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Draft

COMMISSION DECISION

of [...]

on a Multi-annual Indicative Planning Document (MIPD) 2008-2010 for Montenegro

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA)¹, and in particular Article 14 (2) (a) thereof,

Whereas:

- (1) Regulation (EC) No 1085/2006 creates a coherent framework for Community assistance for candidate countries and potential candidate countries. Article 6 (1) of that Regulation requires that the assistance shall be provided on the basis of multi-annual indicative planning documents established by country in close consultation with the national authorities.
- (2) In accordance with Article 6 (3) of Regulation (EC) No 1085/2006 assistance for countries listed in Annex II to that Regulation shall be based on the European Partnerships and cover the priorities and overall strategy resulting from a regular analysis of the situation in the country and on which preparation for further integration into the European Union must concentrate.
- (3) Montenegro is listed in Annex II to Regulation (EC) No 1085/2006.
- (4) The Council adopted on 22 January 2007 a European Partnership with Montenegro².
- (5) This Decision is in accordance with the opinion of the IPA Committee set up under Article 14 of Regulation (EC) No 1085/2006,

HAS DECIDED AS FOLLOWS:

Sole article

The Multi-annual Indicative Planning Document (MIPD) for the years 2008-2010 for Montenegro attached to the present Decision is hereby adopted.

¹ OJ L 210, 31.7.2006, p. 82

² Council Decision of 22 January 2007 on the principles, priorities and conditions contained in the European Partnership with Montenegro (2007/49/EC) (OJ L20, 27 January 2007)

Done at Brussels, [...]

For the Commission

[...]

Member of the Commission

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Instrument for Pre-accession Assistance (IPA)
MULTI-ANNUAL INDICATIVE PLANNING DOCUMENT
(MIDP)
2008 – 2010
MONTENEGRO

List of abbreviations

ATM	Air Traffic Management
CAFAO	Customs and Fiscal Assistance Office
CARDS	Community Assistance for Reconstruction, Development and Stabilisation
CBC	Cross-border cooperation
CEFTA	Central European Free Trade Agreement
DIS	Decentralised Implementation System
EIA	Environmental Impact Assessment
EAR	European Agency for Reconstruction
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECAA	European Common Aviation Area
EIB	European Investment Bank
EIDHR	European Initiative for Democracy and Human Rights
EU	European Union
GTZ	Deutsche Gesellschaft für technische Zusammenarbeit
IBM	Integrated Border Management
IFI	International Financial Institutions
IOM	International Organisation of Migration
IPA	Instrument of Pre-accession Assistance
IPR	Intellectual Property Rights
JLS	Justice, Liberty and Security
KfW	Kreditanstalt für Wiederaufbau
MED	Mediterranean Space (an ERDF programme)
MIFF	Multi-annual Indicative Financial Framework
MIPD	Multi-annual Indicative Planning Document
MONSTAT	Statistical Office of Montenegro
NGO	Non-Government Organisation
NIPAC	National IPA Coordinator
OSCE	Organisation for Security and Cooperation in Europe
SAA	Stabilisation and Association Agreement
SEE-FABA	South East European Functional Airspace Blocks Approach
SEES	South East European Space (an ERDF programme)
SEI	Secretariat for European Integration
Sida	Swedish International Development Agency
SME	Small and Medium-sized Enterprises
SEETO	South Eastern Europe Transport Observatory
TACTA	Technical Assistance for Customs and Tax Administration
TAEIX	Technical Assistance Information Exchange Office
TAM / BAS	Turn Around Management / Business Advisory Services Programmes (of EIB)
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
VET	Vocational Education and Training
USAID	United States Agency for International Development
WB	World Bank
WTO	World Trade Organisation

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Executive Summary

In line with the recommendations of the Enlargement Strategy, the European Partnership, and the SAA, IPA component I will support Montenegro in the following areas:

- Political criteria. An increased importance is given to this priority axis which will thus focus 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 will be given special attention for the promotion of dialogue; small grants will assist environment, anti-discrimination, gender equality, social inclusion, health, business advocacy, and consumer protection³.
- Economic criteria. This priority axis will concentrate 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.
- Ability to assume the obligations of membership. IPA will 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 to Community Programmes.

Component II will support cross-border cooperation activities between Montenegro and EU Member States as well as with adjacent Candidate and potential Candidate Countries; in complementarity with the above priority axes.

The indicative allocations to Montenegro under the Multi-annual Indicative Financial Framework (MIFF) for 2008-2010 amount to €99.9 million, as specified below in Table 1.

Table 1: Montenegro: Multi-Annual Indicative Financial Framework in M€

Component	[2007]	2008	2009	2010	2008-2010
I. Transition assistance and Institution Building	[27.5]	28.1	28.6	29.2	85.9
II. Cross-Border Cooperation	[3.9]	4.5	4.7	4.8	14.0
Total	[31.4]	32.6	33.3	34.0	99.9

The indicative financial weight allocated for each of the major areas of intervention in component I is presented in annex 1.

³ It will be complementary to the EIDHR programme dealing with democracy and human rights

Section 1

Assessment of past and ongoing assistance

1.1 INTRODUCTION

The present MIPD takes into account the various assessments performed by the European Commission, in particular the 2007 Progress Report and evaluation reports. It is based on the Enlargement Strategy Paper and the European Partnership adopted in 2007. It builds on results of projects implemented under the CARDS national and regional programmes, as well as on the findings of international organisations and other donors.

1.2 OVERVIEW OF THE PAST AND ON-GOING ASSISTANCE (EU AND OTHER ASSISTANCE) AND OF LESSONS LEARNED

1.2.1 Overview of past and on-going EU assistance

While during its initial phase CARDS programmes put emphasis on development, infrastructure and humanitarian relief, the emphasis since the year 2003 shifted gradually to institution building and to assistance to comply with the European Partnership.

CARDS 2005 and 2006 have assisted Democratic Stabilisation, Good Governance and Institution Building, Administrative Capacity and Justice and Home Affairs, Economic and Social Development, Environment, and the participation of Montenegro in Community Programmes. The Regional CARDS programme supported measures of common interest to the Western Balkans region, and the Tempus programme provided support to the modernisation and the reform of the higher education system since 2001, in the areas of curriculum development, university management and structural reform.

Support has also been provided for cross-border cooperation with EU Member States (with neighbouring Italy and under the ERDF transnational programme CADSES).

Achievements under the CARDS programme have been significant for example in the management and control of borders including the building and equipment of border crossing points; in the development of legal instruments, policy making and institution building in key areas such as agriculture, environment and energy; in investment in infrastructure; as well as in providing needs assessments in key sectors such as judicial and public administration, agriculture, veterinary and phyto-sanitary, environment and energy, SMEs, as well as in key areas of the EU *acquis*.

