

EN

ANNEX I

**to the Commission Implementing Decision on the financing
of the annual action plan in favour of Montenegro for 2021**

ACTION DOCUMENT “EU INTEGRATION FACILITY”

1. SYNOPSIS

1.1. Action Summary Table

Title	EU Integration Facility Annual action plan in favour of Montenegro for 2021
OPSYS number - CRIS	IPA III/2021/ 043-663/1
Basic Act	Financed under the Instrument for Pre-accession Assistance (IPA III)
Team Europe Initiative	No
Zone benefiting from the action	The action shall be carried out in Montenegro
Programming document	IPA III Programming Framework
PRIORITY AREAS AND SECTOR INFORMATION	
Window and thematic priority	Window 2: Good governance, EU Acquis alignment, Good neighbourly relations and strategic communication Thematic Priority 2: Administrative capacity and EU <i>acquis</i> alignment
Sustainable Development Goals (SDGs)	Main SDG (1 only): <ul style="list-style-type: none">• SDG 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels Other significant SDGs (up to 9) and where appropriate, targets: <ul style="list-style-type: none">• SDG 17: Strengthen the means of implementation and revitalise the global partnership for sustainable development
DAC code(s)	Main DAC Code : <ul style="list-style-type: none">• 43010 – multi-sector aid – 100%
Main Delivery Channel @	12000 – Recipient Government

Markers (from DAC form)	General policy objective @	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers @	Not targeted	Significant objective	Principal objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Internal markers	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Migration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	COVID-19	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
Amounts concerned	Budget line: 15.020101.01 Total estimated cost: EUR 3 650 000 Total amount of EU budget contribution EUR 3 650 000 of which EUR 0 for indirect management with IPA III beneficiary.			
MANAGEMENT AND IMPLEMENTATION				
Type of financing and method(s) of implementation	Project Modality Direct management through: - Procurement			

	Indirect management with the entities to be selected in accordance with the criteria set out in section 4.2.2
Relevant priorities and flagships from Economic and Investment Plan for the Western Balkans [only for the Western Balkans]	Private Sector Support”, “Human Capital Development”, “Common Regional Market and Economic Integration”, “Governance, Rule of Law, PAR”
Final Date for conclusion of Financing Agreement	At the latest by 31 December 2022
Final date for concluding contribution / delegation agreements, procurement and grant contracts	3 years following the date of conclusion of the Financing Agreement, with the exception of cases listed under Article 114(2) of the Financial Regulation
Indicative operational implementation period	72 months following the conclusion of the Financing Agreement
Final date for implementing the Financing Agreement	12 years following the conclusion of the Financing Agreement

1.2. Summary of the Action

The European Union Integration Facility (EUIF) will contribute to increasing the effectiveness of IPA III, all management modes, including direct management by the European Commission, indirect management by Montenegro and with entrusted entities. Linked to this is also the capacity of Montenegrin national authorities to prepare mature actions and manage the implementation of EU funds in accordance with EU procurement and financial control standards.

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

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

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

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

2. RATIONALE

2.1. Context Analysis

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

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

2.2. Problem analysis by areas of support

AREA OF SUPPORT #1: Support to the accession negotiations, transposition of the EU *acquis* and implementation of EU policies

Short problem analysis:

Montenegro applied for EU membership in December 2008 and was granted candidate status in December 2010. In June 2012, following the endorsement by the European Council, the accession negotiations with Montenegro were opened, marking the start of a more intensive phase in the accession process. The screening process was completed in May 2014, when the last screening report was processed by the Council. So far, all 33 negotiation chapters are opened and 3 chapters provisionally closed.

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

Description of main stakeholders:

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

AREA OF SUPPORT #2: Support to effective and efficient implementation, management, monitoring, evaluation and absorption of EU funds

Short problem analysis:

In terms of EU financial assistance, Montenegro has been benefiting from the Instrument for Pre-accession Assistance (IPA) since 2007. IPA I covered the period 2007-2013 (EUR 235.7 million) and IPA II covers the period 2014-2020 (indicatively EUR 279.1 million). IPA III for the period 2021-2027 will bring a more focused and result oriented approach, with the Strategic Response as the basis for programming assistance in the seven-year.

