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UNLOCKING THE SAFE

– Montenegro and EU Funds During
12 Years of Negotiations –



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Why EU funds?

For democracy, development, human rights, and cooperation.

For infrastructure, which is built to serve generations and represents the horizon of development with a hundred years of usefulness.

For accountable administration, committed to quality public service. Joining (the EU) will not reduce bureaucracy, but it will expand capacities for achievable results, which will serve improved development standards, beyond the regime of hibernation in the routine lethargy of non-reform.

For thoughtfulness in preparing public policies.

For anticipating public policies through the analysis of fiscal risks from collected data.

For the gradual implementation of the regulatory framework for everyone with everything.

For the inclusion of all those who are focused on more than just personal interests, aiming for the politically-advertised inclusiveness to gain its developmental valorization, serving future generations.

For track record that do not serve variables (MNE) and/or bonuses (EU), but the quality of public service.

For the developmental necessity that, in any segment of public policy implementation, the EU agenda serves as the backbone around which public policies branch out and complement national budget resources, as well as local development policies.

For pre-identified measured fiscal risks, coming from initiatives proposing budget expenditures, regardless of whether they relate to transfers from the social sphere, on capital budget projects, cooperation with international creditors, or the daily handling of usual activities that make public service sustainable.

For responsibility to citizens on behalf of the state administration and the entire public sector.

For Montenegrin education directed towards Erasmus, not clericalization.

For Montenegrin healthcare that respects patients and concepts of public health, not the internally-advocated anti-vaccination stance.

For the mental health of new generations, who have (remained) become more anxious and depressed despite smartphones. Although this is a global trend, Montenegro has been in a vicious cycle of institutional cowardice for twelve years. As soon as we get close to the EU home, we somehow find a way to retreat into shells of entrenched toxicity, whether its source is corruption or nationalist groups. For Montenegro's cultural connectivity with the continent, to which Montenegro and the Balkans intellectually and creatively belong.

For Montenegrin agricultural workers, whom the respective ministries only occasionally address, while they have the potential to increase Montenegro's GDP by one to two percent per year. Montenegrin agriculture should not aim to serve tourists, but to produce and sell to Montenegrin citizens and all welcome guests, tourists, or casual visitors 365 days a year. Such agriculture needs a strong IPARD team, supported by the relevant ministry with full dedication to CAP public policies, paired with national agro-budget funds.

For Montenegro's future among countries with which we can compete economically if we master the most important and productive mechanisms of cooperation: competition without politics and financial literacy, without the ugliness from the accounting, analytical, and auditing guilds.

For Montenegro's political progress towards seriousness in serving the rule of law principle, as well as due to the common sense of judicial institutions towards respect for the rule of law principle, which implies institutional and systemic turns from historical chases or ongoing phone records, and according to the financial statement of documented traces for accusation and judgment.

What are the benefits and risks of EU funds?

Joining the European Union is a story about funds. The EU accession agenda is a model filled with complex projects serving the public policies of developing countries and candidate countries benefiting from the funds, framed by diverse activities and segments which at every step, in every phase, every week are linked to realizations through monetary expressions and verifiable reporting.

We did not incorporate the experiences of refunding funds after strict audits into the necessary experiences, with the aim of being better with each subsequent project, at the level of each individual Montenegrin user of funds. This must be a story about gaining experiences from specific examples, which represent institutional and project mastery of hidden and important messages of the EU acquis that are not a regulatory framework unless they have a monetary expression in budget plans and timely realizations of fund releases and executions.

Joining the European Union is a story about funds that provide candidate countries, signatories of the Stabilization and Association Agreement¹, with direct and indirect support and various bilateral, trilateral, and multilateral frameworks for improving the internal market, the rule of law, and respect for human rights, as well as regional and broader cooperation on economic and institutional levels. The regulatory framework, after establishing strategic documents, is regularly strengthened by Financial Agreements between the Government of Montenegro and the European Commission on the annual national IPA programme for

¹ Law on ratification of the Stabilization and Association Agreement between the European Communities and their member states, on the one hand, and the Republic of Montenegro, on the other (November 2007).

Montenegro², which can be further supplemented by changes to project objectives within the three most important financial perspectives of EU funds:

- IPA³ I (2007 - 2012)
- IPA II (2013 - 2020)
- IPA III (2021 - 2026).

The complementary segment of the story about European funds in Montenegro consists of dozens of joint projects within various programmatic and strategic frameworks of EU funds, including:

- Twinning⁴;
- PPF/SMF⁵;
- EU programmes⁶;
- MB IPA⁷;
- Western Balkan Investment Framework⁸;
- Cross-border cooperation, which further includes:
 - o Bilateral programmes:
 - Albania - Montenegro,
 - Bosnia and Herzegovina - Montenegro,
 - Croatia - Montenegro,
 - Montenegro – Kosovo,
 - Serbia– Montenegro;
 - o IPA Adriatic cross-border programme;
 - o South-Eastern Europe Program, Mediterranean Transnational Program (MED 2014-2020);

2 Adopted each year separately.

3 IPA - Instrument for Pre-Accession Assistance; "...represents an instrument of the European Union intended to provide financial support to beneficiary countries in approaching European policies and standards, until the necessary criteria for EU membership are met" (source: Information on EU programmes for Montenegro in 2013).

