

ADDENDUM 1 TO THE FINANCING AGREEMENT

BETWEEN

**MONTENEGRO, REPRESENTED BY THE GOVERNMENT OF
MONTENEGRO**

AND

**THE EUROPEAN COMMISSION ACTING ON BEHALF OF THE
EUROPEAN UNION**

**CONCERNING THE ANNUAL ACTION PROGRAMME FOR
MONTENEGRO FOR THE YEAR 2015**

ADDENDUM No. 1 TO:

The Financing Agreement concerning the Annual Action Programme for Montenegro for the year 2015 as originally concluded on 20 July 2016 between the European Commission and Montenegro.

Whereas

- (a) The Commission adopted on 09 December 2015 (Implementing Decision C(2015)9050) the Annual Action Programme for Montenegro for the year 2015. A Financing Agreement was concluded on 20 July 2016 between the Government of Montenegro and the European Commission to implement the Programme.
- (b) The performance indicators and disbursement timetable for the Sector Reform Contract "Support to implementation of the IBM Strategy" needs to be amended to reflect the modified implementation schedule of the IBM Strategy following the delay in the signature of the Financing Agreement.

Article 1

Annex IA: Budget Support to the Financing Agreement is replaced by the revised Annex IA attached to this Addendum.

Article 2

All other terms and conditions of the Financing Agreement remain unchanged.

Article 3

This addendum to the Financing Agreement is drawn up in duplicate in the English language.

Article 4 – Entry into force

This addendum to the Financing Agreement shall enter into force on the date of signature. Should the Parties sign on different dates, this Agreement shall enter into force on the date of signature by the second of the two Parties.

Signed, for and on behalf of the Commission by



Mrs Genoveva Ruiz Calavera
Director
European Commission
Directorate-General for Neighbourhood
and Enlargement Negotiations

Date: 1.8.2017

Signed, for and on behalf of the Government of Montenegro



The seal is circular with the text "C I T A N I N A G O T I A" around the top edge and "MINISTARSTVO EVROPSKIH POSLOVA" around the bottom edge. In the center is the coat of arms of Montenegro. Below the seal, the number "3" and the word "PODGORICA" are visible. A handwritten signature in blue ink is written over the seal.

H.E. Minister Aleksandar Andrija Pejović
National IPA Coordinator
Ministry of European Affairs

Date: 03/11/2017



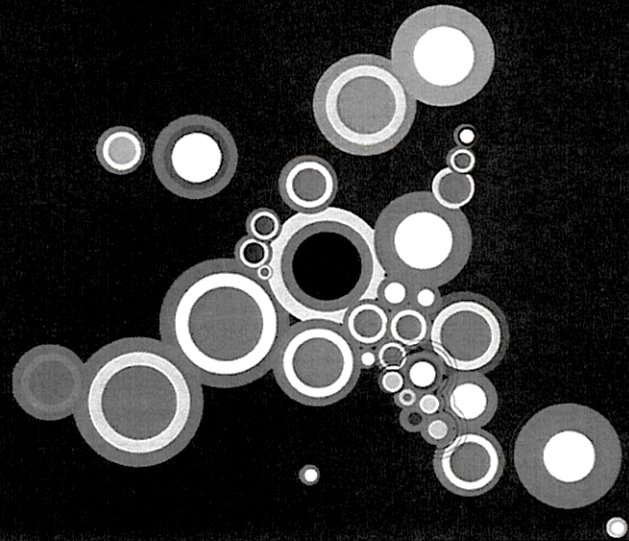
INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020

ANNEX IA BUDGET SUPPORT

of the Financing Agreement to the Annual Action Programme for Montenegro 2015

MONTENEGRO

Support to implementation of
IBM Strategy



Action Summary:

The Action will directly support Montenegro to implement the Integrated Border Management strategy and action plan and achieve the objectives set therein.

The Action will contribute to securing the future external EU border and reducing irregular migration and cross-border organised crime.

Action Identification	
Programme Title	Annual Action Programme for Montenegro for 2015
Action Title	Support to the implementation of the Integrated Border Management (IBM) Strategy
Action Reference	IPA/2015/037-894/3
Sector Information	
NEAR Sectors	2.8. <i>Border management and security</i> 2.7. <i>Migration and asylum</i>
DAC Sector	A02 – Sector Budget Support
Budget	
Total cost (VAT excluded)¹	EUR 20 million
EU contribution	EUR 20 million
Management and Implementation	
Method of implementation	<i>Direct (Sector Budget Support)</i>
<i>Direct management:</i> EU Delegation in charge	EU Delegation to Montenegro
Implementation responsibilities	Ministry of Interior and Ministry of Finance of Montenegro
Location	
Zone benefiting from the action	Montenegro
Specific implementation area(s)	<i>Indicate the sub-national location(s) of the action implementation (if applicable; e.g. county(ies); city(ies); etc.</i>
Timeline	
Deadline for conclusion of the Financing Agreement	31 December 2016
Contracting deadline	
End of operational implementation period	5 years following the date of conclusion of the Financing Agreement

¹ The total action cost should be net of VAT and/or of other taxes. Should this not be the case, clearly indicate the amount of VAT and the reasons why it is considered eligible.

1. DESCRIPTION OF THE ACTION

1.1. Objectives/results

The overall objective of the EU support for the Integrated Border Management Strategy of Montenegro is to improve prevention and detection of irregular migration and cross-border crime, and enhance preservation of national security and the internal security of the EU Member States. The specific objectives of the programme are to: (a) improve border control; (b) enhance prevention and detection of cross-border crimes; (c) improve inter-agency and international coordination and cooperation.

