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ANNEX

**to Commission Implementing Decision
adopting an Annual Action Programme for Montenegro for the year 2017 Part 2**

1 IDENTIFICATION

Beneficiary	Montenegro
CRIS/ABAC Commitment references	IPA/2017/ 040-217 EUR 15 000 000 (22.020101)
Total cost	EUR 15 000 000
EU Contribution	EUR 15 000 000
Budget lines	22.020101
Management Mode/ Entrusted entities	Direct management by the European Commission for all activities with the exception of 2 complementary activities: <i>- Support to upgrade the Single information system for the exchange of data among state registers (SISEDE) and</i> <i>- Support to the elaboration and implementation of a national rightsizing Plan</i> which will be implemented through indirect management by the United Nations Development Programme (UNDP)
Final date for concluding <u>Financing Agreements</u> with the IPA II beneficiary	At the latest by 31 December 2018
Final date for concluding <u>delegation agreements</u> under indirect management	At the latest by 31 December 2018
Final date for concluding <u>procurement and grant contracts</u>	3 years following the date of conclusion of the Financing Agreement, with the exception of the cases listed under Article 189(2) Financial Regulation
Final date for operational implementation	6 years following the date of conclusion of the Financing Agreement.
Final date for implementing the Financing Agreement (date by which this programme should be de-committed and closed)	12 years following the conclusion of the Financing Agreement.

Programming Unit	DG NEAR Unit D.1 Montenegro
Implementing Unit/ EU Delegation	Delegation of the European Union to Montenegro

2 DESCRIPTION OF THE ACTION PROGRAMME

2.1 SECTORS SELECTED UNDER THIS ACTION PROGRAMME

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

The Annual Action Programme (AAP) for Montenegro for the year 2014 contributed to the achievement of the objectives identified in the Indicative Strategy Paper 2014-2020 (ISP) of Montenegro¹ through formulating actions covering six of the eight priorities defined in the ISP. The first sectors initially covered by IPA II funds included *Democracy and governance*, the *Rule of law and fundamental rights*, *Environment and Climate Action*, *Transport*, *Competitiveness and Innovation*, and the *Agriculture and rural development* sector. Following the sector approach the *Annual Action Programme for Montenegro for the year 2015* covered *Democracy and governance* and the *Rule of law and fundamental rights* sectors. It also included the first sector budget support programme aimed at supporting the implementation of the Integrated Border Management Strategy.

In 2015 Montenegro developed a *Regional Development Operational Programme 2016-2020 (RDOP)* to provide a multiannual framework for IPA programming in *Environment*, *Competitiveness and Transport* sectors. Three actions have been prepared in parallel, each covering one of the three sectors identified in the RDOP. Two actions, focusing on economic development and growth by providing assistance to the *Environment and Climate Action* and *Competitiveness and Innovation* sectors, were included in the *Action Programme for the year 2016*. A third action aiming at the improvement and development of the *Transport* sector was included in part 1 of the *Annual Action Programme for Montenegro for the year 2017*. In addition to the assistance provided to the *Transport* sector, the IPA allocation of 2017 funds also continued its support to the EU Integration Facility and to the participation of Montenegro in Union Programmes.

The present *Annual Action Programme for Montenegro for the year 2017* part 2 (AAP 2017 part 2) will strengthen and complement the existing EU support to the **Democracy and Governance** sector by focusing this time on the area of **Public Administration Reform (PAR)**.

A well-functioning public administration is of fundamental importance for successful political and economic reforms and for implementing EU rules and standards. Therefore, public administration reform is considered to be one of the key priorities of the Enlargement Strategy. Similarly, the 2014-2020 Indicative Country Strategy Paper identifies the reform of the public administration as one of the key sectors to be supported.

The reform of public administration is also in line with the objective of South East Europe Strategy 2020², which recognises that the establishment of a transparent, well-functioning and efficient public administration is a cross-cutting component and a prerequisite for the achievement of any other objective of the strategy.