More recently, the main involvements foreseen in IPA 2007 focus on transport infrastructure; fight against organised crime and corruption, judiciary reform; as well as on quality infrastructure (standardisation and metrology), education and energy.

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.

1.2.2 Overview of relevant IFI, multilateral and bilateral past and ongoing assistance

A number of multi-lateral and bilateral donors are active in Montenegro. The main bilateral donors of the EU are Austria, Germany (KfW and GTZ), Italy and Sweden (alphabetical order). Other main donors are EIB, EBRD, USAID, the World Bank, and UN agencies.

Some donors and international organisations, including EU member states, focus on institution and capacity building, whereas others focus on socio-economic development, protection of vulnerable groups, poverty reduction, environmental protection and sustainable development. UNICEF supports the Government in reaching European standards in relation to children rights. UNHCR focuses on the protection of refugees and displaced persons. The UNDP project Capacity Development Programme is giving assistance to the Secretariat for European Integration; UNDP is also providing assistance to vulnerable groups (especially those affected by HIV/AIDS), and to environmental management.

The IFIs in general focus on investment in infrastructure projects and the World Bank in particular focuses on poverty reduction, while EBRD supports environmental infrastructures as well as support small and medium business development through its TAM and BAS programmes. In the coming years, the World Bank will have a loan in rural development.

The US (mainly through USAID) has been providing extensive assistance to Montenegro and is progressively phasing out until 2012. It has assisted the Ministry of Finance to introduce budgetary management reforms; it has also worked in the area of local government reform and reform of the judiciary. During the next period USAID will focus on social and regional development in Montenegro's underdeveloped regions in the North of the country.

Assistance from the Council of Europe has been provided to local government legislative framework as well as to assist the Ministry of Finance in developing a medium term financial framework on a rolling 3-year basis.

Support to Police reform and Police Academy mainly came from bilateral donors (US and EU member states, such as Austria, Denmark, Germany, Italy, Slovenia and Sweden) whereas OSCE has provided training to police personnel. Sweden strengthened the intelligence and investigation service of the criminal police directorate; and also supported MONSTAT. Austria is active in the field of regional development mainly focussing on mountain tourism and employment, good governance and education (professional and higher education).

In last couple of years, funds for reconstruction and modernization of existing infrastructure have been provided by loans of EIB, EBRD and KfW as well as by other bilateral donors. KfW is also involved in the energy sector.

In order to increase effectiveness and efficiency in the delivery of assistance through donor coordination, the Commission and the Member States ensure coordination of their respective assistance programmes. This coordination is extended also to the 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 an early consultation on the draft IPA planning (MIPDs) and programming documents with Member States embassies, 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 primarily on strategic orientations and regional dimension of IPA planning and programming. Additionally, the coordination between the Commission and Member States takes place on a regular basis in the context of the IPA Committee

1.2.3 Lessons learned

A key lesson learnt from the 5th enlargement process is that reforms in the judiciary and rule of law should be tackled at an early stage of the pre-accession process in order to produce results on time.

On the assistance side, the main lesson learned is the need to ensure ownership of the beneficiaries and sufficient absorption capacity. This requires that: (i) projects are mature and well designed; (ii) staffing in the relevant institutions is adequate, and where institutions do not exist, they should be created and strengthened; (iii) there is a mobilisation of the civil society and a political consensus on key reform activities; (iv) there is an efficient donor coordination system, based on strategic reform priorities and in particular on its drive towards European integration; (v) Montenegrin administration should be encouraged to develop a greater inter-sector awareness and cooperation relating to the use of EU co-funding. These elements are taken into account.

Section 2

Pre-accession assistance strategy for the period 2008-2010

2.1 INTRODUCTION

IPA's general 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".

Since the previous MIPD, the Stabilisation and Association Agreement between Montenegro and the EU was signed in October 2007; the Interim Agreement entered into force in January 2008; the Council adopted a revised European Partnership for Montenegro in January 2007, and in May 2007, Montenegro adopted an action plan for implementation of the European Partnership. But the main new element in Montenegro during 2007 is the adoption of the Constitution which is an important step to strengthen democratic institutions; its implementation and adoption of related legislation will require further efforts and determination. Progress on these reform priorities is encouraged and monitored by the enhanced permanent dialogue (EPD).

Montenegro benefits from Components I and II of IPA, and until it receives DIS accreditation, foreseen in the coming three years, IPA assistance is managed "centrally" (i.e. by EC). The Secretariat for European Integration (SEI) and the overall government coordination on European integration are the responsibility of the Deputy Prime Minister in charge of European integration as well as IPA coordinator.

Related to DIS accreditation, granting decentralisation with ex-ante controls, a strategy has been established in accordance with the Commission's guidance "Roadmap for DIS" and with the assistance of SIGMA. IPA will support its implementation, and it is foreseen that Montenegro could be granted DIS in three years time.

2.2 STRATEGIC OBJECTIVES AND CHOICES FOR IPA FOR THE PERIOD 2008-2010

2.2.1 Strategic objectives and rationale

IPA national programmes will focus on those sectors which have an overwhelming political, economic, social and institutional significance, expected catalytic impact across sectors, taking into account project readiness.

The needs for the next period have been assessed and include (i) the continuation of reforms in areas such as the judiciary, public administration and the fight against corruption and organised crime, focusing on achieving results on the ground; (ii) transposition and implementation of the EU *acquis* in areas such as internal market, customs, competition, environment, energy, agriculture, veterinary and phyto-sanitary controls, with a focus on strengthening administrative capacity; (iii) consolidation of the macro-economic situation, improving private sector development, labour market and human resource development policies, increasing investment in research, contributing to growth and employment in a sustainable way. However, political needs will receive priority over investments, as the latter can also be financed through IFIs with which the EC has established a good partnership.

IPA National will also finance some activities of the Multi-Beneficiary MIPD such as Nuclear Safety and Tempus programmes as well as regional studies where appropriate. These two IPA

programmes will have to be closely coordinated; with the same applies for Community programmes (from line DGs).

Component II focuses on people-to-people contacts which were evaluated as having the best impact, and on projects including the involvement of municipalities and non-governmental organisations.

Growing importance will be given to cross-cutting issues, namely: involvement of civil society; environmental considerations; equal opportunities and non-discrimination which will be considered as from the early stage of programming and throughout the process; human rights, in particular for minorities, vulnerable groups'; good governance. Attention to the problems of the underdeveloped mountain areas in the North of Montenegro will be considered.

2.2.2 Strategic choices or programmes to be implemented

Component I - Transition Assistance and Institution Building

Within the given set of 4 priority axes, the choices have been carefully selected on the basis of needs assessments.