4 Twinning: support for strengthening administrative capacities, harmonization of national legislation with the EU acquis and adoption of EU practices and policies.

5 Project Preparation facility/ Support Measures Facility 2011-2013 - represented support measures from the IPA reserve list.

6 EU programmes aimed at economic, social and political integration for which refunds of part of the payment for the annual participation were provided, such as: Seventh framework of the EU programme for research, technological development and experimental activities 2007-2013; Framework programme for entrepreneurship and innovation/ Framework programme for competitiveness and innovation 2007-2013; ICT policy support programme; Culture 2013; Customs 2013; Europe for citizens; Lifelong learning programme

7 Multi-beneficiary IPA, which was a revision of the previous CARDS regional programme, with the aim of improving cooperation between the countries of the region, cooperation with member states, as well as support for meeting the Copenhagen political and economic criteria; these projects went beyond borders and considered the needs of several beneficiary countries regarding the economy and efficiency of the implementation of the EU acquis.

8 Western Balkan Investment Framework (WBIF), founded by the European Commission and international financial institutions, with the aim of creating greater synergy between donors and investors around projects at the national and regional level regarding the environment, energy and energy efficiency, transport, social areas and the development of small and medium-sized enterprises.

- Trilateral programme:
 - Croatia - Bosnia and Herzegovina - Montenegro;
- Danube Transnational Programme;
- Adriatic-Ionian Transnational Program (ADRION);
- Instrument for civil society and media⁹;
- Cross-border cooperation program INTERREG-IPA for Italy, Albania and Montenegro;
- INTERREG-IPA cross-border cooperation program for Croatia, Bosnia and Herzegovina and Montenegro;
- Instrument for European Integration (IEI)¹⁰;
- Macro-regional strategies of the EU (EUSAIR- Facility point), as well as the Strategy of the European Union for the Danube Region (EUSDR)¹¹;
- Strategic project Priority IV - Strengthening governance in the Mediterranean area (PANORAMED)¹².

This network of useful resources for project enhancement and institutional improvement documents twelve years of Montenegrin success in gradually stepping towards the EU. At the same time, it points to the Montenegro's insufficient institutional and strategic readiness to master the most crucial step of sustainability: generating knowledge from the daily implementation of the accession agenda. Hence, the past twelve years of Montenegro's engagement with EU funds remained on the story, with lack of expected ultimate outcome, i.e. Montenegro's opening of the gates to unstoppable reforms in overall social and economic development. Therefore, our civic duty must be to ensure that this balance turns positive and results in entering the Union's antechamber in the shortest possible timeframe.

The risk is uniquely singular and noticeably insurmountable over the past twelve years:

- in the concluding remarks of the regular annual document adopted by the Government of Montenegro, the Information on EU Support Programs to Montenegro for 2017 highlighted the following: *"Continuous efforts are being made to develop human resources within IPA structures, ensuring an adequate number of experienced professionals and skilled personnel, adequately motivated to perform tasks in accordance with defined procedures, ultimately contributing to the more successful implementation of IPA II actions."*

After the political changes of 2020, this was and remains to be the most complex, challenging, almost insurmountable challenge. It both refers to identifying recruitment risks within IPA teams and/or overall

9 Support to civil society organizations, except through cross-border and transnational cooperation programs; In 2016, an instrument was introduced that was managed by the European Commission, through the EU Delegation, with the plan to transfer independent management of this instrument to Montenegro in the following period; funds for the civil society instrument were allocated from the annual IPA budget for Montenegro, within the *Democracy and Governance sector (2017)*.

10 IEI represents a horizontal action within the national IPA programme, which aims to strengthen the capacities of institutions involved in the process of planning, programming and implementation of IPA II, as well as to improve sectoral coordination (2016).

11 EUSAIR represents the process of implementation of the European Union Strategy for the Adriatic-Ionian region, i.e. EUSDR represents a platform for cooperation and acceptance of EU acquis by candidate countries (2018).

12 PANORAMED is part of the Mediterranean Programme of European Territorial Cooperation 2014-2020, whose goal is to support the process of strengthening and developing multilateral coordination within the Mediterranean.

teams of state administration in Montenegro, as well as within public policies addressing risks that must fundamentally address the crucial issue – that the entire state administration indirectly needs to engage with IPA perspectives and integrating-referring team segments of the broader public sector.