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

Description of main stakeholders:

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

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

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

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

2.3. Relevance and complementarity with strategies supported by key national stakeholders

The institutional structures for programming, implementation and monitoring need to be upgraded and appropriate coordination capacities need to be strengthened. Horizontal coordination (intra-ministerial and inter-ministerial) remains to be tackled, as well as consultation with other stakeholders that should take part in identifying priorities and programming IPA resources. In addition, sector priorities need to be more coherent, strategic and result oriented and translated into adequate measures, applying a sector wide approach and thus contributing to the policy objectives, and overall synergy of the accession process at country level. One of the major challenges for the Government of Montenegro (GoM), its administration and institutions is to strengthen the administrative capacities for applying a sector wide and integrated planning approach in designing relevant, well targeted and articulated sector programmes and specific actions, meeting strategic needs to the EU accession process and thus ensuring an effective use of the available EU financial assistance. To this end the Sector Working Groups for IPA II programming were established to ensure application of sector approach, while new Working Groups for IPA III programming are being established for each of the first four windows of IPA III, following the principle of interinstitutional cooperation and joint strategic planning in order to reach goals defined by IPA III Programming Framework.

Although there are overall strategic documents which represent the basis for identification of national priorities, some of the sectors that benefit from IPA III support do not have overall sector strategies, but rather strategies which cover specific areas within those sectors. Therefore, for each sector Strategic Response will be used as a second layer in identification of priorities and the needs within each sector. Preparation of sound Strategic Response is an extensive exercise which requires good strategic planning, strong linkage with the EU accession process as well as with the number of existing strategies, and it involves numerous stakeholders, thus representing additional challenge for Montenegrin state administration.

2.4. Relevance and complementarity with EU policy and EU and other donors' assistance

In line with the policy-first approach, the action will contribute to achieving the objectives identified in the IPA III Programming Framework and are in line with the recommendations derived from the specific instruments of the enlargement process, in particular: the negotiating frameworks, the recommendations of the Enlargement Package, the Economic Reform Programmes (ERPs) and the policy guidance agreed annually in the joint conclusions, the conclusions of the meetings organised in the context of the (Stabilisation and) Association Agreement as well as, where applicable, the Western Balkans Strategy, the Macro-Regional Strategies and the national plans for the adoption of the EU *acquis*. In particular, the European Commission's Reports, prepared in the framework of the annual Enlargement Package, provide a detailed assessment of both the level of preparedness and the degree of progress achieved over the preceding reporting period. As noted above the EU-Western Balkans Strategy: A credible enlargement perspective for and enhanced EU engagement with the Western Balkans provides a perspective for 2025 for Montenegro is setting out the key steps and conditions which are required in the accession negotiations. Given the flexible nature of the EU Integration Facility, if considered appropriate, some funds may be allocated to contribute to the implementation of some flagship initiatives.

In addition, IPA III support may also be mobilised in response to unforeseen priority needs relevant for accession, which do not fall under the aforementioned priority sectors. This may include, but will not be limited to, ad hoc and short-term technical assistance, twinning projects, grants etc.

The action is fully in line with the developments with regards to the Economic Investment Plan for the Western Balkans and the Western Balkans Investment Framework. The action also is equally framed in the context of the European Green Deal.^{1 2 3}

2.5. Lessons learned and links with previous financial assistance

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

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

3. DESCRIPTION OF THE ACTION

3.1. Planned results and intervention logic

Main expected result of the action is to contribute to successful conduction of the process of EU accession, including compliance with cohesion and structural funds related rules and standards. The following outcomes and outputs will lead to this overall result/impact:

Outcome 1 focuses on supporting accession negotiations, transposition of the *acquis* and implementation of EU policies, and will be achieved by the following outputs:

- strengthening of the legislative and institutional capacities of Montenegrin administration for transposition and implementation of the EU *acquis*, as well as capacities for leading and carrying out the accession negotiations.

Outcome 2 focuses on ensuring support to effective and efficient implementation, management, monitoring and absorption of EU funds, and will be achieved by the following outputs:

¹ [An Economic and Investment Plan for the Western Balkans \(europa.eu\)](https://europa.eu/european-council/en/economic-investment-plan-western-balkans)

² Green Deal COM (2019) 640 final

³ [Strategy for the Western Balkans: EU sets out new flagship initiatives and support for the reform-driven region \(europa.eu\)](https://europa.eu/european-council/en/strategy-western-balkans)

- developing capacities and relevant documentation/studies for identification, programming, implementation and evaluation of EU assistance
- managing unexpected situations, including but not limited to health and socio-economic aspects of the situations;
- improved awareness of the citizens to EU accession.