- Under “Political criteria” specific attention will be given to: good governance, judicial reform, consolidation and enforcement of the rule of law; implementation of public administration reform, including at local level; media development; protecting human and minorities’ rights and the rights of vulnerable groups, including children and the disabled; civil society development and dialogue; networking with EU and regional counterparts; NGOs dealing with human rights⁴, gender equality, social inclusion, health, environment, culture, business advocacy and representation, and consumer protection;
- Under “Economic criteria” attention will be given to pursuing economic reforms, strengthening competitiveness, developing an appropriate business environment and social dialogue; increasing research capacity and fostering human resources development, employment, and education; promoting social inclusion; promoting health and providing access to health care; improving infrastructure in areas such as transport, energy, and environment.
- Under “Ability to assume the obligations of membership”, attention will be given to the continuation of the alignment with the *acquis* i.e. transposition and enforcement of legislation including internal market, agriculture and rural development, environment, energy, security (integrated border management, visa and migration policy) with a focus on obligations under the SAA; and to introducing decentralised implementation system (DIS) to manage EU funds.
- Related to the “Support programmes”, assistance is foreseen to allow Montenegro to participate in Community agencies and institutions; as well as in Community programmes and to access the Project Preparation and Technical Assistance Facility.

Component II - Cross Border Co-operation

Montenegro will receive support to participate in: (1) cross border cooperation with Italy, Slovenia and Greece over the Adriatic Sea (focusing on environmental and maritime matters); (2) cross border cooperation with neighbouring candidate and potential candidate countries: Serbia, Croatia, Bosnia and Herzegovina, and Albania; (3) the ERDF trans-national and

⁴ Human rights will be supported through the EIDHR

interregional programmes of the South Eastern Space as well as the Mediterranean programme, with rather small financial participation.

Component 1

Transition Assistance and Institution Building

1. PRIORITY AXIS 1 - POLITICAL CRITERIA

Montenegro needs to continue upgrading its administrative capacity in the areas covered by the SAA. Particular attention needs to be paid to enhancing law enforcement, especially as regards the fight against corruption and organised crime and protection of personal data used for law enforcement purposes.

The new constitution provides for important changes in the judiciary. It significantly reduces the influence of the parliament on the appointment and dismissal of judges by transferring it to a new body, the Judicial Council.

The government has taken further steps to fight corruption. A national commission was established in February 2007 to monitor implementation of the action plan for the strategy for the fight against corruption and organised crime.

Police reform is ongoing, but there is an overall need to strengthen the capacities of all law enforcement bodies (police, prosecution, directorate against money laundering et al.) and their cooperation, both with national and international partners, in particular Europol. The improvement of prison conditions is a particular challenge for Montenegro. It includes aspects related to human rights; the need to reduce ill-treatment; to increase security as well as corrective and re-integration measures.

The Public Administration Reform Strategy 2002-2009 adopted by the Montenegrin Government foresees the introduction of the principles of professionalism, continuous training, transparent salary system, etc. The constitution provides for the autonomy of local self-government, but municipalities face a general problem of administrative capacity and a lack of substantive powers. Financial issues regarding both the revenue and expenditure of municipalities and municipal property remain unresolved. There is a need to harmonise local self-government legislation with sectoral laws as well as to enhance municipal capacities to attract investment.

The Constitution provides for a favourable framework for the protection of human and minority rights. The action plan to implement the Law on protection of the child and social protection, adopted in 2005 and covering the period until 2010, is being implemented. The National Strategy for the Development of Social and Child Protection in Montenegro (for 2008-2012) was adopted in November 2007.

Large populations of displaced persons still lack full access to employment, health insurance, social welfare and property rights. Physical living conditions for displaced Roma are particularly poor. Montenegro needs to allow displaced persons who opt to integrate locally to do so without major obstacles. Montenegro signed the Framework Convention for the protection of national minorities and the European Charter on regional and minority languages in June 2006.

Regarding media, progress has been done; the broadcasting regulatory authority is now well established, and independent, but upgrading professionalism in the media will be important for the political developments in Montenegro.

The civil society sector in Montenegro is playing a key role in areas such as democratisation, rule of law, fight against corruption, election monitoring, European integration, environmental protection and social dialogue. The Montenegrin Government is developing a strategy for cooperation between NGOs and the Government. Overall, cooperation between the government and NGOs is improving, in particular in relation to drafting or revising legislation in social or environmental fields. However, cooperation with NGOs which perform a watchdog function has to improve.

Domestic violence is a cause for concern. There is an NGO campaign combating violence against women, and the government is now drafting a law on prevention of domestic violence.

The European Commission is establishing a new financing facility under IPA to promote civil society development and dialogue. National and multi-beneficiary projects will be programmed in a coordinated manner to stimulate civil society development in each country. The goal will be to strengthen civil society bodies and their role in the political process, enhance the capacity to develop cross-border projects and networks, and familiarise civil society representatives and opinion leaders with EU affairs. The facility will enhance the capacity of local civil society organisations for civic mobilisation, advocacy, project development and management to encourage networking, and will support their dialogue with corresponding bodies in the EU. Sectors covered will include human rights, gender equality, social inclusion, health, culture, environment, business advocacy and representation, and consumer protection.

1.1 Objectives and choices

In view of the above and in collaboration with donors and Government, possible areas for support are:

- (1) strengthening the legal and constitutional framework in the areas of rule of law in particular implementation capabilities; strengthening the judicial system including the Judicial Council to fully play its role as a guarantor of the rule of law in the country; as well as improving the capacity of the Ombudsman Office (including for children), to ensure a proper follow-up of recommendations
- (2) further implementing the Public Administration Reform Strategy, with the objective of building a professional and accountable public administration, politically neutral and geared to a service-based culture;
- (3) implementing the decentralisation process and strengthening local democracy; developing the capacity of the municipalities to perform their tasks and improve their competences;
- (4) implementing governmental strategy and action plan to fight corruption at national and local levels, with due consideration to coordination among law enforcement bodies and other entities, and to the involvement of civil society organisations;
- (5) supporting police reform and the fight against terrorism, drugs, organised crime, trafficking of human beings; and to ensure adequate assistance to and protection of victims improving conditions in prison, in particular as regards vulnerable groups such as juvenile offenders;
- (6) improving the protection of human and minority rights; implementing the National Strategy to address the needs of refugees and displaced persons, as well as of strategies and action plans relevant to the integration of the Roma;

- (7) promoting the public service character of the Radio Television of Montenegro and contributing to its restructuring and digitalisation, fostering the involvement of civil society organisations in the sector of media;
- (8) developing a programme of small grants for local NGOs, in partnership with municipalities where appropriate; enhancing the capacity of civil society organisations to perform their roles and responsibilities.

1.2 Expected results and indicators

Results and indicators will have to be laid down in detail during the annual programming phase. In more general terms, these are as follows.