The institutional memory of serious administrators, educated within the system for years, has been largely removed from the state administration in Montenegro. In many cases, they have been replaced by apprentices, often lacking even proficiency in English language, and/or individuals recruited through partisan connections, and these can not be necessary drivers of the implementation of defined project tasks from annual plans. When this experience shifts towards a different approach in Montenegro – when intellectual and institutional mastery is achieved, learning from notably negative experiences that have undermined team culture and the quality of results in mastering the EU legal acquis, especially diminishing capacities for result measurement – then the nominal intensity of the accession agenda, witnessed since December 2023, will gain in realism towards Montenegro's unstoppable approach to the European community. Without valuable institutional, leadership, and team self-awareness experiences, which have not been adequately addressed in the past four years regarding the daily implementation of the IPA agenda, and which must be incorporated into the mechanisms for selecting IPA team members who meet meritocratic models, it is impossible to systematically depart from entrenched models of discretionary decisions by senior officials primarily focused on undermining teams in Montenegro's state administration, regardless if that is based on nepotistic, partisan or other similar approaches.

IPA teams are teams that can not serve ministerial relativizations due to political fear. They are integral teams within every state body in Montenegro, which, through the complexity of tasks during the implementation of the EU accession agenda, while respecting the national budget, should act as the driving force behind quality proposals that combine national budget resources and IPA funds. Bylaws for recruitment within the state administration have incorporated the obligation of careful, measured, and thoughtful administrative evaluation of each IPA team in state bodies. However, the experience so far represents a blunt instrument for playing "power" both within the system's employees and as a mechanism of capture, which hinders the potential for implementation on sustainable bases. It should be noted that IPA teams are integral sub-teams that do not foster backstage agendas but rather fulfill two crucial tasks:

1. intensifying the dynamics of accession negotiation and
2. enhancing coordination, aimed at strengthening and expanding administrative capacities.

NIPAK and NAO¹³ are the "ministries" of projects and finances for EU funds in Montenegro, while the national structure of state administration needs to complete a strong trajectory of action and resolution of daily challenges, aiming to strengthen cooperation towards the real goal: Montenegro's accession to the EU for the benefit of its citizens.

IPA teams, due to the complex tasks within the IPA framework and the EU acquis, are regulated to have a specified variable¹⁴. This variable needs to be justified through the enhancement of the accession agenda and the overcoming of key challenges to ensure that the accession agenda becomes the essence of

13 NIPAC and NAO represent the positions of the National Programme Coordinator and the National Certification Officer in the candidate country.

14 *The decision on the supplement to the basic salary for the performance of work in positions for decentralized / centralized, indirect / direct and shared management of funds within the Instrument of Pre-accession Support (IPA), applied with the amendment of the regulation from December 2018; Instructions for the application of the Decision on the supplement to the basic salary for the performance of work in positions for decentralized/centralized, indirect/direct and shared management of funds within the instrument of pre-accession support (IPA), applied since March 2019.*

Montenegro's development agenda, with implementation of clear steps towards understanding cooperation around EU funds. This involves following elements:

- The national budget is the key framework for all public policy proposals;
- EU funds for sectoral public policies are the essence of project goal implementation;
- Persistent effort and cooperation should strike a balance and ensure timely and proper utilization as follows:

in certain public policies, IPA funds must form the backbone, complemented by national budget resources (e.g., agriculture, public administration reform, internal market, environmental protection);

for other public policies, national budget funds should fill gaps in implementation resources in accordance with EU legal acquis (e.g., comprehensive sectoral approach to rule of law, security, foreign policy, and public procurement).

When significant lessons from the EU accession agenda are properly learned, and when the broadest teams in state administration are provided with adequate institutional support to achieve sustainable results through enhanced cooperation - what is rightly termed as "track record" - then Montenegro's accession to the EU is within reach, regardless of which Government of Montenegro will be the megaphone at the most crucial moment of Montenegro's social and economic development for the next century.

What alongside IPA perspectives?

The following table showcases cooperation data from the EU-TAEX-framework of technical cooperation:

TAIEX*													
Position description/ EU country	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Austria		18	9	10	5	9	6	7	1	14		3	82
Belgium		8	11	10	11	8	3	5	1	3		2	62
Bulgaria		1	9	4	3	3		2					22
Denmark		1	1	1	1		2			1			7
Estonia		1	5	2	5	1	1						15
Finland		3	4	4	5	5	2	2		4			29
France		1	7	13	6	2	2	1		2		1	35
Greece			1	3	3		3	4	1	4	1		20
The Netherlands		5	7	6	1	3				6	1		29

