficiary institutions. In theory, NIPAC office and SPOs should make sure the proposed projects are in line with national strategies and priorities while DG Enlargement/Unit C4 and the Delegation assess the alignment of projects with MIPD and other key EU accession documents.

Findings:

- In practice, NIPAC and SPOs offices lack capacity to check the alignment of the project objectives and results with the policies and strategies of the beneficiary institutions
- In general, beneficiary institutions lack experience and knowledge in long-term planning and they are much more focused in solving immediate issues. The programming is affected by this situation since very often the beneficiaries submit projects that aim to solve short-term, and sometimes urgent issues. However, IPA Component I is not designed to rapidly respond to the urgent issues of the beneficiary institutions since it usually takes two years from the beginning of programming to the implementation (which is usually too long a period in case of urgent issues). As a consequence it happens that the beneficiary institutions, while waiting for IPA Project implementation, apply to multinational and bilateral donors to fund activities that are already agreed to be funded by IPA projects
- The beneficiaries need to be better informed and trained on long-term programming and how to use IPA Component I to address strategic priorities, leaving immediate, short term issues to other bilateral/multilateral donors and to the Government's own resources.

EQ 7: To what extent programming takes adequate & relevant account of assistance provided & reforms promoted by key donors where applicable?

General:

A number of multi-lateral and bilateral donors are active in Montenegro. The most active donors are the Delegation of the EU (EUD), the Council of Europe (CoE), UNICEF, UNDP, UNHCR, EU Member States (Italy, Greece, Germany, Austria, Netherlands, Sweden, Luxemburg), USAID, Norway and International NGOs. In the last couple years, funds for reconstruction and modernization of the existing infrastructure have been provided by loans from the EIB, EBRD and KfW as well as by other bilateral donors.

Findings:

- At present, 39 donors/agencies have been implementing projects focused on the achievement of objectives defined in about 90 strategic documents in different sectors.
- Apart from 59 projects (13 regional and 46 national) that are realized through the Instrument for Pre-Accession Assistance (IPA) and that fall under the competence of the Ministry of European Integration in terms of programming, monitoring and reporting, at the moment there is not a single review of active donors, the amount of investments, their relations to the adopted strategic documents, projects' users, Montenegro's commitments in the case of a possible co-financing, successful implementation, etc.

IPA programming documents and references to donors

General:

IPA programming has been driven by Government priorities and donors have been invited to participate in the programming process through an active approach by the European Commission's services.

Multi indicative programming documents (MIPD) usually include a specific chapter describing International Financial Institutions (IFIs), multilateral and bilateral past and ongoing assistance. Thus a brief assessment of EU interventions under CARDS and OBNOVA can be identified including significant achievements in various areas of the EU *acquis*.

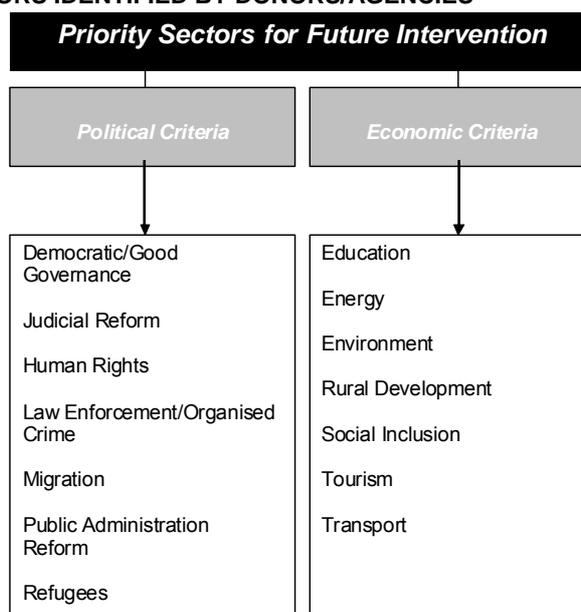
Findings:

- The latest MIPD 2008-2010 already introduces the main focus of IPA 2007 and of bilateral donors, international organizations and relevant IFIs. A concise description of coordination mechanisms in order to increase effectiveness and efficiency in the delivery of assistance is provided. Donor involvement was assessed as positive and proactive. It is also valuable that the EU has gathered all donors together discussed their future donor plans
- Donors were consulted for the programming of IPA 2010 and the preparation of MIPD 2011-2013 and asked about their priorities and plans¹¹ in an attempt to establish a sector approach and to identify possible lead donors. Based on a Donor Coordination Meeting in February 2010 there were sectors which were mentioned as priorities by more than one donor/agency (see table 4). This is particularly the case of the sectors

¹¹ In February 2010 a meeting took place with participation of 9 representatives from EU Member States, USA/USAID, 5 EU Member State Agencies, 3 IFIs, 5 UN Agencies, Council of Europe and OSCE.

of energy, education, environmental protection, tourism, but also in the areas of judicial reform and state administration reform. The Delegation further elaborated an overview of complementarity in future cooperation and coordination opportunities.

TABLE 4: PRIORITY SECTORS IDENTIFIED BY DONORS/AGENCIES



SOURCE: OVERVIEW “STRATEGY, DONOR, AND IPA PROGRAMMES 2007, 2008, 2009, 2010”, EUROPEAN COMMISSION

- Cooperation between the EUD and donors seems to be a new approach and a learning process. The EUD has organised a good direct communication mechanism with the donor community in Montenegro that has been appreciated by both sides. In the past, a limited involvement of donors in project design had been identified as a major weakness, as it was reported during the IPA National Monitoring Committee in November 2009.

Project Fiche

General:

The basic document of IPA programming is the Project Fiche. Among others, it must describe links with national strategies and activities financed by other donors including previous donors' interventions. Under the chapter *the linked activities*, the beneficiaries describe initiatives that are contributing to the achievement of similar objectives.

Findings:

- On the basis of a review of a majority of Project Fiches under IPA national programmes 2007-2010 it can be concluded that all that were reviewed include a good description of major donors in the respective field. The fiches mention concrete projects implemented by the beneficiary and the relevant donors and comment on budgets and lessons learned.
- Monitoring of IPA projects within the ROM scheme addresses the links with other donors too, namely examining relevance and quality design criteria. However, this assessment was done only on some of the reviewed monitoring reports. It usually resulted in positive findings.¹² The monitoring experts frequently recognized links with

¹² The evaluators have reviewed monitoring reports of selected projects under ROM Action plan for 2009 and 2010.

previous projects and donors, especially efforts to follow the EU effectiveness agenda and the Paris declaration.

National Development Plan (NDP)

General:

A major instrument for programming the use of national and donor resources should be the National Development Plan that is currently under preparation, financed by an IPA 2009 Twinning Project¹³. The process of preparing the Development Strategy of Montenegro and the National Development Plan includes the establishment of a financial and political basis, methodology and institutional structure for regional development planning.

Findings:

- The National Development Plan is an important source for planning EU supported interventions within the IPA framework and, at a later stage, within structural funds.
- Donors and national financial resources should be clearly identified and secured for an amount of minimum 20% of the overall total investments in the period covered by the Strategy implementation plans.

Synergies with other donors

General:

The European Commission and the Member States ensure coordination of their respective assistance programmes (including IFIs and other non EU donors). At local level, a consultation mechanism during the different phases of the assistance cycle is established. It provides for early consultation on the draft IPA planning (MIPDs) and programming documents with Member States, local offices of IFIs and non-EU donors.

At central level, coordination meetings with IFIs as well as with EU and non-EU donors are organised on a regular basis. They focus mainly on strategic orientations and the regional dimension of IPA planning and programming. Additionally, the coordination between the Commission and MS takes places on a regular basis in the context of the IPA Committee.

The development policy in Montenegro is dominated by the needs associated to EU accession. The key players in this process will continue to be EU entities – the EUD and EU bilateral donors as they collectively assist Montenegro in this complex process.

Interesting concrete collaborative arrangements have been built between the EUD and UNDP, GTZ, USAID and others. The Government expects UNDP to assist in the mobilisation of resources to meet a range of development programme implementation needs, particularly in those areas where UNDP is well positioned and is currently providing support. UNDP has substantial institutional experience supporting national governments and civil society in the process of European integration. UNDP focuses on regional cooperation, achievement of the Millennium Development Goals, and preparation for EU candidate countries by addressing major development priorities. GTZ has a tradition in providing support in the field of state audit and internal market.

¹³ IPA 2009 Twinning Project :Development Strategy of Montenegro and National development Plan

Findings:

- Many donors have a strong working relationship with the EUD in complementing and supporting EU funded actions including major services (technical assistance) and twinning contracts to support public administration reform in Montenegro.
- The need to concentrate on key aspects of the EU integration process seems to be for donors more relevant bearing in mind that the TA is “process based” and repeated support is requested by beneficiaries
- It has been acknowledged that the donors are more able to provide flexibility in their support than the EU with its long period of programming cycle. Positive aspects of donor cooperation are fast start (fast inception phase), efficiency, quick reactions and fully operational capacities.

Co-ordination among Donors

General:

The objective of donors is to support the Government and the question raised by many donors in the past was*how to invite Government “to coordinate us?”* The donors think that the Government should coordinate donors and organise at least two meetings per year.

Findings:

- General coordination among donors has been weak. In practice, it has tended to be ad hoc, addressing issues of duplication, alignment or coordination on specific issues and sectors.
- During the interviews donors have reported on the lack of leadership of the Government in donors’ coordination. Donors have felt isolated and have tried to organize themselves. The main problem identified is that different line ministries are coordinating different donors. For example, the Ministry of Finance is coordinating GTZ activities. The Ministry of Foreign Affairs is coordinating UNDP/UN activities. The Ministry of EU Integration is coordinating EU/IPA activities and the Ministry of Justice has a long-term cooperation with UNICEF.
- As there are many actors in areas in which several donors are active, the need for more formal donor and government coordination mechanism in these sectors and others has become a crucial issue.
- In the absence of effective donor coordination, a number of ministries and agencies have provided support to some donors to take a more pro-active role. For example, UNDP’s effectiveness in bringing together diverse interest groups and participants in a common dialogue is widely acknowledged. In these cases, UNDP has played an organizing role. A similar role has been performed by UNICEF in the judicial sector and reform of child protection.
- The activities of the Ministry of Justice in donors’ coordination on a sector basis are highly appreciated by the majority of stakeholders interviewed. However, in view of the rapid changes in the country and donor environment, the need for Government coordination is even more important.

Institutionalised system for Donor Co-ordination

General:

There are recent changes and efforts in establishing an overall system of coordination of donor support. The Cabinet of the Deputy Minister for International Economic Cooperation, Structural Reforms and Improving Business Environment (hereinafter referred to as Cabinet) is in charge, inter alia, of coordination of donor support in Montenegro.

In May 2010 the Government of Montenegro approved a document describing the system of coordination of donor support ("Information on Donor coordination system adopted by Government on 17th of May 2010"). A Working Group for Donor Support Coordination has been established, consisting of PA officers. During the summer period the Cabinet has collected data on donor-funded projects in all Ministries. Basic coordination mechanism of donor support should encompass various meetings and publish annual reports, and should include the design of an information system on Donor Support to Montenegro. It is expected that the Cabinet will define the preconditions and financial resources needed to establish the information system and will approach the donor community to consider possibilities of financial support to the establishment of this system.

Findings:

- Donors complain that since this Government was appointed (June 2009) it has not invited donors to a meeting. In the previous government donors had regular meetings with the Premier but this is not practised any more. The last meeting with the Premier was in December 2008.
- Coordination of donor activities at Government level has been very weak and not institutionally established until recently. There were duplications among different interventions. During recent years, donors' information exchange meetings were organised mainly by the donors themselves.
- In May 2010 the Government of Montenegro established a system of coordination of donor support under responsibility of the Cabinet of the Deputy Minister. However, so far, there is still a lack of donor coordination.
- A positive fact is that several line ministries have established some coordination practices with donors (education, justice, tourism) during recent years. Regarding the reform of judicial system the Ministry of Justice made significant efforts to coordinate donors. There were about seven meetings in the last three years that have been reported as excellent opportunities to exchange opinions. It has been a good opportunity for the EUD to monitor the process also. There are good experiences with donor coordination in the sectors of education and tourism, too. In the tourism sector the Minister is inviting all donors to meetings twice a year.
- IPA programming documents, at all levels, contain appropriate references to assistance from key bilateral/international donors; Programming identifies synergies with other donors.
- The EUD invited all donors to contribute to the process of planning Multi-annual Indicative Planning Document for period 2011-2013 and IPA 2010. Donors' involvement was positive and proactive. It was also valuable that the EUD had organised all donors to present their future plans
- Donor interventions have greatly contributed to the development of strategies in Montenegro. The donors themselves try to merge funds in areas where a clear

strategy exists. These synergy efforts and merging of funds is a useful tool to make cooperation more effective for the beneficiary

EQ 8: To what extent programming include SMART indicators to measure progress towards achievement of objectives?

General:

As discussed within the context of EQ1, the insufficient quality of project objectives and indicators have been recognised as being an important issue, and a framework contract has been signed in order to assess all projects' purpose and indicators and if necessary to design new indicators in conjunction with the beneficiary.

Findings:

The team assigned to this contract has assessed all the indicators and their preliminary finding is that a significant number of them should be re-designed in order to be SMART. The first findings of the experts are:

- All project fiches had indicators at project purpose level. Some early projects (IPA 2007) did not have indicators at overall objective level.
- While the quality of indicators varies overall it appears that the quality of indicators has improved in recent programming years. Indicators of IPA 2008 are better than IPA 2007, and IPA 2009 is better than IPA 2008. Of the IPA 2010 projects, some fiches have really rather good indicators.
- There is also a problem with the availability of data and other sources of verifications, including baseline documents, which affects the design of measurable indicators.
- Although the capacity of the beneficiaries has increased in the field of programming, they still have difficulties in properly designing objectives and indicators. The whole concept of indicators and measuring the achievement of the project results and objectives is still vague to the beneficiaries and their knowledge in this regard is purely theoretical. Therefore, the quality of indicators is not sufficient.
- The main issue is to make the indicator time-bound (when the measurement will be carried out) and to define the baseline. That should appear in the work-plan for Impact Evaluation to be prepared by MONSTAT.
- In addition, the quality of indicators is also related to the expertise of task managers in the field of the project intervention. The same is true for the external consultants that were assigned to write project fiches.

EQ 9: Which are the main gaps /weaknesses in the current programming framework?

General:

It is emphasised that a very good relationship has developed between the Delegation and

the Beneficiaries, which is very helpful during the programming process. For instance, the Delegation Task Managers are active in providing advice and feedback during the drafting of project fiches.

IPA Programming in Montenegro is on a learning curve although the quality and the selection of project ideas remain the main weakness of the current programming framework.

There is still a tendency among beneficiaries to submit project ideas that are rather related to their immediate needs than to strategic priorities. It happens often that the project ideas are not fully consistent with the MIPD and other IPA priorities, which makes them ineligible for funding.

Findings:

- The main gap in programming is due to the insufficient capacity of the NIPAC Office to establish clear criteria for selecting project ideas, following the IPA strategic documents and existing sectoral strategies. As mentioned above, NIPAC office often leaves the hard decisions to be made by DG Enlargement and the Delegation.
- There is a high involvement of DG Enlargement and the Delegation into the IPA Programming. Among the interviewed beneficiary representatives it could be often heard the subjective feeling of *clientelism* or “principal-agent” problem in which the beneficiaries rather focuses on submitting project ideas that will satisfy the demands of DG Enlargement and the Delegation than those ones that represent their own priorities.
- However, it has happened in a few cases that the role of the Task Managers was very “paternalistic”, in the sense that the initial project ideas submitted by the beneficiaries were completely changed. This was explained by saying that the beneficiaries were not capable to design a proper project proposal, in line with the actual needs in the fields of interventions. Even if this was true, the level of beneficiary involvement should be much higher so they could learn something from the process.
- Information sharing between NIPAC office and the beneficiaries has been recognised as a problem too. NIPAC office is a bottleneck of the information that flows from DG Enlargement to the beneficiaries. There appears to be inadequate dissemination of information from NIPAC office to the beneficiaries. Most of the interviewed beneficiaries claimed the lack of knowledge on the status of their projects once they submitted the project fiche(s) to the Delegation.
- The decision to reduce the number of projects funded by IPA2011 and to shift the focus on infrastructure projects might also be considered as an indicator of weaknesses of the programming process in Montenegro.

EQ 11: How can programming of assistance be enhanced to more efficiently & effectively reach strategic objectives?

General:

Among the important factors in ensuring targeted, effective and coherent actions, good programming of donor coordination is a top priority. While coordination is not always as easy as expected, all parties, namely the Governments, Member States, Agencies and International Organisations involved in the development process, need to maximize efforts to ensure transparency in projects and to ensure that regular meetings are arranged for information exchange and sharing. Coordination of meetings between donors and potential

donors to discuss pre-accession projects will help to provide an effective synergy between participating agencies and Member States. Regular meetings and discussions will help to identify common development objectives and will allow discussing how to accelerate the development process.¹⁴

There are several projects funded by IPA or other donors that directly contribute to an increase of effectiveness. For example the Capacity Development Programme, Technical Assistance (TA) and Project Preparation Facility (PPF), Support Measurement Facility (SMF), TA for the preparation of the SCF and OPs for component III and IV, IPA 2009 Twinning Project Development Strategy of Montenegro and National, projects financed by GTZ, Luxembourg Government, etc. The process of preparing the Development Strategy of Montenegro and the National Development Plan, including the establishment of financial and political basis, methodology and institutional structure for regional development planning. Operational linkages between strategic and budget planning functions are to be established across all ministries.

Findings:

- Only in some projects were corrective measures taken to address the weakness in design.
- Further efforts must be made to adequately adapt and respond to changes and external environment
- There is also a need to concentrate on key aspects of the EU integration process, taking into account the demands from beneficiary institutions.

EQ 12: How can programming be enhanced to improve the impact & sustainability of financial assistance?

General:

A project is sustainable when it continues to deliver results and achieve positive impact after EU funding has stopped.

Findings:

- Within the constraints of their work, due to the maturity of the projects assessed, the experts assessed that the results of 10 out of 11 projects are likely to be sustainable.
- Interviews' feedback has underlined the importance of a constant and flexible source of capacity building support.
- It is strongly recommended that the Montenegrin government, at least partially, contribute to the financing of IPA projects and thus commit to the ownership of projects.

¹⁴ Overview: Strategy, Donor and IPA Programme 2007, 2008, 2009, 2010. EUD Montenegro, 2010

Sector-based Approach

EQ 13: Is programming through a sectoral based approach a suitable, feasible & operational option for future programming (MIPDs & national programmes)

General:

Although programming through a sector-based approach¹⁵ is a recent phenomenon in Montenegro, in a relatively short time there has been a mushrooming of sector strategies in each field of programming.

Sector strategies in Montenegro have generally been created under the auspices of international donors and other development organizations. There is no donor agency or development organization in Montenegro that has not been involved in creation of at least one sector strategy in Montenegro.

Findings:

- There is a lack of commitment of the donor agencies to work on the implementation of the strategies they helped to develop. Therefore the existing strategies usually lack action plans and implementation modalities, as well as proper budget allocations.
- There is the impression that the sector-based approach has been imposed on the Government and other national beneficiaries, which has caused a lack of commitment in the implementation of the strategies.
- The budget constraints caused by the financial crisis have put an additional burden on the whole process. Therefore, the second element of the sector programming, the creation of sector budgets and their medium-term expenditure perspectives, has in most cases failed since the vast majority of the existing strategies are not properly aligned with adequate budget allocations and action plans.
- There is also a weakness in the sector coordination framework. The Government, line Ministries and other public sector beneficiaries lack capacity to review and update strategies, action plans and budgets.
- Harmonisation and coordination of donor activities in regard to the implementation of the strategies is an issue in Montenegro. Donor coordination has been put in place in some line ministries, yet there are some ongoing activities to be organised at the level of the Deputy Prime-Minister office.
- IPA programming is so far rather project-based than sector-based, although the programming is ensuring that the submitted projects are in line with the sector-based

¹⁵ A Sector Approach (known also as a Sector-Wide Approach or SWAp) is a way of working together between government, development partners and other key sector stakeholders. It is a process aiming at broadening government and national ownership over public sector policy and resource allocation decisions within the sector, increasing the coherence between policy, spending and results, and reducing transaction costs. As a result of following a Sector Approach, a government progressively develops a sector Programme. Sector Programmes are based on three core elements: (1) the sector policy and strategy; (2) the sector budget and its medium term expenditure perspective; and (3) the sector coordination framework through which the sector strategy, action plans and budget are reviewed and updated. The Sector approach should be led by partner governments, in close interaction with national stakeholders with the goal of improving public sector performance in terms of service delivery as well as the efficiency and effectiveness with which internal and external resources are utilised. The Sector Approach also aims to strengthen links between sector and national plans and the integration between recurrent and capital expenditures as well as the coherence between aid and domestic resources. One of the features of the approach is that it brings the sector budget back to the centre of policy-making and unifies expenditure programming and management, regardless of the source of funding.

strategies. The problem with introducing a sector-based approach mostly lies in the lack of national capacity to coordinate the sector-based programmes and strategic priorities. In order to make a shift to a sector-based approach, there is a need for a Sector Policy Support Programme¹⁶ with the aim to increase the national capacity to apply and coordinate sector-based programmes.

EQ 14: To what extent is the beneficiary ready to operate a shift towards a sector based approach in its own strategies, and in planning & programming sector based actions & finances?

General:

As mentioned above, the sector-based approach is a rather recent phenomenon in Montenegro and it has a long way to go until it is successfully implemented. Line ministries and the aligned agencies are engaged in developing sector-based strategies in almost all fields of intervention. This process has been supported by various international donor agencies and development organizations.

Findings:

- There was no unique methodology applied to strategy development. While some strategies were developed in a participatory manner in close cooperation with all stakeholders, in some cases external consultants and experts developed other strategies unilaterally and without a significant involvement of the interested parties.
- There is no or little harmonisation between different strategies. The inter-ministerial or multi-beneficiary strategy harmonisation seems to be even more difficult. The strategy harmonisation has been done at the level of the Prime Minister office, though the evaluation team could not get sufficient knowledge on the mechanisms and procedures in this regard.
- There is a need of capacity building interventions since the beneficiaries seem to have a lack of administrative capacity to successfully manage a sector-based approach. The whole concept of sector-based approach is not fully understood by them. Besides, the alignment of the identified priorities to the necessary budget planning and with budget allocations seems to be a big issue with the majority of adopted strategies.
- The incoming IPA 2009 project on Development Strategy of Montenegro (2010-2015) and the preparation of the National Development Plan seem to be good opportunities to combine the activities of the strategic planning with capacity building instruments and strategy mapping exercises.

¹⁶ Sector Policy Support Programme is the EC's aid instrument in supporting a sector programme. More about the Programme can be read in the Guidelines for European Support to Sector Programmes that is available at: http://ec.europa.eu/europeaid/multimedia/publications/publications/manuals-tools/t105_en.htm,

3.2. Administration and Monitoring

3.2.1. Introduction

The Montenegrin authorities face numerous challenges related to the consolidation of state institutions, economic and institutional reform and strengthening of the administration capacity in order to implement the Stabilisation and Association Agreement and to prepare the ground for further progress on the way to European integration. In this context, long-term support exists – there has been intensive technical assistance provision to public administration over recent years, especially in the priority areas.

Setting up an efficient system for the management of EU funds is a complex and challenging process calling for long-term, co-ordinated, planned and active participation of all the relevant state institutions. Building the capacity of state institutions in management of EU funds available under IPA in all the stages of the project cycle is of utmost importance in the coming period.

The MIPD Montenegro 2008-2010 defines major cross cutting issues that are to be taken in account through IPA programmes and projects. A growing importance is given to strengthening administrative capacity and good governance, which is to receive specific attention through monitoring, evaluation and control mechanism as well as through awareness building campaigns involving the wider public as a way to fight corruption and enhance civil society.

3.2.2. Analysis of Administration & Monitoring and Findings

EQ 15: Are the administrative & organisational structures in place ensuring efficient & effective implementation of financial assistance?

Role of the Delegation of European Union to Montenegro

General:

The Delegation of the European Union has a leading role in the administration and monitoring of IPA projects. The Delegation took over those responsibilities from the European Agency for Reconstruction on December 31, 2008. The Delegation was newly established and needed to familiarise itself with the structure of Montenegro's institutions. Therefore, the situation in which the Montenegrin authorities had to build their capacity in programming procedures, designing project fiches, tender procedures and project implementation was not very favourable at that stage. IPA 2007 and 2008 projects were designed with relevant involvement of international experts while IPA 2009 and 2010 programming involved a significant participation of representatives from Montenegrin authorities which allowed their familiarisation with the programming process.

Today, almost 40 EUD staff is working to assist Montenegro in the pre-accession process. About two-thirds of the staff is from Montenegro. The Delegation is currently managing more than €64 million in more than 30 EU assistance projects.

The Delegation is focused on maximising the impact of IPA funds on preparing the Montenegrin administration for EU accession. The key to absorbing and effectively exploiting EU pre and full accession funding is the programming process.

Findings:

- Any problem with the implementation of EU funded programmes such as project design, procurement contracting etc., can be traced back to the original programming.
- The better the programming and preparation of associated project fiche, the better the eventual impact of projects.
- The EU Delegation has been benefiting from capacities of other donors including the Capacity Development Programme (CDP) and other technical assistance projects.
- There is a good track record in implementation of IPA funds managed by EUD and the overall rating of EUD performance is very satisfactory.

Decentralisation of EU financial assistance management

General:

The management of IPA funds is currently under the responsibility of the Delegation of European Union, which is the Contracting Authority. However, the decentralisation of the management of the EU financial assistance and the gradual transfer of responsibilities from the EUD to the assigned public bodies of Montenegro are key priorities for both the EU and Government of Montenegro.