The implementation of this programme will contribute directly to meeting the following results the Strategy Paper sets out to be met by 2020:

- Integrated Border Management plan implemented and implementation of the Schengen Action Plan on track.
- Increased efficiency and co-operation between the law enforcement agencies;
- Reduction of the level of organised and serious crime and a solid track record of investigations, prosecutions and final convictions in corruption and organised crime cases developed;

More specifically, the full implementation of this programme will result in the adoption of a number of laws and rules books, increased number of trainings performed by the certified trainers, increased number of performed internal random inspections, increased number of realized patrols of high risk border areas, increased number of joint inter-agency activities and improved conditions for the functioning of the Joint Cooperation Centres in Trebnje and Plav.

1.2. Main activities

1.2.1. Budget support

Main activities will include:

- Transfer of EUR 20 million as budget support on the basis of the achievement of the targets as defined in annex 1 and 2;
- Strengthened political and policy dialogue with the Government on the areas reflected in the objectives of the SRC;
- A continued effort to reinforce the Government's capacities in the area of Rule of Law in general and Integrated Border Management in particular.
- Regular monitoring of budget support eligibility criteria.

1.2.2. Complementary support

Complementary support has been included in the 2013 2014 Action Programme for Montenegro, in particular through the following projects:

- *IPA 2013 'Support the adoption of the Schengen acquis'*, for strengthening the Ministry of the Interior/Police Directorate's capacity to implement the Schengen Action Plan and enhance border management;
- *IPA 2014 'Rule of Law'*, which foresees measures to monitor and support the implementation of this Sector Budget Support programme;
- *IPA 2014 'Support for Public Finance Management Policies'*, aiming to improve public finance management policies and achieving efficiency, effectiveness and transparency in public finance.

1.3. Intervention logic

At the input level the programme introduces a strengthened framework for coordination and dialogue between the different stakeholders, as well as a system for reporting results and processes. This creates

space for better engagement of sector expertise in the country and aims to enhance the functioning and accountability of the sector governance. EU support for the IBM reform also puts emphasis on resourcing of the reform. Prior EU support provided technical assistance and capacity building for developing detailed needs analyses and gap assessments in the area of border management, with an aim to meet the standards for securing future EU external borders. Acknowledging the human and financial resource needs for this process, government resources should be allocated by Government on a multi-annual basis in order to accelerate the implementation of the reform at the **output** level, together with EU financial support for closing the financing gap for the reform and to improve the sustainability of the reform activities.

The policy dialogue on rule of law will build and enhance the current dialogue under the Stabilisation and Association Agreement (SAA), which takes place yearly at the SAA Justice and Home Affairs Subcommittee. In addition, the main issues for PFM reform will be followed up in the context of the PAR Special Group, while macro-economic stability will be tackled in the context of the formulation and assessment of future ERP programmes

Under the variable tranches, the programme follows some key indicators of the sector strategy. The first year indicators consist mostly of process and output level indicators, with a view of paving way for measuring the outcomes. These indicators are introduced to follow progress with regard to improved professionalism and capacity of the Border Police and increase in international and intra-agency cooperation. These are key components of efficient border management systems, which deliver reliably and on time. Supporting reforms in these areas will therefore contribute to more timely reform outputs and sustainability.

Towards the end of the programme **outcome** level indicators are set to measure the enhanced capacity to effectively secure the external borders and to combat and prevent cross-border criminal activities, as well as corruption at the border.

In terms of the risks of corruption and fraud, the programme incorporates support to the efforts to fight corruption at the border, as well to improve the internal audit capacity.

2. IMPLEMENTATION

2.1. Rationale for the amounts allocated to budget support

The amount allocated for budget support component is EUR 20 000 000. This amount is in line with the financial allocation dedicated in the Indicative Country Strategy for Montenegro 2014-2020 to co-finance reforms in the area of rule of law. The amount is proportional to the cost estimates of the Montenegrin authorities for implementing the IBM strategy and the annual budgetary allocations for this sector which amounts to 296 million euro in accordance to the annual budget.

2.2. Criteria for disbursement of budget support

a) The general conditions for disbursement of all tranches are as follows:

- Satisfactory progress in the implementation of the Integrated Border Management strategy and continued credibility, as well as progress under Chapter 24 and relevance thereof;
- implementation of a credible stability-oriented macroeconomic policy;
- satisfactory progress in the implementation of the PFM reform programme;
- satisfactory progress with regard to the public availability of timely, comprehensive and sound budgetary information

b) The specific conditions for disbursement that may be used for variable tranches are the following:

As regards PFM, the beneficiaries will comply with the MOF's requirement for submission of programme-based budgeting and for strengthening financial control through more effective Internal Audit. In both instances these are measures that the government has in place and this SBS will provide additionality to reinforce the process. For the sector, the specific conditions are based on existing government commitments through the IBM Strategy and Action Plans and annual benchmarks for tranche payments are based on achievements by both the Ministry of Interior/Border Police and Ministry of Finance/Customs Administration.

The performance indicators used for disbursements are described in annexes of this action Document. The chosen performance targets and indicators specified in Annex 1 will apply for the duration of the programme. However, in duly justified circumstances, the Government of Montenegro may submit a request to the Commission for the targets and indicators to be changed. The changes agreed to the targets and indicators may be authorised by exchange of letters between the two parties.

In case of a significant deterioration of fundamental values, budget support disbursements may be formally suspended, temporarily suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

2.3. Budget support details

Budget support is provided as direct untargeted budget support to the national Treasury.

Out of a total of 20 million EUR, 8 million are foreseen to be disbursed as a fixed tranche upon the signature of this Financing Agreement, while a further 8 million in 2018 and 4 million in 2019 are subject to meeting the targets set under the performance indicators (see Annex 2, table A and D).