Significant progress in the implementation of reforms in the judiciary would include a new system for appointment and career development of the judges and prosecutors based on professional and objective criteria; the creation and institutional development of the Judicial Council as the organ responsible for human resources management and monitoring and evaluation of the work of judges; the revision of parameters for financing the judiciary; the adoption and implementation of juvenile justice law. *Indicators:* reduction of backlog; new system recruitment in place; increased efficiency; confidence in the system.

An improved public administration would include significant progress in sustainable financing of local authorities; strengthened capacity to provide services to citizens and to local communities; clarified competences between central and local government. *Indicators:* increased municipal budgets; number of citizens' information centres.

Vulnerable groups' problems are addressed: this would include improved health services, health promotion and access to healthcare provided by adequate human and financial resources, education and housing, in line with anti-discrimination legislation and European standards of human rights and with the EU strategy on the rights of the child; improved legal, institutional and administrative capacity of the various institutions dealing with these sectors; strengthened Ombudsman's Office; elimination of cases of ill-treatment, especially for the persons with special needs; improved situation of prisons; implementation of Action Plans relevant to the integration of the Roma. *Indicators:* increased access to educational facilities for vulnerable groups; number of enrolled teachers among vulnerable groups; better representation of Roma in the professional life.

Police is functioning according to EU standards: this would include upgraded capacity of the departments fighting drugs, organised crime and trafficking of human beings (including in IT); a functioning system of regional and international cooperation including with EUROPOL; upgraded capacity of the Police Academy; developed witness protection and criminal intelligence; active cooperation between law enforcement bodies; improved detention premises; strategy on small arms and light weapons control and reduction implemented; active regional and international cooperation. *Indicators:* number of cases processed and of international cases solves; number of trained police officers; perceived opinion on corruption improved; increased number of corruption cases opened; improved cooperation among law enforcement bodies; legislation aligned with UN conventions.

Refugees live under sustainable solutions: this would include integration and return to place of origin where appropriate; National Strategy in addressing the needs of the displaced persons implemented; social inclusion measures widespread; legislation governing rights of refugees adopted in line with international standards. *Indicators:* appropriate measures for enabling refugees to access to employment, health insurance, social welfare and property rights enforced; number of projects implemented under the national strategy.

The Radio Television of Montenegro is confirmed in its public character, involving civil society and media “watchdog” organisations and other interest groups; significant progress would be seen in media compliance with standards on independence and objectivity. *Indicator*: number of media operating impartially and independently.

Civil society is playing its role; this would include a recognized role of NGOs by Governmental authorities; civil society invited at consultations meetings; NGOs well trained and able to submit project proposals of good quality; partnerships between local NGOs and those in other Western Balkan countries as well as between local and European NGOs. *Indicators*: number of projects approved, number of partnerships; observations of civil society taken into account in official documents (legislation, strategies).

2. PRIORITY AXIS 2 - ECONOMIC CRITERIA⁵

Montenegro is an open economy. In 2006, exports and imports of goods and services as a percentage of GDP rose to 49.1% and 84.7% respectively. Tourism remains the main source of export revenue; despite current infrastructure shortages, the sector accounted for 17% of GDP in 2006. The main manufactured product (aluminium) accounts for 11% of GDP and 40% of exports in value terms. The EU remains Montenegro's main trading partner. Trade with Serbia also remains significant, accounting for 32.7% of total exports and 28.2% of imports, however, the proportion of import and export trade with Serbia is decreasing with time. Total foreign direct investments in 2006 represented 33.4% of GDP. The EU accounted for the overwhelming part of total inflows. Others include Russia with 3.7%. Overall, the level of economic integration with the EU is fairly high, although dependent on the performance of a few markets.

A strategy on poverty reduction and social exclusion was adopted by the government setting out the activities to be carried out over the period 2007-2011 in the areas of health services, education, social protection and employment. Implementation now needs to be given priority.

Montenegro is fully involved in the European Charter for Small Enterprises and has shown a good performance on entrepreneurship education, tax reform, on facilitating start-ups for SMEs and on advocacy and representation of SMEs. The recently adopted SME development strategy for 2007-2010 is focussed on further elimination of business barriers. Establishment of a national guarantee fund remains a priority to compensate for the shortage of collateral for start-ups and enterprises in rural areas.

Concerning socially vulnerable and/or persons with disabilities, major pieces of legislation are still missing, in particular to implement the 2007 UN Convention and Directive 2000/78 establishing a general framework for equal treatment in employment and occupation. In general, action is needed to make existing measures, such as hiring incentives for employers, more effective, to improve access to social services and to accelerate preparation of the Law on VET and employment for persons with disabilities. Further progress is needed on de-institutionalisation, community-based services and aid to dependent persons, including in the field of mental health.

Despite falling unemployment and rising employment levels, the labour market faces significant challenges. The main reasons are the structural character of unemployment, the strong seasonal pattern of employment (construction, agriculture and tourism) and the

⁵ Environmental aspects will be dealt with in this priority axis rather than in the "ability to assume the obligations of the acquis", due to the need to support investments, and in order to not to split this subject.

significant impact of the informal sector. Unemployment among young people is high (20.1%), and a significant proportion (58.2%) of job seekers are long-term unemployed.

Social partners present institutional weaknesses and will require considerable technical support to ensure that they are an effective interface for the government.

A Council for Scientific Research has been established which is drafting the Strategy for the next 8 years; it will facilitate investments in research and development. Efforts are required to attract young people to science and increase the research capacity.

The reform of the energy sector remains the key issue. Electricity demand is growing fast, while production is hampered by outdated structures and the urgent need for capital investment. The Energy Development Strategy needs to be improved without further delay. The renewable energy sources action plan has not yet been adopted. Preparations in this field are at an early stage. Montenegro has ratified the Energy Community Treaty. Therefore it is bound to apply the relevant EU energy *acquis* with effect from 1 July 2007, except for the provisions on market opening to which a specific timetable applies. The action plan for the implementation of the Energy Development Strategy needs to reflect the commitments taken in the framework of the Energy Community Treaty.

Montenegro has pursued alignment with the EU environmental legislation and taken big steps forward with horizontal legislation, air quality, water quality and chemicals, however, administrative capacity is weak and coordination between central and local government is poor. The national strategy on sustainable development has been adopted plus an action plan for integration of sustainable development into the education system (2007-2009). A strategic environmental impact assessment on the Spatial plan of Montenegro has been made which needs to be fully taken into account. Improvements are needed in the area of waste management, water quality, industrial pollution and risk management, as well as in nature protection.

The environmental protection agency has not yet been established and particular attention needs to be paid to strengthening administrative capacity.

Regarding transport, the national transport development strategy remains to be adopted by the government; which would help build the administrative and institutional capacity and promote and support investment. The road and rail surface transport system of Montenegro has suffered chronic under-funding in the past decade.

In terms of investment on infrastructure, key priorities are: (a) the connection of the Port of Bar with corridor X; (b) the continuation of activities on the construction of the Adriatic-Ionian motorway, i.e. connecting to corridor Vc.