The Government of Montenegro has launched the preparation process to introduce DIS in the management of the EU pre accession funds under Component I and II. The preparation process consists of the following formal steps:

- Stage 0 – Establishment of the framework for the management and control system
- Stage 1 – Gap Assessment
- Stage 2 – Gap plugging
- Stage 3 – Compliance Assessment
- Stage 4 – National accreditation and submission of application for conferral
- Stage 5 - Commission decision and Conferral of Management Powers.

The initial steps in setting up the structure and fulfilment of requirements stated have been completed or are in the process of completion and they correspond to the EC requirements regarding completion of Stage 0.

The new project on technical assistance to implementation of DIS from IPA 2009 commenced in November 2010. This project will provide technical assistance to all the structures engaged in IPA (NIPAC, PAO, NAO, CFCU, SPOs). The project is worth 2.3 million € (including 0.3 million € of co-financing from the Government).

A process of preparing Montenegro for decentralised management with EU assistance was launched in the second half of 2008, with the signature of the contract of the TA project "*First steps for a decentralised implementation system in Montenegro*". The primary objective of the project was strengthening of the administrative and managerial capacities of the DIS key stakeholders and structures, and the fulfilment of the accreditation criteria as laid down in Annex I to the IPA Implementation Regulation (IR). The institutional and legislative framework for decentralised management and control has been established.

Findings:

- The Gap Assessment of the Preparation for DIS Component I for Montenegro was concluded in February 2010 and submitted a Final report to the EUD. During the

interviews conducted in the course of this evaluation, the representatives of CFCU expressed understanding and satisfaction with the recommendations given by the auditors and commitment to their implementation.

- The new project is thought to be much more realistic than the previous one financed by CARDS. In order to better reflect the needs of the beneficiaries, the CFCU staff has changed the ToR several times with constant and helpful assistance of EUD task manager.

Operating structure for IPA Component I

General:

Montenegro has been preparing for DIS, building capacities for the management of funds available through the IPA. The operating structure relating to the IPA Component I consist of:

1. NIPAC – National IPA Co-coordinator at the Ministry of European Integration (former Secretariat for European Integration) in regard to programming and overall coordination;
2. CFCU - Central Finance and Contracting Unit acting as the Implementing agency;
3. SPO offices (Senior Programming Officer and relating Project Implementation Unit within the line ministries concerned), in charge of providing programming and implementation of projects;
4. Internal Audit Unit in all DIS bodies are considered as being part of the operating structure as well.

Findings:

- The existing institutions and mechanisms applied for IPA Component I are to be used also in regard to the Cross-Border Cooperation Component with some minor internal structural changes to the Operating Structure for IPA II
- It should be pointed out that in the system of centralised implementation of the EU pre-accession funds that is currently in place in Montenegro, the NIPAC has the leading role in the public administration, while in the decentralised system the leading roles are shared by the NIPAC and the NAO (National Authorising Officer).

NIPAC Capacity

General:

NIPAC is organized in two sectors: a sector for IPA Components I, II and IV, and a sector for IPA Component 2 (CBC).

Findings:

- So far NIPAC has 4 officers and there is a need for more staff, especially due to the fact that NIPAC workload is increasing.
- There is a plan to have the Decentralized Implementation System (DIS) in place for Components I and II by the end of 2011 and there is a lot to be finished by then, especially on NIPAC side.
- There is a need to strengthen the capacity of NIPAC office. People have to be trained to work on issues covered by NIPAC. In that regard, innovative solutions are needed. Technical assistance projects and grants are welcomed in that regard. It has been agreed with the Commission to have a project on building the capacity of the NIPAC office. A project proposal is under preparation and UNDP CDP will have a significant

role in that regard. The project will be funded under direct contract (not as a part of IPA) from the EU Delegation. The project will have several components, including training of NIPAC staff.

CFCU Capacity

General:

The CFCU acts as the implementing agency for Component I. It is headed by the PAO who was appointed in May 2009. Part of the CFCU's functions was delegated to the line ministries on the basis of operational agreements with the SPO's.

The CFCU itself is quite advanced in preparing for DIS for Component I. An external consultant prepared the Manual of Procedures. It is expected that some of procedures might be changed when the DIS is accredited and when implementation is taking place. The PAO, as the CFCU head, and the CFCU staff appear to be motivated and having a fair level of understanding of their future tasks.

Findings:

- Although the CFCU has been formally established, it remains understaffed, with 6 staff (excluding PAO). Following the audit reports¹⁷, actions should be taken without delay to increase the staffing level to, initially, at least 8 full-time staff.
- In regard to the CFCU IT security, actions were taken for the supply and installation of IT equipment ensuring IT support to the CFCU and protection of data. Measures should be undertaken to provide to the CFCU permanent IT security support.

Line Ministries and SPOs

General:

Senior Programme Officers (SPOs) were appointed to represent the line ministries within the operating structure. The SPOs should supervise the activities of Programme Implementation Units (PIUs).

The PIUs should be responsible for programming and they should cooperate directly with the Sector for Planning, Monitoring and Evaluation of the Ministry of European Integration (SPME). They are also responsible for the technical implementation of projects and they should cooperate directly with the CFCU.

SPO's are in charge of providing technical support in the programming and implementation process. The SPO is under the overall supervision of the PAO. The SPO coordinates institutions that are below the ministry level, such as tax administration office, MONSTAT etc.

So far, PAO has appointed SPOs in 15 line Ministries (except the Ministry of Justice). An Operational Agreement has been signed between PAO and all SPOs.

Findings:

- Experiences of SPO officials vary. Some officials have no experience (e.g. the Ministry of Human and Minority Rights), some are more experienced due to their involvement in other projects financed by CARDS, other Donors and IPA.

¹⁷Final Report of the project financed by European Union's CARDS Programme to Montenegro: "First Steps for a Decentralized Implementation System (DIS) in Montenegro", December 2009.

- The quality of staff within PIU varies too. Usually, 2-3 officials work within the PIU.
- Some ministries have no PIU staff assigned (the Ministry of Human and Minority Rights), some ministries have more staff such as the Ministry of Interior and Public Administration where the PIU consists of 7 members; the PIUs within the Ministry of Education and Science and the Ministry of Tourism have 5 members.
- The role of SPOs is rather limited and they do not know the sectoral strategies or projects in their sectors.
- Within the SPO Office, usually one person is responsible for the programming process and one person is responsible for the implementation process. Clear definitions of responsibilities and duties of SPO officers dealing with the pre accession funds are often missing. The evaluators have no information about knowledge and use of Manual of Procedures by SPOs.
- The PIU employees currently do not know exactly what are their duties.
- The PIU within Ministry of Spatial Planning and Environment has 6 members. They have good experience, attended a lot of training and have significant knowledge about IPA activities and project fiche preparation.
- There is a need to have individuals with English knowledge and need for employees responsible for procurement, accounting, finance and tenders' preparation. In this regard, the SPO officers should benefit from on the job training designed by EUD in Montenegro that is to start in autumn 2010.
- Internal communication among line ministries can vary and in general a certain lack of communication among line ministries can be observed.
- One of the key challenges to the implementation of DIS in all the Operating Structures is the general lack of motivation of the individuals within the governmental institutions.
- Generally, DIS related tasks are viewed as additional duties with no pressing urgency, as deadlines and outcomes of DIS stem over a few-year time horizon.
- The Government bodies involved in the DIS process did not prepare a work load analysis to provide an estimation of the human resources required in order to accomplish its tasks and functions related to the IPA programme.
- There is a need to define the competencies (knowledge, skills, and abilities) for individual positions in all institutions, considering the character of tasks and responsibilities assigned to them.
- It is also necessary to prepare a training needs analysis and a training plan for the staff to ensure that they have adequate knowledge, skills and abilities to perform their tasks and fulfil their responsibilities.
- There are three Manuals of Procedures for the Operating Structure for IPA Component I currently in place. Appropriate and complete Manuals of Procedures are a pre-condition and one of the basic requirements which have to be fulfilled by all bodies involved in implementation of different IPA Programmes/Components.

- ☛ During the 3rd meeting of IPA Monitoring Committee in June 2010 the representatives of the Government expressed satisfaction on programming and with the exercise for both national and CBC programmes. However, they indentified some key issues:
 - Frequent changes of SPOs,
 - Language barrier; lack of knowledge of the English language has been observed as an obstacle in daily communication and programming,
 - Too much training for the staff,
 - Quality of resident Technical Assistance experts and the problem of co-financing,
 - Need and intention of the Government to strengthen internal control and DIS.

Training and Technical assistance to Operating Structure for IPA Component I

General:

Three technical assistance projects have been launched in the process of preparing Montenegro for decentralised management: *TA project "First steps for a decentralised implementation system in Montenegro"*, financed by CARDS. During the project implementation, the institutional and legislative framework for decentralised management and control has been established. It finished in February 2010. The project for complementary services was implemented between March – July 2010 financed by IPA 2007. In November 2010, a new technical assistance project commenced. The main beneficiary is the CFCU and other operational structure bodies.

Findings:

- ☛ Technical assistance provision to the IPA bodies in setting-up appropriate management and control system and to prepare written procedures for some specific areas has been incorporated into the relevant Manual of Procedures for I and II.
- ☛ Provision of training to the representatives of IPA bodies (CFCU, NF, MEI, PIUs of line ministries) on PIA DIS accreditation criteria requirements, institutional and organisational set up on the prepared manuals of procedures have been delivered.
- ☛ Several training events were held with the NF and CFCU staff on various topics regarding their responsibilities and procedures.
- ☛ There is a training plan for the next 1-2 years in preparation by the CFCU staff.
- ☛ There is a common training plan for all institutions involved in DIS.
- ☛ The EUD has currently updated the roadmaps for all IPA components.
- ☛ The EUD is willing to host CFCU staff and offered on-the-job training for tendering, invoicing, VAT etc.
- ☛ Several training workshops have been organised by the CFCU (e.g. on Manual of Procedures and Risk Management) and other institutions.

EQ 15b: To what extent are the monitoring mechanisms & structures appropriate & correctly functioning?

General:

The European Union has in place different mechanisms to monitor the implementation of projects (internal monitoring, external result oriented monitoring (ROM) and so-called ad hoc evaluations) in order to continuously verify the sound management of interventions, inform on progress and the use of inputs, and on the progress of outputs and results.

Findings:

- The internal monitoring of projects is a key part of quality assurance activities.
- The EUD is responsible for the monitoring of projects and programme implementation. This process is supervised by the geographical Directorates in EuropeAid.
- The implementation of the European Partnership is examined through the mechanism established under the Stabilisation and Association Process, notably the annual reports presented by the Commission of the European Communities.
- The so-called Progress reports are issued since 2006 and review Montenegro's capacity to implement European standards.

Results Oriented Monitoring

General:

Ongoing IPA projects have been monitored through Results Oriented Monitoring (ROM)¹⁸ managed by European Commission Headquarter. The ROM is based on regular on-site assessments by independent experts of ongoing projects and programmes which are appraised – using a highly structured and consistent methodology – against the criteria of relevance, efficiency, effectiveness, potential impacts and likely sustainability.

14 national projects have been monitored in Montenegro in 2009. About 10 projects had an EC budget above EUR 1 Million. Out of 24 regional projects monitored in the West Balkan Region, a total of 17 regional (multi-beneficiary) projects were monitored in Montenegro. Their cumulated EC Contribution amounts to EUR 36.3 Million, i.e. an average per project of EUR 1.9 Million. In 2010, 13 national projects have been monitored until the date of this evaluation (July 2010). The ROM Portfolio 2009 and 2010 is based on the lists of projects requested to be monitored by the EUD and DG ENLARG. For 2010, DG ENLARG requests to substantially increase the ROM coverage in order to include all monitorable projects in the covered region. The ROM team has monitored twelve national projects in the first half of 2010.

Findings:

- The EUD regularly reports during IPA Committee meetings on the work of ROM teams and presents figures and findings.

¹⁸ Service Contract for a Monitoring System of the Implementation of Projects and Programmes of External Co-operation Financed by European Community, Lot 6: Western Balkan & Turkey, 2007/145-210.

- ☛ It is worth stressing that the Results Oriented Monitoring overall performance rating (2.99) in Montenegro is well above the average of West Balkan and Turkey region (2.85).

Monitoring capacity of national authorities

General:

A Sector for programming, monitoring and evaluation in the Ministry of European Integration was formally established by the adoption of the amended Rulebook on Internal Organisation and Systematization of the Ministry of European Integration on 9 September 2009 as a separate sector headed by the Deputy Minister.

The NIPAC Office, i.e. the Ministry of European Integration, is in charge of establishing and managing a national monitoring system within the IPA, in the Decentralized system of Montenegro. Monitoring is performed through the activities of different committees. The Monitoring Committees are as follows:

- IPA Monitoring Committee - covering the overall IPA;
- Sectoral Monitoring Committee – covering the components level.

The IPA Monitoring Committee in Montenegro¹⁹ was established in 2008. Until now the Committee held three meetings in December 2008, in November 2009 and in June 2010. The Committee is monitoring the implementation IPA Component 1 and Cross-Border Cooperation programme IPA component 2.

Findings:

- ☛ Bearing in mind that a centralized management system is currently in place in Montenegro, it should be emphasized that the activities of the IPA Monitoring Committee are implemented within preparatory activities for decentralized management, and therefore the Committee is not fully implementing its formal competences yet.
- ☛ It can be observed that the IPA monitoring meetings were used as the opportunity to exchange information on the current state of play in the implementation of financial assistance including a problem-oriented review of implementation.
- ☛ The minutes of the IPA Monitoring Committee meetings contain a sound analysis of weaknesses in various phases such as tendering and contracting, preparatory phase before projects starts, weaknesses in project design and implementation including donor coordination.

Reporting and Project Information System

General:

The CFCU has no responsibility as yet in monitoring projects' implementation.

Findings:

- ☛ The CFCU's staff is not yet prepared for the monitoring function.

¹⁹ In accordance with the Framework Agreement and the IPA Implementing Regulations each beneficiary country of the IPA, is required to establish the IPA Monitoring Committee within six months following the entry into force of the first Financial Agreement. This Committee represents the highest level in the hierarchy of committees dealing with the monitoring issues.

- So far the staff is studying documents about monitoring and it has developed a document describing the purpose of the monitoring and evaluation function. There is also a related chapter in the Manual of Procedures.
- In some cases the Beneficiaries of IPA assistance do not see the importance of monitoring and reporting. There is the necessity to raise awareness in this regard. Several donors, such as GTZ and UNDP Capacity Development Programme, have been active in this area.
- The description of the Information Systems that will be used by the National Fund (monitoring, IS, accounting, financial management IS) have not yet been defined. It is evident that the project information system needs to be designed, developed and implemented.

3.3. Mapping

3.3.1. Introduction

There is a document on the overview of strategies, donors and IPA Programmes, which identifies 95 strategies and 39 donor agencies/development organizations (not including local NGOs) and 59 IPA programmes from 2007-2010 (out of which there are 13 regional and 46 national projects). In addition, the document has produced a table with the alignment between existing strategies and MIPD priority areas (political, economic and Approximation to the EU), Acquis' Charters, IPA projects and other project interventions funded by international donor and development agencies.

The document raises the question of how to coordinate such a number of strategies and project interventions. Empirical findings have shown a lack of institutional mechanisms for the coordination of the project interventions and a monitoring of achievements of the strategies' objectives.

3.3.2. Analysis of Mapping and Findings

EQ 10: What are the existing sectoral strategies in Montenegro?

To what extent are strategies duly embedded into beneficiaries' policies /budget?

To what extent is EU/ donor assistance aligned with /embedded into existing strategies?

The office of the Prime Minister is in charge of the harmonisation of the new strategies with existing laws and regulations and key policy documents. Once the strategy is adopted, however, very often it is not clear who is in charge of its implementation. Usually they are line Ministries or relevant Government Agencies.

The Government of Montenegro has adopted sectoral strategies, making them official sector intervention policies. However, in most cases the adopted strategies are not accompanied by action plans and budget allocations.

It should be noted that donor intervention has contributed a lot to the development of strategies in Montenegro.

With the current financial crisis things have become even more complicated since the available Government resources have been significantly reduced in all sectors. The implementation of strategies has become heavily dependent on donor intervention, including IPA Programmes.

Findings:

- The relevant Ministries and Government Agencies do not have sufficient human and financial resources to successfully manage the harmonisation of strategies process.
- Since the donor community in Montenegro is not strong enough to support the implementation of 95 strategies, many of them remain unimplemented.
- The donor commitment to strategy implementation is less visible.
- Donors have provided sporadic support in implementation of strategies, funding priority projects that fit well with their own agendas. Therefore, the Government and

line Ministries are responsible for financing and coordination of the implementation of strategies. However, they have not been prepared and neither sufficiently trained for such an assignment.

- ☛ It is clear that it would not be possible to implement all adopted strategies. It is even difficult to identify all of them since there is no comprehensive record of the existing strategies in Montenegro.
- ☛ It is recommended to support a strategy mapping exercise to identify what strategies are adopted and what is their current status.
- ☛ It is also necessary to make a horizontal and vertical alignment of strategies with other policy documents, including the Development Strategy of Montenegro (2010-2015) and the National Development Plan that will be developed under an IPA2009 project.
- ☛ It is important to create clear mechanisms for the implementation of strategies, including the allocation of the necessary budget resources.

EQ11: Overview of assistance and projects per donors and sector

General:

Currently, IPA is the most important donor assistance to the country. It represents 60-70% of all grants coming to the country and 20-30% of the capital expenditure of the country.

The OECD DAC reports ODA assistance to the country in the order of 80 million EUR per year over the 2006-2007 period. The charts below show net ODA receipts, top ten donors of gross ODA, population and GNI per capita and bilateral ODA by sector.

Currently, there are a number of donors (Governments, EU Member States, various agencies and International Organisation) who are involved in extending development strategies for Montenegro.

In mid 2010 the Commission Services have prepared a document, "Strategy, Donor, and IPA Programmes 2007, 2008, 2009, 2010" that provides a general overview of existing sectoral strategies, current donors and a list of all IPA projects from 2007-2010 to identify possible areas where donor coordination can be improved and strengthened (see Annexes 9 & 10).

Overall, between 1998 and 2007 the EU committed over 308 million EUR to Montenegro: Reconstruction and development assistance (CARDS/OBNOVA): 146.3 million €; Humanitarian assistance (ECHO): 74.5 million €; Macro financial assistance: 35.0 million €; Others (EC food security programme): 21.4 million €; and IPA 2007: 31.4 million €.

Findings:

- ☛ official sources of information on Montenegro bilateral donor interventions are scarce.
- ☛ a shared opinion is that there is a need for good regional cooperation, good national cooperation and good donor coordination to fulfil the requirements of development needs of montenegro. this was stressed in february 2010 when a meeting took place

with the participation of 9 representatives from EU member states, USA/USAID, 5 EU member state agencies, 3 ifis, 5 UN agencies, Council of Europe and OSCE

FIGURE 2: MONTENEGRO - DONORS

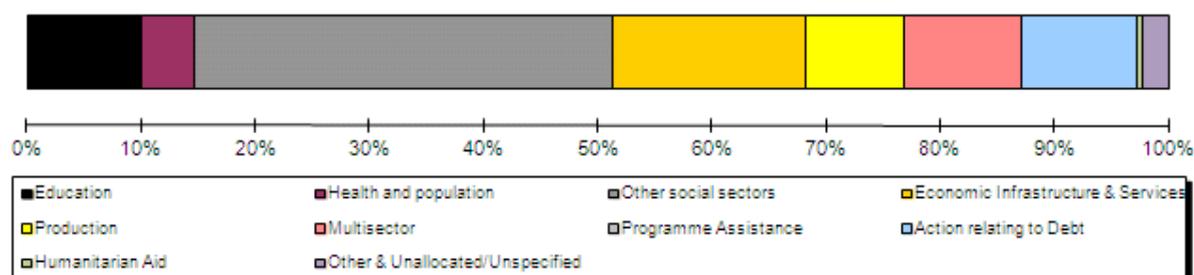
Montenegro

Receipts	2006	2007	2008
Net ODA (USD million)	96	106	106
Bilateral share (gross ODA)	65%	58%	69%
Net ODA / GNI	3.5%	2.7%	2.4%
Net Private flows (USD million)	45	169	201

For reference	2006	2007	2008
Population (million)	0.6	0.6	0.6
GNI per capita (Atlas USD)	4 260	5 230	6 440

Top Ten Donors of gross ODA (2007-08 average)	(USD m)
1 EC	21
2 Germany	12
3 IDA	12
4 United States	10
5 France	8
6 Poland	8
7 Sweden	5
8 Luxembourg	4
9 Norway	4
10 Italy	4

Bilateral ODA by Sector (2007-08)



Sources: OECD, World Bank. www.oecd.org/dac/stats

3.4. Efficiency and Effectiveness

3.4.1. Introduction

The analysis provided under Chapter 3.1 in answering the evaluation question four (EQ4), provides substantial evidence on how both the “project approach” and the “programme approach” are effectively and efficiently used to achieve the priorities linked to accession preparation. At implementing level, the analysis is based on sources and indicators such as status of contracting, institutional setting, monitoring reports and structures, timely execution of activities & delivery of outputs; planned results produced on time; likelihood of achieving project purpose. The overview of projects funded by IPA 2007-2009 is in Annex 7.

Implementation IPA 2007- IPA 2010

The Instrument for Pre-Accession (IPA) is being implemented in Montenegro since March 2008 (date of the signature of the first financing agreement - IPA 2007 Programme, see Table 4). IPA Component I for Montenegro has an annual budget of € 23 to € 28 Million with an average of 15 projects per year and a focus on political criteria, socio-economic criteria and approximation to the European Union. All projects under IPA 2007 are already in the execution phase as well as most of the IPA 2008 projects. The IPA 2009 programme was signed in November 2009 and preparatory works for the tendering phase are advanced and ongoing. Funds for two projects have been already contracted. The IPA 2010 programme was discussed in the IPA management committee in May 2010 and its approval is expected. It will be implemented from the end of 2010 onwards.

The table below provides an overview of the financial allocations of the three IPA national programmes 2007-2009 under implementation with an indication of the projects contracted. The status of commitment and disbursement of IPA funds is very satisfactory, especially bearing in mind that the EUD in Montenegro has been operational only since November 2007. As it was presented during the Joint Monitoring Committee meeting in June 2010²⁰, the EUD has been able to implement 27 out of 48 IPA projects only after 18 months of full operational work. EUD has signed 162 contracts within the last 2 years.

TABLE 5: STATUS OF IPA (COMPONENT I) CONTRACTING IN MONTENEGRO

IPA Component I	Allocation €	% Contracted	% Foreseen Contracted Q2 2010	% Paid by May 31 st	No of Contracts till May 31 st
IPA 2007	23,870,504	99.43	99.43	41.27	59
IPA 2008	26,800,000	60.55	69.28	19.12	17
IPA 2009	28,432,179	6.27	7.87	3.83	3
Total:	79,102,683	52.68	52.95	20.25	79

Source: EU Delegation, Montenegro, 14 June 2010

Alignment with pre-accession priorities

IPA was designed to address the needs of beneficiary countries within the context of pre-accession in the most appropriate way. IPA Component I aims at financing capacity building and institution building. This component was set at 107.78 million euro in total for the period 2007-2010. As far as Montenegro is concerned, it supports the country in the following areas:

²⁰ The 3rd IPA Monitoring Committee Meeting in Montenegro, 4th June 2010, Becici, Montenegro

(i) Political Criteria

19 projects have been selected under IPA 2007, 2008, 2009 and 2010 under this priority axis which focuses on the consolidation of democratic institutions, reform of the judiciary, public administration reform including decentralisation and local government, fight against corruption and organised crime, human rights and protection of minorities, anti-discrimination, as well as the media. Civil society development is given special attention for the promotion of dialogue; small grants assist environment, anti-discrimination, gender equality, social inclusion, health, business advocacy, and consumer protection.

(ii) Economic Criteria

17 approved projects are at various stages of preparation and implementation. This priority axis focuses on employment generation, education, research, social inclusion, health, business environment, budget and fiscal management, rural development, food safety, environment, energy, transport, as well as infrastructure and other activities which will prepare the country for future structural funds.

(iii) Approximation to the EU

18 IPA projects have been selected to assist the introduction and implementation of the EU Acquis in all areas; the overall coordination of the European integration process; strengthening Montenegro's administrative capacity to implement the SAA; preparing for the Decentralised Implementation System (DIS) for EU funds management; and participation in Community Programmes.

The remaining two priority axis relate to community programmes, as well as project preparation, technical assistance, and other support measures.

3.4.2. Analysis of Efficiency & Effectiveness and Findings

EQ 16: To what extent ongoing IPA assistance has /is contributing to achieving the strategic objectives /priorities linked to accession preparation?