2.4. Organisational set-up and responsibilities

The main beneficiary of this programme is the Ministry of Interior (MOI) and the Customs Administration within the Ministry of Finance (MOF). Both entities are responsible for the implementation of the IBM Strategy and related Action Plans for the sector. Under the Sector Budget Support programme, the Government will provide additional finance to these two beneficiaries who will then use the aggregate funds inclusive of the SBS to implement the activities required to improve Montenegro's convergence to the acquis as per sectoral priorities set out the IBM Strategy and Action Plans. The Department for Public Works is the responsible authority in Montenegro for capital investment whilst ministries are responsible for the procurement of equipment. Under SBS the MOF retains a key role for the compliance of the PFM conditions. The European Commission (DG NEAR and EU Delegation) will initiate disbursement following assessments of compliance for each of the variable tranche payments after the initial base payment.

2.5. Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the list of result indicators. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

Compliance with the four general conditions will trigger the release of the fixed base payment following the signature of the Financing Agreement. Thereafter there will be annual SBS reviews that will evaluate performance against the conditions for each of the subsequent two tranche payments and where the degree of compliance will affect the proportion of tranche payments released for the variable components. Each of these reviews will, in line with Commission Budget Support Guidelines, review the 4 general eligibility criteria for SBS and thus provide a real-time assessment of relevance

and credibility of each of the criteria. The base payment will be made in 2016 and performance evaluations take place in 2018 and 2019.

These performance evaluations will be guided by the state of play in PFM. To the extent possible the performance evaluations will take stock of any available reports from the Internal Audit units of the relevant beneficiary ministries and from the Montenegro State Audit Institution, where available.

Additionally DG NEAR may utilise the existing Results-Oriented Monitoring (ROM) as part of its ongoing commitments to monitor expenditure of aid under the EU's Financial Regulation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

2.6. Evaluation and audit

Evaluations of the budget support component should be aligned with similar exercises of other budget support providers for accountability and learning purposes at various levels (including for policy revision) and carried out via independent consultants.

For complementary support, the Commission may also carry out external evaluations [via independent consultants], as follows:

- (a) a mid-term evaluation mission;
- (b) a final evaluation, at the beginning of the closing phase;
- (c) an ex-post evaluation.

The Commission shall inform the implementing partner at least 2 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 partner country 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 partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

The financing of the evaluation actions shall be covered by another measure.

APPENDIX 1: INDICATIVE SELECTION OF RESULT INDICATORS

The inputs, the expected direct and induced outputs and all the indicators, targets and baselines included in the list of result indicators are indicative and may be updated during the implementation of the action without an amendment to the financing decision. The table with the indicative list of result indicators will evolve during the lifetime of the action: new columns will be added for intermediary targets (milestones), when it is relevant and for reporting purpose on the achievement of results as measured by indicators.²

	Intervention logic	Indicators	Baselines	Milestones 2017	Targets 2020	Sources and means of verification
Overall objective: Impact	<p>Improved prevention and detection of irregular migration and cross-border crime, and enhanced preservation of national security and internal security of the EU Member States.</p>	<p>Progress made towards meeting accession criteria on Fight against corruption and organised crime as well as on Refugees and Border management.</p> <p>Establishment of a positive track record of investigations, prosecutions, seizures and confiscations in corruption and organised crime cases;</p>	<p>The legislative and administrative framework for the management of external borders is not fully aligned with EU standards.</p> <p>The Border Management of Montenegro does not fulfil the EU and the Schengen requirements.</p> <p>Despite some new cases, Montenegro's track record has shown little progress on complex and cross-border crimes such as human trafficking and money laundering. The number of final convictions remains low compared with the estimated scale of the regional and domestic criminal market. A track record of proactive investigations remains to be established. Final convictions and effective dismantling of criminal organisations remain rare.</p>	<p>Improved convergences to the acquis in this area related to the baseline</p> <p>Initial positive track record of investigations, prosecutions, seizures and confiscations in corruption and organised crime cases established</p>	<p>Further improvement of convergences to the acquis related to the 2017 milestone</p> <p>Track record of investigations, prosecutions, seizures and confiscations in corruption and organised crime cases consolidated</p>	<p>Annual EC Progress Reports</p> <p>Negotiations Benchmark assessment reports</p> <p>Peer review reports</p> <p>EU Agencies and International Organisations reports for sector</p> <p>National Assessment of implementation of IBM Strategy and Action Plan (national report)</p>

² It is recommended to use sex-disaggregated data when available.

	Intervention logic	Indicators	Baselines	Milestones 2017	Targets 2020	Sources and means of verification
Specific objective(s): Outcome(s)	<p>The Integrated Border Management strategy and action is implemented in line with EU standards and best practices, resulting in:</p> <p>(a) improved border control;</p> <p>(b) enhanced prevention and detection of cross-border crimes;</p> <p>(c) improved inter-agency and international coordination and cooperation.</p>	<p>The Integrated Border Management strategy and action is implemented in line with EU standards and best practices as confirmed by the EC progress Report.</p>	<p>Montenegro's legal framework on asylum and migration is only partially in line with the acquis Border Control is not in line with the EU and Schengen requirements. Border checks should be improved.</p> <p>In line with the Convention of the Police Cooperation in SEE, the Joint Cooperation Centre (JCC) in Trebinje started to work on November 25 2014</p> <p>There is limited technical surveillance at land borders, and at sea border the technical surveillance covers only day time. Devices for border checks are not adequate.</p>	<p>-Increased number of realized patrols of high risk border areas with Albania and Kosovo by 5%.</p> <p>-Increased number of joint inter-agency activities by 5%.</p> <p>-Established direct IT access from Joint Cooperation Centre in Trebinje to the Police national database of Montenegro.</p>	<p>-Increased number of realized patrols of high risk border areas with Albania and Kosovo by 10%. Improvements related to 2017 target.</p> <p>-Increased number of joint inter-agency activities by 5%. Improvements related to 2017 target.</p> <p>-Functioning of the JCC in PLAV implemented (further to the adoption by the Government of the Protocol on establishing the JCC in Play)-Technical conditions for the functioning of the JCC Play (premises, equipment) provided by Montenegro, and representative of Montenegrin Border Police present on a 24/7 basis.</p>	<p>- Government annual report on the implementation of the Schengen Action Plan,</p> <p>- Peer reviews reports</p> <p>- Montenegro report 2017</p>