Under the European Common Aviation Area (ECAA) Agreement, Montenegro should gradually implement EU aviation *acquis* (e.g. in the areas of safety, security and ATM) and open up the air transport market, so as to become the part of the ECAA by 2010. Montenegro is an active participant of the South East Europe Core Regional Transport and of the SEE-FABA initiative.

2.1 Objectives and choices

In view of the above, and in collaboration with donors and Government, the following possible areas of support have been identified:

- (1) developing human resources and labour market policy with specific reference to the European Employment Strategy (EES) and the realisation of active labour market measures for improving the quality, efficiency and relevance of the education,

vocational training and wider life long learning developments; strengthening capacities of both social partners' organisations; social inclusion policies should be given a special effort;

- (2) strengthening the competitiveness of the Montenegrin economy and improving the business environment; encouraging investments in research; sustaining macro economic stability; improving budget management and fiscal policy; supporting the transport sector and the development of regional networks;
- (3) introducing and enforcing key environmental legislation, including on environmental impact assessments; supporting strategic planning and capacity building; supporting investments in the areas of waste water, solid waste, air pollution and nature protection, as well as implementing awareness raising;
- (4) completing the restructuring of the energy sector and ensuring its financial and social viability; and development of the regional energy market;

2.2 Expected results and indicators

Specific results and indicators will be laid down in detail during annual programming. In more general terms, the expected results are as follows.

The national labour market policy reform is aligned with the standards and requirements of EES; this would include improved regulations, good governance, equal opportunities in the employment field; appropriate development of social dialogue; investment in human capital development; active labour market measures; harmonized national legislation in particular with respect to labour law, health and safety at work, social inclusion and anti-discrimination; enhanced access to employment and labour market re-integration. Cross-stakeholder efforts (education, labour, social partners) will address labour market integration. *Indicators:* reduction in unemployment; Economic and Social Council up and running; improved capacity of the social partners; increase in the number of adult learners; improved employment rates, particularly of youth, women and disadvantaged groups.

Further progress in establishing a national qualification framework (NQF) linked to next phase developments of life-long learning policies and services is achieved; this includes training and support for employment creation addressing micro-enterprise development and HRD measures. Further education reforms ensure greater relevance of general and vocational curricula to the needs of enterprise, including development of key competences. Institutional preparations for participation in the EU's Life-long Learning Programme as well as integration into the European Research Area are carried out. *Indicators:* vocational national qualification system completed; upgraded market responsive curricula; increased numbers enrolled in education and training of disadvantaged groups; establishment of a national life-long learning agency; number of projects in the research programmes with Montenegrin partners.

Competitiveness in the private sector is achieved through an improved framework for private enterprises, including reduction in business barriers; improved business support services; progress in terms of technological capacity and development and investment facilitation; improved SME access to finance and, generally the implementation of the European Charter for Small Enterprises. *Indicator:* EC and OECD have established a system of performance

indicators⁶; number of newly established, innovative firms in modern technology sectors in urban as well as rural areas; access to credit guarantees for SMEs. .

Institutions dealing with environmental protection (Ministry for Tourism and Environmental Protection, the Environmental Protection Agency and municipalities) are efficient in policy making, monitoring, enforcement and control of environmental protection. This would include the functioning of a comprehensive environmental monitoring system; as well as improved investments in environmental infrastructures. *Indicators*: number of infrastructures, of monitoring and assessment exercises, of trainings and trainees, of inspectors, degree of legislative alignment to the *acquis*.

A transparent and sustainable system for financing transport infrastructure investment and maintenance is well established and includes the integration of Montenegro's main transport network into the Core Regional Transport Network; safe and secured transport-logistic chain in all modes of transport, for all participants, goods and environment; improved transport services quality with fair prices; existence of inter-modal transport facilities and of infrastructure database.

Air transport sector is progressively aligned to the *acquis* with improved infrastructure, compliance with the obligations of the European Common Aviation Area agreement and participation in the SEE-FABA initiative.

Institutional capacity for implementation of the energy efficiency strategy is strengthened, including capacity for energy efficiency and renewable energy campaigns; wider use of renewable energy is achieved; independent energy transmission is created; independent market regulator is capable to implement the regulatory reform, market opening, and harmonisation with the Energy Community Treaty taking into account potential social impacts. *Indicators*: New legislation aligned with EU standards; restructured and legally unbundled electricity utility; functioning independent transmission system and market operator.

Efficient and reliable financial control and audit functions would include improved budget preparation; reforms in public expenditures management implemented, in particularly regarding the treasury and budgetary execution with the IT system; improved management of overall state property and existence of data; well trained Staff of the Supreme Audit Institution and of Ministry of Finance and other public agencies, new business procedures and IT systems for budgetary execution, treasury operations, cash and debt management; a state asset management department in the Ministry of Finance and capacity to update the inventory and valuation of the state assets.

3. PRIORITY AXIS 3 - ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

Montenegro has initiated the introduction and implementation of the *acquis* in the past few years according to the European Partnership. A comprehensive National Programme for European Integration is being finalised where all stakeholders involved in the implementation of the SAA have participated. Support is being provided in the area of trade legislation as well as in metrology and quality assurance. The TAIEX facility has been used in several areas.

Montenegro has to produce statistics according to the European Statistical System, however the capacity MONSTAT remains weak and major shortcomings have been identified in the

⁶ Montenegro's progress in business environment issues will be analysed in early 2009 using the system of around 60 different indicators.

statistical infrastructure. Particular attention should be given to agriculture statistics and to carrying out a rural census.

The "Strategy on food production and rural development – Montenegro's agriculture and the European Union" (adopted in 2006) provides the basis for further major reforms and legislative work required for modernising agriculture. In the field of agricultural policy, measures and programmes are being adjusted to the EU rural development policy. Animal identification and registration systems (for bovines, sheep and goats) are well advanced. Inspection services and laboratories have been equipped. Control capacity needs to be reinforced.

The "Strategy for development of Montenegrin fishery and for capacity building regarding implementation of the Common EU fishery policies", adopted at the end of 2006, is being implemented. Taking into account the requirements for the implementation of the SAA in this area, support is needed and currently provided.

In the area of internal market, legislation Montenegro has to devise a comprehensive programme for the adoption of the *acquis* and launch its implementation. An important focus on this field is imperative as Montenegro aspires to WTO accession. Also, a number of key obligations under the SAA refer to this area (public procurement, protection of Intellectual Property Rights, competition, etc.). In intellectual property rights protection, there is a particularly weak institutional capacity, poor level of enforcement, high level of piracy and counterfeiting, as well as a low level of awareness among public bodies and stakeholders.