Croatia		2	65	58	58	47	36	29	9	13	4	3	324
Ireland		1	3	1	1	2	1		1				10
Italia		16	28	29	20	15	12	5		4			129
Cyprus		1					1						2
Latvia		1	2	4	6	13	1	2	1	4		2	36
Lithuania			1	1	5	7	4		1	1			20
Hungary		2	3	2	8	1				11			27
Malta			8			1		1		1			11
Germany		6	20	18	14	4		1		7		1	71
Poland			7	13	6	1	2	1		3	1		34
Portugal			8	7	2	3	1	1		2			24
Romania		3	8	7	3	6	3		1	9			40
Czech Republic			5	13	1	2	3	2		3		1	30
Slovakia		2	3	1	1			1		5			13
Slovenia		24	70	37	35	40	14	10		18	2	3	253
Spain		3	8	6	11	2	3	2	1	3		3	42
Sweden		2	1	5	3	2		1		1			15
United Kingdom		6	7	14	8	4	1	1	1				42
EU institutions***			7	8	3			3			24	2	47
Others				10	3	3					9		25
# experts		107	308	287	228	184	101	81	18	119	42	21	1496
# events**		210		156	137	129	99	81	41	101	50	83	1087
*Technical Assistance Information Exchange Office/ within Capacity building Unit of the institutions in the EC General Directorate for Enlargement													
**Događaji=> study visits, expert missions, seminars/workshops in specific support areas: agriculture, food safety; justice, freedom, and security; environment; transport and energy; internal market; etc.; since 2020, multi-country workshops.													
*** Council of EU, EX, EUROPOL etc.													

TAIEX - (Technical Assistance Information Exchange Office) represents an available potential for technical cooperation with experts from various fields, who, in accordance with Montenegro's accession agenda, are available to IPA teams, as well as to the overall teams of state administration and public sector areas related to IPA projects.

The EU accession agenda in Montenegro during the period from 2012 to 2023 was marked by successful cooperation with nearly 1,500 experts, for a little over a 1,000 events/seminars/workshops/video collaborations, related to project development, capacity building, and mastering the EU acquis in various areas of public service. Montenegro's story of cooperation documents annual collaboration with a significant number of highly skilled and reform-oriented experts, who have expanded the experiential national administrative qualities needed for the next phases of the EU accession agenda to state administrators from various professional backgrounds.

It involves annual collaboration with a significant number of highly skilled and reform-oriented experts who share their national administrative experiences with state officials from various professional backgrounds, enhancing the administrative quality necessary for the next phases of the EU agenda.

The Montenegrin administration has been enhancing its knowledge of EU acquis through collaboration with experts from EU memberstates (and the UK) and continuous cooperation with EU institutions and other international bodies. Data suggests that from 2022-2023, the Government of Montenegro strategically attempted to slow down or replace the EU accession process with unstructured, administratively unrefined regional agendas like the Open Balkan initiative. However, dedicated IPA structure operatives managed to keep the accession agenda active (as evidenced by the projects completed in 2023), and prepared for intensified cooperation from 2024 with the goal to meet significant milestones on the path to EU standards.

This time, Montenegro must not slow down or undermine the EU accession agenda.

Forms of support to the national budget

“When it comes to monitoring spending on individual contracts, the EU fund management system clearly identifies the contracting authorities responsible for contracting and monitoring the implementation of contracts. For national IPA programmes, depending on the type of management, the contracting authorities are the EU Delegation in Montenegro (for direct management), the Ministry of Finance - Directorate for Financing, Contracting, and Implementation of EU Funds (CFCU), and the Directorate for Capital Projects (for indirect management). Projects under the Western Balkans Investment Framework are contracted centrally by the European Commission in cooperation with international financial institutions. All data related to payments and contract closures are exclusively managed by these contracting authorities. For European Territorial Cooperation programmes, the Ministry of European Affairs, as the national body, has a coordination role in the implementation of these programmes and provides support to beneficiaries in the process of project preparation and implementation. In this regard, it does not have the authority to monitor the level of fund expenditure. In European Territorial Cooperation programmes, the methodology for monitoring expenditure is carried out at the level of individual projects by contracting authorities, which, depending on the type of programme, are located in different countries. On the other hand, the overall level of expenditure for projects contracted under the ETS programmes ranged from 90% to 97% of the contracted amounts during the previous two financial perspectives.¹⁵

From the above, it can be summarized that the cooperation between Montenegro and the Delegation of the European Union in Montenegro, as the key partner with various directorates in Brussels, particularly DG NEAR and DG AGRI¹⁶, takes place through two main forms of financial cooperation:

- direct support that, excluding the support provided during the COVID period that included direct budgetary support, mainly focuses on cooperation in relation to the rule of law, security

¹⁵ The answer of the Ministry of European Affairs to MP Vuković, dated on 17 April 2024 (No. 01-082/24-1264/6).

¹⁶ DG NEAR- Directorate-General for Neighbourhood and Enlargement Negotiations; DG AGRI- Directorate for Agriculture and Rural Development

sector policies, and public administration reform policies;

- indirect support, coordinated by teams developed within the relevant ministries and the Ministry of Finance, depends on the project goals. This coordination happens at the regulatory level (Directorate for Management Structure), which involves careful budget monitoring, as well as at the level of project support in development and financing. Indirect project financing is carried out through the Central Financing and Contracting Unit (CFCU) within the Ministry of Finance, the Directorate for Capital Projects, and the Payment Agency (IPARD Agency) for agriculture.

IPA I (2007-2013)

Montenegro began its cooperation with the EU in 1998. By 2007, financial support from the European Union, including CARDS¹⁷ funds, amounted to €408.5 million. Before transitioning to the IPA I financial perspective, Montenegro utilized €277.2 million of financial support between 1998 and 2007.