¹ C(2014)5771 of 18.08.2014 – Commission Implementing Decision adopting an Indicative Strategy Paper for Montenegro for the period 2014-2020"

² <http://www.rcc.int/pubs/20/>

With a total EU contribution of EUR 15 000 000, the AAP 2017 part 2 will bring added value to Montenegro, as well as to the European Union by supporting the government's efforts to create an efficient, service-oriented and more transparent public administration. The 2017 allocation will help the country to modernise its public administration human resources management, transparency mechanisms and improve service delivery as well as to build the necessary capacities within the national institutions to support the negotiation process and the alignment of the national legislation with the EU Acquis.

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

In the **Democracy and Governance** sector, previous actions under IPA I addressed the reform of the civil service and its legal framework.

The 2014 AAP programme included a number of actions linked to Public Financial Management and *EU acquis* alignment with a total EU contribution of EUR 8.97 million. Moreover, the EU Integration Facility supports IPA II implementation and programming as well as the preparation of the negotiation process with a total of EUR 4.6 million (EUIF 2014), EUR 2.45 million (EUIF 2015) and EUR 2.89 million (EUIF 2017, planned).

The PAR Strategy 2016-2020 was adopted by the Government of Montenegro in July 2016. It is based on the results of the "*Analysis of the effects of the implementation of the AURUM*"³ and on the recommendations of the EU-funded programme Support for Improvement in Governance and Management - SIGMA, as put forward in the "*Baseline Measurement Report Montenegro 2015*". Furthermore, it is consistent with the enlargement objectives and with the priorities described in several national level strategic documents.⁴

This action has been designed taking into consideration the lessons learned and the experience gained during the preparation and implementation of the first Sector Budget Support operation in the Rule of Law sector (Integrated Border Management – IBM programme). The degree of maturity of the sector strategy, the existence of a credible Performance Assessment Framework and the importance of continuous policy dialogue were identified as important factors to ensure the effectiveness of such operations.

Complementarity has been ensured with other cooperation partners' existing or planned activities. In particular, the United Nations Development Programme is working on a Public Administration Reform Programme which focuses on transparency, integrity and accountability in the public administration, as well as on e-services and e-government. The Organisation for Economic Co-operation and Development - OECD, through the EU-funded SIGMA programme, is a key partner in the country for the assessment of public governance systems and for strengthening public administration capacities. The

³ Public Administration Reform Strategy 2011-2016 (AURUM)

⁴ Montenegro EU Accession Programme 2016-2018, Montenegro Development Directions 2015-2018, Montenegro Economic Reform Programme 2016-2018, Public Finance Management Programme 2016-2020, Strategy for Information and Communications Technologies.

World Bank and the International Monetary Fund play an important role in macroeconomic stability and public finance management, especially in the area of tax administration, debt management and fiscal consolidation. The Westminster Foundation has been working on strengthening parliamentary budgetary oversight and the British Embassy on the quality of Regulatory Impact Assessments and on budget transparency (Open Budget Index).

List of Actions foreseen under the selected Sectors/Priorities:

Democracy and Governance

INDIRECT MANAGEMENT WITH THE IPA II beneficiary		OTHER IMPLEMENTATION ARRANGEMENTS	
		" Action 4- " EU Support to Public Administration Reform in Montenegro Direct Management and Indirect Management	EUR 15 000 000
		TOTAL	15 000 000

2.2 DESCRIPTION AND IMPLEMENTATION OF THE ACTIONS

SECTOR 1	Democracy and Governance		EUR 15 000 000
<i>Action 4</i>	<i>EU Support to Public Administration Reform in Montenegro</i>	<i>Direct Management and Indirect Management</i>	<i>EUR 15 000 000</i>

Sector Budget Support

a) Eligibility for budget support

- Public policy

A Public Administration Reform Strategy 2016-2020 was adopted by the Government of Montenegro in July 2016. It is based on the results of the "Analysis of the effects of the implementation of the AURUM" and on the recommendations of SIGMA, as put forward in the "Baseline Measurement Report Montenegro 2015". Furthermore, it is consistent with the enlargement objectives and with the priorities described in several national level strategic documents. The main objectives of the PAR Strategy are: a)

improvement of the competences and organisation of civil servants at all level of the administrative system b) reorganisation of agencies exercising public powers c) improvement of the process of selection of candidates and of the existing performance appraisal system d) delivery of administrative services at the highest possible level e) establishment of a comprehensive system of mid-term policy planning f) more functional and more efficient local self-government units. The Strategy has a detailed action plan for the first two years of implementation (2016-2017), which includes indicators for all specific objectives, with baselines and targets. An action plan for the period 2018-2020 will be approved in 2017, including an update of the total cost.