A specific focus is to be given on the introduction of EU standards in the areas of migration policy and border control. A strategy on Integrated Border Management (IBM) was adopted in February 2006. Four main bodies (Ministry of Interior, Customs, Veterinary Service, Phyto-sanitary Service) are currently controlling implementation. There is a further need for the adoption of secondary legislation on border crossings management and to establish a control mechanism for integrated border management at national level.

The setting up of a system for protection of personal data, including the establishment of an independent authority, is a key obligation under the SAA. A Law on data protection has been drafted and a strategy prepared, additional assistance is however required to support the independent authority to be established following the adoption of the new legislation.

Regarding customs, further alignment is needed on rules of origin, transit procedures, statistical reporting, customs valuation and the fight against corruption and smuggling. On public procurement, capacity and organisation need to be strengthened.

In the insurance field, the primary objective is to establish a regulatory body and pass legislation leading to increased competitiveness of the insurance market and possibly attraction of foreign insurance companies into the domestic market.

Further enhancement of the financial systems will be achieved through strengthening the capacities of the Central Bank and capital market institutions, and their ability to develop the regulatory environment in their respective fields.

Montenegro has not advanced much in the EU *acquis* regarding electronic communications and information society. A well implemented regulatory framework in this sector will benefit consumers and the overall economic development in the country.

3.1 Objectives and choices

In view of the above and in collaboration with donors and Government, possible areas of support are as follows:

- (1) supporting Montenegrin authorities to deal successfully with the European integration process to implement the SAA and to fulfil WTO obligations and commitments under the CEFTA, this would also comprise preparing their responsibilities in the centralized implementation system (DIS) encompassing programming, procurement, control and monitoring aspects of EU assistance;
- (2) allocating specific attention to internal market legislation and enforcement including on free movement of goods; quality infrastructure (standardization, metrology, accreditation and conformity assessment); public procurement; financial control and audit; competition and state aid; consumer protection; customs and taxation; intellectual property rights; tele/electronic communications; and strengthening of administrative capacity in these areas;
- (3) pursuing reform and upgrading MONSTAT with a focus on national accounts, agricultural statistics, price statistics, and statistics related to economic activities (business, tourism, labour market, education, transport etc.); as well as in the introduction of statistical regions aligned with the NUTS classification;
- (4) supporting the Ministry of Agriculture and related services/institutions support for the adoption of the EU *acquis* and for the implementation of National Strategies including organic farming, natural resources (e.g. forestry), ecosystem and biodiversity conservation, and sustainable rural development; as well as for the implementation of rural development policies (IPARD), including advisory and extension services for farmers and rural population as well as strengthening civil society organisations related to agriculture and rural development;
- (5) giving priority to food safety, veterinary and phyto-sanitary standards in the field of animal and plant diseases control, promotion and protection of food products, animal disease control, as well as the implementation of international agreements in the field of public health (communicable and non communicable diseases); supporting to the fishery sector (covering both marine and inland fisheries) and industry standards;
- (6) implementing integrated border management (IBM) including for visa policy, asylum and migration; assisting the Customs and Taxation administrations to ensure the sustainability of past assistance;
- (7) supporting the implementation of the *Acquis* in the areas of protection of personal data including setting up new legislation and establishing the future independent data protection authority; for the progressive development of an information society; as well as strengthening the Electronic Communications regulatory body and the Ministry of Maritime affairs, Transportation and Telecommunications;
- (8) developing the regulatory environment and strengthen the supervisory authorities in the fields of banking, insurance and capital markets.

3.2 Expected results and indicators

Specific results and indicators will be laid down in detail in the context of annual programming. In more general terms, the expected results include the following.

European integration issues are dealt with in an appropriate way: this would include the existence of a functioning system for the implementation of the SAA and for IPA coordination; ability to prepare good-quality programmes and projects; coordination of approximation of legislation; road map to DIS accreditation implemented. *Indicator*: Number of staff devoted to EU integration tasks in relevant institutions, nomination of EU affairs

coordinators in line Ministries, Project Implementation Units up and running, number of mature projects for funding, DIS accreditation at a well advanced stage.

The EU internal market *acquis* is progressively introduced. *Indicator*: number of legal acts adopted, key bodies in this area up and running, number of binding decisions issued, international membership of the relevant quality infrastructure bodies; Notified Bodies up and running; EC marking is adopted and used.

Customs and taxation legislation is aligned to the *acquis*: this would include an upgraded operational capacity of the Customs and Tax Administration; an increased Tax Administration capacity to collect direct taxes and VAT; Customs Security Programme established; and increased fight against corruption, cross border crime and fiscal evasion.

After receiving considerable technical assistance, MONSTAT becomes a performing institution; that is capable to run the agricultural census; this would include the existence of an improved frame for National Accounts Statistics and for basic statistics. *Indicators*: the agricultural census finalised including farm register, land cadastre, price statistics; introduction of statistical regions; further alignment with ESA 95 accomplished as well as high coverage and quality of data.

The Ministry of Agriculture and related services/institutions is able to deal with EU and WTO policy and legislative issues. *Indicator*: number of legal acts adopted to align with EU legislation; IPARD Agency for IPA Component V up and running.

Veterinary, phyto-sanitary and food safety legislation is progressively aligned to EU *acquis*; this would include increased capacity of veterinary and phyto-sanitary services; increased awareness about rights and obligations on the side of producers and consumers, improved promotion and protection of food products, product safety mechanisms are in line with the EU good practice; participation in EU-wide animal disease eradication measures. *Indicators*: development of food exports; improved public health indicators; number of foodstuffs with protected designation of origin, protected geographical indication and traditional speciality guaranteed.

There is a functioning integrated border management with well trained staff allocated to tasks in all related sectors, including migration, visa and asylum policies in line with EU standards. The legal and institutional framework for the protection of personal data including for a functioning and independent authority is set up and applied across the Montenegrin administration.

The telecommunications sector is governed by an independent Regulatory Agency whose regulatory parameters are in tune with the relevant EU directives on competition safeguards, universal service, spectrum monitoring and equipment markets. *Indicator*: number of service providers, availability of services, tariff levels closer (lower) to European level, existing dispute resolution procedures for network operators, service providers and users.

The understanding and the institutional capacity for the development of the "information society" are in place. *Indicators*: number of awareness campaigns, number of projects in the sector.

Banking, insurance and capital markets are in line with the *acquis* and good practices in the area of financial supervision are introduced and implemented; the institutional framework for financial regulation and fight against money laundering and organised crime are in place. *Indicators*: improved efficiency and effectiveness of on- and off-site banking supervision; effectiveness of the Securities Commission; approved legislative framework and approach to

regulation mandated by the Lamfalussy process; laws and bylaws on insurance supervision is aligned with EU legislation and practice; Insurance Supervision Agency is established.