Establishment and functioning of all relevant coordination mechanisms related to the EU accession process, as well as availability and commitment of the staff of the Government bodies for capacity building interventions are the main assumptions relevant before and during the implementation of this Action and are key for its successful implementation. Political will is also one of the main conditions for implementation. Continued commitment of Government structures to the accession process is one of the main conditions that have to be in place for an effective and timely implementation of this Action. Government of Montenegro has expressed its strong commitment to membership of the European Union, which remains one of Montenegro's highest strategic priorities.

3.2. Indicative type of activities

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

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

It shall include, but is not restricted to, the following:

- Specific interventions at sectoral level to support achievement of objectives related to EU accession process, including provision of specific expertise, for harmonization / implementation of national legislation, promotion of best practices, in line with the relevant European values, standards and practices, etc.:
 - Support to legislative and institutional capacities for implementation of the EU *acquis*.
 - Research, analysis and assessments of particular needs, challenges and processes linked to the EU,
- Training/Coaching activities on leading and implementation of the specific accession requirements:
 - Support to capacity building for accession negotiations;
 - Support to activities for technical implementation of the accession requirements.
- Support for the strategic planning of EU assistance with the focus on sector wide approach and preparation for cohesion and structural funds;
- Support for strengthening the capacities for identification, programming, implementation, evaluation and monitoring of IPA funds and for coordination with development partners active in Montenegro to better align development objectives;
- Technical assistance to specific sector/ sub sector working groups in preparation of sector strategies or multi-sector strategies, drafting of (pre-)feasibility and impact studies as well as in preparation of procurement documents;
- Activities in relation to monitoring, evaluation, communication and visibility and audit;
- Any unforeseen and ad hoc activities responding to beneficiary needs and contributing to the overall objective of the action.
- Emergency response to threats such as COVID-19, diseases, migration, environmental threats, gender based violence, fight against organised crime, etc.
- Enhancing participation of women, minorities and non-majority communities, Roma communities and vulnerable groups in democratic processes and policy dialogue.

This Action will provide capacity building in programming and identification of Sector Support Programmes / Sector Support Actions / Sector Support Oriented Actions / Stand-alone Actions to Sector Working Groups (SWGs), line ministries and other stakeholders (other state bodies, independent regulators, local governments, social partners, civil society, etc.). The capacity building intervention should support the Chief Negotiator / NIPAC Office in coordinating the overall process of EU integration. It will simultaneously have an impact on capacities and ownership of line ministries, working groups for specific chapters, sector working groups and other stakeholders, to carry out accession negotiations as well as programming of EU assistance which will be thus better linked with the EU accession process. Having in mind the numerous needs and rather limited funds, the key element for successful use of funds, in order to achieve the desired impact, is coordination. Therefore, the Chief Negotiator / NIPAC Office, in close cooperation with the EU Delegation to Montenegro, established a coordination mechanism which will ensure successful coordination and provide timely response to the emerging needs of Montenegro in the process of preparations for accession and the programming of IPA funds.

3.3. Risks and assumptions

Risks	Risk level (H/M/L)	Mitigating measures
Risk 1 High fluctuation of staff working in state administration, particularly in the beneficiary institutions	M	The Government of Montenegro is committed to implementation of staff retention policy measures with the aim to reduce the staff turnover in the IPA structures and to its further strengthening in the next period.
Crisis and unexpected situations (such as COVID- 19 or other global challenge)	M	By the time the action will be implemented, the pandemic is expected to ease. In any case, social distance and all necessary preventive measures will be in place in order to ensure efficient implementation of the action.
Assumptions		
<p>Related to outcomes 1 and 2: Continued commitment of the Government structures to the accession process; Ensured adequate staff for state administration.</p> <p>Related to outputs 1 and 2: All relevant coordination mechanisms established and functioning; Availability and commitment of staff for capacity building interventions.</p>		

3.4. Mainstreaming

This Action will specifically contribute to the enhancement of the capacities of staff in all line ministries contributing towards the achievement of gender-related UN, EU, CoE and OSCE requirements for gender sensitive policies, legislation and programming as well as gender balanced representation in relevant operational structures, participation in capacity building interventions, etc. Finally, the concept of gender mainstreaming will be taken into account in all stages of the projects implementation so as to enable and encourage participation of women in all areas of policy development that this Action will help formulate and support.