	Intervention logic	Indicators	Baselines	Milestones 2017	Targets 2020	Sources and means of verification
Induced outputs	<p>Output 1: Improved border control with emphasis on border checks</p>	<ul style="list-style-type: none"> - Law on Foreigners, aligned with the Directive 2008/115/EC, adopted by the Government -Bylaws on the Law on asylum implemented. - Law on Border Control aligned with the regulation (EU) 2016/399 – Schengen Borders Code, adopted by the Government. -Equipment for the first and second control line (identified by the Schengen twinning project) for 10 BCPs of first category (listed in the IBM strategy) is installed and operational. 	<p>Montenegro's legal framework on asylum and migration is only partially in line with the acquis. Border control is not in line with the EU and Schengen requirements. Border checks should be improved.</p> <p>Currently the Border Management of Montenegro does not fulfil the EU and the Schengen requirements.</p> <p>7 of the 28BCPs are currently (end 2016) controlled in line with the Schengen catalogue requirements for first and second line controls at first category BCPs. However the quality and quantity of the equipment needed for the first line checks does not meet the standards.</p>	<p>-3 Rulebooks for implementation of the Law on Asylum approved and published on the Official Gazette.</p> <p>-Law on Foreigners, aligned with the Directive 2008/115/EC, adopted by the Government</p>	<p>-Bylaws on the Law on asylum in force.</p> <p>Law on Border Control aligned with the regulation (EU) 2016/399 – Schengen Borders Code, adopted by the Government.</p> <p>Free legal aid made available to asylum applicants in line with Directive 2013/32/EU (art 20 and 21)</p> <p>Equipment for the first and second control line (identified by the Schengen twinning project) for 10 BCPs of first category (listed in the IBM strategy) is installed and operational.</p> <p>-Trainings on border control implemented for the staff working in the 10 BCPs</p>	<ul style="list-style-type: none"> - Government annual report on the implementation of the IBM Action Plan, - Peer reviews reports - Register of recommendations/IA audit monitoring of the implementation of the recommendations

	Intervention logic	Indicators	Baselines	Milestones 2017	Targets 2020	Sources and means of verification
	<p>Output 2: Improved prevention and detection of cross-border crime and corruption at the border, as well as irregular migration, human smuggling and trafficking</p>	<p>No. of training performed by certified trainers. No. of internal inspections undertaken</p>	<p>The Police basic and the supplementary training are not adequate for the needs of Border Police. The Border Police existing training system needs to be further developed and implemented. In 2016 Border police had 137 certified trainers by train the trainers" system. In total, 24 trainings were performed by the certified trainers. In 2016, a limited number of internal random inspections were performed accounting to 81 inspections. These inspections were carried out as activities of all border services (border police, custom, inspections). Inspections aim to control the implementation of standard working procedures at the borders and are an important tool for prevention of corruption at BCPs.</p>	<p>-Increased number of trainings performed by the certified trainers by 10%. Improvements related to the baseline. -Increased number of performed internal random inspections by 15%. Improvements related to the baseline.</p>	<p>-Increased number of trainings performed by the certified trainers by 15%. Improvements related to 2017 target. -Increased number of performed internal random inspections by 15%. Improvements related to 2017 target.</p>	



	Intervention logic	Indicators	Baselines	Milestones 2017	Targets 2020	Sources and means of verification
<p>Output 3: Improved inter-agency and international cooperation</p>	<p>- No. of joint risk analysis products; - No. of joint meetings; - No. of joint operations; - No. of international joint patrols with neighbouring countries;</p>	<p>The inter-agency cooperation is not yet at a satisfactory level. Cooperation with neighbouring countries should lead to concrete analyses, plans and actions to tackle illegal immigration and cross-border crime.</p>	<p>-Increased number of realized patrols of high risk border areas with Albania and Kosovo by 5%. -Increased number of joint inter-agency activities by 5%. -Established direct IT access from Joint Cooperation Centre in Trebinje to the Police national database of Montenegro.</p>	<p>-Increased number of realized patrols of high risk border areas with Albania and Kosovo by 10%. -Increased number of joint inter-agency activities by 5%. -Improvements related to 2017 target. - Functioning of the JCC in PLAV implemented (further to the adoption by the Government of the Protocol on establishing the JCC in Play) -Technical conditions for the functioning of the JCC Play (premises, equipment) provided by Montenegro, and representative of Montenegrin Border Police present on a 24/7 basis. Direct IT access from JCC in Play to the Police National Database of Montenegro established.</p>	<p>The Ministry of Interior and the Ministry of Finance have implemented respectively at least 86% and 55% of those internal audit recommendations made during 2016 that have focused on value for money and/or improvement of internal control systems. Source of verification: Register of recommendations/IA audit monitoring of the implementation of recommendations</p>	
<p>Output 4: Improved managerial accountability and internal control within the sector</p>	<p>- Share of internal audit recommendations focused on value for money or internal control systems</p>	<p>Total of 29% (7 out of 24) recommendations from internal audit reports in the Ministry of Interior and total of 33% (40 out of 119) in the Ministry of Finance during 2014 focused on value for money and/or improvement of internal control systems; 40% of those recommendations are accepted by the management and implemented in the Ministry of Finance and 85,7% by the Ministry of Interior</p>	<p>At least 45% of recommendations from internal audit reports both in the Ministry of Interior and in the Ministry of Finance during 2016 focused on value for money and/or improvement of internal control systems.</p>	<p>Source of verification: Audit reports</p>		