4. SUPPORT PROGRAMMES

Montenegro shall receive assistance to participate in Community programmes, complementary to IPA in several fields. Assistance is also available for participating to Community Agencies where appropriate. Montenegro will benefit of a special allocation to access Project Preparation Facility (PPF). The EC delegation, as contracting Authority, will be able to contract special technical assistance, for various activities such as needs assessments, reviews, assessments, etc.

Component II

Regional and Cross Border Co-operation

Cross-border cooperation is highly important for the stability, cooperation and economic development of the country. Montenegro has four programmes with its Western Balkan neighbours, one with Member States through the Adriatic programme and two through the ERDF programme (the SEES and the MED). Due to its small land area, Montenegro's entire territory is part of one or the other CBC programme.

IPA CBC combines cohesion and external relation objectives and supports activities such as: (1) development of cross-border economic, social and environmental activities of border areas; (2) addressing common challenges in particular in the field of environment and public health and development; (3) promoting "people to people" type actions, including among NGOs and local authorities.

1. ADRIATIC PROGRAMME

Montenegro is participating in the multilateral IPA Adriatic CBC programme involving the NUTS level III coastal areas (or equivalent) of Italy, Slovenia, Greece, Croatia, Bosnia & Herzegovina and Albania. In the absence of NUTS classification, the eligible areas in Montenegro are the Municipalities of Ulcinj; Bar; Budva; Tivat; Herceg Novi; Kotor; Cetinje; Niksic; Danilovgrad; Podgorica; they cover 42% of the territory. The major axes of intervention include environmental and maritime matters and people-to-people contacts.

2. PROGRAMME WITH NEIGHBOURING CANDIDATE AND POTENTIAL CANDIDATE COUNTRIES

During 2007, the four CBC programmes at borders with potential candidate and candidate countries were prepared for the period 2007-2013. The IPA 2007 areas of intervention have been selected on the basis of the SWOT (Strength, Weakness, Opportunity, Threat) analysis and after due consideration of implementing capacities.

For each of the four programmes, the first priority deals with "socio - economic cohesion through joint actions to improve physical, business, social and institutional infrastructure and capacity" with two or more measures such as "improving the productivity and competitiveness of the areas' economic, rural and environmental resources" or "initiatives targeting the exchange of people and of ideas", promoting intercultural dialogue will also be considered. The second priority is technical assistance for programme administration, monitoring and evaluation as well as for programme information and publicity.

2.1 Cross-border programme: Albania - Montenegro

The eligible area covers 42% of Montenegrin territory and 21% of the total Albania's territory. Respective area is very rich in natural and cultural resources but significant parts of it are underdeveloped compared national standards.

There is a great potential for tourism and economic development that is generally underexploited. There is a high level of unemployment and unskilled labour force and the economy of the area is mainly based on agriculture, fishing and small uncompetitive industries. The rationale derives from the missed opportunity of cooperation over decades as

the region is sharing common values and potentials for economic development and social cohesion.

Based on the needs and characteristics of the region, the main priority of the programme will include interventions in areas supporting economic development, environment, culture and social cohesion.

2.2 Cross-border programme: Bosnia and Herzegovina - Montenegro

The eligible area of the cross-border programme between Bosnia and Herzegovina and Montenegro covers economic regions of NUTS 2 level represented by 53 municipalities on the part of Bosnia and Herzegovina while there are 12 municipalities in the Montenegrin part.

Most of the eligible area is unpopulated and suffers poor living standards owing to a dependence on low-wage agricultural and unskilled manual activities. Its industrial base is very fragmented, and apart from a major steel foundry and some textile factories is mainly confined to agriculture-based industry. The area also has structural problems related to its transport infrastructure.

On the other hand, the eligible area is characterised by a homogenous cultural background and the absence of significant language barriers. Due to the specific character of the eligible area, the main priority of the programme will lie on: environment, economy and social cohesion.

2.3 Cross-border programme: Croatia - Montenegro

The programme focuses the target area of the common Croatian-Montenegrin border, which includes one Croatian region and seven municipalities in Montenegro.

This area suffers from the lack of cross border cooperation in ecological protection and interventions, lack of cooperation in nature and cultural heritage protection, undeveloped civil sector and lack of cooperation between local self government.

On the other hand main strengths of the area are cultural and nature resources suitable for accelerating economic development. The whole area is a world wide known tourist destination containing 2 cities under UNESCO protection (Dubrovnik and Kotor) and 3 National parks. The income generated from tourism and other related services have highest share in GDP of the regions. In addition, the area has natural potential for agricultural development, specially organic-agriculture, mare-culture and high quality food production.

According to this, the main priority of the Cross-border programme has been identified as improvement of systems for environment, nature and cultural heritage protection since environment and natural heritage are the main economic resource of the area. Also, the program will aim to create recognizable tourist products and increase cooperation between institutions and citizens.

2.4 Cross border programme: Serbia - Montenegro

The eligible area covers 11% of the Serbian territory and 68% of the Montenegrin territory.

Large parts of this area are marginalised owing to their great distance from, and inaccessibility to important markets, and their dependence on low wage agricultural activities, giving rise to low living standards. The lack of employment opportunities in rural and some industrial areas under restructuring has led to the migration of the workforce to cities and abroad, leaving behind an aging and largely unskilled labour pool. The area has equally suffered major upheaval and disruption over the last two decades, leaving its economic output at much the same level as in 1991.

The main priority of the programme is to accelerate the economic development of the eligible areas by creating employment opportunities and by improving the productivity of the resources.

3. PROGRAMME WITH ERDF TRANSNATIONAL

The purpose is to support the participation of Montenegro in the ERDF transnational programmes South–East European Space and Mediterranean Space under the European Territorial Co–operation objective of the Structural Funds 2007–2013. The EU territory has been partitioned in several homogeneous spaces and the relevant Member States submitted a transnational co–operation operational programme – financed by the European Regional Development Fund (ERDF) – for the given space.

Considering its geographical inclusion in two of these homogeneous spaces Montenegro participates in these programmes under the lead of Hungary (South–East European Space) and France (Mediterranean Space) which are home of the respective Managing Authorities.

The ERDF South–East European Space and Mediterranean Space programmes provide financing of networks and of actions conducive to integrated territorial development, concentrating primarily on the following areas: innovation, environment, accessibility, and sustainable urban development.