After renewal of independence in 2006, Montenegro strengthened its cooperation with the European Commission, as the key body for communication in the implementation of various initiatives for utilizing financial resources, particularly given that all EU member states recognized Montenegro's independence in 2006.

The EU Council adopted the European Partnership with Montenegro in January 2007.

In October 2007, the member states, the EC and Montenegro signed the Stabilization and Association Agreement, along with the Interim Agreement on Trade and Trade-related Matters.

In the latter half of December 2009, visa liberalization was approved following the consent of the EU Council.

Political dialogues had already begun in 2007, while the first talks on stabilization and association were initiated in 2010.

A few years earlier, by signing the Energy Community Treaty, Montenegro became a member of the Energy Community of Southeast Europe (October 2005), and a year later (June 2006), it committed to adhering to the standards of the European Common Aviation Area (ECAA).

During 2006, Montenegro assumed the obligation to responsibly participate in EU economic and fiscal oversight and reporting¹⁸.

17 "Commission Opinion on Montenegro's application for membership of the European Union", Brussels November 2010; SEC 2010, 1334, p. 5/13; CARDS- Community Assistance for Reconstruction, Development and Stabilization;

18 Montenegro takes an active part in the EU economic and fiscal surveillance and reporting arrangements applying...

Two years later, in 2008, Montenegro prepared its first National Programme for EU Integration for the period 2008-2012, defining for the first time the short-term and medium-term priorities of the accession agenda.

This all represents a regulatory environment that has established the administrative base for adopting strategic frameworks, followed by annual adoption of financial agreements for IPA I and the financial perspective.

The total financial resources available to Montenegro through IPA I financial perspective amounted to €165.17 million. By the end of 2019, 96% of the total available funds had been utilized, marking a significant advancement for the enhanced structure of IPA teams towards a more complex perspective, which announced more substantial financial resources as well as more demanding procedures for project, sectoral, and systemic planning, execution, and monitoring. The following table comprehensively presents the allocated funds to Montenegro from IPA I financial perspective¹⁹, along with the implementation dynamics spanning six additional years in accordance with annual financial agreements, as follows:

IPA I 2007-2013										
Programme Year	Allocated funds (€ mil)	Disbursed funds (€ mil) up to 2013	Disbursed funds (€ mil) up to 2014	Disbursed funds (€ mil) up to 2015	Disbursed funds (€ mil) up to 2016	Disbursed funds (€ mil) up to 2017	Disbursed funds (€ mil) up to 2018	Disbursed Funds (€ mil) up to 2019	% implementation FINAL	# programmes of national budgets
2007	23,87	23,30	23,30	23,30	23,30	23,30	23,30	23,30	97,6%	14
2008	26,80	25,40	26,50	25,89	25,89	25,89	25,89	25,89	96,6%	16
2009	28,43	26,00	27,30	27,29	27,55	27,55	27,55	27,55	96,9%	17
2010	28,65	22,90	24,70	26,24	27,99	27,99	27,99	27,99	97,7%	20
2011	26,49	6,40	12,40	15,68	21,27	22,59	25,69	26,00	98,2%	16
2012	17,80	0,60	5,50	7,32	10,06	14,65	16,55	16,99	95,4%	10
2013	13,13	0,00	2,50	3,06	7,56	9,08	9,08	10,50	80,0%	5
Total	165,17	104,6	122,20	128,78	143,62	151,05	156,05	158,22	95,8%	98

Sources: Information about European Union support programmes to Montenegro for the period 2012-2020, documents prepared for the Government of Montenegro by the relevant ministry in cooperation with the Ministry of Finance.

The implementation dynamics of IPA I financial perspective funds in Montenegro confirm the continuous execution of approved projects and the undeniable enhancement of knowledge and administrative capacities, that from 2013 to 2019 resulted in strengthening institutional potential to prepare necessary activities for the IPA II financial perspective. Besides generous and much-needed financial resources, it is crucial not to overlook for a single moment that these were sustainable projects, requiring mastery of the necessary steps of EU legal acquis, accompanying each individual component of the IPA I perspective, alongside parallel mastery and integration with project collaborations within the region and beyond.

¹⁹ Supplementally agreed with the response of the relevant ministry to Deputy Vuković (17 April 2024): "Of these funds, 165.1 million euros are allocated for the 1st component." (cited in footnote no. 15)

The key components of the IPA I financial perspective implementation in Montenegro relate to five components:

- *The first component related to assistance in the transition and institution building process* (legislative alignment, environment and climate change, transport, judiciary and internal affairs, public administration reform, social development, agriculture, and rural development). A total of 102 projects were implemented. This included eight Twinning projects worth €7.5 million and seven PPF/SMF projects, for which €1.07 million in funds were disbursed, exceeding the allocated amounts by up to six times. The first component also encompassed projects under the Multi-Beneficiary IPA Perspective Programme, which facilitated reimbursements for seven projects.