Environment protection legislation in Montenegro is comprehensive and is going through intensive process of harmonisation with the EU *acquis*. The proposed Action will give due attention to environmental issues. Among others, this will, for example, include increased use of electronic means, reduction in paper consumption (recto/verso prints), etc.

The EU Integration Facility reflects the European Union's longstanding commitment to address environmental and climate change concerns and enhance sustainable development by supporting the harmonisation with the EU *acquis* and implementation of the new legislation under Chapter 27, as well as the alignment with the *acquis* in other linked chapters, which in the context of the Green Deal, will require mainstreaming of the EU green agenda (as reflected in the Staff Working Document "Guidelines for the Implementation of the Green Agenda for the Western Balkans" (adopted in October 2020 as an annex to the Economic and Investment Plan for the Western Balkans). Some examples include chapter 5 on public procurement introducing quality criteria such as respect to environment in public purchase, chapter 11, under which the greening of the agriculture will need to be addressed through the national policy on subsidies, or chapter 8 on competition and state aid, encouraging state aid for green investments, chapter 20 on enterprise and industrial policy, supporting a major shift to renewable energy, less polluting technologies, etc.

Overall, the EU Integration facility, by promoting strategic and responsible governance which addresses the global challenges of today, by supporting the fundamental reforms of the public administration/digitalisation, public finance and judiciary system, will contribute to an administrative, cultural and policy shift that puts the protection of the environment and a responsible attitude towards the natural resources in the heart of governance. The focus of EUIF on legal enforcement will contribute to changing practices, building capacities and applying corrective measures when necessary."

3.5. Conditions for implementation

No specific conditions have to be in place for effective and timely implementation of the Action Document.

3.6. Logical Framework for PROJECT MODALITY

Results	Results chain: Main expected results (maximum 10)	Indicators (at least one indicator per expected result)	Baselines (2021)	Targets (2022)	Sources of data (1 per indicator)	Assumptions
Impact	To successfully conduct the process of EU accession, including compliance with cohesion and structural funds related rules and standards	Progress in accession to the EU Montenegro has opened 33 (out of 33 chapters) and the progress is measured with the number of provisionally closed chapters	33 chapters opened	at least 5 chapters provisionally closed	Commission Report	<i>Not applicable</i>
Outcome 1	Accession negotiations, transposition of the <i>acquis</i> and implementation of EU policies supported	Number of recommendations from EC Country Report fulfilled Score provided by ROM reports in relation to OECD DAC evaluation criteria.	0 0.5% Red 25% Orange	10 0,2% Red 20% Orange	Financing Agreements Commission Report IPA Monitoring Committee Reports NIPAC Annual reports Action progress reports Monitoring and evaluation reports	Continued commitment of the Government structures to the accession process
Outcome 2	Ensured support to effective and efficient implementation, management, monitoring, evaluation and absorption of EU funds	Number of recommendations provided by internal and external monitoring, and by evaluations, are adopted % of EU funds contracted	Will be determined at a later stage	Will be determined at a later stage	Financing Agreements Commission Report IPA Monitoring Committee Reports NIPAC Annual reports	Ensured adequate staff for state administration

					Action progress reports Monitoring and evaluation reports	
Output 1 related to outcome 1	Legislative and institutional capacities of Montenegrin administration for transposition and implementation of the EU <i>acquis</i> and capacities for leading and carrying out the accession negotiations strengthened	Number of projects focusing on capacity building activities under the EUIF	0	7	IPA Monitoring Committee Reports NIPAC Annual Reports Action documents and related QRs Action progress reports Commission Report	All relevant coordination mechanisms established and functioning
Output 1 related to outcome 2	Capacities and relevant documentation for identification, programming, implementation and evaluation of EU assistance developed Unexpected situations, including but not limited to health and socio-economic aspects of the situations managed Awareness of the citizens to EU accession improved	Percentage of approved applications for financing under EUIF compared to the number of submitted ones	0	60%	IPA Monitoring Committee Reports NIPAC Annual Reports Action documents and related QRs Action progress reports Commission Report	Availability and commitment of staff for capacity building interventions

4. IMPLEMENTATION ARRANGEMENTS

4.1. Financing agreement

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

4.2. Implementation modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures⁴.

4.2.1. Direct Management (Procurement)

The procurements under this action will contribute to achieve both objectives:

Support to accession negotiations and

Effective and efficient implementation, management, monitoring and absorption of EU funds

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

4.2.2. Indirect management with entrusted entities

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

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

If negotiations with the above-mentioned entity fail, that part of this action may be implemented in direct management in accordance with the implementation modalities identified in section 4.2.1. Any entity selected has been pillar-assessed or is currently undergoing an ex-ante assessment including the complementary pillar assessment, keeping in mind the potential need of any relevant supervisory measures.