	Intervention logic	Indicators	Baselines	Milestones 2017	Targets 2020	Sources and means of verification
Direct outputs	<p>Budget transfers and increased share of external assistance implemented through country systems;</p> <p>Policy conditionalities TA/capacity building activities</p>	<p>Overall level of implementation track record in the field of IBM and related policies</p> <p>Capacity level for policy planning, monitoring and evaluation of implementation in the field of Integrated Border Management and related policies (including asylum and migration)</p> <p>Level of awareness of gender issues and protection of vulnerable groups</p> <p>Level of involvement of CSOs in planning and implementation of IBM and related policies</p>	<p>Montenegro has a good track record of implementing reforms in the area of border management.</p> <p>The current strategy did not incorporate appropriate costing of the planned measures. The monitoring and evaluation framework does not include indicators of impact and clear results.</p> <p>CSOs are mostly involved only in the broader framework of accession negotiations under chapter 23 and 24.</p>	<p>Continued track record of implementation in accordance with IBM Framework Action Plan</p> <p>Improved policy planning (including costing), coordination and implementation</p> <p>Improved monitoring, reporting and evaluation capacity</p> <p>Enhanced involvement of CSOs in border management, migration and related policies</p> <p>Improvements related to the baseline.</p>	<p>Continued track record of implementation in accordance with IBM Framework Action Plan</p> <p>Improved capacity for policy planning (including costing), coordination and implementation</p> <p>Improved monitoring, reporting and evaluation capacity</p> <p>Enhanced involvement of CSOs in border management, migration and related policies</p> <p>Improvements related to the 2017 milestone.</p>	<p>- Government annual report on the implementation of the IBM Action Plan,</p> <p>- Peer reviews reports</p> <p>- Montenegro report 2017</p>

LIST OF ANNEXES

- 1. Performance indicators used for disbursements**
- 2. Disbursement arrangements and timetable**



ANNEX 1: Performance indicators used for disbursements

Indicator 1:	KRI: Improved border control with emphasis on border checks
<i>Programme:</i>	IBM Strategy and Framework Action Plan 2014 -2018
<i>Objective:</i>	To improve the legal framework and capacity for border control. To prevent and detect cross-border crime.
<i>Action:</i>	Align the legislative and regulatory framework with EU acquis. To align 10 BCPs with the Schengen catalogue requirements for first and second line control.
<i>Department responsible:</i>	The Ministry of Interior/Border Police, Customs Administration
Description of the Indicator	
<i>Indicator type:</i>	Input and output, process
<i>Measurement unit</i>	Laws and by-laws prepared and approved. Border Police control equipment operational in 10 BCPs.
<i>Periodicity of measurement:</i>	Yearly
<i>Last known result:</i>	Screening report on chapter 24, TAIEX mission (July2016), Progress Report 2016, Twinning 'Support the adoption of Schengen Acquis' quarterly gap-needs analysis: Montenegro's legal framework on asylum and migration is only partially compatible with the acquis. The legislative and administrative framework for the management of external borders is not fully aligned with EU standards. 7 of the 28BCPs are partially (end 2016) controlled in line with the Schengen catalogue requirements for first and second line controls at 1st category BCPs. The quality and quantity of the equipment needed for the first line checks does not meet the standards.
Development and quality of the indicator	
<i>Method of data collection:</i>	Government annual report on the implementation of the IBM Action Plan, cross-checked by Peer Review reports
<i>Departments responsible for collection:</i>	The Ministry of Foreign Affairs and European Integration, the Ministry of Interior/Border Police, the Ministry of Finance/Customs Administration
<i>Method of calculation:</i>	Counts of laws and by-laws prepared/adopted. Counts of Border Crossing Points meeting assessed as the stipulated standards
Means of interpretation	
<i>Known limits and bias:</i>	Inter-institutional co-ordination required
<i>Means of interpretation:</i>	Further improvement of convergences to the EU acquis and Schengen catalogue standards related to baseline, year 2 and year 3 targets.
Documentation schedule	
<i>Delivery date:</i>	To be verified each year prior to tranches 2 and 3 over years 2 and 3 of SRC.

Indicator 2:	KR2: Improved prevention and detection of cross-border crime and corruption at the border, as well as irregular migration, human smuggling and trafficking
Programme:	IBM Strategy and Framework Action Plan 2014 -2018
Objective:	To prevent and detect cross-border crime.
Action:	To further develop and implement the training system. To enhance internal inspections at BCPs. To improve the control of high risk border areas with Albania and Kosovo
Department responsible:	The Ministry of Interior/Border Police, Customs Administration
Description of the Indicator	
Indicator type:	Output
Measurement unit:	No. of training performed; No. of internal inspections undertaken; No. of international joint patrols, with neighbouring countries;
Periodicity of measurement:	Yearly
Last known result:	The Police basic and the supplementary training are not adequate for the needs of Border Police. The Border Police existing training system needs to be further developed and implemented. The number of internal random inspections is limited and needs to be increased (2016 IBM implementation report).
Development and quality of the indicator	
Method of data collection:	Government annual report on the implementation of the IBM Action Plan, cross-checked by Peer Review reports
Departments responsible for collection:	The Ministry of Foreign Affairs and European Integration, the Ministry of Interior/Police and Customs Administration
Method of calculation:	Count of No. of performed internal random inspections, No. of trainings performed by the certified trainers, No. of realised patrols of high risk border areas with Albania and Kosovo.
Means of interpretation	
Known limits and bias:	Inter-institutional co-ordination required
Means of interpretation:	Increased No. of trainings performed by the certified trainers, Increased No. of performed internal random inspections, Increased No. of realized patrols of high risk border areas with Albania related to the baseline and year 2 and year 3 targets.
Documentation schedule	
Delivery date:	To be verified each year prior to tranches 2 and 3 over years 2 and 3 of SRC.