In addition, the first component of IPA I financial perspective in Montenegro included significant available funds from the Western Balkans Fund, implemented through 24 national and 10 regional projects across nine cycles. The EU provided €14.9 million for this fund, while international financial institutions secured a total budget of €936.4 million. Montenegro utilized €17.5 million for national projects and around €43.3 million for regional projects. National projects focused on energy (5), transport (5), environment (13), and social sector (1), while regional projects covered energy (5), transport (1), social sector (1), environment (1), and private sector development (2). TAIEX cooperation, previously addressed, enhanced the goals of the first component of IPA I financial perspective.

- *The second component focused on cross-border cooperation.* It successfully completed 98 projects from bilateral, trilateral, and other regional and broader programme frameworks. Montenegro was allocated a total of €17.8 million, including:
 - 5 bilateral (AL-MNE €1,1m; B&H-MNE €1,0m; CRO-MNE €2,5 m; SRB-MNE €1,2 m);
 - 2 transnational projects (SEE (€2m) i MED (€0,8 m)),
 - Adriatic cross-border programme (IPA Adriatic CBC; €9,2m).
- *The third component covered regional development projects.* Montenegro was allocated up to €22 million from EU funds, with participation from the national budget amounting to €3.9 million. Following an EC audit mission in 2013, it was assessed that fund management was decentralized, which represented a significant validation of strengthening the administrative capacities of the national IPA structure.
- *The fourth component focused on human resources development.* Montenegro was allocated €5.6 million from EU funds. Following an EC audit mission in 2013, it was evaluated that fund management was decentralized, which represented a significant validation of strengthening the administrative capacities of the national IPA structure.
- *The fifth component focused on rural development.* Alongside the World Bank's MIDAS project, capacities were strengthened during the implementation of IPA I financial perspective until 2012. In 2013, €10.5 million was redirected to Component I. Funding for agricultural user projects gradually began to develop after the expiration period of 2014-15.

The fifth component of the IPA I financial perspective is the developmental story of IPARD, the greatest opportunity for Montenegrin agriculture to step towards sustainability and make a more significant contribution to the country's economic development. During the IPA I financial perspective, specialized knowledge was acquired, skills were developed, and the entire IPA structure, as well as Montenegro's

professional, political, institutional, and administrative public, were educated on the importance of establishing and institutionally elevating a young, high-quality team. This had to be renewed from 2020 due to a myopic leadership approach to this aspect of the EU accession agenda. If Montenegro learns from the experience of usurping the IPARD agency, the entire accession agenda will move from being nominal to being real, resilient against any future political upheavals that might disrupt Montenegro's community and economic development towards the EU. This has been witnessed through numerous delays until December 2023.

A summarized table overview of IPA I financial perspective projects is given in Anex 1 (detai overview of number of projects through IPA I (2007 – 2012) in Montenegro).

IPA II (2013-2020)

Montenegro, in line with the EU's cooperation requirements and building on the experiential potentials of previous perspectives, began preparations for the new financial perspective as early as 2012 because European Commission, in cooperation with the European Parliament and the Council of the EU, begun intensified preparation of regulation for the IPA II financial perspective. The initial proposals included a diverse structure of programme frameworks:

IPA II	Components - priority sectors during the initial negotiations
I	Good governance and public administration reform
II	Judiciary, internal affairs, and fundamental rights
III	Environment
IV	Transport
V	Energy
VI	Competitiveness and innovations
VII	Employment, social policy and human resources development
VIII	Agriculture and rural development
IX	Cross-border and territorial cooperation
* Average planned per year up to €35 million	

Initial preparations included the continuation of the cooperation framework from regional programmes - 4 bilateral (with Albania, Bosnia and Herzegovina, Kosovo, and Serbia), 2 trilateral (Croatia-Bosnia and Herzegovina-Montenegro; Italy-Albania-Montenegro) and 3 transnational programs (Danube, MED, and Adriatic-Ionian) - as well as preliminary proposals for annual allocated funds up to €35 million per year.

In collaboration with teams from relevant EC directorates, and when financial perspective for 2014-2020 was finalized, sectoral strategies for Montenegro were consolidated into five key sectors with indicative financial frameworks:

Indicative Strategy Paper for Montenegro 2014-2020		
Components - priority sectors in € million		
I	Reforms in the process of preparing Montenegro for membership in the Union €99.2	
1.	Democracy and governance	€ 46,90
2.	Rule of law and fundamental rights	€ 52,30
II	Socio-economic development and regional development €90.8	
3.	Environment and climate action	€ 37,50
4.	Transport	€ 32,10
5.	Competition and innovation	€ 21,20
III	Employment, social policies, education, promotion of gender equality and development of human resources €28,1	
6.	Education, employment and social policies	€ 28,10
IV	Agriculture and rural development €52.4	
7.	Agriculture and rural development	€ 52,40
V	Regional and territorial cooperation €727,7**	
8.	Bilateral cross-border programmes	€ 37,10
	Trilateral cross-border programmes	€ 135,90
	Transnational programmes	€ 554,70
TOTAL support for national programmes and projects		€ 270,50
* Average per year €38-39 million;		
** Available; with accepted projects for a defined percentage to Montenegro.		