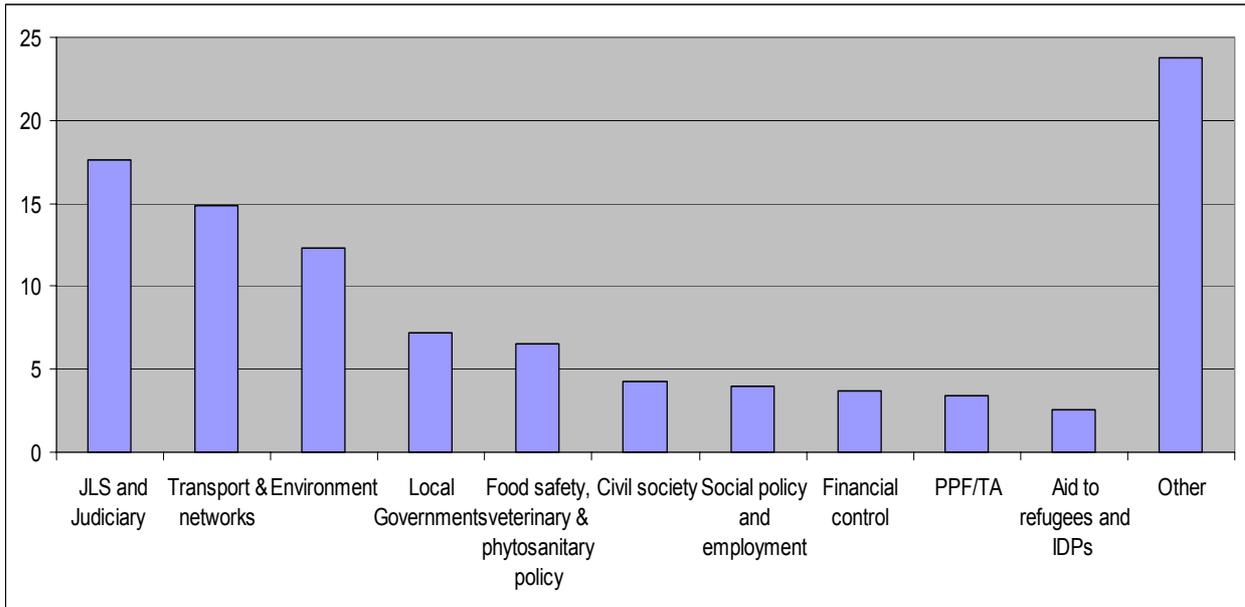
General:

The graph below (Figure 3) shows sectoral allocations in IPA 2007-2009 interventions. IPA Component I addresses building administrative capacity and judicial capacity. IPA 2010 and especially IPA 2011 focus more on infrastructure-based projects.

The next graph (Figure 4) shows the beneficiaries of IPA assistance.

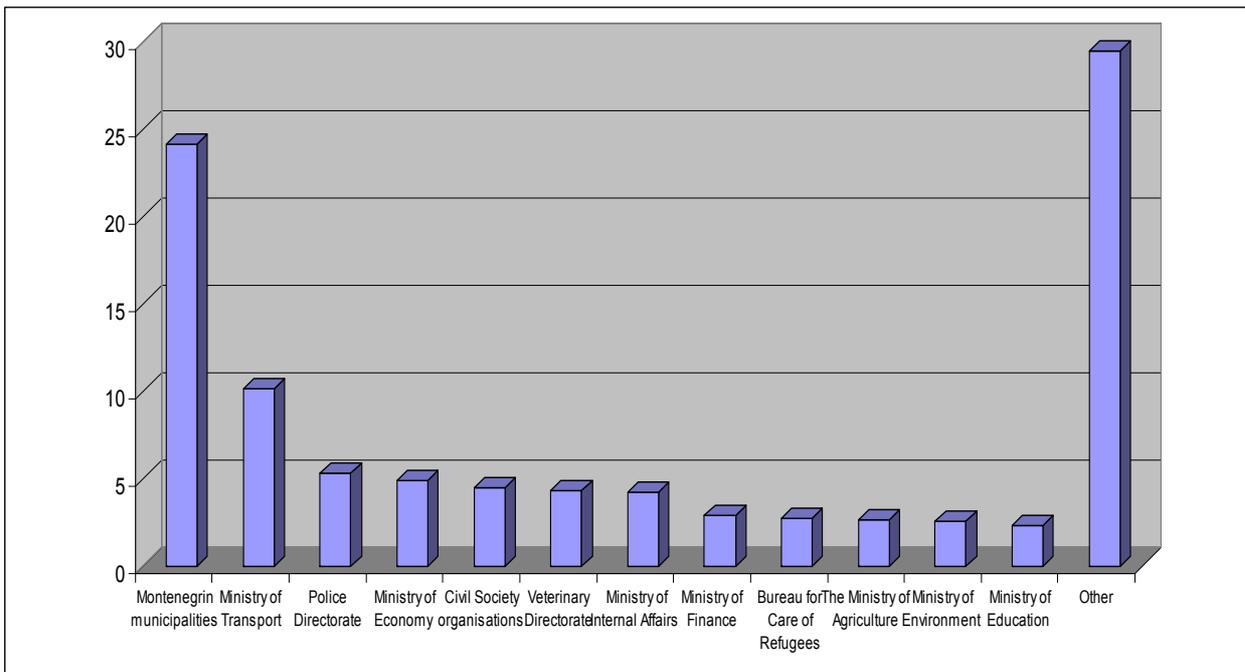
Currently a small infrastructure projects initiative has been launched by the EUD in sectors such as transport, environment, and socio-economic development targeting less developed municipalities. The overall available budget for these projects is 5.5 million EUR. The question of the successful use of development funds through quality project formulation and development has become more relevant. IPA projects are assisting the Ministry of Internal Affairs and Public Administration in further development of the legal framework. In cooperation with the Union of Municipalities IPA funds help municipalities to improve governance and provide better services to citizens and businesses and increase absorption capacity for municipalities by providing comprehensive training in development and implementation of investment projects.

FIGURE 3: ALLOCATION OF IPA I (2007-2009) FUNDS BY SECTORS (%)



Source: EU Delegation, Montenegro, 14 June 2010

FIGURE 4: BENEFICIARIES OF IPA I (2007-2009) (%)



Source: EU Delegation, Montenegro, 14 June 2010

Findings:

- It can be observed that municipalities require financial support to help them to reconstruct their infrastructure especially in less developed areas.

Number, Types and Sizes of Contracts

Following the MIPD 2007-2009, it is the responsibility of the beneficiary country to establish the exact scope of the project proposals. The assistance under IPA Component I may be provided in the form of twinning/twinning-light support, technical assistance, project preparation facility, procurement of equipment, works, investments and grant schemes. Under certain conditions assistance in the form of budgetary support can be provided. A financial contribution is provided for the participation in the Community programmes.

Figure 5 below shows the type of contracted projects under IPA I in 2007-2009 expressed in percentages. The beneficiary institutions usually prefer technical assistance projects to twinning projects. The high officials of the Ministry of European Integration expressed concerns with too many twinning projects and low absorption capacity of public administration staff. However, the know-how of the IPA staff is growing and demand for twinning advisors' assistance is now more concrete and focused. It has been acknowledged that if the beneficiaries are well involved, twinning works very well. A good example of effective use of twinning services was the CARDS twinning for the Secretariat of EU Integration and for the Ministry of Information Society.

A good practice has been observed in transfer of know how and experiences from the Delegation of the EU in Montenegro to the NIPAC and line ministries' officials engaged in IPA operational issues. The CFCU staff, together with SPO officials, has been involved as observers in assessment of tendering documentation. The Line Ministries or other direct beneficiaries are involved as voting members. Evaluation committees have usually more than four members, out of which three are from EUD (Chairman, the Secretary and the Task Manager) and at least one voting member from the main Beneficiary. The CFCU's involvement as observer depends on the Chairman (sometime they receive the documentation to read and the evaluation grids, sometimes they are just passive observers of the process).

The number of signed contracts measures the absorption capacity of the country. The EUD in Montenegro has a satisfactorily performance and a high percentage of signed contracts (above 95%). The projects' average size is smaller than West Balkan average (1.2 million EUR versus 1.6 million EUR on average)²¹.

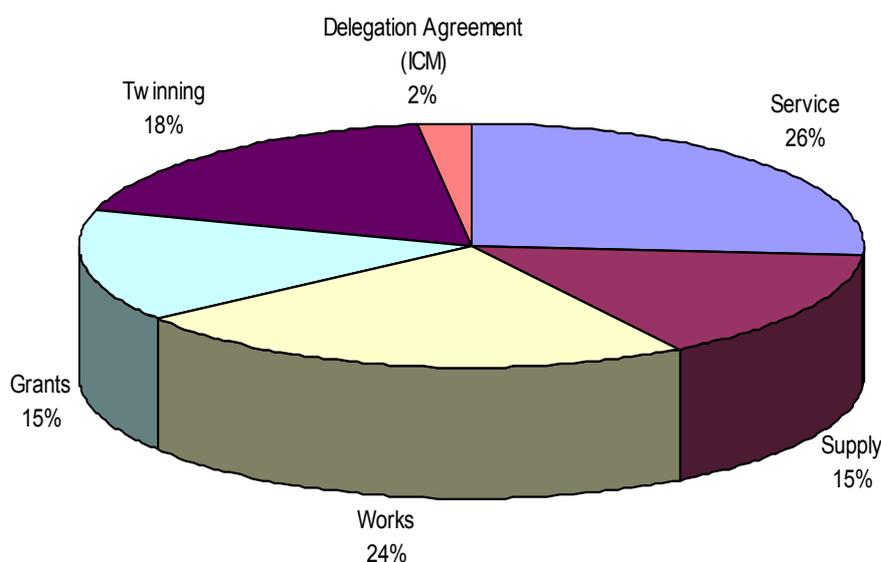
Findings:

- Twinning in some institutions (but not all) is more welcomed than technical assistance since the beneficiaries are getting the chance to talk with their peers, rather than with the consultants.
- There is no way that the CFCU can manage the same capacity once Conferral of Management Powers is awarded. The solution might be in transferring staff from the Delegation to the CFCU, as it is happening in some other countries.

²¹ The ROM methodology provides for the scoring or grading of the monitored projects, according to the range of grades A (very good performance), B (good performance), C (performing with problems), D (not performing, major difficulties). The criteria assessed are: Relevance, Efficiency, Effectiveness, Impact Prospects and Potential Sustainability.

- During the tendering and contracting phase, the following weaknesses have been identified by the EU Delegation in Montenegro:
 - Weak interest to participate in bids in Montenegro
 - Higher prices than available budget
 - Cancellation of tenders and re-launch
 - Conflicts of interest not understood
 - Rules of origin (specially for IT, many complaints from bidders).

FIGURE 5: ALLOCATION OF IPA I (2007-2009) FUNDS BY TYPE OF CONTRACT



Source: EU Delegation, Montenegro, 14 June 2010

Technical Assistance

General:

The EU Delegation has used the facility of the Indirect Contracting Management (ICM) to delegate agreements for implementation to an external credible and eligible Member State's legal entity. The Technical Assistance is intended to support the implementation of the programme.

Annex 10 shows a significant increase of the financial allocations for Priority Axis 7: Support Activities. The increase in Technical Assistance and Project Preparation Facility is especially significant since the budgeted amount for IPA 2010 has been increased by 226% compared to IPA 2007.

Findings:

- Contrary to the twinning finding on the previous page the analysis of the documentation of the IPA Monitoring Committee meetings and the findings from interviews with the key stakeholders indicate a preference to technical assistance type of projects to twinning.
- According to NIPAC representatives, twinning requires a quite demanding absorption capacity. NIPAC has requested a change of two twinning projects under IPA 2009 into TA (National Development Plan and Environment).

- ✦ Some ministries benefiting from a twinning type of assistance have questioned the logic of twinning as well, indicating that there were sometimes more trainers and experts foreseen than existing staff. Government has difficulty in recruiting people, which is why new tasks to already existing staff have to be added.

Assessment effectiveness, sustainability, impacts and efficiency by ROM

General:

According to the results of the monitoring missions conducted by ROM teams in 2009²², the overall performance of monitored projects is quite above the minimum “target” of 2.50 and above the average performance in the West Balkan region. The comparison with other Western Balkan countries leads to satisfactory conclusions, namely, that Montenegro in all assessed criteria is higher than the Western Balkan region, in particular in Relevance, Efficiency and Sustainability. The institutional framework is less intricate and the related conditional ties better ensured. However, these ratings do not really allow a sufficiently precise view of the projects’ performance.

Findings:

- ✦ By grouping the monitoring grading per performance category, the figures indicates that 86% of the monitored projects have performed well, while 2 projects (14%) have problems.
- ✦ There are neither projects with very good performance nor projects facing major difficulties.
- ✦ The evaluators have reviewed several monitoring reports and could observe very good scores for the design and relevance of the projects.
- ✦ Among the main weaknesses, the absence of basic conditions has been reported, such as key institutional arrangements that did not materialize and poor consultations with various stakeholders.

Relevance and Quality of Design

Findings:

- ✦ Relevance and consistency with government policy and strategies have been observed in the majority of projects.
- ✦ In the sample of 12 monitoring reports reviewed by the evaluators, one project was assessed very good (“A”), ten projects were scored “B” and one project “C”.
- ✦ The overall objectives and Projects’ purposes usually respond to the needs of the target groups and understanding beneficiaries’ needs and the problems to be addressed within the intervention are well defined.
- ✦ Projects are usually realistic in assessing capacities and experience of the stakeholders.

²² ROM Results 2009 in Montenegro. Presentation to the European Union Delegation in Montenegro, Podgorica 14 April 2010.

- Only in some projects had corrective measures to be taken to address the weakness in design.
- Efforts have to be made to adequately adapt and respond to changes of the external environment and to follow the EU effectiveness agenda and the Paris declaration.
- According to the interviews, respondents consider project/programme aid useful, as it allows for “tailor made” support; its most important advantages are its targeting capacity and flexibility. Disadvantages are seen in the long and bureaucratic procedures.

Assessment of Effectiveness²³

Findings:

- Out of the 14 monitored national projects, 21% had problems in terms of effectiveness. However, there were no projects facing serious deficiencies.
- The evaluators reviewed the monitoring reports of twelve national projects prepared by the ROM WBT in the first half of 2010. It's worth mentioning that nine projects out of twelve are rated B in terms of effectiveness, 3 scored C.
- Beneficiary counterparts have been usually very satisfied with the achieved results.
- Projects that were rated as less effective usually had to adapt to changes in external conditions to ensure the benefits to the target groups.
- Another negative observation was the lack of suitable staff on the part of the beneficiary and a lack of visibility.

Assessment of Sustainability²⁴

Findings:

- Out of the total of the 14 monitored national projects in 2009, 2 scored “C” for sustainability, that is 14% of the monitored portfolio.
- There were no projects, national or regional, facing serious deficiencies.
- Out of 12 monitoring reports prepared by ROM project teams in early 2010, eleven projects were scored “B” and only one project “C”.
- A positive observation is that once the project ends, the results are accessible to all target groups.
- A further positive element was the involvement of municipalities and adequate Government support at the level of national and sectoral policies.
- A negative observation was for example the lack of involvement of the private sector.

Impact Prospects

²³ Effectiveness definition: “contribution by the Project Results to achievement of the Project Specific Objective(s)”.

²⁴ Sustainability definition: “the likelihood⁴ of a continuation in the stream of benefits produced by the project after its end”.

Finding:

- In the twelve monitoring reports developed by the ROM expert team in 2010, ten projects were assessed "B", 2 projects "C".

Efficiency of Implementation

Finding:

- The efficiency of IPA projects monitored by ROM team in 2010 has been scored as follows: 3 projects were rated "A", 4 projects received a "B" and five projects were scored "C".

EQ 18: Are there any potential actions which would improve the efficiency & effectiveness of ongoing assistance?

General:

The European Union has in place different approaches to monitor the implementation of projects to verify the sound management of interventions, inform on progress and the use of inputs, and on the progress of outputs and results.

Experience shows that complex projects with several beneficiaries require a good and efficient co-ordination between the main actors involved, in order to ensure a successful implementation of project activities. For this reason, a project Steering Committee is usually established to monitor project implementation on regular basis.

The Government of Montenegro is preparing itself for the decentralization of IPA management. As it has been reported in several occasions in this report, the EUD in Montenegro has made considerable efforts to support national authorities to improve their skills and effectiveness of operations.

Findings:

- During interviews with key stakeholders it was highlighted that the EUD has developed a document to inform Project Steering Committees' members about their functions and responsibilities.
- Problems can arise because of the long time period between programming and implementation.
- At the time of implementation, the project can be outdated in some parts.
- The legal status and organisational framework for beneficiaries are often different from the proposals initially made by the project.
- Some adjustments of the project in comparison with the initial proposal are often required.
- Recently, the EUD started to involve CFCU staff in the assessment of tendering documentations as observers. This cooperation will be intensified as of September 2010 by on the job training offered by EUD within the premises of Delegation.

- Training and institutional support provided to beneficiary institutions is important. The EUD in Montenegro aims at involving the Human Resources Development Authority in the design and delivery of relevant training.
- The information collected analysing the database and briefing notes on IPA projects regularly developed by the Operations Sections of the EUD shows an effective use of monitoring instruments including a sound knowledge of the sectors and IPA projects at various stage of implementation.

3.5. Impact and Sustainability

3.5.1. Introduction

Before IPA, only a few national institutions had experience with donor assistance projects. The situation has drastically changed since, and now the majority of institutions are aware of IPA opportunities. The capacity of civil servants has been increased to the level that they can independently write IPA project fiche-s.

It is too early to measure the overall impact of IPA intervention. However, as mentioned before, tangible results might be recognised within revenue-collecting and border-controlling institutions. Impact on ownership is directly related with the level of beneficiaries' involvement in programming. Beneficiaries are much more sensitive regarding projects from IPA 2009 and IPA 2010 in which design they were actively involved, than projects from IPA 2007 and IPA 2008 which mostly were designed by external consultants and EAR task managers.

The European Union Delegation (EUD) in Montenegro has the intention to establish permanent mechanisms for an efficient and significant impact evaluation of all IPA programmes in order to provide the national authorities, the public, the European Commission, the European Parliament, EU Member States and all relevant actors and stakeholders with informative and helpful assessments of achievement and impacts of all projects implemented under the instrument for pre-accession.

The preparation of impact evaluation of the IPA Programme in Montenegro focuses on developing the most appropriate measures to assess the impact of IPA projects in all sectors. This includes reviewing all indicators of IPA projects, the identification of the most relevant SMART indicators for each logical framework and the development of a work plan for impact assessment and, finally, impact evaluations of the programmes.

A team of experts is engaged in re-writing indicators and creating mechanisms for their measurement in the future. In this particular work the consultants are holding two or three meetings per project with beneficiary institutions on how to monitor indicators and how to follow up in the future. The main task is to make the indicators time-bound. On the side of beneficiary institutions, MONSTAT is going to prepare a work-plan for Impact Evaluation when the measurement of indicators will be carried out on the basis of a defined baseline.

3.5.2. Analysis of Impact & sustainability and Findings

<p>EQ 17: Which are the prospects for immediate & long-term impact & sustainability of assistance? Are there any elements which are/ could hamper the impact and /or sustainability of assistance?</p>

General:

The assessment of monitoring reports produced in 2009 and 2010 provide us with findings regarding impact prospects and potential sustainability, as it has been already presented in

previous chapters.

Findings:

- There is a need to concentrate on key aspects of the EU integration process, taking into account demands from beneficiary institutions.
- The provision of training on this topic is an obvious requirement.
- The turnover in staff and the appointment of new staff have been identified by the majority of interviewed stakeholders as a major challenge to sustainability.

EQ 19: Are there any actions which would improve prospects for impact & sustainability of ongoing assistance?

General:

As it has been assessed and reported, the quality of project objectives is increasing with each year of IPA programming. Technical assistance and provision of training increases the capacity of beneficiaries in developing project fiches, including designing of project objectives and implementation of projects. The external technical and advisory support has remained a necessary component to this activity.

A project is sustainable when it continues to deliver results and achieve impacts after the EU funding has stopped.

Findings:

- Within the constraints of its work due to the maturity of the projects assessed, the experts assessed that the results of 10 out of 11 projects are likely to be sustained
- The advisory role of EU Delegation Task Managers is significant.
- The beneficiary institutions have appreciated the direct communication and support of the EUD including the involvement in various aspects of programming and implementation of EU assistance.
- The importance of a constant and flexible source of capacity building support is recognised.
- It is strongly recommended that the Montenegrin government, at least partially, contribute to the financing of IPA projects and thus commit to the ownership of projects.

4. CONCLUSIONS & RECOMMENDATIONS

Annex 2 attached is a table which summarises this chapter and highlights conclusions and recommendations but also links them with the evaluation questions, findings and recommendations.

4.1. Programming and Intervention Logic

4.1.1. Conclusions

- The EU accession requirements did not take into consideration the size of Montenegro (especially the size of its administration). Montenegro is supposed to develop the same institutional mechanisms for EU accession as, for instance, Turkey, which is an incomparable bigger country. MIPD strategic priorities are adjusted to the Montenegrin situation, developed on the basis of a balanced assessment of ambitious goals of the Government of Montenegro for EU accession and realistic expectations from the EU. However, the strategic priorities have insignificantly changed over the years. Besides, the mechanisms for assessing the needs are not clear.
- The IPA Component I envelope for Montenegro is not sufficient to achieve a large-scale administrative reform and related institutional adjustments for EU accession. However, even the relatively small envelope for IPA Component I cannot be accommodated with a sufficient number of good quality project ideas.
- The MIPD objectives should be more focused, and try to target the most important areas of intervention. The progress on the achievement of the objectives is not so much correlated with the allocated funds but rather with the quality of project ideas/fiches, or with the capacity of the beneficiary institutions to utilise/implement the potential projects. As a consequence, IPA 2011 programming focuses more on infrastructure-based projects since they are easier to implement than the traditional transitional assistance and capacity building projects. Besides, within the IPA 2011 programming there is a tendency to reduce the number of projects, setting the limitation of one project per beneficiary. This shift of priorities might undermine the intention to increase the capacity of the administration in the transitional period.
- IPA Component I Programming is on a learning curve. The quality of project ideas has improved with each new cycle of IPA Programming. Training activities have increased the capacity of beneficiaries in developing project fiches. However, external technical and advisory support is still necessary.
- Although there is a framework for selecting projects, supposed to be determined vertically by medium- and short-term strategic priorities and annual MIPD and MIFFs, and horizontally by national and Sector-based Strategies, the capacity of NIPAC office is insufficient to implement this in practice. As a consequence, the selection criteria remain unclear to most of the beneficiaries, leaving them to believe that DG Enlargement and the Delegation have an ultimate power to decide which project ideas will be selected for further development. This belief has been further strengthened by NIPAC's reluctance to take a leading role.
- The prioritization of the projects has been affected by local constraints such as the ability and capacity of the beneficiaries to successfully utilise the project results. This approach is rather "elitist", being more favourable to the beneficiaries with more

capacity than to those with less. It should be mentioned that there is a significant difference in capacity between beneficiaries that have a history of participation in development assistance projects and those ones whose first experience with projects has started with IPA. However, it should be stressed that the capacity of the beneficiaries is low in general, especially in the field of implementation of activities and monitoring of the project results.

- There is no doubt about the relevance of the projects in terms of beneficiaries' strategies and policy documents. Sector-based strategies usually have such a wide focus that every initiative from the beneficiary institution falls within the identified sector priorities. However, there are no institutional mechanisms to check whether the projects are the most relevant, efficient and effective in order to meet the priority objectives for relevant reforms in key areas.
- The beneficiaries tend to submit projects that aim at solving short-term and sometimes urgent issues. However, IPA Component I has not been designed to rapidly respond to urgent issues of the beneficiary institutions since it usually takes two years from programming to implementation (which is a too long a period in the case of urgent issues). As a consequence, it happens that the beneficiary institutions, while waiting for implementation, apply to multinational and bilateral donors to fund activities that are already agreed to be funded by the IPA projects.
- Technical Assistance remains necessary in designing objectives and indicators since the beneficiaries do not have sufficient knowledge in that regard. The whole concept of indicators and measuring the achievement of the project results and objectives is still vague to the beneficiaries and their knowledge in this regard is purely theoretical. Therefore, the quality of indicators developed by beneficiaries is not sufficient. The quality of indicators is also in relation with the expertise of task managers in the field of the project intervention. The same applies for the external consultants that were assigned to write project fiches.
- The problem of weak objectives and indicators has created difficulties in monitoring of achievements. The Delegation has recognised the problem of inadequately designed objectives and indicators and in that regard they have initiated a Service Contract on the Preparation of Impact Evaluation on the IPA Programme, which will go through each objective and related indicators and try to rewrite them adequately.
- There is an issue on information flow from DG Enlargement/EU Delegation to the beneficiaries. Most of the interviewed beneficiaries claimed a lack of information on the status of their projects once they submitted the project fiche(s) to the Delegation.
- DG Enlargement and the Delegation are taking care of the sequencing of the assistance, making sure each individual projects is a part of a bigger picture of EU accession and institutional building of beneficiaries. National structures lack knowledge and experience on the sequencing of the assistance.

4.1.2. Recommendations

- There is a need for structural changes within the programming, from re-assessing the needs, through mapping the institutional capacities and promoting of champions and best practices to changing the strategic approaches and priorities, which include looking for alternative solutions for structural adjustment for small countries such as Montenegro.

- It is recommended to consider the size of Montenegro when designing institutional modalities for EU accession. In that regard, it is recommended to look and apply models and best practices from EU accession of new member states of a smaller size such as Cyprus and Malta.
- Since it is unrealistic to believe that the IPA envelope for Montenegro is going to be increased, the programming should be focused in achieving quick results and tangible progress in the areas most important for the EU Accession.
- In IPA Programming, it is recommended to apply a “rifle”²⁵ instead of the “shotgun”²⁶ approach that was used in so far programming.
- There is a need to create mechanisms to increase the institutional communication between stakeholders involved the IPA programming (DG Engagement/Unit C4, the Delegation, NIPAC, national structures and other beneficiaries).
- NIPAC should be held accountable for the process of selection of the project ideas. Therefore, the NIPAC office should be encouraged to develop prioritization criteria, in close cooperation with other national structures and with technical assistance provided by the Delegation. DG Enlargement and the Delegation should limit their involvement to the selection of project ideas and give more responsibilities to NIPAC office in this regard.
- The capacity of the NIPAC office, but also other national structures, should be enhanced in order to allow it to better understand how to do the prioritization of IPA Programme intervention. That could be done by giving more tasks and responsibilities to the national structures during IPA Programming.
- Shifting priorities to infrastructure development projects should be done in a way to secure the institutional capacity development component.
- There is a need of further enhancement of capacities among beneficiaries, especially in the field of designing objectives and indicators, including identifying sources of verification. It is recommended to design a special training programme that will provide advanced knowledge in this regard. The training programme should be combined with capacity building training in the field of monitoring of project outputs, results and objectives.
- The Delegation should work together with beneficiaries to create institutional mechanisms to monitor the achievement of projects’ objectives.
- The NIPAC office and beneficiaries should be trained to understand and apply the methodology of sequencing of the assistance through IPA Programming.
- The beneficiaries should be further trained in long-term programming and how to use IPA Component I to address strategic priorities, leaving short-term issues to other bilateral/multilateral donors and to the Government transfers or their own resources.