4. FINANCIAL INDICATIONS

The following amounts are considered for cross-border cooperation programmes:

Programmes	2008	2009	2010	Total
CBC with Adriatic Programme	1.240.000	1.360.000	1.380.000	3.980.000
CBC with Albania	600.000	600.000	600.000	1.800.000
CBC with Croatia	500.000	500.000	500.000	1.500.000
CBC with Bosnia and Herzegovina	600.000	600.000	600.000	1.800.000
CBC with Serbia	600.000	600.000	600.000	1.800.000
Participation in ERDF transnational programmes (SEES and MED)	947.296	1.012.242	1.160.462	3.120.000
TOTAL	4.487.296	4.672.242	4.840.462	14.000.000

Annex 1

Indicative allocations to main areas of intervention for the period 2008-2010

INDICATIVE ALLOCATIONS TO MAIN AREAS OF INTERVENTION	
<i>Montenegro</i>	
Component I (Transition Assistance and Institution Building)	
Political Requirements	25%-40%
Socio-economic Requirements	30%-45%
European Standards	25%-40%
Component II (Cross-Border Co-operation)	
CBC with Croatia	11%
CBC with Bosnia and Herzegovina	13%
CBC with Serbia	13%
CBC with Albania	13%
CBC with Adriatic Programme	28%
Participation in ERDF transnational programmes (SEES and MED)	22%

Annex 2

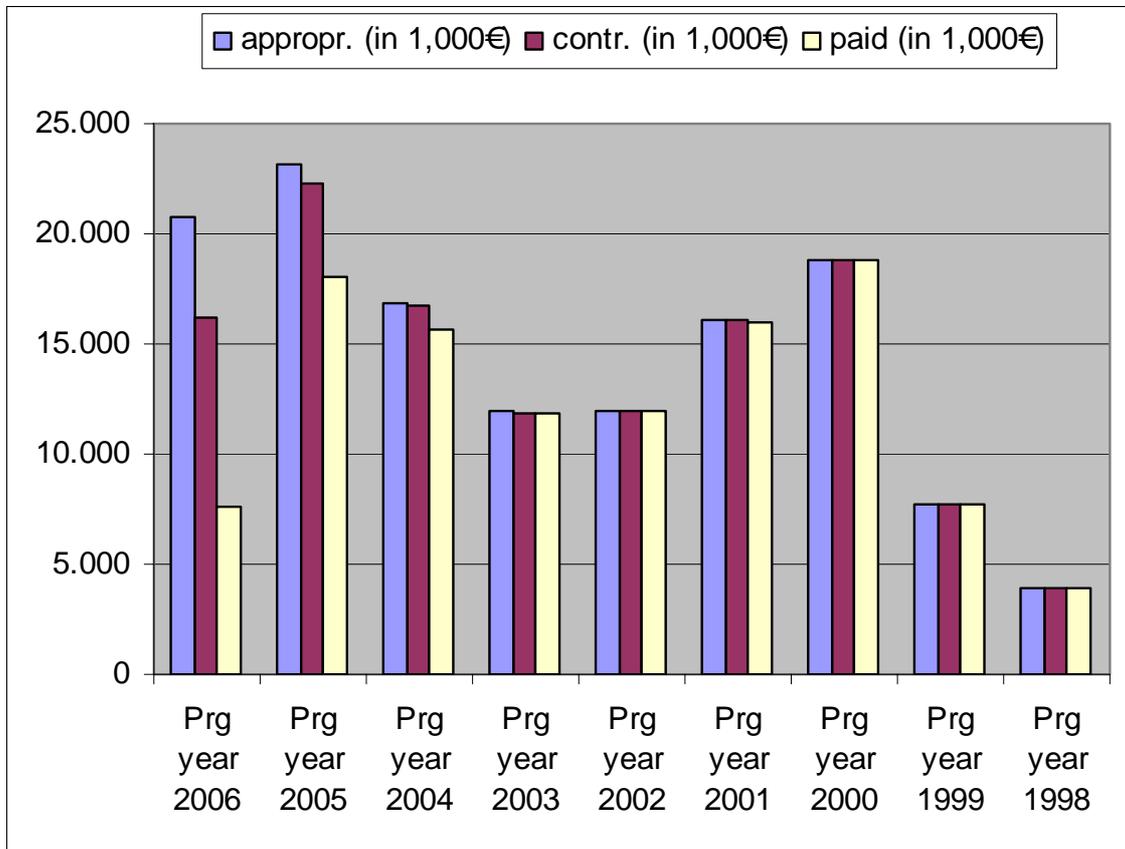
Overview of EU assistance in Million €⁷

	Cumulated EU assistance over the period 2002-2006	IPA 2007	Total
Political Criteria	5	4	9
Energy	4.6	1.5	6.1
Telecommunications			
Social Policy	6	1.5	7.5
Transport	8.7	6.2	14.9
Environment	11.7		11.7
Internal Market	11	2	13
Agriculture	7	1.4	8.4
JLS	11.5	2	13.5
Economic Social Cohesion	2		2
Community Programmes & CSD			
Public administration	13.5	3.15	16.65
Customs	5.5	0.9	6.4
Others		1.22	1.22
Total allocation	86.5	23,87	110.37

⁷ Adjustments may need to be done as appropriate. Assistance given under IPA 2007 for a certain sector may discontinue past assistance given under the period 2000-2006 (for ex. We could have figures for the assistance for "Political Criteria" under IPA 2007 but not in the column concerning 2000-2006).

Annex 3

Contracting and disbursement rates under on going programmes



Annex 4

Cross cutting issues

Throughout IPA programmes and projects, major **cross cutting issues** will be taken into account:

- **Civil Society** plays a major role in transition societies. Civil Society is understood as defined in the Communication from the Commission on Civil Society Dialogue between the EU and Candidate Countries (COM(2005) 209 final); thus it includes the labour-market actors, i.e. social partners (trade unions and employers federations); organisations representing social and economic players at large (consumer organisations for instance); non-governmental organisations (NGOs) and community-based organisations, i.e. organisations at grassroots level through which citizens participate in local and municipal life (e.g. youth or family associations); religious communities and media. Ensuring that those groups' concerns are duly taken into account in the European development agenda, and enhancing their policy dialogue with public authorities will be mainstreamed in assistance programmes. But also they will be consulted from the programming stage in EU assistance. Civil society is also supported by the European Initiative for Human Rights and Democracy and the IPA financial framework. The justified balance will be kept between Western Balkans' regional activities for civil society and specific activities in IPA programmes.
- **Environmental** protection requirements will be duly reflected in all IPA financed activities in coherence with the European Principles for the Environment. In particular EIA is required for any projects likely to have a significant impact on the environment (as per the EU Directive on EIA).
- **Equal opportunities** and non-discrimination will be respected as regards gender as well as minorities at the programming and implementation stage, particularly in relation to socio-economic support programmes.
- Furthermore **human rights**, in particular for minorities, vulnerable groups', including refugees and the disabled, will be reflected in all activities programmed under IPA, in particular when it concerns public services, legislative matters and socio-economic development.
- Strengthening of the administrative capacity and **good governance** will receive specific attention through monitoring, evaluation and control mechanisms, through awareness building campaigns involving wider public, as a way to fight corruption and enhance civic responsibility.
- Finally **specific attention** will be paid to the problems of the underdeveloped mountain areas in the North of Montenegro, and activities aiming at eliminating disparities and creating opportunities for economic and social development in these areas will be added –where relevant– to socio-economic support programmes.