The Ministry of Public Administration will be responsible for monitoring and reporting on the implementation of the Strategy, while the primary responsibility for the achievement of the objectives will stay with the identified lead entities. A Performance Assessment Framework has been put in place, with the first progress report to be produced in May 2017.

On the basis of the available information, it can be concluded that **a credible and relevant strategy is in place** for intervention in the public administration sector.

- Macroeconomic policy

The current growth model of Montenegro is dominantly based on investments and services, mainly tourism, transport and retail sales. Montenegro experienced modest GDP growth in the period 2014-2016, averaging 2.6%. After a period of weak inflation and decrease of consumer prices, inflation should gradually rise and stabilise around 2% in the period 2016-2018.⁵

The Government pursues fiscal incentives and public infrastructure projects to promote economic development and connectivity. Although the government's growth strategy can bring substantial gains, it also carries sizable risks, notably to the public finances, especially if combined with social allowances and public wage hikes. The IMF projects budget deficit percent to increase to 7.5% of GDP in 2017. High fiscal deficit feeds into increasing general government debt, which is projected to reach 82% of GDP by 2019.⁶

The trade deficit increased in 2016, mostly due to an increase of imports of construction materials and equipment, mainly driven by the infrastructure projects. Employment growth remains modest, despite stronger investment activity, which reflects, inter alia, the non-alignment of education and skills with labour market needs. The banking sector is stable, although low provisioning and weak asset quality remains a concern and could hold back credit growth if not properly dealt with.

Within this framework, the country continues to be vulnerable to fluctuations in external demand and global financial conditions. With shrinking fiscal buffers, and because the economy lacks monetary policy tools, the ability to absorb shocks will depend crucially on the flexibility and competitiveness of the real economy.⁷

⁵ Monstat and Ministry of Finance of Montenegro

⁶ IMF Staff Concluding Statement of the 2017 Article IV mission.

⁷ IMF Staff Concluding Statement of the 2015 Article IV mission, available at: <http://www.imf.org/external/pubs/cat/longres.aspx?sk=43772.0>

The authorities are committed to address vulnerabilities and, with the assistance of the World Bank and the IMF, they are working on a Fiscal Strategy which will complement the Plan for the Correction of the Budget Deficit and Public Debt adopted in December 2016 with medium-term fiscal consolidation measures in order to put public debt on a downward trajectory. The Fiscal Strategy is foreseen to be approved by June 2017. Together with the implementation of the structural reforms as presented in the Economic Reform Programme 2017-2019, it will foster growth, increase resilience and boost competitiveness of the economy.

The adoption of a sound Fiscal Strategy together with medium-term consolidation measures is crucial to pursue a credible and relevant stability-oriented macroeconomic policy.

- Public financial management

Montenegro adopted a multiannual Public Finance Management Reform Programme (2016-2020) in December 2015 which addresses several key weaknesses of the budget system. The objectives of the strategy are twofold: a) strengthen the capacities to identify, prevent and manage fiscal risks, excessive fiscal deficits and harmful macroeconomic imbalances b) Ensure that public spending is structured in a way that maximizes the development impact on the national economy and ensures better quality of life for the citizens.

Montenegro is progressing according to the schedule for many of the PFM sub-systems reforms, although it is having some difficulties in particularly challenging areas, where technical assistance is needed and stronger efforts are necessary to streamline the reforms. In particular, Montenegro will have to focus on the development of a sustainable fiscal framework and on the creation of an efficient system for public expenditures planning and budgeting. This includes multi-annual sector strategies with reliable recurrent and investment expenditures costing, as well as policy based budgeting.

Despite some delays in the implementation, the overall direction of change of the Montenegrin PFM reform remains positive and the PFM strategy continues to be relevant and credible.

- Budget transparency and oversight of the budget

The Government systematically publishes the budget proposal, the enacted budget and the in-year and final budget execution reports. The State Audit Institution reports are also available.