²⁵ “Rifle” approach is the intervention strategy in which the aim is to concentrate efforts on a narrowly defined area or subject of intervention in order to achieve a clearly defined objective.

²⁶ “Shotgun” approach is the intervention strategy wherein the campaign is a broad-based, aiming distribution of results as wide and diverse target group as possible in the hope of obtaining the greatest achievements.

- The NIPAC office, SPOs and the newly established office for donor coordination should be more engaged in preventing the double or overlapping funding of the same project.
- The Cabinet of Deputy Prime Minister should carry out activities to establish an overall system of coordination of donor support as it was outlined in its official document of May 2010. The Cabinet should include the donor community in the establishment and operation of the overall system in terms of ensuring possible expert and financial support to the process of establishing the system, and for their later active involvement in the operation of the entire coordination system.

4.2. Administration and Monitoring

4.2.1. Conclusions

- The Government of Montenegro has received support through Technical Assistance projects to assist the public administration in preparation for the implementation of the DIS. The results of outcomes of this assistance, together with the findings from the GAP Assessment performed by the external auditors for the EUD in Montenegro outlines that one of the key challenges to the implementation of DIS in all the Operating Structures is the general lack of motivation of the individuals within the governmental institutions. Generally, DIS related tasks are viewed as additional duties with no pressing urgency, as deadlines and outcomes of DIS stem over a few-year time horizon. The Government bodies involved in DIS process did not prepare a workload analysis to provide an estimation of the human resources required in order to accomplish its tasks and functions related to IPA programme.
- There is a need to define the competency requirements (knowledge, skills, abilities) for individual positions in all bodies, considering tasks and responsibilities assigned to them. Additionally, there is a necessity to prepare an analysis of training needs and a training plan for the Operating Structure staff to ensure they have adequate knowledge, skills and abilities to perform their tasks and fulfil their responsibilities. There are three Manuals of Procedures for Operating Structure for IPA Component I currently in place. The existence of appropriate and complete Manuals of Procedures is a pre-condition and one of the basic requirements which have to be fulfilled by all bodies involved in the implementation of different IPA Programmes/Components.
- Managing of funds entails programming, tendering, contracting, payments to final beneficiaries and contractors, monitoring and evaluation. Currently, these activities have been conducted by the Delegation of the European Commission in Montenegro under the centralised system of management of EU funds.
- National institutions should take full ownership of the funds implementation process. The projects submitted must be mature and strategically designed. It must also be ensured that in national institutions there is a continuity of staff that undergo training, develop skills/know-how in programming and in projects implementation itself. The allocation of donor assistance and its coordination must be more effective. In the coming period, the Secretariat for European Integration will take a more active role in coordinating the work of donor community in Montenegro. Awareness must be raised on the strategic approach in planning financial assistance implementation, inter-

sectoral coordination, and participation of representatives of the public sector in EU funds programming.

- The monitoring capacity of national authorities might be considered as very diverse. The technical capacities of some ministries are very good while in others they are quite weak. The NIPAC is represented in the Project Steering Committee Meetings. However, the level of involvement of the NIPAC officials is rather marginal. Part of the problem is the fact that NIPAC's office is understaffed.
- The capacity of some private agents such as PROCON, Montenegrin Employers Federation, etc. providing services to national and local governments is very good. They have a very good structure in place, with enough highly skilled workers. The solution to the lack of administrative capacity of the public sector might be in strengthening the role of these specialised agencies
- High staff turnover is a constant problem and training must be repeated. Thus, the number and high turnover of staff in various bodies including savings measures introduced by the government jeopardise the effectiveness of the administration system.

4.2.2. Recommendations

- It is recommended that detailed job descriptions for all the positions/employees within the IPA operational structure are prepared with clear definitions of their responsibility, authority and accountability, ensuring that no member of staff is in doubt as to the extent of his/her responsibilities. Competency requirements (knowledge, skills, and abilities) for individual positions should consider the character of tasks and responsibilities assigned to the institution. We recommend that the defined requirements be further used for the preparation of development and training plans for the staff and the recruitment of new employees.

4.3. Sector Based Approach & Mapping

4.3.1. Conclusions

- Sector-based approach is a rather recent phenomenon in Montenegro, initiated under the auspices of international donors and other development organizations. There is no donor agency or development organization in Montenegro that has not been involved in the creation of at least one sector strategy in Montenegro. There is no accurate information available about how many sector-based strategies exist in Montenegro, though that number is not less than the so far identified 95 strategies.
- However, there is a lack of commitment of the donor agencies to work on the implementation of the strategies they helped to develop. Donors have provided only sporadic support in implementation of strategies, funding priority projects that fit their own agendas. The Government and the Line Ministries have become responsible for financing and coordination of the strategy implementation, though they have not been adequately prepared and are not sufficiently trained for such activity.
- In addition there is an issue of coordinating the implementation of such numerous strategies and project interventions. Empirical findings have shown a lack of institutional mechanisms to coordinate project interventions and monitoring achievements of the strategic objectives. inter-ministerial or multi-beneficiary strategy

harmonisation seems to be difficult also. Strategy harmonisation has been done at the level of the Prime-minister office, though the evaluation team could not get full knowledge on mechanisms and procedures in this regard.

- There is no unique methodology for strategy development and variations are significant among strategies developed by different donor agencies. While some strategies were developed in a participatory manner with close cooperation of all stakeholders, external consultants and experts unilaterally developed other strategies. In addition the adopted strategies usually lack action plans and implementation modalities, as well as proper budget allocations.
- IPA programming is so far project-based rather than sector-based, although the programming is taking care that the submitted project ideas are in line with the sector-based strategies. The problem with introducing sector-based approach mostly lies in the lack of national capacity to coordinate the sector-based programmes and strategic priorities.
- IPA currently represents 30-40% of capital expenditures in the country and is equivalent to 1.5% of GDP.

4.3.2 Recommendations

- It is recommended to conduct a strategy mapping study including horizontal adjustments and harmonisations among them. This might be done separately or within the new coming IPA2009 project on Development Strategy of Montenegro (2010-2015) and the National Development Plan, which should start its implementation in Autumn 2010.
- A shift towards a sector-based approach should be done gradually, ensuring a high level of coordination between all the involved parties and in combination with capacity-building activities.
- In that regard there is a need for a Sector Policy Support Programme with the aim to increase the national capacity to apply and coordinate sector-based programmes.

4.4. Efficiency and Effectiveness

4.4.1. Conclusions

- IPA programmes in Montenegro have been effective insofar as they have been aligned with national development priorities, compatible with the development priorities of funding donors and partners.
- The majority of IPA projects show a high degree of relevance. The projects are well defined and in line with the multiple needs of European accession. In some cases, the EU Delegation has initiated priority projects.
- Assistance has been directed to strengthening Montenegro administration capacity to absorb and manage funds and increasing absorption capacities. In general, the completed projects have delivered the expected results and the prospects for the projects not yet completed are positive. Mismatches with expected results were in some cases due to administrative issues, beneficiaries' sub-optimal involvement and coordination, and overambitious design.

- The process adopted by programme activities have been transparent and, in many cases, innovative, employing a wide variety of consultative and participatory techniques.
- The Delegation has built up considerable strength and capacity in its institution. The staff is seen to be well committed, highly motivated and the management of IPA programme in Montenegro has been effective.
- A viable know-how transfer platform has been built to support existing programmes as well as to allow for future transfer to DIS.

4.4.2. Recommendations

- The EUD should promote the preparation of a document describing rights and obligation of Steering Committees' members in order to clarify their responsibility and obligation to ensure the best achievement of the projects' outputs.
- It is required to build flexibility into project design taking in account that the actual implementation can take up to two years after programming commences.

4.5. Impact and Sustainability

4.5.1. Conclusions

- The EU Delegation makes great efforts to introduce the concept of impact evaluation to stakeholders as a tool for them to continue using with IPA projects. The Delegation aspires to establish permanent mechanisms and encourages the Beneficiaries of IPA to evaluate the concrete impact of the EU assistance and to disseminate those results to the public at large to reinforce the ownership of the process (facilitation of change in the Montenegrin society). This action should run on an annual or bi-annual basis. Currently, a team of experts is working to propose simple methods (adjusted to the capacity of stakeholders) and to help defining a limited number of indicators (to ease the workload for evaluating them). The element of sustainability of each Project is therefore a critical factor to success. It implies a strong participatory approach and the definition of what we could call "participatory indicators" (among the SMART criteria used for the definition of indicators).
- The implementation of projects often show positive impacts if there is a large response from the target groups.
- Repeated, focused and flexible assistance is important for improving prospects for impact and sustainability of ongoing assistance.

4.5.2. Recommendations

- It is important to provide constant and flexible source of capacity building support.
- It is strongly recommended that the Montenegrin government, at least partially, contribute with its own funds to the financing of IPA projects and thus commit to the ownership of projects.

5. ANNEXES

1.1 ANNEX 1: EVALUATION MATRIX

No	Evaluation Question	Judgement Criteria	Indicators	Sources of verification
<i>Specific Objective 1: Intervention Logic</i>				
Question Grouping (1): Programming				
1	To what extent are objectives SMART at different levels (strategic, MIPDs & programmes)?	<p>To be judged acceptable, objectives should:</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> give direction by showing linkage to an ascending order of objectives (operational, specific, intermediate, overall objectives) <input checked="" type="checkbox"/> be appropriately scoped for their level in the hierarchy of objectives <input checked="" type="checkbox"/> have SMART indicators at the appropriate levels as shown: <ul style="list-style-type: none"> • Measures taken /resources used (input) • Immediate results of resources used/measures taken (output) • Results at beneficiary level (outcome) • Outcome of wider objectives (impact) <input checked="" type="checkbox"/> • <input checked="" type="checkbox"/> be achievable, given the assumptions made & resources allocated. 	<ul style="list-style-type: none"> ▪ % objectives correctly sequenced and scoped in objectives hierarchy ▪ % objectives with SMART indicators ▪ % objectives which are likely to be achievable 	<ul style="list-style-type: none"> ▪ SAA ▪ European Partnership ▪ MIPDs ▪ National Strategy for Development & Integration ▪ National Plan for the Approximation of Legislation & the SA ▪ National Sector Strategies ▪ National Annual TAIB Programmes ▪ Project Fiches
2	To what extent planning & programming provide adequate assessment of needs (both financial & time) to meet all accession requirements /strategic objectives?	<p>To be judged as being adequate, needs assessments should:</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> include problem analyses <input checked="" type="checkbox"/> budgetary costs covering financial, administrative & human resources <input checked="" type="checkbox"/> costs for beneficiaries (co-financing, compliance costs stemming from administrative burden) <input checked="" type="checkbox"/> Are needs analysed within a realistic and adequate timeframe 	<ul style="list-style-type: none"> ▪ Number of sectoral problem analyses & needs assessments carried out per programming year. ▪ % projects prepared on basis of problem analyses or needs assessment ▪ % project /programme budget requests based on itemised cost estimates ▪ National budgets show co-financing in years n, n+1. ▪ Average amount of co-financing (M€) /project /annual programme ▪ National Strategy for Development & Integration & National Plan for the Approximation & the SAA include cost estimates per sector of achieving accession objectives ▪ Cross reference fiches to needs 	<ul style="list-style-type: none"> ▪ National Strategy for Development & Integration ▪ National Plan for the Approximation of Legislation & the SA ▪ Ministry of Finance (national budget) ▪ National Sector Strategies ▪ National Annual TAIB Programmes ▪ Project Fiches

No	Evaluation Question	Judgement Criteria	Indicators	Sources of verification
3	To what extent are annual IPA component I allocations (MIFFs) adequate in relation to the strategic objectives of the MIPDs?	<p>To be judged as being adequate, MIFF financial allocations should:</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> reflect estimated costs of achieving MIPD objectives. <p>Is there a global estimation of the total costs to achieve objectives in MIPDs?</p> <p>How is the relation between objectives and allocation of resources as per</p> <ul style="list-style-type: none"> ▪ level of priority ▪ sequencing of needs ▪ timeframe for implementation <p>Are there any significant shortages of funds to meet some objectives?</p>	<p>assessments</p> <ul style="list-style-type: none"> ▪ % concordance between the following: <ul style="list-style-type: none"> ▪ MIFF national allocations for IPA-TAIB ▪ MIPD financial allocations per main areas of intervention ▪ National Annual TAIB Programme financial allocations per priority programming axes ▪ Cost estimates of National Strategy for Development & Integration & National Plan for the Approximation & the SAA ▪ Evidence of underfunded projects 	<ul style="list-style-type: none"> ▪ MIFF ▪ MIPD ▪ National Strategy for Development & Integration ▪ National Plan for the Approximation of Legislation & the SA ▪ National Sector Strategies ▪ National Annual TAIB Programmes
4	To what extent is the project selection mechanism appropriate in the sense of selecting the most relevant, efficient & effective projects to meet strategic objectives?	<p>To be judged appropriate, the project selection mechanism should ensure that:</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> projects are identified within the framework of the hierarchy of EC & national IPA programming documents i.e. they must be consistent with these documents & clearly aimed at the achievement of accession-related objectives. <input checked="" type="checkbox"/> projects are focussed on improving the existing situation, project identification should include analyses of (i) problems/needs; (ii) stakeholders; (iii) likely target groups; (iv) potential beneficiaries <input checked="" type="checkbox"/> project preparation is subject to national, internal, quality control procedures focussed on project (i) <u>relevance</u> (justification on problems/needs & impact on European integration /EU accession); (ii) <u>efficiency</u> (project design & readiness re. activity-task 	<ul style="list-style-type: none"> ▪ Number of appropriate references to programming documents in IPA TAIB project fiches ▪ % projects selected which have high priority in the National Strategy for Development & Integration i& National Plan for the Approximation & the SAA i ▪ . % projects prepared on basis of problem analyses/needs assessments /stakeholder analyses) ▪ % project budget requests based on itemised cost estimates ▪ % projects with realistic procurement schedules (re PRAG) ▪ % projects with supporting procurement documentation & studies 	<ul style="list-style-type: none"> ▪ Project Fiches ▪ National Internal Procedures/ Manuals /Guidelines /Documents ▪ Reports DG ENLARG programming missions

No	Evaluation Question	Judgement Criteria	Indicators	Sources of verification
		<p>definition, contract identification & contracting timetables, budgetary analysis, procurement documentation, output-result schedules); (iii) <u>effectiveness</u> (likelihood that results will achieve project purpose & benefits to target groups)</p> <p><input checked="" type="checkbox"/> projects selected for inclusion in annual TAIB programmes are selected on the basis of quality & accession priority</p> <p><u>Institutional framework for project selection in place:</u></p> <p><input checked="" type="checkbox"/> adequate human and material resources</p> <p><input checked="" type="checkbox"/> efficient involvement of stakeholders</p> <p>How is the relation between objectives and allocation of resources as per</p> <ul style="list-style-type: none"> ▪ level of priority ▪ sequencing of needs ▪ timeframe for implementation 		
5	To what extent programming provides adequate prioritisation & sequencing of assistance?	<p>To be judged adequate:</p> <p><input checked="" type="checkbox"/> projects should be selected on the basis of their EU accession / European integration significance rather than, say, their ease of preparation in relation to programming deadlines.</p> <p><input checked="" type="checkbox"/> project selection in relation to annual programming priorities takes into account realistic implementation time frames</p> <p>Projects within any one field of assistance (e.g. public administration reform) are selected in such a way as to show: (i) linkage; (ii) continuity; (iii) appropriate time phasing, in successive annual programmes</p> <p>When answering this EQ, findings from EQ3-4 will be used</p>	<ul style="list-style-type: none"> ▪ % projects selected which have high priority in the National Strategy for Development & Integration i& National Plan for the Approximation & the SAA i ▪ % projects showing sectoral continuity (i.e. as projects finish, follow-on projects are ready to start implementation) 	<ul style="list-style-type: none"> ▪ EC Regular Progress Reports ▪ National Strategy for Development & Integration ▪ National Plan for the Approximation of Legislation & the SA ▪ National Annual TAIB Programmes ▪ Project Fiches ▪
6	To what extent programming takes adequate & relevant account of	To be judged as being adequate:	<ul style="list-style-type: none"> ▪ Number & type of inputs provided by beneficiaries to the preparation of 	<ul style="list-style-type: none"> ▪ EC Regular Progress Reports

No	Evaluation Question	Judgement Criteria	Indicators	Sources of verification
	beneficiaries' policies, strategies & reform process in relevant key areas?	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> the programming process should include, & incorporate, regular consultations with national authorities responsible for policy, reform & strategic planning in accession-related sectors programming documents should contain appropriate, & up to date, references to national policies /strategies /reforms in accession-related sectors 	<ul style="list-style-type: none"> MIPDs ▪ % concordance of policy & sectoral analyses between Regular Progress Reports, European Partnerships, MIPDs, National Strategy for Development & Integration i& National Plan for the Approximation & the SAA Annual Programmes & Project Fiches ▪ % Project Fiches containing references to national policies, strategies & reforms 	<ul style="list-style-type: none"> ▪ European Partnerships ▪ Draft MIPDs & Final MIPDs ▪ Government Documents /Reports (MTEF)²⁷ ▪ National Strategy for Development & Integration ▪ National Plan for the Approximation of Legislation & the SA ▪ National Annual TAIB Programmes ▪ Project Fiches
8	To what extent programming include SMART indicators to measure progress towards achievement of objectives?	<p>To be judged acceptable, indicators formulated in programming (for subsequent use in monitoring) should be SMART , namely:</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> <u>Specific</u> (linked to, & appropriate to, level in the intervention logic); <input checked="" type="checkbox"/> <u>Measurable</u> (quantifiable variables); <input checked="" type="checkbox"/> <u>Available</u> (data exist or provisions are made to collect data); <input checked="" type="checkbox"/> <u>Relevant</u> (significant correlation with intervention level targets) <input checked="" type="checkbox"/> <u>Time-bound</u> (i.e. variables which can be expressed as rates and /or targets for fixed time periods) 	<ul style="list-style-type: none"> ▪ % of IPA programming & monitoring documents containing indicators ▪ % of indicators in IPA programming & monitoring documents which are SMART ▪ % of programming /monitoring documents judged to be of poor quality because of indicators. 	<ul style="list-style-type: none"> ▪ MIPDs ▪ National Strategy for Development & Integration ▪ National Plan for the Approximation of Legislation & the SA ▪ National Annual TAIB Programmes ▪ Project Fiches (Logical Frameworks) ▪ Monitoring Reports
		<input checked="" type="checkbox"/>		▪
7	To what extent programming takes adequate & relevant account of assistance provided & reforms promoted by key donors where applicable?	<p>Programming is judged to take adequate & relevant account if:</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> IPA programming documents, at all levels, contain appropriate references to assistance from key bilateral/ development bank assistance <input checked="" type="checkbox"/> Programming identifies synergies with other donors <p>There is a formal institutionalised system for donor</p>	<ul style="list-style-type: none"> ▪ Number of references to key donors in IPA programming documents ▪ % Project Fiches with references to key donors. ▪ Number of references to IPA assistance in donor assistance strategies/ reports & programming documents ▪ Evidence of a common database ▪ Evidence of duplication of activities with other donors 	<ul style="list-style-type: none"> ▪ PA Programming Documents (European Partnerships to Project Fiches) ▪ Donor Reports ▪ Donor Assistance Strategies ▪ Donor Programming Documents

²⁷ MTEF= Mid-Term Expenditure Framework; a government document with priorities, projects & budget allocations i.e. national programming linked to national budgetary process.

No	Evaluation Question	Judgement Criteria	Indicators	Sources of verification
		co-ordination. Reference and coordination with strategies is provided in programming documents for areas where donor assistance is aligned to functioning strategies		
Question Grouping (2): Overview mapping				
10	What are the existing sectoral strategies in ... To what extent are strategies duly embedded into beneficiaries policies /budget? To what extent is EU/ donor assistance aligned with /embedded into existing strategies?	On the basis of a national audit of strategies ²⁸ , sector strategies will be judged as being embedded if: <ul style="list-style-type: none"> <input checked="" type="checkbox"/> beneficiary administrative structures & procedures exist to implement & their strategies are regularly monitored <input checked="" type="checkbox"/> financial allocations are made for them in the state budget <input checked="" type="checkbox"/> IPA /donor assistance projects support their implementation 	<ul style="list-style-type: none"> ▪ Number of officials employed /procedures used to administer sector strategy implementation ▪ Budgetary allocations for implementing sector strategies ▪ Number of sector strategic objectives integrated into National Strategy for Development & Integration i& National Plan for the Approximation & the SAA i& government legislative plans ▪ Number of references to beneficiary strategies in IPA programming documents 	<ul style="list-style-type: none"> ▪ National Sectoral Strategies ▪ National Strategy for Development & Integration ▪ National Plan for the Approximation of Legislation & the SA ▪ Government Documents (legislative plans & budget forecasts) ▪ IPA Programming Documents (European Partnerships to Project Fiches).
11	Overview of assistance and projects per donors and sector		<ul style="list-style-type: none"> ▪ 	<ul style="list-style-type: none"> ▪
Group 3: Sector-based approach				
13	Is programming through a sectoral based approach a suitable, feasible & operational option for future programming (MIPDs & national programmes)	Programming through a sectoral approach is judged: <p>an <u>operational option for future programming</u>, if preconditions for adequate implementation (incl. clear allocation of responsibilities) and monitoring are in place</p> <p>A sector programme for an IPA beneficiary country should identify what is needed to modernise a sector and align it to EU standards.</p> <p>Should be based on a country's own national development plan and be underpinned by the EU's overall enlargement policy as well as by the</p>	<ul style="list-style-type: none"> ▪ Number of acceptable quality sectoral strategies which have accession-relevant objectives ▪ % of <i>acquis communautaire</i> /accession-significant areas which is covered by existing sectoral strategies ▪ Number of officials employed /procedures used to administer sector strategy implementation 	<ul style="list-style-type: none"> ▪ National Sector Strategies ▪ National Strategy for Development & Integration ▪ National Plan for the Approximation of Legislation & the SA ▪ Government Documents (administration of sector strategy implementation & monitoring)

²⁸ An audit of national strategies will be undertaken as part of this evaluation. The audit will include: mapping strategies; assessing (i) quality, (ii) accession-relevance & (iii) costs of existing national strategies.