The IPA II financial perspective increased the initial proposals of designated funds to an average of 38 million, which brought in concrete form to Montenegro and still brings significant EU funds in the implementation of projects, which are around 270.5 million²⁰. In response to the MP of the

20 "Within the financial perspective **2014-2020** (IPA II), the European Commission allocated an indicative amount of **279.1 million euros** for Montenegro at the very beginning of the programme period. However, after the preparation and adoption of the programme, this amount is slightly higher and amounts to **294.9 million euros**. These funds are intended for the implementation of a total of 33 projects and 3 direct budget support. **All contracts and projects within the framework of the IPA 2014, IPA 2015 and IPA 2019 programmes** (the allocation includes direct budget support aimed at mitigating the consequences of COVID-19) **have been implemented and the implementation of the IPA 2016, IPA 2017, IPA 2018 and IPA 2020 programmes is ongoing**. When it comes to contracted amounts, at

Parliament of Montenegro, this indicative plan included an additional €9–€24 million, but due to the methodological consistency in using document sources from the relevant ministry, the listed tabular presentations do not diminish the trends of available funds from Montenegro's cooperation concerning public policies, programmes, and projects within the IPA II financial perspective.

Regarding the IPA II financial perspective, it is imperative to note that the Civil Society Facility and Media Programme for Montenegro for the period 2014–2020 allocated funds up to €14.5 million²¹.

Additional funds for developing projects in regional and territorial cooperation included significant complementary resources available to candidate countries, amounting to up to €730 million.

The IPA II financial perspective in Montenegro, according to the annual allocated funds, shows a continuation of strengthening the stream of quality projects, achieving individual public policies depending on year to year. The individual approaches to the implementation of IPA II²² were allocated per year as follows:

- 2014: the total financial flow included IPA funds up to €40 million with national budget funds amounting to €3.75 million; the funds were directed towards sectoral policies for democracy and governance, rule of law and fundamental rights, environment and climate action, transportation, competitiveness and innovations, as well as agriculture and rural development;
- 2015: the total financial flow included IPA funds up to €12.4 million with national budget funds amounting to €4.14 million; the funds were directed towards sectoral policies for democracy and governance, rule of law, and fundamental rights;
- 2016: the total financial flow included IPA funds up to €31.95 million with national budget funds amounting to €3.50 million, supplemented by horizontal allocations up to €6 million related to bilateral, trilateral, and programs of regional and wider cooperation; the funds were directed towards sectoral policies for environment and climate action, competitiveness and innovations, education, employment and social policies, agriculture and rural development, as well as democracy and governance; noting that from this year onwards, Montenegro allocated funds from IPA II for programs related to the refugee crisis;
- 2017: the total financial flow included IPA funds up to €24.65 million with national budget funds amounting to €3.60 million, supplemented by horizontal allocations up to €20 million related to bilateral, trilateral, and programs of regional and wider cooperation; the funds were directed towards sectoral policies for democracy and governance and transport;
- 2018: the total financial flow included IPA funds up to €31 million with national budget funds amounting to €10 million, supplemented by horizontal allocations up to €5 million related to bilateral, trilateral, and programmes of regional and wider cooperation; noting that the financial

the level of national programmes in IPA II, 79% have been contracted so far." (source: Answer of the Ministry of European Affairs to MP Vuković, from 17 April 2024 (No. 01-082/24-1264/6));

21 The review of the annual preliminary plans of the allocated funds for Civil Society Facility and Media Programme included framework programmes through the years, as follows: €2.3m (2014), €1.3m (2015), €2.5m (2016), €1.5m (2017), €1m (2018), €4.3m (2019) and €1.6m (2020), p. 12 (Information 2019); these funds are allocated in cooperation with the EC.

22 A detailed tabular overview is in the Annex 2 (A detailed overview of the development of IPA II projects with financial allocations (2013–2020)).

agreement which follows the annual implementation due to the outbreak of the public health crisis caused by the covid virus, was additionally amended by introducing a diversion of up to €10 million;

- 2019: the total financial flow implied the change and redirection of funds in the amount of €28.3 million towards projects for mitigating the public health crisis due to COVID-19, with a minimal amount allocated for horizontal directions;
- 2020: the total financial flow included IPA funds up to €22 million with national budget funds amounting to €1.4 million, supplemented by horizontal allocations up to €10 million related to bilateral, trilateral, and programs of regional and wider cooperation. The funds were directed towards established sectoral policies, with continued reallocation of funds for the final mitigation of the public health crisis.