The Executive's budget proposal for 2016 was published on the website of the Government of Montenegro on 14 November 2015. The enacted budget was published on the web site of the Ministry of Finance on 15 January 2016. Therefore, the entry point for the eligibility criterion on budget transparency and oversight can be considered as satisfied.

A transparency roadmap has been integrated in the Public Finance Management Reform programme 2016-2020. Here transparency is organised as a horizontal activity, including the improvement of the presentation and visualisation of the annual budget and of in-year reports (monthly and quarterly) according to the best international practices. Whereas most of the actions are due to start in 2017 and 2018, some progress was shown in the implementation of the activities planned for 2016.

b) Objectives

The general objective of this sector budget support programme is to **contribute to sustainable growth and to improve competitiveness through the creation of a more transparent, efficient and service-oriented public administration**. This will be done by supporting the implementation of the Public Administration Reform Strategy 2016-2020.

The programme will support a mix of actions both at policy level and with a clear impact on citizens' life, long-term reforms and quick-win reforms, in order to keep momentum and motivation in the implementation of the reform.

The specific objectives of this sector budget support correspond to the following priorities of the PAR Strategy 2016-2020:

- **Optimization of the number of civil servants in the public administration** in line with state budget constraints and European integration challenges. This will imply the adoption and implementation of a National Rightsizing Plan and the redistribution and/or reduction of human resources according to the needs of the administration, including meeting the challenges of European integration. In this respect, the update and upgrade of the Central Personnel Records (HRMIS) and its link with the payroll registry will be an essential element, without which any efforts to develop the management and monitoring of public administration are not sustainable. In parallel, it will be necessary to ensure an independent oversight of public administration affairs by strengthening the administrative and technical capacities of the Administrative Inspection Service;
- **Enhancement of human resources management**, by giving particular attention to the capacity to plan and to manage new recruitments as well as to the capacity to manage civil servants' and other employees' professional development according to the needs of an efficient, service-oriented and more transparent public administration;
- **Improvement of the quality and accessibility of public service delivery**, with a reduction or simplification of administrative procedures for citizens and business operators. In this respect, the establishment of interoperability among key electronic state registers will be the basis for any further improvement in the provision of services;
- **Improvement of the transparency of public services** by making the exercise of the right to free access to information more effective, by reducing the number of complaints, in particular for "administrative silence", and by decreasing the number of decisions on information requests annulled by the Administrative Court.

The programme focuses on the most challenging objectives of the strategy, notably the ones where the previous public administration reform (AURUM) did not achieve the expected results and which are of key importance in the enlargement perspective. The programme also reflects the will to improve the life of citizens in terms of service delivery and increased transparency. In both cases, policy dialogue plays a central role and represents the real added value of the European Commission intervention in this sector.

The specific objectives are strictly interlinked, which underlines the sectoral approach of this budget support operation. They are also complementary to the interventions of other donors and will have a structural impact on the Montenegrin public administration system. Moreover, they have been selected in order to ensure sustainability of the results and a positive effect on fiscal consolidation and macroeconomic stability.

The optimization of human resources, in particular, reflects the need to better respond to the citizens' and business' needs, to reduce the increasing weight of annual wages on current expenditures⁸ and to free more financial resources for economic growth and competitiveness. At the same time, better resource planning and a more skilled workforce will benefit the quality of public administration, by creating the conditions for a smoother European Integration process.

Finally, the quality, transparency and accessibility of public services are crucial determinants for a more business friendly administration and a more competitive economy, especially if they are translated in simplified and swifter public administrative procedures. Greater predictability in terms of quality and timing also creates trust and economic benefits for the end users of the services.

c) Expected results

The expected results of this sector budget support programme are the following:

- Public administration human resources are optimised in line with European Integration needs and state budget constraints.
- Increased accuracy of data on number and career of civil servants.
- Increased capacity to plan and manage new recruitment.
- Improved capacity to manage civil servants professional development according to the needs of an efficient, service oriented and more transparent public administration.
- Simplified and swifter public administrative procedures.
- Improved access to public information.

d) Main sector budget support activities

The main activities to implement the budget support package are policy dialogue, financial transfer, performance assessment, reporting and capacity development.