No	Evaluation Question	Judgement Criteria	Indicators	Sources of verification
		country's Accession/European Partnership and SAA. Should allow for EU integration priorities to be strategically planned for and sequenced at an early stage		
14	To what extent is the beneficiary ready to operate a shift towards a sector based approach in its own strategies, and in planning & programming sector based actions & finances?	The beneficiary is judged ready if: <ul style="list-style-type: none"> <input checked="" type="checkbox"/> nominated government institutions are responsible for preparing, implementing & monitoring sector strategies <input checked="" type="checkbox"/> sector strategic objectives are contained in the MIPD <input checked="" type="checkbox"/> sufficient administrative capacity exists to manage a sectoral approach <input checked="" type="checkbox"/> there is a linkage between sector strategies & budgetary planning. <input checked="" type="checkbox"/> preconditions for adequate implementation (incl. clear allocation of responsibilities) and monitoring are in place 	<ul style="list-style-type: none"> ▪ Number of acceptable quality sectoral strategies ▪ Number of sectoral strategies whose costs are included in national budgets ▪ Number institutions involved in implementing strategies & monitoring of implementation ▪ Internal procedures & administrative processes exist for undertaking sector strategic approaches (Number of procedures, Number of meetings of sectoral working groups etc) ▪ Beneficiary administrative capacity (staffing levels, number of institutions involved in sectoral planning) 	<ul style="list-style-type: none"> ▪ Government Documents i.e. Sectoral Strategies, National Budget Forecasts, Legislation establishing institutional roles & responsibilities, NIPAC Reports, Government Organigrammes
Question Grouping (4): Programming Gaps, Weaknesses & Recommendations				
9	Which are the main gaps /weaknesses in the current programming framework?	Judgement on gaps /weaknesses in the programming framework will be based on the examination of: <ul style="list-style-type: none"> <input checked="" type="checkbox"/> quality & coherence of IPA programming documents <input checked="" type="checkbox"/> procedures for updating & monitoring the implementation of National Strategy for Development & Integration i& National Plan for the Approximation & the SAA i <input checked="" type="checkbox"/> extent to which beneficiaries are involved in preparing strategic programming documents (particularly the MIPD) <input checked="" type="checkbox"/> procedures used by ECD & beneficiaries in annual programming (from project identification to selection); <input checked="" type="checkbox"/> role of sector strategies in programming <input checked="" type="checkbox"/> To what extent is the programming function burdened by bureaucracy 	<ul style="list-style-type: none"> ▪ Number & type of inputs provided by beneficiaries to the preparation of MIPDs ▪ % of IPA programming documents judged to be of acceptable quality ▪ Number of internal quality control checks on preparing Project Fiches ▪ Number of IPA projects prepared on the basis of sector strategies ▪ Analysis of unnecessary steps in the process 	<ul style="list-style-type: none"> ▪ EC Regular Progress Reports ▪ IPA Programming Documents (European Partnerships to Project Fiches) ▪ Government Documents (monitoring of, National Strategy for Development & Integration i& National Plan for the Approximation & the SAA i internal quality control procedures) ▪ Sector Strategies
11	How can programming of assistance be	Judgement on recommendations to enhance	<ul style="list-style-type: none"> ▪ % internal programming deadlines met 	<ul style="list-style-type: none"> ▪ IPA Programming

No	Evaluation Question	Judgement Criteria	Indicators	Sources of verification
	enhanced to more efficiently & effectively reach strategic objectives?	programming efficiency & effectiveness will be based on the examination of: <ul style="list-style-type: none"> <input checked="" type="checkbox"/> management of the annual programming process <input checked="" type="checkbox"/> quality control of project preparation <input checked="" type="checkbox"/> use, & availability of, technical assistance in preparing projects <input checked="" type="checkbox"/> the extent to which training & institutional support is provided for potential beneficiaries <input checked="" type="checkbox"/> capacity to develop realistic monitoring indicators 	<ul style="list-style-type: none"> ▪ % acceptable quality project fiches ▪ % project fiches needing corrective actions during internal quality control checks ▪ Number (%) staff in potential beneficiary institutions PCM trained ▪ Number of training /information events provided for potential beneficiaries ▪ % acceptable quality monitoring indicators ▪ TA inputs (consultancy days /M€ programmed) 	Documents (European Partnerships to Project Fiches) <ul style="list-style-type: none"> ▪ Government Documents (quality control checks, training provision, TA inputs)
12	How can programming be enhanced to improve the impact & sustainability of financial assistance?	Judgement on recommendations to enhance programming impact & sustainability will be based on the examination of: <ul style="list-style-type: none"> <input checked="" type="checkbox"/> extent to which programming involves civil society organisations & stakeholder discussions <input checked="" type="checkbox"/> extent to which beneficiaries are involved in project preparation <input checked="" type="checkbox"/> extent to which post-assistance planning takes place <input checked="" type="checkbox"/> arrangements for visibility, public awareness & publicity Phasing out (post-assistance) plans are provided in programming documents (e.g. TA for programming should include a timeframe for beneficiaries to take over responsibility)	<ul style="list-style-type: none"> ▪ Number of civil society organisations involved ▪ Number of visibility & public awareness events ▪ Number of projects where beneficiaries feel a sense of ownership (interview responses) ▪ Number of projects where future maintenance costs are subsumed in national budgets ▪ % staff turnover in beneficiary institutions ▪ % of projects using local contractors ▪ % of projects using local staff & services 	<ul style="list-style-type: none"> ▪ EC Delegation Reports ▪ EC Regular Reports ▪ SPO /Line Institution Reports ▪ Contractors Reports ▪ National Annual TAIB Programmes ▪ Project Fiches ▪ National Budgets ▪ Institutional Capacity Reports
▪ <i>Specific Objective 2: Performance (relevance, efficiency, effectiveness, impact & sustainability)</i>				
Question Grouping (5): Administrative & Monitoring Capacity				
15	Are the administrative & organisational structures in place ensuring efficient & effective implementation of financial assistance?	Judgement on administrative & organisational structures will be based on examination of: <ul style="list-style-type: none"> <input checked="" type="checkbox"/> government institutional & staffing arrangements for implementation & monitoring of projects <input checked="" type="checkbox"/> delays in implementation <input checked="" type="checkbox"/> unused funds 	<ul style="list-style-type: none"> ▪ Donor Coordination, IPA management structures & SPOs in place & evidence of activity. ▪ % of Donor Coordination /IPA management structures at /exceeding minimum staffing levels ▪ % staff turnover in IPA management structures ▪ % of IPA management structures with 	<ul style="list-style-type: none"> ▪ EC Regular Progress Reports ▪ Government Legislation ▪ Government Reports ▪ Previous evaluations (if any) ▪ Internal procedures manuals ▪ Monitoring Reports

No	Evaluation Question	Judgement Criteria	Indicators	Sources of verification
			<ul style="list-style-type: none"> procedures in place. ▪ % of procurement deadlines met ▪ Number of beneficiary staff responsible for monitoring ▪ Number of projects monitored ▪ Quality of Monitoring Reports 	<ul style="list-style-type: none"> ▪ Project Fiches ▪ Contractors' Reports ▪ Audit reports
	<p>To what extent are the monitoring mechanisms & structures appropriate & correctly functioning?</p>	<p>Judgement on administrative & organisational structures will be based on examination of:</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> government institutional & staffing arrangements for implementation & monitoring of projects <p>Evidence of inclusion of monitoring results into the decision making process</p>	<ul style="list-style-type: none"> ▪ Donor Coordination, IPA management structures & SPOs in place & evidence of activity. ▪ % of Donor Coordination /IPA management structures at /exceeding minimum staffing levels ▪ % staff turnover in IPA management structures ▪ % of IPA management structures with procedures in place. ▪ % of procurement deadlines met ▪ Number of beneficiary staff responsible for monitoring ▪ Number of projects monitored ▪ Quality of Monitoring Reports 	<ul style="list-style-type: none"> ▪ EC Regular Progress Reports ▪ Government Legislation ▪ Government Reports ▪ Previous evaluations (if any) ▪ Internal procedures manuals ▪ Monitoring Reports ▪ Project Fiches ▪ Contractors' Reports
Question Grouping (6): Efficiency & Effectiveness				
16	<p>To what extent ongoing IPA assistance has /is contributing to achieving the strategic objectives /priorities linked to accession preparation?</p>	<p>Judgement will be based on the performance of projects supported under the IPA TAIB 2007-9 programmes.</p> <p>The judgement differentiates two levels of sources of evidence and analysis:</p> <ul style="list-style-type: none"> • At programming level, based mainly on the assessment as per specific objective 1, • At implementing level, namely based on sources and indicators such as: status of contracting, institutional setting, monitoring reports and structures, etc , (i) timely execution of activities & delivery of outputs; (ii) planned results produced on time; (ii) likelihood of achieving project purpose <p><input checked="" type="checkbox"/></p>	<ul style="list-style-type: none"> ▪ Number of projects funded/ year ▪ Average size of projects (M€) ▪ %s of 2007, 2008, 2009 budgets contracted & disbursed ▪ % of outputs /results produced by IPA projects which have are linked to accession preparation ▪ Estimated % contribution IPA makes to the implementation of National Strategy for Development & Integration i& National Plan for the Approximation & the SAA i& national sector strategies ▪ % of IPA projects which are assessed in Monitoring Reports as acceptable ▪ % planned outputs & results delivered ▪ % output & result indicators achieved 	<ul style="list-style-type: none"> ▪ Court of Auditors Reports ▪ EC Regular Progress Reports ▪ National Annual TAIB Programmes, 2007-9 ▪ Project Fiches, 2007-9 ▪ National Strategy for Development & Integration ▪ National Plan for the Approximation of Legislation & the SA ▪ Monitoring Reports

No	Evaluation Question	Judgement Criteria	Indicators	Sources of verification
18	Are there any potential actions which would improve the efficiency & effectiveness of ongoing assistance?	Judgement on recommendations to improve efficiency & effectiveness of ongoing assistance will be based on the examination of: <ul style="list-style-type: none"> <input checked="" type="checkbox"/> management of procurement procedures <input checked="" type="checkbox"/> involvement of beneficiaries in preparing procurement documentation (e.g. Terms of Reference) <input checked="" type="checkbox"/> internal procedures covering project implementation <input checked="" type="checkbox"/> Role of SPOs <input checked="" type="checkbox"/> quality control of procurement documentation use, & availability of, technical assistance in preparing procurement documents <input checked="" type="checkbox"/> management of contractors (consultants /twinners/equipment & service suppliers) <input checked="" type="checkbox"/> the extent to which training & institutional support is provided for beneficiaries institutions 	<ul style="list-style-type: none"> ▪ Average length of time for procurement procedures to be completed ▪ Number of beneficiaries involved in drafting procurement documents ▪ Number of manuals /guidelines/instructions relating to project & contract implementation ▪ Number of quality control checks on drafts of procurement documents ▪ Number of training events on project /contract implementation ▪ % consistent recommendations from beneficiaries 	<ul style="list-style-type: none"> ▪ ECD Reports ▪ Government Documents (SPO Reports) ▪ Internal Manuals /Guidelines ▪ Government websites ▪ Interviews
Question Grouping (7): Impact & Sustainability				
17	Which are the prospects for immediate & long-term impact & sustainability of assistance? Are there any elements which are/ could hamper the impact and /or sustainability of assistance?	Prospects for impact & sustainability will be based on: <ul style="list-style-type: none"> <input checked="" type="checkbox"/> likelihood of results & specific objectives being achieved <input checked="" type="checkbox"/> extent to which programming involves civil society organisations & stakeholder discussions <input checked="" type="checkbox"/> extent to which beneficiaries are involved in project preparation <input checked="" type="checkbox"/> extent to which post-assistance planning takes place 	<ul style="list-style-type: none"> ▪ % projects judged likely to achieve results & immediate impacts ▪ Number of civil society organisations involved ▪ Number of visibility & public awareness events ▪ Number of projects where beneficiaries feel a sense of ownership (interview responses) ▪ Number of projects where future maintenance costs are subsumed in national budgets ▪ % staff turnover in beneficiary institutions 	<ul style="list-style-type: none"> ▪ EC Delegation Reports ▪ EC Regular Reports ▪ SPO /Line Institution Reports ▪ Contractors Reports ▪ National Annual TAIB Programmes ▪ Project Fiches
19	Are there any actions which would improve prospects for impact & sustainability of ongoing assistance?	Judgement on recommendations to improve impact & sustainability of ongoing assistance will be based on the examination of: <ul style="list-style-type: none"> <input checked="" type="checkbox"/> arrangements for visibility, public awareness 	<ul style="list-style-type: none"> ▪ Number of training /institutional support events held ▪ Number of publicity /public awareness events ▪ % consistent recommendations from 	<ul style="list-style-type: none"> ▪ EC Delegation Reports ▪ EC Regular Reports ▪ SPO /Line Institution Reports

No	Evaluation Question	Judgement Criteria	Indicators	Sources of verification
		& publicity <input checked="" type="checkbox"/> adequate account is taken (as part of programming and implementation) to ensure sustainability (e.g. phasing out plan for TA, formal commitment by beneficiaries for post-assistance) <input checked="" type="checkbox"/> <u>adequate analysis of how outputs and immediate results will be translated into midterm and (as far as possible,) long-term impacts</u>	beneficiaries	<ul style="list-style-type: none"> ▪ Contractors Reports ▪ Interviews

ANNEX 2: MAIN FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Evaluation Question	Finding	Conclusion	Recommendation	Stakeholder
1. Programming and Intervention Logic (Question Group 1 and Question Group 4)				

Evaluation Question	Finding	Conclusion	Recommendation	Stakeholder
E.Q.1. To what extent are objectives SMART at different levels (strategic, MIPDs & programmes)?	<ul style="list-style-type: none"> Significant number of objectives at all levels (Strategic, MIPD, programme/project level) is not of a good quality since in most cases they are not SMART. The quality of project objectives is increasing by each year of IPA programming. 	<ul style="list-style-type: none"> Poor quality of objectives has affected difficulties in monitoring of achievement of project results, objectives and impact. The Delegation has recognised the problem of inadequately designed objectives and indicators and in that regard they have initiated the Service Contract on the Preparation of Impact Evaluation on the IPA Programme, which will go through each objective and related indicators and try to rewrite them adequately. The process of programming, accompanying capacity building trainings, has increased the capacity of beneficiaries in developing project fiche-s, including designing of project objectives. Although some of the beneficiaries claimed that they wrote (majority of) the project fiche-s on their own, external technical and advisory support has remained to be necessary. The technical assistance is especially necessary for designing objectives and indicators since the beneficiaries do not have sufficient knowledge in that regard. 	<ul style="list-style-type: none"> There is a need for further advancement of capacity among beneficiaries, especially in the field of designing objectives and indicators, including identifying sources of verification. It is recommended to design a special training programme that will provide advance knowledge in this regard. The training programme should be combined with capacity building training in the field of monitoring of achievement of project outputs, results and objectives. The Delegation should work together with beneficiaries in order to create institutional mechanisms for monitoring of achievement of project objectives 	<p>All Beneficiaries</p> <p>EUD</p>

Evaluation Question	Finding	Conclusion	Recommendation	Stakeholder
E.Q.2. To what extent planning & programming provide adequate assessment of needs (both financial & time) to meet all accession requirements /strategic objectives?	<ul style="list-style-type: none"> Taking into consideration all constrains, it is hardly to believe that Montenegro will comply all necessary institutional adjustments within a given time-framework 2007-2013. 	<ul style="list-style-type: none"> The accession requirements have not taken into consideration the size of Montenegro (especially the size of the administration). Montenegro supposes to develop the same institutional mechanism for the EU accession as, for instance, Turkey, which is incomparable bigger country. MIPD strategic priorities are adjusted to the Montenegrin situation, developed on the basis of a balanced assessment of ambitious goals of the Government of Montenegro for EU accession and realistic expectations from the EU. However, the strategic priorities have been insignificantly changed over years. Mechanisms for assessing the needs are not clear. 	<ul style="list-style-type: none"> There is a need for structural changes within the programming, from re-assessing the needs, through mapping the institutional capacities and promoting of champions and best practices till changing the strategic approaches and priorities, which include looking for alternative solutions for structural adjustment for small countries such as Montenegro. It is recommended to look closely the size of Montenegro when designing institutional modalities for EU accession. In that regard, it is recommended to look and apply models and best practices from EU accession of new member states of a smaller size such as Cyprus and Malta. 	NIPAC Line Ministries
E.Q.3. To what extent are annual IPA component I allocations (MIFFs) adequate in relation to the strategic objectives of the MIPDs?	<ul style="list-style-type: none"> Although IPA envelope for Montenegro per capita is among the highest, financial allocations are not sufficient to meet the expectations determined by the MIPD strategic objectives. 	<ul style="list-style-type: none"> IPA Component I envelope for Montenegro is not sufficient enough for having a large-scale administrative reform and institutional adjustments for EU accession. Even relatively small envelope for IPA Component I cannot be 	<ul style="list-style-type: none"> Since it is hardly to believe the IPA envelope for Montenegro is going to be increased, the programming should be focused in achieving quick wins and tangible progress in the areas most important for the EU Accession. In Programming it is recommended to apply a "rifle"²⁹ 	NIPAC EUD

²⁹ "Rifle" approach is the intervention strategy in which the aim is to concentrate efforts on a narrowly defined area or subject of intervention in order to achieve a clearly defined objective.

Evaluation Question	Finding	Conclusion	Recommendation	Stakeholder
	<ul style="list-style-type: none"> Due to lack of administrative capacity on beneficiary side, absorption of IPA funds is limited. The MIPD strategic objectives are defined so widely that cannot be achieved within annual (or multi-annual) MIFF allocations. 	<p>accommodated with sufficient number of good quality project ideas.</p> <ul style="list-style-type: none"> The MIPD objectives should be more focused, trying to target the most important areas for the The progress on the achievement of the objectives is not so much correlated with the allocated funds but rather with the quality of project ideas/fiches, or with the capacity of the beneficiary institutions to utilise/implement the potential projects. As a consequence, IPA2011 programming focuses more on infrastructure-based projects since they are easier to implement than on the traditional transitional assistance and capacity building projects. Beside, with the IPA2011 programming there is a tendency of reducing the number of projects, setting the limitation of one project per beneficiary. 	<p>instead of a “shotgun”³⁰ approach that was used in so far programming.</p> <ul style="list-style-type: none"> Shifting priorities to more infrastructure development projects should be done in a way to secure institutional capacity development component. 	
E.Q.4. To what extent is the project selection mechanism appropriate in the sense of selecting the most relevant, efficient & effective	<ul style="list-style-type: none"> Mechanisms for selection of project ideas are the weakest link of the programming process. DG Enlargement/Unit C4 and the Delegation remained to have a 	<ul style="list-style-type: none"> Although a framework for selecting the projects suppose to be determined vertically by medium- and short-term strategic priorities, and annual MIPD and MIFFs, and horizontally by national and Sector-based Strategies, the 	<ul style="list-style-type: none"> NIPAC office should be encouraged to take a more leading role in the process of selection of project ideas. DG Enlargement/Unit C4 and the Delegation should restrain their involvement in the selection of 	<p>NIPAC</p> <p>EUD</p> <p>DG Enlarg</p>

³⁰ “Shotgun” approach is the intervention strategy wherein the campaign is a broad-based, aiming distribution of results as wide and diverse target group as possible in the hope of obtaining the greatest achievements

Evaluation Question	Finding	Conclusion	Recommendation	Stakeholder
projects to meet strategic objectives?	<p>strong role in selecting the project ideas.</p> <ul style="list-style-type: none"> Beneficiaries often lack knowledge in MIPD objectives, though the quality of project ideas has increased with each cycles of the IPA Programming. The projects are often selected based on the capacity of beneficiaries to implement the project and absorb the results. 	<p>capacity of the NIPAC office remained to be insufficient to implement this into practice. As a result, the selection criteria remained to be unclear to most of the beneficiaries, leaving them believing that DG Enlargement/Unit C4 and the Delegation have a power to decide which project idea will be selected for further development. This believes has been strengthened by NIPAC office which sometimes is reluctant to take the leading role and make tough decision.</p> <ul style="list-style-type: none"> There is a rule a beneficiary not to be awarded with more than one project at the time. Based on these limitations, the IPA2011 projects will be more of a nature of infrastructure development than technical assistance since they are easier to implement. 	<p>project ideas and give more responsibilities to NIPAC office to act in this regard.</p>	
E.Q.5. To what extent programming provides adequate prioritisation & sequencing of assistance? (When answering this EQ, findings from EQ3-4 will be used)	<ul style="list-style-type: none"> Beneficiaries' capacity constrains limits the possibilities for prioritization of the assistance. With IPA 2011 prioritization focus has been shifted to more infrastructure development projects. Sequencing of the assistance has been take care of in a good way. 	<ul style="list-style-type: none"> The Prioritization of the projects has been done within the framework of EU accession strategies and objectives defined within MIPD and MIFFs, but also taking into consideration local conditions such as the ability and capacity of the beneficiaries to successfully utilise the project results. This approach is rather "elitist", giving more attention to the beneficiaries with more capacity than to those ones with less. It should be mentioned, there is a significant difference in capacity between beneficiaries that have a history of 	<ul style="list-style-type: none"> Capacity of NIPAC office, but also other national structures, should be advanced in a way to better understand how to do prioritization of IPA Programme intervention. This could be done through giving more assignments and responsibilities to the national structures during IPA Programming. Shifting priorities to more infrastructure development projects should be done in a way 	<p>NIPAC</p> <p>Beneficiaries</p>

Evaluation Question	Finding	Conclusion	Recommendation	Stakeholder
		<p>participation in development assistance projects and those ones whose first experience with projects has started with IPA. However, it should be mentioned that the capacity of the beneficiaries is low in general, especially in the field of implementation of activities and monitoring of the project results.</p> <ul style="list-style-type: none"> • Due to low capacity of beneficiaries, IPA2011 projects are focusing more on infrastructure development projects. • DG Enlargement/Unit C4 and the Delegation are taking care of the sequencing of the assistance, making sure each individual projects is a part of a bigger picture of EU accession and institutional building of beneficiaries 	<p>to secure institutional capacity development component.</p> <ul style="list-style-type: none"> • NIPAC office and beneficiaries should be educated to understand and apply the methodology of sequencing of the assistance through IPA Programming. 	
<p>E.Q.6. To what extent programming takes adequate & relevant account of beneficiaries' policies, strategies & reform process in relevant key areas?</p>	<ul style="list-style-type: none"> • Project proposals submitted to IPA claims relevance with the beneficiaries' policies and strategy papers. However, NIPAC and SPOs offices lack capacity to additionally check the alignment of the project objectives and results with the policies and strategies of the beneficiary institutions. 	<ul style="list-style-type: none"> • There is no doubt about relevance of submitted projects to the beneficiaries' strategies and policy documents. Sector-based strategies are focusing so widely that every initiative from the beneficiary institution falls within those documents. However, there are no institutional mechanisms to check whether the submitted projects are the most relevant, efficient and effective in order to meet objectives for relevant reforms in key areas. 	<ul style="list-style-type: none"> • The beneficiaries should be further educated on the long-term programming and how to use IPA Component I for solving strategic priorities, leaving contemporary issues to other bilateral/multilateral donors and to the Government transfers or their own resources. 	<p>NIPAC</p> <p>SPO's</p> <p>PIU's</p>

Evaluation Question	Finding	Conclusion	Recommendation	Stakeholder
	<ul style="list-style-type: none"> Beneficiary institutions lack experience and knowledge in making long-term planning and they are much more focused in solving contemporary issues. 	<ul style="list-style-type: none"> The beneficiaries intend to submit projects that aim to solve short-term, and sometimes, urgent issues as well. However, IPA Component I is not design to rapidly respond on the urgent issues of the beneficiary institutions since it usually takes two years from programming to implementation (which is usually to long to wait in case of urgent issues). As a consequence it happens that the beneficiary institutions, while waiting for IPA Project implementation, applies to multinational and bilateral donors to funding activities that are already agreed to be funded by the IPA projects. 	<ul style="list-style-type: none"> Beneficiaries should be encouraged to submit to IPA projects to solve their long-term priorities, leaving short-, and medium-term projects to other multilateral and bilateral donors as well as to their own funds. NIPAC office and the newly established office for donor coordination should be more engaged in preventing the double or overlapping funding in this regard. 	
E.Q.7. To what extent programming takes adequate & relevant account of assistance provided & reforms promoted by key donors where applicable?	<ul style="list-style-type: none"> IPA programming documents, at all levels, contain appropriate references to assistance from key bilateral/international donors. The EUD invited all donors to contribute to the process of planning Multi-annual Indicative Planning Document for period 2011-2013 and IPA 2010. There were duplications between different 	<ul style="list-style-type: none"> Programming identifies synergies with other donors. Donor involvement was positive and proactive. It was also valuable that EUD has gathered all donors presenting what they are planning to do in the future. There is a good exchange of information among donors and EUD. Coordination of donor activities has been very weak and not institutionally established till recently. 	<ul style="list-style-type: none"> Government should carry out the activities in establishing an overall system of coordination of donor support. The Cabinet of Deputy Prime Minister should implement the activities designed in its official documents from May 2010, namely Establish a structure of donor support coordination; Merge the data on donor-funded projects implemented by ministries and other government authorities; Establish coordination mechanisms that will ensure regular exchange of information and planning activities within the Government, but also between the Montenegrin Government and 	<p>Government</p> <p>Cabinet</p> <p>EUD</p> <p>Other Donors</p>

Evaluation Question	Finding	Conclusion	Recommendation	Stakeholder
	<p>interventions. During the previous years, donors' information exchange meetings were organised mainly from initiative of the donors themselves.</p> <ul style="list-style-type: none"> Since May 2010 the Government of Montenegro has been establishing system of coordination of the donor support under responsibility of the Cabinet of Deputy Minister. 	<ul style="list-style-type: none"> Lack of donor coordination is clear and visible even though the Government recently established the system of coordination of the donor support. The donors themselves try to merge funds in concrete fields where clear strategy exists. These synergy efforts and merge of funds is useful tool to make cooperation more effective for beneficiary. 	<p>donor community;</p> <ul style="list-style-type: none"> Establish a system of regular reporting to the Cabinet of Deputy Prime Minister of the Montenegrin Government on the implementation of project activities that are being funded by donor community; Define, develop and use the system that will combine the data on all the projects whose implementation is funded from donor support. The Cabinet should include donor community in the establishment and operation of the overall system (as in terms of ensuring possible expert and financial support to the process of establishing the system, so as to their later active involvement in the operation of the entire coordination system. 	
<p>E.Q.8. To what extent programming include SMART indicators to measure progress towards achievement of objectives?</p>	<ul style="list-style-type: none"> As discussed within the EQ 1, the insufficient quality of indicators is an issue. However there is a clear trend that the quality of indicators has been improving with every year of programming Even most skilful staff within beneficiary institutions are not capable to design good indicators. 	<ul style="list-style-type: none"> Although the capacity of the beneficiaries has been increased in the field of programming, they still have difficulties in properly designing objectives and indicators. The whole concept of indicators and measuring the achievement of the project results and objectives is still vague to the beneficiaries and their knowledge in this regard is purely theoretical. Therefore, the quality of indicators developed by beneficiaries is not sufficient. The quality of indicators is also in relation with expertise of task managers with the field of the 	<ul style="list-style-type: none"> Beneficiaries and NIPAC Office should be additionally trained in designing project indicators at different levels. The training should be combined with the monitoring activities of the ongoing IPA projects. 	<p>NIPAC</p> <p>Beneficiaries</p>