Indicator 3:

Programme:

Objective:

Action:

Department responsible:

Description of the Indicator

Indicator type:

Measurement unit:

Periodicity of measurement:

Last known result:

Development and quality of the indicator

Method of data collection:

Departments responsible for collection:

Method of calculation:

assessment of the conditions for operation of Joint Cooperation Centre in Plav

Means of interpretation

Known limits and bias:

Means of interpretation:

Documentation schedule

Delivery date:

KR3: Improved inter-agency and international cooperation

IBM Strategy and Framework Action Plan 2014 -2018

To further improve inter-agency coordination and international cooperation on border management and fight against organised crime.
To increase the number of joint inter-agency activities, to establish access to national database for the Joint Cooperation Centre in Trebinje, to establish the conditions for operation of Joint Cooperation Centre in Plav.

The Ministry of Interior/Border Police

Output

Number of joint inter-agency activities; access to national database for the Joint Cooperation Centre in Trebinje, conditions for operation of Joint Cooperation Centre in Plav.

Yearly

The inter-agency cooperation is not yet at a satisfactory level (TAIEX peer review report).

Government annual report on the implementation of the IBM Action Plan, cross-checked by Peer Review reports

Ministry of Interior/Border Police

Counts of joint-inter agency reports and assessment of the access to national database for the Joint Cooperation Centre in Trebinje, and assessment of the conditions for operation of Joint Cooperation Centre in Plav

Increase of number of joint inter-agency activities, increase in the number of requested processed as a result of the access to national database for the Joint Cooperation Centre in Trebinje, and of established conditions for operation of Joint Cooperation Centre in Plav.

To be verified each year prior to tranches 2 and 3 over years 2 and 3 of SRC.

Indicator 4:

Programme:

Objective:

Action:

Department responsible:

KR4: Improved managerial accountability and internal control within the sector

IBM Strategy and Framework Action Plan 2014 -2018 and PFM Reform Programme

To improve managerial accountability and internal control systems in the Ministries of Interior and Finance

Increase the number of internal audit recommendations addressing focusing on value for money or internal control systems in the sector
The Ministries of Finance and of Interior

Description of the Indicator

Indicator type:

Measurement unit:

Outcome

Share of internal audit recommendations that focus value for money and/or improvement of internal control systems accepted and implemented

Last known result:

A total of 29% (7 out of 24) recommendations from internal audit reports in the Ministry of Interior and total of 33% (40 out of 119) in the Ministry of Finance during 2014 focused on value for money and/or improvement of internal control systems; 40% of those recommendations are accepted by the management and implemented in the Ministry of Finance and 85,7% by the Ministry of Interior

Development and quality of the indicator

Method of data collection:

Departments responsible for collection:

Method of calculation:

Audit reports, Register of recommendations/IA audit monitoring of the implementation of recommendations

Ministry of Finance

Confirmation of adherence to target actions

Means of interpretation

Known limits and bias:

Means of interpretation:

Depending on the recommendation, it can be implemented immediately or take longer than one year.

A recommendation will be considered as implemented if significant steps have been taken in that direction, even if not yet fully implemented.

Documentation schedule

Delivery date:

To be verified each year prior to tranches 2 to 3 over years 2 and 3 of SRC.

ANNEX 2: Disbursement arrangements and timetable

This annex covers the following four main areas according to the country/intervention sector context: (1) responsibilities; (2) the indicative disbursement timetable; (3) the general conditions for each disbursement tranche; (4) the specific conditions for each disbursement tranche.

1. Responsibilities

On the basis of the disbursement conditions stipulated in the Financing Agreement, the National Authorising Officer will send a formal request to the European Commission for the disbursement of each tranche in accordance with the timetable specified in Table A below. The request must include: (i) a full analysis and justification for payment of the funds, with the required supporting documents attached; (ii) a financial information form, duly signed, to facilitate the corresponding payment.

2. Indicative disbursement timetable

The indicative schedule of disbursements should be revised in accordance with the table below (all figures in EUR millions) based on fiscal year of the partner country. This will also necessitate adjustments to Table C.

Table A: Indicative disbursement timetable

Country fiscal year	2016				2017				2018				2019				Total	
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3		Q4
Base tranche	8																	8
Variable tranche																4		12
Total	8										8				4			20

3. General conditions for the disbursement of each tranche

The general conditions for the disbursement of each tranche must be specified, including the source of the information where appropriate. Linking the general conditions to the eligibility criteria, the following wording is suggested:

Table B: General conditions for the release of tranches

Area	Conditions	Verification source
Public Policy	Satisfactory progress in the implementation of Action Plan for Chapter 24 and in the implementation of the prevailing IBM Strategy (2014-18 at time of Budget Formulation) and related Annual Action Plans 2014-18 and continued credibility and relevance of that or any successor strategy.	Assessment based on sources such as : Peer Review reports and Government progress reports on Chapter 24 and the IBM Strategy and related Action Plans.
Macroeconomic stability	Satisfactory progress in implementation of a credible stability-oriented macroeconomic policy.	Assessment based on sources such as EU, IMF (Article IV Assessment and any additional country/loan-related assessments); from national authorities (ERP, MOF, Central Bank of Montenegro) and from any other relevant international sources (e.g. Rating Agencies for sovereign debt, World bank and EBRD).
Public financial management	Satisfactory progress in the implementation of the PFM Reform Programme	Assessment based on sources such as: i) available PFM assessments from the EU, IMF, World Bank, OECD/SIGMA and the latest PEFA assessment ii) available PFM reform programme reports from national authorities: MOF, Central Bank of Montenegro, State Audit Office and any relevant input from reports of EU/TA projects in PFM.
Budget Transparency	Satisfactory progress with regard to the public availability of accessible, timely, comprehensive, and sound budgetary information.	Assessment based on sources such as : i) available PFM assessments relating to budget transparency the EU, IMF, World Bank, OECD/SIGMA and the latest PEFA assessment ii) available PFM reform programme report relating to budget transparency from national authorities: MOF, Central Bank of Montenegro, State Audit Office, Parliament.