Engagement in dialogue around conditions and government reform priorities, the verification of conditions and the payment of budget support.

e) Complementary actions

With regard to complementary actions, activities will largely focus upon strengthening the institutional and human resource capacities of the principal stakeholders to drive, coordinate and monitor the implementation of the public administration reform. The proposed actions will develop the beneficiaries' capacities to achieve the expected results. The main recipients will be the Human Resources Management Authority, the Administrative Inspection Service, the E-government Directorate and the Agency for the Protection of Personal Data and Free Access to Information. Technical assistance will be

⁸ IMF Staff Concluding Statement of the 2017 Article IV mission.

provided also to the Statistical Office of Montenegro (MONSTAT) in order to update the methodology for statistics according to EU regulations and to improve the quality of administrative data sources. Additional support will also be provided to the Ministry of Public Administration to manage external and internal communication, which is considered particularly sensitive and to the Ministry of European Affairs, in order to further reinforcing strategic planning as functional to the elaboration of credible medium term budgetary frameworks. This latter assistance will mitigate one of the identified PFM risks and will increase state budget credibility. Special support will be provided to developing the capacities of civil society in oversight and control as well as to visibility actions.

The complementary actions are planned to be launched with a suspension clause which will allow for the commencement of the activities early after signature of the Financing Agreement.

Essential elements of the Action for direct management:

Procurement:

- a) the **global** budgetary envelope reserved for procurement: EUR 1 000 000
- b) the indicative number and type of contracts: 4 service contracts
- c) Indicative time frame for launching the procurement procedure: procurement procedures are expected to be launched in Q3 2017.

Grant – Call for proposal – Civil society oversight and awareness activities

a) Objectives and foreseen results:

The objective of the grant is to develop the capacity of civil society organisations to perform its oversight role, monitor the evolution and implementation of the reform strategy as well as raise awareness of PAR issues that affect the citizens such as service delivery and accountability of public institutions.

The foreseen result is an increased transparency of the public administration and a strengthened oversight by the civil society of the PAR sector.

b) The essential eligibility criteria are:

- *be a legal person and*
- *be non-profit-making and*
- *be a civil society organisation and*
- *be a national of Montenegro or registered in Montenegro⁹*

c) The essential selection criteria are financial and operational capacity of the applicant.

⁹ Registered under at least one of the following laws: Law on Non-governmental Organisations (Official Gazette of Montenegro 27/99, 09, 30/02, 39/11), Labour Law (OG of Montenegro 43/03, 79/04, 49/08, 26/08, 88/09, 26/10, 59/11), Law on Representation of Trade Unions (OG of Montenegro 26/2010), the Bylaw on the representation of employers' organisations (OG of Montenegro, 34/05), the Law on the Chamber of Economy of Montenegro (OG of Montenegro, 42/98).

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

e) Maximum rate of EU co-financing

The maximum possible rate of EU co-financing is 90% of the eligible cost of the action.

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

f) Indicative amount of the call: EUR 50 000

g) Indicative date for launch of the call for proposals: Q 3 2017

Grant – Twinning – Call for proposal: *Capacity development for Human Resources Planning, Professional development and Training (TWN 1)*

a) Objectives and foreseen results:

Objective: To develop the capacity of the Human Resources Management Agency (HRMA).

Result: The HRMA capacity is strengthened regarding human resource planning, professional development and training.

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

c) Indicative amount of Twinning contract: EUR 500 000

d) Indicative date for launching the selection procedure: 2017 Q3

Grant – Twinning – Call for proposal : *Capacity Development for the Administrative Inspection Services (TWN 2)*

a) Objectives and foreseen results:

Objective: To develop the capacity of the Administrative Inspection Services (IAS).

Result: The IAS capacity is strengthened regarding oversight of the legality of human resources management practice

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

- c) Indicative amount of Twinning contract: EUR 250 000
- d) Indicative date for launching the selection procedure: 2017 Q3

Grant – Twinning – Call for proposal ; Capacity development and awareness for the Agency for the Protection of Personal Data and Free Access to Information (TWN 3)

- a) Objectives and foreseen results:

Objective: To develop the capacity of the Agency for the Protection of Personal Data and Free Access to Information

Result: The Agency for the Protection of Personal Data and Free Access to Information is better prepared to manage administrative silence cases and raise awareness about access to information rights.