⁴ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

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

In exceptional circumstances and upon authorisation of the European Commission, changes from indirect to direct management mode (and vice versa) are possible, as well as other changes in the management and procurement modes. In addition, in some unpredicted and emergency situations, with prior approval of the European Commission, support to unforeseen and ad hoc actions may also be possible.

4.3. Scope of geographical eligibility for procurement and grants

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

4.4. Indicative budget

	EU contribution (amount in EUR)	Indicative third party contribution, in currency identified
Impact: To successfully conduct the process of EU accession, including compliance with cohesion and structural funds related rules and standards; <i>composed of</i>	2 950 000	N.A.
Direct management (procurement) cf section 4.2.1 – this is not foreseen	N.A.	
Indirect management with - Member State Organisation, third donor country, EU specialised (traditional/regulatory) agency, international organisation – Total envelope under section 4.2.2	500 000	N.A.
Procurement – total envelope under section 4.2.1	2 950 000	N.A.
Evaluation cf. section 5.3	200 000	N.A.
Audit/Expenditure verification cf. section 6	will be covered by another decision	N.A.
Communication and visibility cf. section 7	N.A.	N.A.
Contingencies	0	N.A.
Total	3 650 000	N.A.

4.5. Organisational set-up and responsibilities

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

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

5. PERFORMANCE/RESULTS MONITORING AND REPORTING

5.1. Internal monitoring

A Monitoring Committee for this specific Thematic Priority shall be established after the entry into force of the Financing agreement related to the AD. The Monitoring Committee will be co-chaired by NIPAC or high-ranking official representative of the Government, and a representative of the EUD.

A Steering Committee (SC) shall be established to review the progress at the contract level, comprising of representatives of this specific Thematic Working Group (TWG), beneficiary institutions, relevant implementing body, NIPAC Office and the EUD. It shall review the effectiveness, efficiency, quality, coherence, coordination and compliance of the implementation of the activities of the AD and their consistency with the relevant national and, whenever relevant, regional sector strategies. It shall measure progress in relation to achieving the objectives of the actions and their expected outputs, results and impact by means of indicators related to a baseline situation, as well as progress with regard to financial execution. The SC may invite other organisations to attend meetings in cases where this will bring added value to discussion, direction and outcomes of the AD, e.g. a representative from the national gender equality machinery, to help bring a gender perspective to this specific sector.

Implementation of this AD will be subject of special attention of IPA Monitoring Committee, which shall measure progress in relation to achieving the objectives of the actions and their expected outputs, results and impact by means of indicators related to a baseline situation, as well as progress with regard to financial execution. Operational conclusions, including any recommendations, will be drawn at the end of the SC meetings. These conclusions, including proposals and/or corrective actions, shall be subject to adequate follow-up and a review in the following committee meetings and shall be the basis for reporting to the IPA monitoring committee on progress made.

5.2. Roles & responsibilities for data collection, analysis & reporting

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

5.3. Evaluation

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

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

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

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

Evaluation services may be contracted.

6. AUDIT

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

For the part of the action incorporating a form of financing not linked to costs but on the achievement of results, the verification mechanisms will focus on the results and performance indicators previously agreed.

7. COMMUNICATION AND VISIBILITY

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

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

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

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

The measures shall be based on a specific Communication and Visibility Plan, established and implemented in line with the EU communication and visibility requirements in force. The plan shall include, inter alia, a communication narrative

and master messages for the Action, customised for the various target audiences (stakeholders, civil society, general public, etc.)

Visibility and communication measures specific to this Action shall be complementary to the broader communication activities implemented directly by the European Commission services and/or the EU Delegation. The European Commission and the EU Delegation should be fully informed of the planning and implementation of the specific visibility and communication activities, notably with respect to the communication narrative and master messages.

If the Action includes Union programmes, visibility and communication measures shall be implemented in accordance with the EU communication and visibility requirements in force and the specific rules of each Union programme. The relevant programme managing entity shall be responsible for monitoring the visibility and communication activities. The European Commission and the EU Delegation should be fully informed of the planning and implementation of the specific visibility and communication activities.

8. SUSTAINABILITY

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

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