Evaluation Question	Finding	Conclusion	Recommendation	Stakeholder
		<p>project intervention. It applies the same for the external consultants that were assigned to write project fiche-s.</p>		
<p>E.Q.9.Which are the main gaps /weaknesses in the current programming framework?</p>	<ul style="list-style-type: none"> • IPA Programming in Montenegro is on a learning curve though the quality and the selection of project ideas remain to be the main weaknesses of the current programming framework. • There is a tendency among beneficiaries to submit project ideas that are rather related to their contemporary needs than to strategic, long-term priorities. • NIPAC has insufficient capacity and lack of leadership motivation to make a selection of the project ideas based on the IPA strategic documents and existing sector-based strategies. • High involvement of DG Enlargement/Unit C4 and the Delegation in the IPA Programming – causing a “clientelism” effect. 	<ul style="list-style-type: none"> • The quality of project ideas has been improved with each new cycles of IPA Programming. However, the role of the Delegation and DG Enlargement remained to be significant in the programming process, especially in selected of the project ideas, which should be solely done by NIPAC office. The NIPAC office is reluctant to make decisions on selection of project ideas, leaving hard decision to be made by DG Enlargement and the Delegation. • Although the MIPD and national planning documents have been respected, criteria for prioritization of project ideas remain unclear. • There is an issue of information flow from DG Enlargement to the beneficiaries. Most of the interviewed beneficiaries claimed the lack of knowledge on the status of their projects once they submitted the project fiche(s) to the Delegation. Due to this uncertainty, they have 	<ul style="list-style-type: none"> • There is a need for developing clear criteria for prioritization of project ideas that would be further developed into full project fiche-s. • NIPAC should be hold accountable for the process of selection of the project ideas. Therefore, the NIPAC office should be encouraged to develop those criteria, in close cooperation with other national structures and with technical assistance provided by the Delegation. • The involvement of DG Enlargement and the Delegation in the process of selecting the project ideas should be drastically reduced with the next cycle of IPA Programming. • There is a need for increasing the institutional communication between stakeholders in the IPA programming (DG Engagement/Unit C4, the Delegation, NIPAC, national structures and other beneficiaries). 	<p>NIPAC</p> <p>EUD</p> <p>DG Enlarg</p> <p>Beneficiaries</p>

Evaluation Question	Finding	Conclusion	Recommendation	Stakeholder
	<ul style="list-style-type: none"> Information flow between stakeholders involved in IPA programming could be improved. Decision to reduce number of projects funded with the IPA2011 and to shift the focus on infrastructure projects might also be considered as an indicator for weaknesses of the programming process in Montenegro. 	<p>initiated implementation of some of the project activities with other donors and from their own funds.</p>		
E.Q.11. How can programming of assistance be enhanced to more efficiently & effectively reach strategic objectives?	<ul style="list-style-type: none"> Although coordination is not always as easy as expected, all parties, namely the Governments, Member States, Agencies and International Organisations involved in the development process, need to maximize efforts to ensure transparency in projects and to ensure that regular meetings are arranged for information exchange and sharing. 	<ul style="list-style-type: none"> Coordination of meetings between donors and potential donors to discuss pre-accession projects will help provide effective synergy between participating agencies and Member States Regular meetings and discussions will help identify common development objectives and will allow for the possibility to discuss how to accelerate the development process. 	<ul style="list-style-type: none"> Operational linkages between strategic and budget planning functions are to be established across all ministries. There is a need to concentrate on key aspects of the EU integration process, taking into account demands from beneficiary institutions. 	<p>Government</p> <p>NIPAC</p>
E.Q.12. How can programming be enhanced to improve the impact & sustainability of financial assistance?	<ul style="list-style-type: none"> constant and flexible source of capacity building support is needed. 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> It is strongly recommended that the Montenegrin government funds, at least partially, contribute to the financing of IPA projects and thus commit to the ownership of projects. 	<p>Government</p> <p>NIPAC</p>

Evaluation Question	Finding	Conclusion	Recommendation	Stakeholder
EQ 13: Is programming through a sectoral based approach a suitable, feasible & operational option for future programming (MIPDs & national programmes)	<ul style="list-style-type: none"> Although programming through a sector-based approach is a recent phenomenon in Montenegro, in relatively short time there has been a mushrooming of sector strategies in each field of programming. There is no accurate information available how many sector-based strategies exist in Montenegro and which fields they are targeting to. Beside budget constrains, the problem in introducing sector-based approach mostly lies in lack of national capacity to coordinate the sector-based programmes and strategic priorities. 	<ul style="list-style-type: none"> Sector strategies in Montenegro have generally been created under the auspices of international donors and other development organizations. There is no donor agency or development organization in Montenegro that has not been involved in creation of at least one sector strategy in Montenegro. However, there is a lack of commitment of the donor agencies to work on implementation of the strategies they helped to be developed. Therefore the existing strategies usually lack action plans and implementation modalities, as well as proper budget allocations. IPA programming is so far was rather project-based than sector-based, although the Programming was taking care the submitted projects are in line with the sector-based strategies. The problem with introducing sector-based approach mostly lies in lack of national capacity to coordinate the sector-based programmes and strategic priorities. 	<ul style="list-style-type: none"> It is recommended to conduct a strategy mapping study with the mechanisms for horizontal adjustments and harmonisations among them. This might be done separately or within the new coming IPA2009 project on Development Strategy of Montenegro (2010-2015) and National Development Plan, which should start with implementation this coming autumn. In order to make a shift on sector-based approach, there is a need for a Sector Policy Support Programme with aim to increase national capacity for applying and coordinating sector-based programmes 	<p>NIPAC</p> <p>EUD</p>
EQ 14: To what extent is the beneficiary ready to operate a shift towards a sector based approach in its own strategies, and in planning & programming sector based actions & finances?	<ul style="list-style-type: none"> Although there is a growing intervention in producing strategies, beneficiaries have not advanced their abilities to introduce full-fledged sector-based approach. There was no unique methodology applied in strategy development. 	<ul style="list-style-type: none"> Sector-based approach is rather a recent phenomenon in Montenegro and it has a long way to pass until its successful implementation. While some strategies were developed in participatory manner with close cooperation of all stakeholders, on opposite, external consultants and experts unilaterally 	<ul style="list-style-type: none"> Shift towards a sector-based approach should be done using a step-by-step approach, ensuring high level of coordination between all involved parties and in combination with capacity-building activities; 	<p>NIPAC</p> <p>All Beneficiaries</p>

Evaluation Question	Finding	Conclusion	Recommendation	Stakeholder
	<ul style="list-style-type: none"> There is no or a little harmonisation between different strategies. 	developed other strategies. <ul style="list-style-type: none"> The inter-ministerial or multi-beneficiary strategy harmonisation seems to be difficult. The strategy harmonisation has been done at the level of the Prime-minister office, though the evaluation team could not get the insight knowledge on the mechanisms and procedures in this regard. 		
2. Administrative and Monitoring Capacity (Question Group 5)				
EQ 15: Are the administrative & organisational structures in place ensuring efficient & effective implementation of financial assistance?	<ul style="list-style-type: none"> Decentralisation in the management of the EU financial assistance and gradual transfer of responsibilities from the EUD to the assigned public bodies of Montenegro is one of the key priorities for both the EU and Government of Montenegro. EUD has currently updated roadmaps for all IPA components. EUD is willing to host CFCU staff and offered on-the-job training for tendering, invoicing, VAT etc Three technical assistance projects have been launched in a process of preparing Montenegro for decentralised management: In the coming period, the Secretariat for European Integration takes an active role in coordination the work of donor community active in Montenegro 	<ul style="list-style-type: none"> There is a good track of records in implementation of IPA funds managed by EUD and the overall rating of EUD performance is very satisfactory Montenegro has been preparing for introduction DIS, build capacities for management of funds available through the IPA. CFCU is quite advanced in preparing for DIS for the Component I The PAO, as the CFCU head, and the CFCU staff appear to be motivated and having a fair level of understanding of their future tasks although the CFCU remains understaffed Allocation of donor assistance and its coordination must be more effective. Awareness must be raised of the strategic approach in planning financial assistance implementation, inter-sectoral coordination, and participation of representatives of the civil sector in EU funds programming. 	<ul style="list-style-type: none"> It should be ensured that in national institutions there is continuity of staff that undergo training, develop programming skill and subsequently in projects implementation itself. It is recommended that the NF prepare detailed job description for all the positions/employees within the operational structure with clear definition of their responsibility, authority and accountability ensuring that no member of staff is in doubt as to the extent of his/her responsibilities. Involvement and cooperation with Human resources Management Authority is highly recommended. 	EUD PAO CFCU

Evaluation Question	Finding	Conclusion	Recommendation	Stakeholder
EQ 15b: To what extent are the monitoring mechanisms & structures appropriate & correctly functioning?	<ul style="list-style-type: none"> The CFCU and the line ministries are often understaffed and lack capacity for what they are doing and especially what they will do under decentralised implementation system. Technical capacity of some ministries are very good while in some cases they are quite weak. It usually depends on the individual officials Capacity of some private agents is very good, with a good structure in place, with enough highly skilled workers. 	<ul style="list-style-type: none"> Thus, number and high turnover of staff in various bodies including savings measures introduced by the government jeopardised the effectiveness of the administration system. 	<ul style="list-style-type: none"> Training and on the job training programme should be carefully designed and implemented in closed cooperation with EUD, other national institutions. A special attention should be given to coordination of all training programmes that are under preparation within various TA projects in order to avoid duplications and too many training events for the beneficiary. It is recommended to utilise relevant IPA TA projects (TA to CFCU and twinning project developing NDP) which are covering administrative capacity development activities to strengthen inter-ministerial and inter-institutional coordination. 	PAO CFCU TA Staff Twinning Staff
3. Mapping of existing strategies and financial assistance (Question Group 2 and Group 3)				
EQ 10: What are the existing sectoral strategies in Montenegro? To what extent are	<ul style="list-style-type: none"> There are 95 identified strategies and 39 donor agencies/development organizations (not including local NGOs) included in strategy development. The Government adopted the 	<ul style="list-style-type: none"> There is an issue of coordinating implementation of such numerous strategies and project interventions. Empirical findings have shown a lack of institutional mechanisms for coordination of the project intervention and monitoring achievements of the strategy objectives. Although adopted by the 	<ul style="list-style-type: none"> It is recommended to conduct a strategy mapping study with the mechanisms for horizontal adjustments and harmonisations among them. This might be done separately or within the new coming IPA2009 project on Development Strategy of Montenegro (2010-2015) and National Development Plan, which should start with implementation this coming autumn. In order to make a shift on sector- 	NIPAC EUD NIPAC

Evaluation Question	Finding	Conclusion	Recommendation	Stakeholder
<p>strategies duly embedded into beneficiaries' policies /budget?</p> <p>To what extent is EU/ donor assistance aligned with /embedded into existing strategies?</p>	<p>strategies, making them official sector intervention policies.</p> <ul style="list-style-type: none"> Implementation of strategies is heavily dependent on donor intervention, including IPA Programmes. However, since donor community in Montenegro is not strong enough to support implementation of 95 strategies, many strategies remained to be unimplemented basket of wishes. 	<p>Government, very often Strategies are not assigned with the action plans and necessary budget allocations. Beside insufficient budgetary allocations, majority of strategies are missing action plans as well.</p> <ul style="list-style-type: none"> The donor intervention has contributed a lot to the development of strategies in Montenegro. The intervention in this regard was so overwhelming that busted strategy development in all sectors. However, the donor commitment to the strategy implementation is less visible. Donors have provided sporadic support in implementation of strategies, funding priority projects that fit well their own agendas. Therefore, the Government and the line Ministries become mainly responsible for financing and coordination of the strategy implementation. However, they have not been prepared and neither sufficiently trained for such assignment. 	<p>based approach, there is a need for a Sector Policy Support Programme with aim to increase national capacity for applying and coordinating sector-based programmes</p> <ul style="list-style-type: none"> Shift towards a sector-based approach should be done using a step-by-step approach, ensuring high level of coordination between all involved parties and in combination with capacity-building activities; 	<p>NIPAC</p> <p>EUD</p> <p>Other Donors</p>
<p>EQ11: Overview of assistance and projects per donors and sector</p>	<ul style="list-style-type: none"> The most active donors in Montenegro are listed in Annex 8 and described under EQ7. Annex 8 presents a list provided by EUD Montenegro which reflects the interests of Governments, Member States, Agencies and International organisations in future cooperation in various 	<ul style="list-style-type: none"> The most active donors in Montenegro are mainly Delegation of EU (EUD), Council of Europe (CoE), UNICEF, UNDP, UNHCR, EU Member States (Italy, Greece, Germany, Austria, Netherlands, Sweden, Luxemburg), USAID, Norway and International NGOs. In last couple years, funds for reconstruction and modernization of existing infrastructure have been provided by loans of EIB, EBRD and KfW as by other bilateral donors. 		<p>NIPAC</p> <p>Secretariat for European Integration</p> <p>EUD</p> <p>Other Donors</p>

Evaluation Question	Finding	Conclusion	Recommendation	Stakeholder
	<p>sectors. This table serves to provide a brief overview of complementarity and could be a starting point to identify future cooperation and coordination possibilities.</p> <ul style="list-style-type: none"> Annex 9 presents the overview of assistance and projects per donors and sector. A basis for the both Annexes was the Overview “Strategy, Donor, and IPA Programmes 2007, 2008, 2009, 2010” that provides a general overview of existing sectoral strategies, current donors and a list of all IPA projects from 2007-2010 to identify possible areas where donor coordination can be improved and strengthened. That was elaborated in mid of 2010 by the Commission Services. Overall, between 1998 and 2007 the EU committed over 308 million € to Montenegro: Reconstruction and development assistance (CARDS/OBNOVA): 146.3 million €; Humanitarian assistance (ECHO): 74.5 million €; Macro financial assistance: 35.0 million €; Others (EC food security programme): 21.4 million €; and IPA 2007: 31.4 million €. 	<ul style="list-style-type: none"> Currently, IPA is the most important donor assistance to the country. It represents 60-70% of all grants coming to the country and it represents 20-30% of the capital expenditure of the country 		
4. Efficiency and Effectiveness (Question Group 6)				

Evaluation Question	Finding	Conclusion	Recommendation	Stakeholder
EQ 16: To what extent ongoing IPA assistance has /is contributing to achieving the strategic objectives /priorities linked to accession preparation?	<ul style="list-style-type: none"> The EUD in Montenegro has satisfactorily performance and high percentage of signed contracts (above 95%). Project's average size is smaller than West Balkan average (1.2 million EUR versus 1.6 million EUR on average). The infinite majority of IPA projects show a high degree of relevance. The projects are well defined and brought into line with multiple needs of European accession. In some cases, EU Delegation has initiated priority projects Assistance has been directed to the strengthening of Montenegro administration capacity to absorb and manage funds and increasing absorption capacities. 	<ul style="list-style-type: none"> IPA programmes in Montenegro have been effective insofar as they have been aligned with national development priorities, compatible with the development priorities of funding donors and partners. In general, completed projects have delivered the expected results and the prospects for not yet completed projects 		EUD
EQ 18: Are there any potential actions which would improve the efficiency & effectiveness of ongoing assistance?	<ul style="list-style-type: none"> The European Union has in place different approaches to monitor the implementation of project for continuously verifying the sound management of interventions, informing on progress and the use of inputs, and on the progress of outputs and results. There is internal monitoring which is done by EUD exclusively and external monitoring (ROM) There is external results 	<ul style="list-style-type: none"> There is probably that the CFCU will be not able to manage the same capacity of projects once the DIS is accredited. EUD initiated IPA funded project "Preparation of Impact evaluation of the IPA" in order to establish a mechanism for efficient and significant impact evaluation of all IPA programmes EUD has built up considerable strength and capacity in its institution. The DEA staff is seen to be well committed, highly motivated and the management of IPA 	<ul style="list-style-type: none"> Currently, the EUD of Montenegro is considering involvement of beneficiary counterparts, namely the CFCU staff, in the process of monitoring and tendering EUD in Montenegro should consider to assist to the CFCU by transferring staff from the Delegation The project should have been involved actively in this process (revising legal documents, etc, in accordance with the choices made by the Government). This might have helped in limiting the delays. Instead, the project remained largely outside this process, waiting for 	NIPAC PAO CFCU EUD

Evaluation Question	Finding	Conclusion	Recommendation	Stakeholder
	oriented monitoring (ROM) utilised by Commission Services for improvement of effectiveness and efficiency <ul style="list-style-type: none"> The Commission services usually launch an ad hoc evaluations aiming at improvement of efficiency and effectiveness of EU assistance. The legal status and organisational framework for beneficiary are often different from the proposals initially made by the project. 	programme in Montenegro has been effective. <ul style="list-style-type: none"> A viable know how transfer platform has been built to support both existing programmes as well as to allow for future transfer to DIS. To efficient implementation of a project contributes good communication between the beneficiary country, EUD and project management 	the Beneficiary to conclude the new institutional arrangements.	
5. Impact and Sustainability (Group 7)				
EQ 17: Which are the prospects for immediate & long-term impact & sustainability of assistance? Are there any elements which are/ could hamper the impact and /or sustainability of assistance?	There is a need to concentrate of key aspects of the EU integration process, taking into account demands from beneficiary institutions and focus on impact/sustainability aspects Lack of staff and high staff turnover rate Possible lack of State contribution to IPA projects	Regular capacity building support for IPA institution is important for ensuring long term impact and sustainability Lack of capacity resulting from staff changes remains a constant threat High staff turnover rates is a threat to impact and long term sustainability of assistance	There is a need to organise and deliver continual capacity building of the beneficiary institutions so that they can better avail of assistance and ensure positive long term impact and sustainability An effective staff planning and staff retention process needs to be put in place immediately and maintained to a high standard	Government NIPAC Line Ministries PAO EUD

Evaluation Question	Finding	Conclusion	Recommendation	Stakeholder
EQ 19: Are there any actions which would improve prospects for impact & sustainability of ongoing assistance?	<ul style="list-style-type: none"> EUD initiated IPA funded project "Preparation of Impact evaluation of the IPA" in order to establish mechanism for efficient and significant impact evaluation of all IPA programmes 	<ul style="list-style-type: none"> A permanent mechanism for efficient and effective impact evaluation of IPA programmes will be established Ownership and awareness of Beneficiary institutions is growing 	<p>The EUD advisory role to continue</p> <p>Government should contribute to the financing of IPA projects thereby committing to ownership of projects</p>	<p>NIPAC</p> <p>EUD</p> <p>Beneficiaries</p>

1.3 ANNEX 3: ANALYSIS OF IPA COMPONENT I ENVELOPE PER CAPITA AND PER KM²

Country	Component	2007	2008	2009	2010	2011	2012	2013
CROATIA Population: 4,437,480 Area: 56,542 km ²	Transition Assistance and Institution Building	49,611,775 €	45,374,274 €	45,601,430 €	39,483,458 €	39,959,128 €	40,872,310 €	38,513,885 €
	Per Capita (in €):	11.18 €	10.23 €	10.28 €	8.90 €	9.00 €	9.21 €	8.68 €
	Per km ² (in €):	877.43 €	802.49 €	806.51 €	698.30 €	706.72 €	722.87 €	681.16 €
FYR MACEDONIA Population: 2,061,315 Area: 25,333 km ²	Transition Assistance and Institution Building	41,641,613 €	41,122,001 €	39,328,499 €	36,317,068 €	28,803,410 €	28,207,479 €	27,941,228 €
	Per Capita (in €):	20.20 €	19.95 €	19.08 €	17.62 €	13.97 €	13.68 €	13.56 €
	Per km ² (in €):	1,643.77 €	1,623.26 €	1,552.46 €	1,433.59 €	1,136.99 €	1,113.47 €	1,102.96 €
TURKEY Population: 72,561,312 Area: 780,580 km ²	Transition Assistance and Institution Building	256,702,720 €	256,125,297 €	239,550,810 €	211,312,664 €	228,620,919 €	233,900,336 €	238,325,843 €
	Per Capita (in €):	3.54 €	3.53 €	3.30 €	2.91 €	3.15 €	3.22 €	3.28 €
	Per km ² (in €):	328.86 €	328.12 €	306.89 €	270.71 €	292.89 €	299.65 €	305.32 €
ALBANIA Population: 3,639,453 Area: 28,748 km ²	Transition Assistance and Institution Building	54,318,790 €	62,117,756 €	71,377,079 €	82,711,421 €	84,301,650 €	82,987,683 €	87,446,037 €
	Per Capita (in €):	14.92 €	17.07 €	19.61 €	22.73 €	23.16 €	22.80 €	24.03 €
	Per km ² (in €):	1,889.48 €	2,160.77 €	2,482.85 €	2,877.12 €	2,932.44 €	2,886.73 €	3,041.81 €
BOSNIA & HERZEGOVINA Population: 4,613,414 Area: 51,209 km ²	Transition Assistance and Institution Building	58,136,394 €	69,854,783 €	83,892,254 €	100,688,099 €	102,681,861 €	104,673,499 €	106,870,228 €
	Per Capita (in €):	12.60 €	15.14 €	18.18 €	21.83 €	22.26 €	22.69 €	23.17 €
	Per km ² (in €):	1,135.28 €	1,364.11 €	1,638.23 €	1,966.22 €	2,005.15 €	2,044.04 €	2,086.94 €
MONTENEGRO Population: 672,180 Area: 13,938 km ²	Transition Assistance and Institution Building	27,490,504 €	28,112,552 €	28,632,179 €	29,238,823 €	29,843,599 €	30,446,471 €	30,996,035 €
	Per Capita (in €):	40.90 €	41.82 €	42.60 €	43.50 €	44.40 €	45.30 €	46.11 €
	Per km ² (in €):	1,972.34 €	2,016.97 €	2,054.25 €	2,097.78 €	2,141.17 €	2,184.42 €	2,223.85 €
SERBIA (without Kosovo) Population: 7,334,935 Area: 77,474 km ²	Transition Assistance and Institution Building	181,496,352 €	179,441,314 €	182,551,643 €	186,206,679 €	189,956,810 €	193,801,948 €	203,101,005 €
	Per Capita (in €):	24.74 €	24.46 €	24.89 €	25.39 €	25.90 €	26.42 €	27.69 €
	Per km ² (in €):	2,342.67 €	2,316.15 €	2,356.30 €	2,403.47 €	2,451.88 €	2,501.51 €	2,621.54 €
KOSOVO (under UNSCR1244) Population (est.) 2,000,000 Area: 10,887 km ²	Transition Assistance and Institution Building	68,300,000 €	184,700,000 €	106,100,000 €	64,484,594 €	65,828,286 €	67,070,852 €	70,712,269 €
	Per Capita (in €):	34.15 €	92.35 €	53.05 €	32.24 €	32.91 €	33.54 €	35.36 €
	Per km ² (in €):	6,273.54 €	16,965.19 €	9,745.57 €	5,923.08 €	6,046.50 €	6,160.64 €	6,495.11 €

Source: MIFF 2011-2013

1.4. ANNEX 4: OVERVIEW OF THE EU IPA COMPONENT I ASSISTANCE TO MONTENEGRO (IN MILLION €)

Source: EU Delegation in Montenegro, overview of IPA Projects

Criteria / Acquis' Chapter	IPA 2007	IPA 2008	IPA 2009	IPA 2010	Total
Priority Axis 1: Political Criteria	6.00	7.10	6.35	6.70	26.15
Chapter 10: Information Society and Media		1.25			1.25
Chapter 19: Social Policy and Employment				0.70	0.70
Chapter 23: Judiciary and Fundamental Rights	3.00			0.70	3.70
Chapter 24: Justice, freedom and security	2.00		3.70*	1.80	7.50
Chapter 34: Institutions		4.35		3.50	7.85
Section 36: Civil Society	1.00		2.20		3.20
Section 63: Aid to Refugees and DP's		1.50	0.45		1.95
Priority Axis 2: Economic Criteria	11.70	7.50	10.80	13.25**	43.25
Chapter 10: Information Society and Media				0.50	0.50
Chapter 11: Agriculture and Rural Development	1.40			0.75	2.15
Chapter 14: Transport	6.20				6.20
Chapter 15: Energy	1.50				1.50
Chapter 19: Social Policy and Employment		1.80		3.00	4.80
Chapter 20: Enterprise and Industrial Policy		1.20			1.20
Chapter 21: Trans-European Networks			5.00	5.00	10.00
Chapter 22: Regional Policy and Coordination of Structural Instruments			1.00		1.00

* Aggregate sum of three projects: Support for the Implementation of the New Criminal Procedure Code (1.00), Strengthening the Capacity of the Police Administration (2.00) and Implementation of the Personal Data Protection Strategy (0.70).

** **IMPORTANT:** This figure differs from the figure provided by the Delegation of the EU in Montenegro. Their figure is 12.75, which is less for the amount of the Information Society Project (0.50).

Criteria / Acquis' Chapter	IPA 2007	IPA 2008	IPA 2009	IPA 2010	Total
Chapter 26: Education and Culture	1.50				1.50
Chapter 27: Environment		4.50	4.80	4.00*	13.30
Chapter 34: Institutions	1.10				1.10
Priority Axis 3: Approximation to the EU/Ability to Assume Obligations of Membership	4.95	10.65	8.98	5.60	30.18
Chapter 1: Free Movement of Goods	2.00			1.40**	3.40
Chapter 5: Public Procurement	1.25				1.25
Chapter 8: Competition Policy			1.20		1.20
Chapter 9: Financial Services		1.20			1.20
Chapter 10: Information Society and Media			1.60		1.60
Chapter 11: Agriculture and Rural Development		1.50			1.50
Chapter 12: Food Safety, Veterinary and Phytosanitary Policy		3.50***		0.70	4.20
Chapter 13: Fisheries			1.00		1.00
Chapter 16: Taxation	0.90			0.50	1.40
Chapter 18: Statistics				1.20	1.20
Chapter 19: Social policy and Employment			2.38**		2.38
Chapter 24: Justice, freedom and security		3.45***			3.45
Chapter 28: Consumer and Health Protection				1.80	1.80
Chapter 29: Customs		1.00			1.00
Chapter 32: Financial Control			2.80****		2.80

* Aggregate sum of two projects: Upgrading the Pljevlja waste water treatment (3.50) and Raising environmental awareness (0.50).

** Aggregate sum of two projects: Achieving Highest Safety and Technical Quality of Construction (0.70) and Customer Protection and market Surveillance (0.70).

*** Aggregate sum of two projects: Development of a Food Safety Services (2.00) and Control and Eradication of Rabies and Classical Swine Fever in Montenegro (1.50).