Table C: Specific conditions for the release of tranches

Tranche	Amount	Indicative date of the disbursement request (month/year)	Indicative disbursement date (month/year)	Conditions/criteria/ activities for disbursement	Verification source including timing or data availability (where applicable)
Fixed tranche	€ 8M	January 2017*	March 2017*	General Conditions set out in Table B above	Verification source for General Conditions are set out in Table B above
First variable tranche	€ 8M	March 2018	June 2018	Evaluation of performance against the targets of Year 1	Verification sources are set up in Annex 2 above
Second variable tranche	€ 4M	March 2019	June 2019	Evaluation of performance against the targets of Year 2	Verification sources are set up in Annex 2 above

* Tranche requested and paid in December 2016

5. Variable tranche calculation

For indicators:

1.1; 1.2 (year 1); 2.1; 3.2;3.3;

Progress	Disbursement of variable tranche
Target not met	0%
Target met	100%

For indicators:

1.2 (year 2); 2.2; 2.3; 3.1; 4

The total score based on weighted average score across the indicators will be a figure in the range 0-100%. This overall score will then be judged according to the following range:

Progress	Score range	Disbursement of variable tranche
Unsatisfactory	0-29%	0%
Limited progress	30-49%	35%
Satisfactory	50-79%	70%
Target met	80-100%	100%

Table D: Variable Tranche

Indicator	Sub-Indicator	Baseline	2017	2018	Weight
<p>Indicator 1: Improved border control with emphasis on border checks</p>	<p>Indicator 1.1: Legal and regulatory framework</p>	<p>Screening report on Chapter 24: Montenegro's legal framework on asylum and migration and border control is only partially compatible with the acquis.</p>	<p>3 Rulebooks for implementation of the Law on Asylum approved and published in the Official Gazette:</p> <p>(a) Rulebook on the accommodation of the asylum seekers and house rule of the Centre;</p> <p>(b) Rulebook on the procedure of exercising and payment of costs of free legal aid and rate of providing legal aid;</p> <p>(c) Rulebook on design of the forms and content of documents of international protection applicants, foreigners under temporary protection, documents for asylum seekers and foreigners under subsidiary protection, travel documents for asylum seekers, content and manner of records keeping, as well as on the deadlines for keeping information in the records.</p> <p>Law on Foreigners, aligned with the Directive 2008/115/EC, adopted by the Government</p> <p>Source of verification: Government report on the implementation of the IBM Action Plan; Montenegro report; Official Gazette.</p>	<p>Free legal aid made available to asylum applicants in line with Directive 2013/32/EU (art 20 and 21)</p> <p>Law on Border Control aligned with the regulation (EU) 2016/399 – Schengen Borders Code, adopted by the Government.</p> <p>Source of verification: Government report on the implementation of the IBM Action Plan, Peer reviews reports, Montenegro report.</p>	<p>12%</p>

	Indicator 1.2: Border control	<p>Currently the Border Management of Montenegro does not fulfil the EU and the Schengen requirements.</p> <p>7 of the 28BCPs are partially (end 2016) controlled in line with the Schengen catalogue requirements for first and second line controls at 1st category BCPs. The quality and quantity of the equipment needed for the first line checks does not meet the standards.</p>	<p>Preparatory work (including technical specifications) to equip 10 BCPs of first category with control devices for first and second line in line with the requirements set out in Schengen Catalogue is completed.</p> <p>Source of verification: Tender dossier published on the contracting authority web site.</p>	<p>10 BCPs of first category are equipped with control devices for first and second line and are operational according to the Schengen catalogue.</p> <p>Source of verification: Government report on the implementation of the IBM Action Plan; Montenegro report; taking over certifications, peer reviews.</p>	11%
Indicator 2: Improved prevention and detection of cross-border crime and corruption at the border, as well as irregular migration, human smuggling and trafficking	Indicator 2.1: Training system	<p>The Police basic and the supplementary training are not adequate for the needs of Border Police. The Border Police existing training system needs to be further developed and implemented. In 2016 Border police had 137 certified trainers by "train the trainers" system. In total, 24 trainings were performed by the certified trainers.</p>	<p>Increased number of trainings performed by the certified trainers by 10%. Improvements related to the baseline.</p> <p>Source of verification: Government report on the implementation of the IBM Action Plan; Montenegro report; peer reviews reports.</p>	<p>Increased number of trainings performed by the certified trainers by 15%. Improvements related 2017 target.</p> <p>Source of verification: Government report on the implementation of the IBM Action Plan; Montenegro report; peer review reports.</p>	11%
	Indicator 2.2: Internal inspections	<p>In 2016, a limited number of internal random inspections were performed accounting to 81 inspections. These inspections were carried out as activities of all border services (border police, custom, inspections). Inspections aims to control the implementation of standard working procedures at the borders and are an important tool for prevention of corruption at BCPs.</p>	<p>Increased number of performed internal random inspections by 15%. Improvements related to the baseline.</p> <p>Source of verification: Government report on the implementation of the IBM Action Plan, Report on the implementation of the Joint plan of measures for prevention and repression of corruption at BCPs; peer review reports.</p>	<p>Increased number of performed internal random inspections by 15%. Improvements related to 2017 target.</p> <p>Source of verification: Government report on the implementation of the IBM Action Plan. Report on the implementation of the Joint plan of measures for prevention and repression of corruption at BCPs; peer review reports.</p>	11%