- b) The maximum possible rate of EU financing may be up to 100% of the total cost of the action in accordance with Article 192 of Financial Regulation if full funding is essential for the action to be carried out. The necessity for full EU funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.
- c) Indicative amount of Twinning contract: EUR 250 000
- d) Indicative date for launching the selection procedure: 2017 Q3

The essential selection and award criteria for Twinning and Twinning Light:

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

The essential selection criterion is operational capacity of the applicant.

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

The complementary activities with the purposes to *Support to upgrade the Single information system for the exchange of data among state registers (SISEDE)* and to *Support to the elaboration and implementation of a national rightsizing Plan* will be implemented by indirect management by the UNDP.

Entity entrusted with budget implementation tasks

UNDP has a long-term commitment with the Montenegrin authorities and the European Union Delegation to Montenegro in the area of public administration reform. It has a positive record of working specifically on the local level, in particular by developing a comprehensive functional review of the Human Resources function and management capacities in Montenegrin municipal administrations. Ongoing UNDP projects include a Local Governance programme supporting inter-municipal cooperation and local finance management and the creation of a government service bus for the exchange of data

among state registers. The complementary actions foreseen under the present sector budget support programme would have a leverage effect on cooperation with the beneficiaries, would increase efficiency and reduce transaction costs. They would also benefit from the acquired know-how and the networks already established by the UNDP at local level.

A delegation agreement will ensure a complete alignment with the work already undertaken and strengthen complementarities and synergies among the activities implemented by the development partners in the sector.

Short description of the tasks entrusted to the entity

The UNDP, in close cooperation with the beneficiaries, will implement a functional review of the Human Resources of 25 local self-governments in order to align it to the process that will be carried out at central level. It will also be in charge of the follow up of the implementation of the optimisation plan at local level, of the elaboration of the personnel annual plans as well as the drafting of the strategic planning for the professional development and training of civil servants at local level.

Additionally, the UNDP will further develop the existing Government Service Bus (Single Information System) in order to connect 7 different state electronic registers (Central Population Register; Register of Business Entities; Register of Tax Payers; Register on Number of Children in Educational Institutions; Criminal Records; Employment Records and Cadastre).

The entrusted entity shall be responsible for carrying out all the tasks relating to the implementation of the action. In particular, the entrusted entity shall be responsible for running public procurements, concluding and managing the resulting contracts, implementation (including executing related payments), information and visibility. It will also be in charge of monitoring, reporting and evaluation thereof whenever relevant, in accordance with the principle of sound financial management, and for ensuring the legality and regularity of the expenditure incurred in the implementation of the programme.

3 BUDGET

3.1 INDICATIVE BUDGET TABLE - ANNUAL ACTION PROGRAMME FOR MONTENEGRO FOR THE YEAR 2017 – PART 2

		Indirect Management with the IPA II beneficiary			Other implementation arrangements					
		where applicable	where applicable	Total expenditure			Total expenditure	MM	Total programme	
		EU Contribution	IPA II beneficiary Co-financing		where applicable	where applicable				
					EU Contribution	IPA II beneficiary Co-financing				
Objective 1	Sector 1				Sector 1 Democracy and Governance	15 000 000		15 000 000	Mixed	15 000 000
	Action				Action 4 – "EU Support to Public Administration Reform in Montenegro"	15 000 000		15 000 000	Direct, IO, IM	15 000 000
	TOTALS					15 000 000		15 000 000		15 000 000

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

DIRECT MANAGEMENT:

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

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

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

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

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

Twining:

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

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

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

INDIRECT MANAGEMENT:

Part of this programme shall be implemented by indirect management with entrusted entities other than the IPA II beneficiary in accordance with Article 58(1)(c) of the Financial Regulation and the corresponding provisions of its Rules of Application.

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

5 PERFORMANCE MONITORING ARRANGEMENTS

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

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

In the specific context of indirect management by IPA II beneficiaries, National IPA Co-ordinators (NIPACs) will collect information on the performance of the actions and programmes (process, output and outcome indicators) and coordinate the collection and production of indicators coming from national sources.

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