** Aggregate sum of two projects: Harmonisation and Implementation of the Regulations on Labour and Safety at Work Inspections (1.18) and Support to Rural Road Network in North Montenegro - IPA 09 FA Part II linked to CRIS Financial decision 2009/021641 (1.20).

**** Aggregate sum of two projects: Support to the Integrated Border Management (2.45) and Support to Migration Management (1.00)

Criteria / Acquis' Chapter	IPA 2007	IPA 2008	IPA 2009	IPA 2010	Total
Chapter 34: Institutions	0.80				0.80
Priority Axis 4: Support for Participation in Community Programmes and Agencies			0.15	0.31	0.46
Community Programmes			0.15	0.31	0.46
Priority Axis 7: Support Activities	1.22	1.60	2.15	2.77	7.74
Technical Assistance (TA) and Project Preparation Facility (PPF)	0.62	1.00	1.53	2.02	5.17
Support Measures Facility (SMF)	0.60	0.60	0.62	0.75	2.57
Total allocations:	23.87	26.85	28.43	28.63	107.78
MIFF Allocations:	27.49	28.11	28.63	29.24	113.47
Difference between allocations and planning:	3.62	1.26	0.20	0.61	5.69

**** Aggregate sum of two projects: Strengthening the management and control systems for EU financial assistance in Montenegro - DIS II (2.00) and Strengthening the State Audit Institution (0.80)

ANNEX 5: LIST OF IPA COMPONENT I PROJECTS IN MONTENEGRO**Source: EU Delegation in Montenegro, overview of IPA Projects**

Criteria / Project Title	Acquis' Chapter	IPA	Budget
Priority Axis 1: Political Criteria - 15 Projects			26.15
Fight against organised crime and corruption	Chapter 23: Judiciary and Fundamental Rights	IPA2007	3.0
Justice Reform	Chapter 24: Justice, freedom and security	IPA2007	2.0
Support to Civil Society	Section 36: Civil Society	IPA2007	1.0
Support to Local Government Reform	Chapter 34: Institutions	IPA2008	4.35
Durable solutions for Refugees and Displaced Person in Montenegro	Section 63: Aid to Refugees and DP's	IPA2008	1.50
Support for the Transformation of Radio Television of Montenegro into a public service broadcaster	Chapter 10: Information Society and Media	IPA2008	1.25
Support for the implementation of the new Criminal Procedure Code	Chapter 24: Justice, freedom and security	IPA2009	1.00
Strengthening the capacity of Police Administration	Chapter 24: Justice, freedom and security	IPA2009	2.00
Asylum: Refugees - Construction of the Asylum Centre	Section 63: Aid to Refugees and DP's	IPA2009	0.45
Implementation of the Personal Data Protection Strategy	Chapter 24: Justice, freedom and security	IPA2009	0.70
Support to Civil Society Development	Section 36: Civil Society	IPA2009	2.20
Strengthening border control, criminal intelligence and fight against drugs	Chapter 24: Justice, freedom and security	IPA2010	1.80
Support the implementation of the anti corruption strategy and action plan	Chapter 23: Judiciary and Fundamental Rights	IPA2010	0.70
Support to Local Self-Government	Chapter 34: Institutions	IPA2010	3.50
Gender Equality	Chapter 19: Social Policy and Employment	IPA2010	0.70
Priority Axis 2: Economic Criteria: - 18 Projects			43.25

Criteria / Project Title	Acquis' Chapter	IPA	Budget
National Qualification Framework and Quality Assurance in Education	Chapter 26: Education and Culture	IPA2007	1.50
Development of the Transport Sector	Chapter 14: Transport	IPA2007	6.20
Supporting the implementation of the Energy Community Treaty	Chapter 15: Energy	IPA2007	1.50
Legal Harmonisation	Chapter 34: Institutions	IPA2007	1.10
Animal Identification and Registration - Phase II	Chapter 11: Agriculture and Rural Development	IPA2007	1.40
Labour Market Reform and Workforce Development	Chapter 19: Social Policy and Employment	IPA2008	1.80
Improving the Business Environment for Small and Rural Enterprises	Chapter 20: Enterprise and Industrial Policy	IPA2008	1.20
Upgrading of Environmental Infrastructure	Chapter 27: Environment	IPA2008	3.50
Support for Environmental Management	Chapter 27: Environment	IPA2008	1.00
Development Strategy of Montenegro (2010-2015) and National Development Plan	Chapter 22: Regional Policy and Coordination of Structural Instruments	IPA2009	1.00
Major Rehabilitation of the Main Rail Line Bar – Vrbnica (border with Serbia)	Chapter 21: Trans-European Networks	IPA2009	5.00
Environmental Alignment and Solid Waste Management	Chapter 27: Environment	IPA2009	4.80
Major rehabilitation of the Main Railway Line Bar-Vrbnica (Miatovo kolo- Mojkovac) section	Chapter 21: Trans-European Networks	IPA2010	5.00
Upgrading the Pljevlja waste water treatment	Chapter 27: Environment	IPA2010	3.50
Raising Environmental Awareness	Chapter 27: Environment	IPA2010	0.50
Social Welfare and Child Care System Reform: Enhancing Social Inclusion	Chapter 19: Social Policy and Employment	IPA2010	3.00
Strengthening administrative capacities in information society	Chapter 10: Information Society and Media	IPA2010	0.50

Criteria / Project Title	Acquis' Chapter	IPA	Budget
Support for Capacity Building in the Forestry Sector	Chapter 11: Agriculture and Rural Development	IPA2010	0.75
Priority Axis 3: Approximation to the EU/Ability to Assume Obligations of Membership - 24 Projects			30.18
Approximating EU Standards in Statistics	Chapter 34: Institutions	IPA2007	0.80
Further development and strengthening of the public procurement system	Chapter 5: Public Procurement	IPA2007	1.25
Development of Quality Infrastructure	Chapter 1: Free Movement of Goods	IPA2007	2.00
Improving capacities for better efficiency and functionality of the Tax Administration Work	Chapter 16: Taxation	IPA2007	0.90
Strengthening the Regulatory and Supervisory Capacity of Financial Regulators	Chapter 9: Financial Services	IPA2008	1.20
Support to Establish an IPA Rural Development Programming and Implementation System	Chapter 11: Agriculture and Rural Development	IPA2008	1.50
Development of a Food Safety Service	Chapter 12: Food Safety, Veterinary and Phytosanitary Policy	IPA2008	2.00
Control and Eradication of Rabies and Classical Swine Fever in Montenegro	Chapter 12: Food Safety, Veterinary and Phytosanitary Policy	IPA2008	1.50
Technical Assistance to the Customs Administration	Chapter 29: Customs	IPA2008	1.00
Support for the Development of Integrated Border Management	Chapter 24: Justice, freedom and security	IPA2008	2.45
Supporting Migration Management	Chapter 24: Justice, freedom and security	IPA2008	1.00
Strengthening the management and control systems for EU financial assistance in Montenegro (DIS II)	Chapter 32: Financial Control	IPA2009	2.00
Strengthening the State Audit Institution	Chapter 32: Financial Control	IPA2009	0.80
Harmonisation and implementation of the regulations on labour and safety at work inspections	Chapter 19: Social policy and Employment	IPA2009	1.18

Criteria / Project Title	Acquis' Chapter	IPA	Budget
Sustainable management of marine fisheries	Chapter 13: Fisheries	IPA2009	1.00
Support to the digitalisation of the Montenegrin Public Broadcasting	Chapter 10: Information Society and Media	IPA2009	1.60
Accession to internal market	Chapter 8: Competition Policy	IPA2009	1.20
Support to rural road network in Northern Montenegro	Chapter 19: Social policy and Employment	IPA2009	1.20
Improving Statistical information system	Chapter 18: Statistics	IPA2010	1.20
Strengthening the Phytosanitary Directorate	Chapter 12: Food Safety, Veterinary and Phytosanitary Policy	IPA2010	0.70
Achieving highest safety and technical quality of construction	Chapter 1: Free Movement of Goods	IPA2010	0.70
Implementation of the European Blood Transfusion System	Chapter 28: Consumer and Health Protection	IPA2010	1.80
Consumer Protection and Market Surveillance	Chapter 1: Free Movement of Goods	IPA2010	0.70
Upgrading IT capacity of the Tax Administration	Chapter 16: Taxation	IPA2010	0.50
Priority Axis 4: Support for Participation in Community Programmes and Agencies			0.47
Community Programmes	Support for participation in community programmes	IPA2009	0.15
Community Programmes	Support for participation in community programmes	IPA2010	0.32
Priority Axis 7: Support Activities			7.52
Technical Assistance (TA) and Project Preparation Facility (PPF)	Support Activities	IPA2007	0.62
Support/Reserve	Support Activities	IPA2007	0.60
Technical Assistance (TA) and Project Preparation Facility (PPF)	Support Activities	IPA2008	1.00

Criteria / Project Title	Acquis' Chapter	IPA	Budget
Support/Reserve	Support Activities	IPA2008	0.60
Technical Assistance (TA) and Project Preparation Facility (PPF)	Support Activities	IPA2009	1.54
Support/Reserve	Support Activities	IPA2009	0.62
Technical Assistance (TA) and Project Preparation Facility (PPF)	Support Activities	IPA2010	2.00
Support/Reserve	Support Activities	IPA2010	0.74
Total allocations: 65 Projects			Budget: 107.78

ANNEX 6: NO OF EU IPA COMPONENT I PROJECTS IN MONTENEGRO PER SELECTED ACQUIS' CHAPTER**Source: EU Delegation in Montenegro, overview of IPA Projects**

Priority Axis / Acquis' Chapter	IPA 2007	IPA 2008	IPA 2009	IPA 2010	Total
Priority Axis 1: Political Criteria	3	3	5	4	15
Chapter 10: Information Society and Media		1			1
Chapter 19: Social Policy and Employment				1	1
Chapter 23: Judiciary and Fundamental Rights	1			1	2
Chapter 24: Justice, freedom and security	1		3	1	5
Chapter 34: Institutions		1		1	2
Section 36: Civil Society	1		1		2
Section 63: Aid to Refugees and DP's		1	1		2
Priority Axis 2: Economic Criteria	5	4	3	6	18
Chapter 10: Information Society and Media				1	1
Chapter 11: Agriculture and Rural Development	1			1	2
Chapter 14: Transport	1				1
Chapter 15: Energy	1				1
Chapter 19: Social Policy and Employment		1		1	2
Chapter 20: Enterprise and Industrial Policy		1			1
Chapter 21: Trans-European Networks			1	1	2
Chapter 22: Regional Policy and Coordination of Structural Instruments			1		1
Chapter 26: Education and Culture	1				1

Priority Axis / Acquis' Chapter	IPA 2007	IPA 2008	IPA 2009	IPA 2010	Total
Chapter 27: Environment		2	1	2	5
Chapter 34: Institutions	1				1
Priority Axis 3: Approximation to the EU/Ability to Assume Obligations of Membership	4	7	7	6	24
Chapter 1: Free Movement of Goods	1			2	3
Chapter 5: Public Procurement	1				1
Chapter 8: Competition Policy			1		1
Chapter 9: Financial Services		1			1
Chapter 10: Information Society and Media			1		1
Chapter 11: Agriculture and Rural Development		1			1
Chapter 12: Food Safety, Veterinary and Phytosanitary Policy		2		1	3
Chapter 13: Fisheries			1		1
Chapter 16: Taxation	1			1	2
Chapter 18: Statistics				1	1
Chapter 19: Social policy and Employment			2		2
Chapter 24: Justice, freedom and security		2			2
Chapter 28: Consumer and Health Protection				1	1
Chapter 29: Customs		1			1
Chapter 32: Financial Control			2		2
Chapter 34: Institutions	1				1
Total Number of Projects per 3 Priority Axis:	12	14	15	16	57
Priority Axis 7: Support Activities	2	2	2	2	8

Priority Axis / Acquis' Chapter	IPA 2007	IPA 2008	IPA 2009	IPA 2010	Total
Technical Assistance (TA) and Project Preparation Facility (PPF)	1	1	1	1	4
Support Measurement Facility (SMF)	1	1	1	1	4
Total Number of IPA Component I Projects	14	16	17	18	65

ANNEX 7: NO OF EU IPA COMPONENT I PROJECTS IN MONTENEGRO PER EACH ACQUIS' CHAPTER**Source: EU Delegation in Montenegro, overview of IPA Projects**

Acquis' Chapter	IPA 2007	IPA 2008	IPA 2009	IPA 2010	Total
Chapter 1: Free Movement of Goods	1			2	3
Chapter 2: Freedom of movement for workers					0
Chapter 3: Right of Establishment and freedom to provide services					0
Chapter 4: Free movement of capital					0
Chapter 5: Public Procurement	1				1
Chapter 6: Company Law					0
Chapter 7: Intellectual property law					0
Chapter 8: Competition Policy			1		1
Chapter 9: Financial Services		1			1
Chapter 10: Information Society and Media		1	1	1	3
Chapter 11: Agriculture and Rural Development	1	1		1	3
Chapter 12: Food Safety, Veterinary and Phytosanitary Policy		2		1	3
Chapter 13: Fisheries			1		1
Chapter 14: Transport	1				1
Chapter 15: Energy	1				1
Chapter 16: Taxation	1			1	2
Chapter 17: Economic and monetary policy					0
Chapter 18: Statistics				1	1
Chapter 19: Social Policy and Employment		1	2	2	5

Chapter 20: Enterprise and Industrial Policy		1			1
Chapter 21: Trans-European Networks			1	1	2
Chapter 22: Regional Policy and Coordination of Structural Instruments			1		1
Chapter 23: Judiciary and Fundamental Rights	1			1	2
Chapter 24: Justice, freedom and security	1	2	3	1	7
Chapter 25: Science and Research					0
Chapter 26: Education and Culture	1				1
Chapter 27: Environment		2	1	2	5
Chapter 28: Consumer and Health Protection				1	1
Chapter 29: Customs		1			1
Chapter 30: External Relations					0
Chapter 31: Foreign, security and defence policy					0
Chapter 32: Financial Control			2		2
Chapter 33: Financial and budgetary provisions					0
Chapter 34: Institutions	2	1		1	4
Chapter 35: Other issues					0
Section 36: Civil Society	1		1		2
Section 63: Aid to Refugees and DP's		1	1		2
Total Number of Projects per 3 Priority Axis:	12	14	15	16	57
Priority Axis 7: Support Activities	2	2	2	2	8
Technical Assistance (TA) and Project Preparation Facility (PPF)	1	1	1	1	4
Support Measurement Facility (SMF)	1	1	1	1	4
Total Number of IPA Component I Projects	14	16	17	18	65

ANNEX 8: BUDGET ANALYSIS FOR PRIORITY AXIS 7: SUPPORT ACTIVITIES**Source: EU Delegation in Montenegro, overview of IPA Projects**

Priority Axis 7: Support Activities	IPA 2007	Increase (in %)	IPA 2008	Increase (in %)	IPA 2009	Increase (in %)	IPA 2010	Increase (in %)
Technical Assistance (TA) and Project Preparation Facility (PPF)	0.62	n/a	1.00	↑61.30%	1.53	↑53.00%	2.02	↑32.03%
Support Measures Facility (SMF)	0.60	n/a	0.60	0%	0.62	↑3.33%	0.75	↑20.97%
Total Increase in % per year:	1.22	n/a	1.60	↑31.15%	2.15	↑34.37	2.77	↑28.84%

The table shows significant increase of the financial allocations for Priority Axis 7: Support Activities. The increase for Technical Assistance and Project Preparation Facility is especially significant since the budgeted amount for IPA 2010 has been increased for 226% comparing to one from IPA 2007.

ANNEX 9: DONORS AND PRIORITY SECTORS**Governments, Member States, Agencies and International Organisations involved in Development Strategies and Action Plans for Montenegro**

EU Member States	Other Governments	EU Member State Agencies	IFI's & Multilateral Institutions	UN Agencies	International Organisations	Other Organisations
Austria France Germany Netherlands Slovenia Spain Sweden	Norway USA/USAID	Austrian Development Agency (ADA) GTZ IDC (Italian Development Cooperation) Italian Ministry for Environment, Land and Sea LUX Development SNV (Netherlands)	EBRD EIB ETF EPO FIAS/IFC IMF KFW World Bank	IOM UNDP UNHCR UNICEF WHO	Council of Europe OSCE OECD/SIGMA	British Council Danish Red Cross Danish Refugee Council Foundation Institute for Open Society (MNE) HELP KulturKontakt (Austria) Red Cross (MNE)

In Table below, a list provided by EUD Montenegro which reflects the interests of Governments, Member States, Agencies and International organisations in future cooperation in various sectors. This table serves to provide a brief overview of complementarity and could be a starting point to identify future cooperation and coordination possibilities.

Future Priority Sectors – Possibility for

Criteria	Donors
Political Criteria 14	
Child protection	UNICEF
Democratic/Good Governance	UN, Hungary, Slovenia, UNDP, CoE
Human Rights	United Kingdom, Slovenia, OSCE
Judicial Reform	United Kingdom, France, Council of Europe
Justice/Rule of Law	Italy, France
Juvenile Justice Reform	UNICEF
Law Enforcement/Organised Crime	Hungary, GTZ, Italy, France United Kingdom
Legal Reform	GTZ
Media	Council of Europe, OSCE
Migration Management	IOM
Parliament/Capacity Building	OSCE
Political Reform	United Kingdom
Public Administration Reform	Italy, Poland, France
Refugees	UNHCR, IOM
Economic Criteria 17	
Agriculture	France
Cultural Heritage	Bulgaria
Education	Hungary, France, World Bank, UNICEF

Criteria	Donors
Electricity Transmitting	KFW Development Bank
Employment	France
Energy	GTZ, Bulgaria, EBRD
Environment (Good Governance)	ADA, Italy, Romania, Slovenia Bulgaria, World Bank, EBRD, USAID, OSCE
Financial Stability/Economic Develop.	UN
Mental Health	WHO
Private Sector Development	LUX Development
Rural Development	ADA, SNV (Netherlands), LUX Dev., France
Social Inclusion	UN, UNDP, IOM
Sustainable Development	ADA, Italian Ministry for Environment
Tourism	ADA, Bulgaria, OSCE
Traffic Mobility/Transport	GTZ, Italian Ministry for Environment
Waste Water Management	Greece
Water supply	KFW Development Bank
Approximation to EU Criteria 3	
Blood Safety	WHO
Food Safety	WHO
Statistics	Bulgaria

Source: Overview – Strategy, Donor and IPA Programme 2007, 2008, 2009, 2010. EUD Montenegro, 2010.

1.10 ANNEX 10: STRATEGY AND DONORS

Overview of assistance and projects per donors and sector

POLITICAL CRITERIA

Strategy/Action Plans	Donors/Agencies	IPA
Democracy and Rule of Law		
Chapter 23: Cooperation in Field of Judiciary and Fundamental Rights		
Strategy for Judiciary Reform of Montenegro 2007-2012	UNDP, OSCE, UNICEF	IPA 07 Justice Reform (IPA Budget € 1,500,000) IPA 07 Juvenile Justice Reform (direct grant) (IPA Budget € 500,000)
	UNICEF	IPA 10 Strengthening of administrative, technical and infrastructure capacities of the Police Directorate (IPA Budget € 1,800,000) IPA 09 Support to Implementation of the new Criminal Procedure Code (IPA Budget € 1.000.000) IPA 07 Legal Harmonisation (IPA Budget € 1,100,000) IPA 10 Strengthening of Administrative, Technical and Infrastructure Capacities of the Police Directorate (IPA Budget € 1,800,000) * Also under Ch. 23
	Netherlands	Court Monitoring: Ongoing project funded by the government of The Netherlands in Montenegro (Dutch government Budget: € 160,000) Reform of the Legal Aid System: Ongoing project funded by the government of The Netherlands in Montenegro ³¹ (Dutch government Budget: € 150,000) Balkans Enforcement Reform Project: Ongoing project funded by the government of The Netherlands in Montenegro (Dutch government Budget: € 350,000) Alternative Dispute Resolution: Ongoing project funded by the government of The Netherlands in Montenegro ³² (Dutch government Budget: € 130,000) Accountability on the Municipal Level: Ongoing project funded by the government of The Netherlands in Montenegro (Dutch government Budget: € 322,864) Capacity Building Ministry of Finance: Ongoing project funded by the government of The Netherlands in Montenegro (Dutch government Budget: € 750,000) Transparency in Privatisation

Strategy/Action Plans	Donors/Agencies	IPA
		Processes Cooperation Central Bank NL / MNE: Ongoing project funded by the government of The Netherlands in Montenegro (Dutch government Budget: € 15,000)
Human Rights and Protection of Minorities		
The National Strategy for Resolving the Issues of Refugees and Displaced Persons (March 2008)	Germany, UNHCR, HELP, Danish Red Cross, Danish Refugee Council, Red Cross (ME), local NGOs OSCE	IPA Regional Support to the Update, Implementation and Monitoring of the Integrated Border Management Strategies and Related Actions Plans and Development of Regional and Cross Border Institutions (IPA Budget € 1,700,000) IPA 08 Durable Solutions for Refugees and Displaced Persons in Montenegro (IPA Budget € 1,500,000) IPA 08 Supporting Migration Management (IPA Budget € 1,000,000) *
*Continued IPA projects under the National Strategy for Resolving the issues of Refugees and Displaced Persons	UNHCR	Regional IPA 09-011 Supporting Social Inclusion of Marginalized Groups (Prevention of Statelessness) (IPA Budget co-funded by UNHCR for € 180,738) Regional IPA 09-010 Supporting Durable Solutions for Refugees (Voluntary Return, Housing Assistance and Free Legal Aid) (IPA Budget co-funded by UNHCR for € 53,000)
Innovated Action Plan for Resolving the Issues of Displaced Persons from former Yugoslav Republics and Internally Displaced Persons from Kosovo (October 2009)	OSCE	IPA 07 Support to Civil Society (IPA Budget € 1,033,179)
Strategy for Improvement of the Position of RAE Population in Montenegro 2008-2012	UNICEF IDC (Italian Development Cooperation)	IPA 07 Support to Civil Society (IPA Budget € 1,033,179) EIDHR 2008&2009 (EIDHR Budget € 707,193,55) Regional Cooperation Programme in Montenegro, Kosovo and Macedonia (IDC Budget € 2,418,877)
Minority Policy Strategy (June 2008)	Foundation Institute for Open Society (ME), OSCE, UNICEF	
The National Action Plan for the "Decade for Roma Inclusion 2005-2015"	OSCE, UNICEF	IPA 09 Support to the Reception Centre for Asylum Seekers_ (IPA Budget € 450,000) IPA 10 Creating path towards Gender Equality in Montenegro (IPA Budget € 700,000)
National Strategy for the Cooperation of the Government of Montenegro and NGOs (January 2009)	IDC (Italian Development Cooperation)	IPA 09 Civil Society Development (IPA Budget € 190,985) IPA MB Regional Civil Society Facility (IPA Budget € 8,000,000) IOM Project Youth Social Revitalisation Financed (Budget: € 949,667,00)
Chapter 10: Information Society and Media		

Strategy/Action Plans	Donors/Agencies	IPA
Electronic Communications Strategy Digital Switchover Strategy of Montenegro	France (CFI), EBRD, OSCE	IPA 08 Support for the Transformation of Radio Television of Montenegro into a public service broadcaster (IPA Budget € 1,250,000) IPA 09 Support to the Digitalisation of the Montenegrin Public Broadcasting (IPA Budget € 1,600,000) IPA 10 Strengthening Administrative Capacities in Information Society (IPA Budget € 500,000)
Media Development in Southeast Europe (with International Press Institute and South-East Europe Media Organisation) <u>Regional Project</u> (ADA Budget € 448,000)	Austria	
Chapter 24: Justice, Freedom and Security		
The Strategy on Anti-Corruption and Organised Crime for the Period 2010-2013 is currently under preparation	OSCE UNICEF	IPA 07 Fight against Organised Crime and Corruption (Twinning, works, supply) (IPA Budget € 3,000,000)
		IPA MB Police Cooperation: Fight Against Organised Crime, Illicit Drug Trafficking and the Prevention of Terrorism (IPA Budget € 2,500,000) IPA MB Regional Support to Strengthen the Southeast European Cooperative Initiative-SECI - in the fight against serious and organised crime (IPA Budget € 1,500,000)
The Police has not developed yet a strategy on law enforcement.	USA, UNDP, OSCE	IPA 08 Regional Support for the Development of Integrated Border Management (IPA Budget € 2,450,000) IPA 09 Strengthening the capacities of police administration (IPA Budget € 2,000,000)
	OSCE	IPA 09 Implementation of Personal Data Protection strategy (IPA Budget € 700,000) IPA MB Regional Support to the Western Balkans Prosecutor's Network (CoE) (IPA Budget € 1,666,666) IPA MB Regional Institutional Law-Enforcement Co-Ordination Units (ILECUS) (IPA Budget € 2,000,000) IPA MB Regional Development of Monitoring Instruments for JHA Institutions of the Western Balkan (UNODC) (IPA Budget € 1,000,000)
Strategy on Anti-Corruption being developed	UNDP, CoE, OSCE	IPA 10 Developing integrity framework in the Public Administration (anti-corruption) (IPA Budget € 700,000)
National Strategy for Integrated Migration Management in Montenegro (September 2008)	IOM	IPA 08 Support to Migration strategy (IPA budget € 1,000,000)
	Netherlands	MONDEM (Montenegro Demilitarisation Project): Ongoing project funded by the government of The Netherlands in Montenegro (Dutch government Budget: € 1,100,000) Language Training for Officers: Ongoing project funded by the government of The Netherlands in