	Indicator 2.3: Border patrols	<p>In 2016, 5422 patrols on “green” border and 1,307 patrols on “blue” border with Albania were carried out, and 2,645 patrols on “green” border with Kosovo were implemented. Borders with Albania and Kosovo are classified high risk border area by the Border Police and the SOCTA report, and the control of Montenegrin borders with Albania and Kosovo should be further enhanced.</p>	<p>Increased number of realized patrols of high risk border areas with Albania and Kosovo by 5%. Improvements related to the baseline.</p> <p>Source of verification: Government annual report on the implementation of the IBM Action Plan; peer review reports.</p>	<p>Increased number of realized patrols of high risk border areas with Albania and Kosovo by 10%. Improvements related to 2017 target.</p> <p>Source of verification: Government annual report on the implementation of the IBM Action Plan; peer review reports.</p>	11%
Indicator 3: Improved inter-agency and international cooperation	Indicator 3.1: Interagency cooperation	<p>The inter-agency cooperation is not yet at a satisfactory level. According to the Schengen Catalogue’s recommendation number 134 there should be cooperation for detection and investigation of cross border crime.</p> <p>In 2016: Border Police and Customs performed 28.788 activities which referred to joint inspections of goods.</p>	<p>Increased number of joint inter-agency activities related to the baseline.</p> <p>Source of verification: Government annual report on the implementation of the IBM Action Plan; Montenegro report; peer review reports.</p>	<p>Increased number of joint inter-agency activities by 5%. Improvements related to 2017 target.</p> <p>Source of verification: Government annual report on the implementation of the IBM Action Plan; Montenegro report; peer review reports.</p>	11%

	<p>Indicator 3.2: International cooperation</p>	<p>In line with the Convention of the Police Cooperation in SEE, the Joint Cooperation Centre (JCC) in Trebinje started to work on November 25 2014.</p> <p>At the same time, Montenegro started the preparation to participate in JCC in Plav. Both JCCs are not fully operational at the moment and it is necessary to ensure better technical conditions to improve better exchange of information related to border control and cross border crime, and to fulfil criteria for the establishment of the JCC in Plav.</p>	<p>Direct IT access from Joint Cooperation Center in Trebinje to the Police national database of Montenegro established.</p> <p>Source of verification: Government annual report on the implementation of the IBM Action Plan; peer review reports.</p>	<p>Functioning of the JCC in PLAV implemented regarding the Montenegrin side (further to the adoption by the Government of the Protocol on establishing the JCC in Plav)</p> <p>Technical conditions for the Functioning of the JCC Plav (premises, equipment) provided by Montenegro, and representative of Montenegrin Border Police present on a 24/7 basis.</p> <p>Direct IT access from JCC in Plav to the Police National Database of Montenegro established.</p> <p>Source of verification: Government annual report on the implementation of the IBM Action Plan; peer review reports.</p>	
	<p>Indicator 3.3: International cooperation</p>	<p>The JCC in Trebinje is operational. During 2016, 63 requests/incident reports were processed.</p> <p>The Joint Centre in Plav is not fully operational and there were no processed requests/incident reports</p>	<p>A minimum of 10 requests/incident reports processed by the Joint Cooperation Centres in 2017.</p> <p>Source of verification: Government annual report on the implementation of the IBM Action Plan; peer review reports.</p>	<p>A minimum of 10 requests/incident reports processed by the Joint Cooperation Centres in 2018.</p> <p>Source of verification: Government annual report on the implementation of the IBM Action Plan; peer review reports.</p>	<p>11%</p>

<p>Indicator 4: Improved managerial accountability and internal control within the sector</p>		<p>Total of 29% (7 out of 24) recommendations from internal audit reports in the Ministry of Interior and total of 33% (40 out of 119) in the Ministry of Finance during 2014 focused on value for money and/or improvement of internal control systems; 40% of those recommendations are accepted by the management and implemented in the Ministry of Finance and 85,7% by the Ministry of Interior.</p>	<p>At least 45% of recommendations from internal audit reports both in the Ministry of Interior and in the Ministry of Finance in the previous year focused on value for money and/or improvement of internal control systems. Source of verification: Register of recommendations/IA audit monitoring of the implementation of recommendations.</p>	<p>The Ministry of Interior and the Ministry of Finance have implemented respectively at least 86% and 55% of those internal audit recommendations made in the previous year that have focused on value for money and/or improvement of internal control systems. Source of verification: Register of recommendations/IA audit monitoring of the implementation of recommendations.</p>	<p>11%</p>
<p>Total</p>					<p>100%</p>



Government of Montenegro
Ministry of European Affairs

Montenegro
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Affairs

No. 06/1-278/3

The Ministry of European Affairs of Montenegro presents its compliments to the Delegation of the European Union to Montenegro and has the honour to enclose herewith a signed original copy of the Addendum 1 to the Financing Agreement between the Government of Montenegro and the European Commission concerning the Annual Action Programme for Montenegro for the year 2015, and kindly asks the Delegation to forward it to the Directorate-General for Neighbourhood and Enlargement Negotiations.

The Ministry of European Affairs avails itself of this opportunity to renew to the Delegation of the European Union to Montenegro the assurances of its highest considerations.

Podgorica, 6 November 2017



DELEGATION OF THE EUROPEAN UNION TO MONTENEGRO