Strategy/Action Plans	Donors/Agencies	IPA
		Montenegro (Dutch government Budget: € 20,000)
Parliament		
National Programme for Integration of Montenegro into the EU for the period 2008 - 2012	OSCE, UNICEF	
Advising and setting-up of Committees of the Montenegrin Parliament (with OSCE) (ADA Budget € 620,000)	Austria	
Public Administration		
Public Administration Reform Strategy in Montenegro 2002-2009	OECD/SIGMA, Norway, France (ENA-CEES), OSCE	IPA 08 Support to Local Government Reform (IPA Budget € 4,300,000) IPA MB Programme Support to OECD/SIGMA (IPA Budget € 5M for the Region)
Support of CEI: Conveying EU-Integration Know-How (with CEI Trieste) <u>Regional Project</u> (ADA budget €360,000)	Austria	
Formation of Montenegrin Civil Servants in the Light of Montenegrin EU Integration (with Diplomatic Academy, Vienna) (ADA Budget € 499,000)	Austria	
Chapter 11: Agriculture and Rural Development		
Montenegro's Agriculture and Rural Development Strategy	WB (MIDAS), France (MSA)	IPA 08 Support to Establish an IPA Rural Development Programming and Implementation System (IPA Budget € 1500,000)
National Policy of Forest and Forest Land Administration of Montenegro	LUX, SNV	IPA 10 Support for Capacity Building in Forestry Sector (IPA Budget € 750,000)
	SNV	Tourism Development and Sustainable Forestry: Ongoing SNV project (SNV Budget: € 1,100,000)
Supporting Sustainable Regional and Tourism Development in Bjelasica, Komovi and Prokletije- Region III (with RDA and six municipalities of Bjelasica, Komovi and Prokletije Region) (ADA budget € 1,500,000)	Austria	
ECONOMIC CRITERIA		
Chapter 26: Education and Culture		
Strategy for the Establishment of the National Qualification Framework in Montenegro	ETF, Austria, Slovenia	IPA 07 NQF&QA in Education (IPA Budget € 1,500,000)
Strategy for the Development of Vocational Education and Training in Montenegro	GTZ, LUX, SNV, British Council, ADA, Kulturkontakt, France	IPA 08 Labour Market Reform and Workforce Development (IPA Budget € 1,800,000)
Supporting Vocational Training in Tourism Section in SEE <u>Regional Project</u> (ADA Budget € 320, 000) Diplomatic Academy- Support programme (with Diplomatic Academy Vienna) <u>Regional Project</u> (ADA Budget € 1,168,000) Eco Net VI: Training firm network and vocational training in SEE and Moldova <u>Regional Project</u> (ADA Budget € 2,231,261) Supporting Higher Education in Montenegro: Labour market-oriented education (Montenegro University) (ADA Budget € 762,000) Montenegro University: Supporting the	Austria	

Strategy/Action Plans	Donors/Agencies	IPA
Faculty of Political Science (Podgorica University) (ADA Budget € 197,200)		
Strategic Plan for Education Reform for the Period 2005 – 2009	WB, UNICEF	
Volunteer Development Strategy	OSCE	
Strategy for Development of Didactic Software	Slovenia	
Strategy of Inclusive Education in Montenegro 2008	UNICEF, UNDP	IPA 10 Social Inclusion Project (IPA Budget € 3,000,000)
Strategy for Scientific-Research Activity	France, UNICEF	
Chapter 15: Energy		
Energy Development Strategy of Montenegro by 2025 and Action Plan 2008-2012	GTZ	IPA 07 Supporting the Implementation of the Energy Community Treaty (IPA Budget € 1,500,000)
Energy Effective Strategy for Montenegro and Action Plan 2008-2012	GTZ	
Strategy for Development of Small Hydro Power Plants in Montenegro	OSCE	
Chapter 20: Entrepreneurial and Industrial Policy		
Foreign Direct Investment Incentives Strategy of Montenegro	OSCE	IPA 08 Improving the Business Environment for Small and Rural Enterprises (IPA Budget € 1,200,000)
Strategy for Encouraging Export in Montenegro		IPA Participation in the European Fund for South East Europe in 2008 (IPA MB Budget € 8,000,000)
Strategy for Development of Small and Medium-Sized Enterprises 2007 – 2010		IPA Private Sector Support Facility for the Western Balkans (EC-EBRD initiative under IPA 2009)
Strategy for Scientific Research Activity of Montenegro	OSCE	
		IPA 08 Support to Local Self-Government (IPA Budget € 3,500,000) IPA 10 Support to Local Self-Government for Implementation of the NTS (IPA Budget € 3,000,000)
Chapter 27: Environment		
National Strategy for Sustainable Development	OSCE, UNICEF	IPA 10 Raising Environmental Awareness in Montenegro (IPA Budget € 500,000) IPA 09 Development Strategy of Montenegro (2010-2015) and National Development Plan (IPA Budget € 1,000,000)
Supporting Sustainable Tourism at Lake Skadar II (Municipalities of Podgorica, Bar, Cetinje, Ulcinj and National Park Lake Skadar) (ADA Budget € 600,000)	Austria	
Eco-efficient construction in Montenegro: UN Headquarters (MFA Montenegro, UNDP, Podgorica) (ADA Budget € 924,000)	Austria	

Strategy/Action Plans	Donors/Agencies	IPA
Draft National Strategy for Integrated Coastal Zone Management	OSCE ³³	
Spatial Plans for Special Purpose Area of the Coastal Management Zone in Montenegro		IPA 09 Environmental Alignment and Solid Waste Management-Part of Project (IPA Budget € 4,000,000)
Republic Level Strategic Master Plan for Waste Management (2005)	EIB, WB	IPA ME 09 Environmental Alignment and Solid Waste Management-part of project (IPA Budget € 800,000)
Waste Management Plan of Montenegro for the period 2008 - 2012		IPA Infrastructure projects Facility Municipal Window for ME (IPA Budget € 5,000,000)
National Strategy of Medical Waste Management (2008)		
Master plan for the drainage of waste water of the Montenegrin littoral and the Municipality of Cetinje (2005)	KFW	IPA 10 Construction of the Waste Water Treatment Plant in one Municipality (Pljevlja) (IPA Budget € 3,500,000)
Strategic Master Plan for sewage and waste waters in the central and northern region of Montenegro (2005)	EIB	IPA 08 Upgrading of Environmental Infrastructure (IPA Budget € 3,500,000) IPA 10 Achieving Highest Safety and Technical Quality of Montenegrin Construction (IPA Budget € 700,000) IPA 08 Support for Environmental Management (IPA Budget € 1,000,000)
National Biodiversity Strategy with its Action Plan for the period 2009 – 2014		
CEHAP - Children and Environment and Health Action Plan (WHO)		
	Netherlands	Hot spot Mojkovac: Ongoing project funded by the government of The Netherlands in Montenegro (Dutch government Budget: € 1,565,000) Joining forces for Sustainable Environment: Ongoing project funded by the government of The Netherlands in Montenegro (Dutch government Budget: € 283,000)
	Netherlands	Implementation of Convention on Long Range Air Pollution: Ongoing project funded by the government of The Netherlands in Montenegro (Dutch government Budget: € 100,000) Green Pack (environmental education): Ongoing project funded by the government of The Netherlands in Montenegro (Dutch government Budget: € 287,000) Netherlands / W Balkan Environmental Network: Ongoing project funded by the government of The Netherlands in Montenegro (Dutch government Budget: € 400,000)
	Netherlands	Support to Office for Sustainable Development: Ongoing project funded by the government of The Netherlands in Montenegro (Dutch government Budget: € 50,000)
Chapter 32: Financial Control		

³³ OSCE: Mission has planned a series of Environmental Protection Awareness Raising events focused on the protection of the coastal zone. Mission will implement these activities in cooperation with Aarhus Center.

Strategy/Action Plans	Donors/Agencies	IPA
Public Internal Financial Control (PIFC) No new strategy	SIGMA	IPA 09 Strengthening Financial Management Control in Montenegro (IPA Budget € 2,000,000)
State Audit Institution No new strategy	GTZ, SAI	IPA 09 Strengthening State Audit in Montenegro (IPA Budget € 800,000)
Montenegrin Government Private Sector Development Strategy 2007 – 2010	GTZ, World Bank, FIAS/IFC, USAID	IPA 08 Improving Business Environment for Small and Rural Enterprises (IPA Budget € 1,200,000) IPA 08 MB Participation in the European Fund for South East Europe in 2008 IPA 08 MB Horizontal Support to coordination with International Financial Institutions in the Western Balkans and Turkey
		IPA Participation in the European Fund for South East Europe in 2008 (IPA Budget € 8,000,000)
		IPA Regional Private Sector Support Facility for the Western Balkans (EC-EBRD initiative under IPA 2009) IPA 08 Improving Business Environment for Small and Rural Enterprises (IPA Budget € 1.2M)
	Netherlands	Business Advisory Services: Alternative Dispute Resolution: Ongoing project funded by the government of The Netherlands in Montenegro (Dutch government Budget: € 1,900,000) Fresh Tulips Montenegro: Ongoing project funded by the government of The Netherlands in Montenegro (Dutch government Budget: € 737,500)
		Business Start-Up Centre Bar: Ongoing project funded by the government of The Netherlands in Montenegro (Dutch government Budget: € 200,000) Support to Investment in Chicken Farm: Ongoing project funded by the government of The Netherlands in Montenegro (Dutch government Budget: € 425,000) PUM Missions (Senior Management Experts): Ongoing project funded by the government of The Netherlands in Montenegro Training and Export Coaching Programmes: Ongoing project funded by the government of The Netherlands in Montenegro
Chapter 28: Health Care and Consumer Protection		
National Strategy for Improvement of Occupational Health and Safety at Work in Montenegro (2010 – 2014) with the Action Plan ³⁴		
The Strategy for Health System Development in Montenegro until 2020	WB, Spain	
National Programme for Violence Prevention	UNDP, OSCE, UNICEF	IPA 10 Creating a Path Towards Gender Equality in Montenegro (IPA

Strategy/Action Plans	Donors/Agencies	IPA
		budget € 700,000)
Strategy for Promoting Mental Health		
National Strategy for Combating HIV/AIDS in Montenegro	UNICEF	
Strategy for Smoking Prevention and Control		
Strategy for Preserving and Improvement of Reproductive Health	WHO, UNICEF	
Safe Blood Strategy		IPA 10 Implementation of the European Blood Transfusion System in Montenegro (IPA Budget € 1,800,000)
Strategy for Medically Safe Food		
Strategy for Applying ICT in Health Care System		
Strategy for Prevention and Control of Chronic Non-Communicable Diseases		
National Strategy on Governance of Medical Waste		
National Strategic Response to Drugs 2008-2012, and Action Plan for 2008-2009	UNICEF	
National Plan for Fighting Corruption in the Health Sector		
National Plan for the Protection from the Avian Influenza and Pandemic Influenza	UNICEF ³⁵	
National Plan for Consumer Protection 2008 – 2010		
	Netherlands	Support to Hospital – Bar: Ongoing project funded by the government of The Netherlands in Montenegro (Dutch government Budget: € 542,819) Support to Psychiatric Hospital – Kotor: Ongoing project funded by the government of The Netherlands in Montenegro (Dutch government Budget: € 70,000)
		Support to People Living with HIV/AIDS: Ongoing project funded by the government of The Netherlands in Montenegro (Dutch government Budget: € 14,304)
Chapter 22: Regional Policy and Coordination of Structural Instruments		
		IPA 08 Support to Local Self-Government (IPA Budget € 3,500,000) IPA 10 Support to Local Self-Government for Implementation of the NTS (IPA Budget € 3,000,000)
Environment and Security in SEE: Improving the Regional Cooperation for Risk Management from Pollution Hotspots as well as the Trans-boundary Management of Shared Natural Resources (with UNEP) (ADA Budget € 500,000)	Austria	
Chapter 19: Social Policy and Employment		
National Strategy for Employment and Human Resources Development 2007	France (Gip inter)	IPA 08 Labour Market Reform & Workforce Development (IPA Budget € 1,800,000)

Strategy/Action Plans	Donors/Agencies	IPA
		IPA 09 Harmonization and Implementation of the Regulations on Labour and Safety at Work Inspections (IPA Budget € 1,180,000)
Social and Child Protection Development Strategy for the Period 2008 – 2009	UNDP, UNICEF	IPA 10 Social Inclusion Project (IPA Budget € 3,000,000)
Strategy for Social and Child Welfare Development in Montenegro 2008-2012	WB, UNICEF	
Strategy for Integration of Persons with Disability in Montenegro 2008 -2016	UNICEF	
Strategy for Development of Social Protection of the Elderly for 2008-2012		
Social Inclusion Strategy		
Strategy for Development of Pension and Disability System in Montenegro		
Balkan Case Challenge 2008-2010 Regional Project (ADA budget € 1,390,500)	Austria	
Chapter 19: Social Policy and Employment		
Consolidating the Legal and Institutional Foundations of Social Dialogue in the Countries of Western Balkans and Moldova (with ILO) Regional Project (ADA Budget € 1,500,000)	Austria	
Developing Home Care in Montenegro - Covering the Northern Municipalities of Berane and Pljevlja (with Montenegro Red Cross) (ADA budget € 73,000)	Austria	
Labour Markets, Job Creation and Economic Growth (with World Bank) (ADA budget € 600,000)	Austria	
Chapter 21: Trans-European Networks		
Restructuring Strategy of the Railway of Montenegro (2007)	EIB, EBRD WB	IPA 07 Development of the Transport Sector (service 1) - TA to the Transport Sector (IPA Budget: € 1,200,000) IPA 07 Development of the Transport Sector (service 2) - MD for railways (IPA Budget € 1,000,000)
Chapter 21: Trans-European Networks		
Restructuring Strategy of the Railway of Montenegro (2007)	EIB, EBRD WB EIB	IPA 07 Development of the Transport Sector (service 1) - TA to the Transport Sector (IPA Budget: € 1,200,000) IPA 07 Development of the Transport Sector (service 2) - MD for railways (IPA Budget € 1,000,000) IPA 07 Development of the Transport Sector (works) - Podgorica by-pass IPA 09 Major rehabilitation of the main rail line Bar-Vrbnica (border with Serbia) (IPA Budget € 5.000.000) IPA 10 Main Rehabilitation of the Railway line Vrbnica-Bar with revitalisation of supply facilities and installations (IPA Budget € 5,000,000)
CAPABILITY TO COPE WITH COMPETITIVE PRESSURE WITHIN THE EU		
Chapter 8: Competition and State Aid		
A Strategy for Competition Policy (June 2008)		IPA 09 Accession to Internal Market Component 1 (IPA Budget € 1,200,000)

Strategy/Action Plans	Donors/Agencies	IPA
Chapter 29: Customs Union		
Customs	EU, CAFAO, TACTA, USAID	
Chapter 13: Fisheries		
Montenegro's Fisheries Development Strategy		IPA 09 Sustainable Management of Marine Fisheries (IPA Budget € 1,000,000)
Chapter 12: Food Safety, Veterinary and Phytosanitary Policies		
National Programme for Food Production and Rural Development 2009 – 2013	WB (MIDAS)	IPA 08 Development of a Food Safety Service (IPA Budget € 2,000,000)
Chapter 12: Food Safety, Veterinary and Phytosanitary Policies		
Strategy on Implementation of Animal Identification and Registration in Montenegro	EIB	IPA 07 Animal Identification and Registration - Phase II (service) (IPA Budget € 947,250) IPA 08 Control and Eradication of Rabies and Classical Swine Fever in Montenegro (IPA Budget € 1,000,000) IPA 10 Strengthening the Phytosanitary Directorate of Montenegro (IPA Budget € 700,000)
Action Plan on Nutrition and Food Safety (2010 - 2014) (WHO)		
Chapter 1: Free Movement of Goods		
		IPA 07 Development of Quality Infrastructure (1 service) (IPA Budget € 2 million)
National strategy for metrology (2008)		IPA Regional Programme on Quality Infrastructure in Western Balkan and Turkey (IPA Budget € 1,999,344)
New strategy for market surveillance (2009)		IPA 09 Accession to Internal Market Component 2 (IPA budget € 400,000) IPA 10 Strengthening the market surveillance in Montenegro (IPA budget € 700,000) IPA 08 MB Regional Programme on Trade and Investment in the Western Balkans
Chapter 7: Intellectual Property Right		
A new strategy to be developed and adopted in 2010	EPO	IPA 09 Accession to Internal Market Component 3 (IPA Budget € 400,000) IPA Regional Programme on Industrial and on Intellectual Property Rights in Western Balkans and Turkey (EPO) (IPA Budget € 1,999,873)
Chapter 18: Statistics		
National Strategy (2009)	IMF, WB, UNICEF	IPA 07 Approximating EU Standards in Statistics (IPA Budget € 800,000) IPA 08 Multi-Beneficiary Programme on Statistical Cooperation (IPA Budget € 2,975,275) IPA 10 Improving Statistical Information System in Montenegro II (IPA Budget € 1,200,000)
Chapter 16: Taxation		
		IPA 07 Support to Tax Administration (Service) (IPA Budget € 900,000) IPA 10 Upgrading IT Capacity of Montenegrin Tax Administration (IPA Budget € 500,000)
Trade Integration		
Strategy for Encouraging Export in		IPA 07 TA to Support ME in

Strategy/Action Plans	Donors/Agencies	IPA
Montenegro *Also see Ch. 20		WTO/CEFTA IPA Regional Programme on Trade and Investment in the Western Balkans (support monitoring and implementation CEFTA) (IPA Budget € 800,000)

ANNEX 11: STRATEGIES

Reference to relevant Government Strategic plans and studies (may include Institution Development Plan, Business plans, Sector studies etc)

Translation of the Memorandum on drafting of document "Montenegro in 21 century – in era of competitiveness" between the Government of Montenegro and the Montenegrin Academy of Science and Arts

Sector strategies

The following sector strategies are being implemented with the aim to streamline development in virtually all economic sectors with the aim to achieve best effects and contribution of the specific sectors to the overall economic and social development through the realization of sector development objectives.

- National Programme for Integration of Montenegro into the EU for the period 2008 - 2012;
- Montenegro's Agriculture and the EU - Food Production and Rural Development Strategy;
- National Programme for Food Production and Rural Development 2009 - 2013;
- Montenegro's Fisheries Development Strategy;
- National Policy of Forest and Forest Land Administration of Montenegro;
- Energy Development Strategy of Montenegro by 2025;
- Tourism Development Strategy of Montenegro by 2020;
- Transport Development Strategy in Montenegro;
- Foreign Direct Investment Incentives Strategy of Montenegro;
- Strategy for Encouraging Export in Montenegro;
- Strategy for Development of Small and Medium-sized Enterprises 2007 - 2010; (and 2011-2015 under preparation)
- National Strategy for Integral Management of Coastal Area in Montenegro;
- Spatial Plans for Special Purpose Area of the Coastal Management Zone in Montenegro;
- National Biodiversity Strategy with its Action Plan for the period 2009 - 2014;
- Strategic Master Plans for Waste Management - waste water, solid waste;
- Plan of Waste Management for the period 2008 – 2012 (adopted February 2008)
- Strategy for Scientific Research Activity of Montenegro; Page 25 of 32
- Strategic Plan for Education Reform for the Period 2005 - 2009;
- National Strategy for Employment and Human Resources Development 2007 - 2011;
- Poverty Reduction and Social Inclusion Strategy;
- Social and Child Protection Development Strategy for the Period 2008 - 2009;
- Strategy for Development of Pension and Disability System in Montenegro;
- Strategy for Development of Social Protection of the Elderly 2008 - 2012;
- Strategy for Inclusion of the Disabled People for the Period 2008 -2016;
- National Strategy for Durable Solutions of Refugees and IDPs Issues in Montenegro;
- Strategy for Improvement of the Position of RAE Population in Montenegro 2008-2012.
- National Capacity Self-assessment for the Implementation of Global Environmental Conventions (adopted November 2007)
- Second UNECE Report of the State of the Environment in Montenegro (adopted August 2007)
- Town and Country planning of Montenegro by 2020 (adopted March 2008),
- National policy for forest and forest land management (adopted May 2008).

ANNEX 12: LIST OF INTERVIEWED INSTITUTIONS AND INDIVIDUALS

Inception Phase – June 2010

Name	Function	Institution
Anne DELIGNE	Assistance Desk	DG ENLARG C4 Montenegro
Michael STEFFENS	Evaluation 1 Task Manager	DG ENLARG E4
Pedro ANDREO ANDREO	Head of Sector, Evaluation Sector	DG ENLARG E4
Anna von SPONECK	Assistant to the Head of Operations, Evaluation 1 Contact Point	Operations Section Delegation of the European Union to Montenegro
Nicola BERTOLINI	Head of Operations	Delegation of the European Union to Montenegro
Ms Gordana DJUROVIC	Minister, National IPA Coordinator (NIPAC)	Ministry of European Integration, Montenegro
Arta LIKA		Ministry of European Integration, Montenegro
Aleksandar DRLJEVIC	Deputy Minister	Ministry of European Integration, Montenegro
Pavle KALUDJEROVIC	Evaluation 1 Contact Point	Ministry for European Integration Sector for Programming, Monitoring and Evaluation of Financial and Technical EU Support
Donors, MS and EC desk officers were presented to the team at the kick off meeting (21.06, Podgorica)		The list of stakeholders e-mail contacts was made available by EU delegation

Field work in Brussels and Podgorica (July- August 2010)

Name	Function	Institution	Date
Mid-term META evaluation of IPA assistance Kick-off meeting participants	Task managers in the respective country unit, evaluators	DG ENLARG E4, DG REGIO, DG EMPL, DG AGRI, evaluators	6 July 2010, Brussels
Anne DELIGNE	Assistance Desk	DG ENLARG C4 Montenegro	7 July 2010, Brussels
Michael STEFFENS	Evaluation 1 Task Manager	DG ENLARG E4	7 July 2010, Brussels
Pedro ANDREO ANDREO	Head of Sector, Evaluation Sector	DG ENLARG E4	7 July 2010, Brussels
Anna von SPONECK	Assistant to the Head of Operations, Evaluation 1 - Contact Point	Operations Section Delegation of the European Union to Montenegro	9 July 2010, Podgorica
Robert Aleksic	UNDP Project Manager	UNDP to Montenegro	9 July 2010, Podgorica
Nicola BERTOLINI	Head of Operations	Delegation of the European Union to Montenegro	12 July 2010, Podgorica
Dragan Djuric	Core Technical Advisor, Capacity Development Program, UNDP	UNDP CDP, Montenegro	12 July 2010, Podgorica
Dragan Radanovic	Task Manager	Delegation of the European Union to Montenegro	12 July 2010, Podgorica
Veljko Karadzic	Project Manager	Infrastructure Project Facility Montenegro	15 July 2010, Podgorica
Ivan Lazarevic	Sectoral Programme Officer	Ministry of Information Society	15 July 2010, Podgorica
Marine Papovic	Advisor	Ministry of Information Society, Sector for development of e-Government	15 July 2010, Podgorica
Darko Draskovic	Advisor	Ministry of Information Society, Sector for development of e-Government	15 July 2010, Podgorica
Florian Hauser	Project Expert	IPA Project: Preparation of Impact Evaluation of IPA 2007-2010 Programmes	15 July 2010, Podgorica
Benjamin Klinger	Project Team Leader	GTZ	16 July 2010, Podgorica
Zvezdan Cadjenovic	Project Manager	GTZ	16 July 2010, Podgorica
Jadranka Vojinovic	Executive Director	PROCON	16 July 2010, Podgorica
Lidia Skataric	Advisor	PROCON	16 July 2010, Podgorica
Darko Kasalica	Advisor	PROCON	16 July 2010, Podgorica
Ivana Petrovic	Donor Assistance Coordination Officer	Government of Montenegro, Deputy Prime-minister office	16 July 2010, Podgorica
Mirjana Pesalj	Director	Tax Administration Office	16 July 2010, Podgorica
Novo Radovic	Deputy Director	Tax Administration Office	16 July 2010, Podgorica
Ursa Kaludjerovic	Deputy Director	Tax Administration Office	16 July 2010, Podgorica
Lidija Seckovic	Associate	Tax Administration Office	16 July 2010, Podgorica
Clarice Da Silva e	Child Protection	UNICEF Montenegro	16 July 2010, Podgorica

Name	Function	Institution	Date
Paula	Specialist		
Nela Krnic	Child Protection Officer	UNICEF Montenegro	16 July 2010, Podgorica
Slobodan Zivkovic	Social Policy Expert	UNICEF Montenegro	16 July 2010, Podgorica
Branka Kovacenc	Programme specialist	UNICEF Montenegro	16 July 2010, Podgorica
Donka Prodanova	Task Manager	Delegation of the European Union to Montenegro	16 July 2010, Podgorica
Aleksandar Drljevic	Deputy Minister	Ministry for European Integration Sector for Programming, Monitoring and Evaluation of Financial and Technical EU Support	24 August 2010, Podgorica
Marija Sasic	Project Development Expert	IPA project	25 August 2010, Podgorica
Christian Kirilov	Business development expert	IPA project	25 August 2010, Podgorica
Branka Despotovic	SPO officer	Ministry of Finance, SPO	26 August 2010, Podgorica
Irma Nisic	SPO officer	Ministry of Finance, SPO	26 August 2010, Podgorica
Bojana Kaluderovic	Senior Advisor	Ministry of Finance, CFCU	26 August 2010, Podgorica
Katarina Zivkovic	Advisor	Ministry of Finance, CFCU	26 August 2010, Podgorica
Jacques Tallineau	EU approximation Expert	IPA project	26 August 2010, Podgorica
Nicola BERTOLINI	Head of Operations	Delegation of the European Union to Montenegro	27 August 2010, Podgorica
Ramsey Day	Officer-in-Charge	USAID/Montenegro U.S. Embassy Podgorica	27 August 2010, Podgorica