In the recapitulation by year individually IPA II (2014-2020) perspective can be summarized as follows:

Programme Year	Allocated means (€ mil)
2014	39,52
2015	36,39
2016	37,60
2017	44,55
2018	36,20
2019	30,00
2020	31,70
Civil Society Facility and Media programme	14,50
Total	270,46

The public health crisis caused by the COVID-19 virus required a flexible approach when realizing the allocated funds, so the available budget of the IPA II financial perspective had to be additionally restructured, which can be more fully documented and presented in the following tabular presentation:

No.	IPA II financial perspective in €mil	Allocated	Directed	
1.	Democracy and Governance	€ 46,90	€ 40,52	
2.	Rule of Law and Fundamental Rights	€ 52,30	€ 41,20	
3.	Environment and Climate Action	€ 37,50	€ 14,40	
4.	Transport	€ 32,10	€ 15,45	
5.	Competition and Innovation	€ 21,20	€ 14,95	

6.	Obrazovanje, zapošljavanje i socijalne politike	€ 28,10	€ 20,45	
7.	Agriculture and Rural Development	€ 52,40	€ 9,80	
Subtotal		€ 270,50	€ 156,77	
	increased		€ 14,50	Civil society and media
			€ 44,70	COVID reallocation
	subtotal		€ 215,97	
			€ 54,49	Horizontal allocations
	total		€ 270,46	

From the presented tabular views, the strictness of applying defined rules and the regulatory framework in cooperation with the European Commission concerning strategic documents, as well as financial agreements confirming the annual realizations of the IPA II financial perspective, is not questioned. The need for significant changes did not disrupt the agenda for realizing sectoral actions. This approach of readiness to recognize the needs of current challenges in candidate countries provided Montenegro with the space to stabilize the economic disruption²³ during the global pandemic and public health crisis from 2020-2021. This was achieved by redirecting €45 million and additional EU credit funds of €60 million²⁴, preparing Montenegro's economy to return to strong economic recovery and continue development initiatives from 2022 onwards, both from the national budget and with complementary IPA II financial perspective funds.

This implementation approach testifies to the importance of the EU accession agenda in planning developmental approaches in beneficiary countries. The EU accession agenda does not exclusively contribute to bureaucratic compliance with EU acquis but represents optimal adaptation models necessary for recognizing emerging disruption which required prompt identification of proposals to overcome the global crisis in Montenegro. This timely aid and financial support, addressed by both Montenegro and European Commission partners, has generated economic recovery, allowing Montenegro to return to the agenda of EU accession and renewed economic progress.

The opportunity of wide-open doors of the European house, which suddenly appeared after the aggression of the Russian Federation on Ukraine (February 2022), was not constructively utilized in Montenegro as an opportunity that should not be missed. Forming of the 44th Government of Montenegro and intensifying the accession agenda symbolically restored hope to the broadest circle of citizens that the newly opened potentials for gaining necessary experiences and dedicated implementation of sectoral policy projects would pave a path from which there would be no return, except for Montenegro's gradual accession to the EU.

²³ -15.2% drop in GDP

²⁴ Within public debt; source: final account of the budget of Montenegro for 2021.

Position in national budget

The presented reviews of IPA I and IPA II financial perspectives require the inclusion of another important level of monitoring the flows of funds from cooperation with European partners. This relates to identifying funds received by Montenegro through proper positions of receipts and expenditures in Montenegro's budget.

In the budget position for receipts from *donations and transfers*, almost €262 million²⁵ was received in Montenegro during the last 12 years. The plan for 2023 continued the quality trend established from the moment Montenegro learned to properly plan and implement IPA programmes with valid, quality projects of specific public policies. The summarized table view presents the foregoing, with the note that since 2017, most of the received funds in the specified position of public funds receipts-donations have been related to IPA funds of various programmatic and project forms.

Donation Year	Amount in €mil	# users
2011	4,00	24
2012	5,03	28
2013	6,61	26
2014	5,55	N/A
2015	6,60	30
2016	11,60	27
2017	25,28	30
2018	26,70	29
2019	38,20	32
2020	57,92	N/A
2021**	39,90	31
2022**	34,40	36
2023*	41,40	N/A

* the planned amount of receipts

** note - at MF €33,5 mil

** note - at MF €17,15 mil

To document the structure of the budget revenue position "*Donations and Transfers*," the improvement of the process for preparing the final budget accounts of the country, which is a consequence of the implementation of public finance management reforms²⁶, conducted in cooperation with Montenegro, the IMF, the European Commission, and the Swiss State Secretariat for Economic Affairs (SECO), has ensured that for the two-year period (2021-22), the level of available deposit funds related to IPA funds, as well as for other segments of donation and transfer receipts, can be monitored, as follows from the following tabular review:

25 Source: laws on the final accounts of the budget of Montenegro for the period 2011-2022, and for the year 2023 the Law on the Budget of Montenegro.

26 Public Management Finances Projects (PMF)- public finance reform project;

Description of position/ Year in €mil	2021.	2022.	Participation 2021	Participation 2022
Loans	16,24	7,79	26%	14%
IPA donations	45,84	47,48	74%	86%
Other donations	0,12	0,10	0%	0%
Total	62,20	55,37	100%	100%
<i>within the framework of the IPA donation-MF/ funds that have been deposited, but must be applied by project</i>	32,87	38,40	53%	69%

Source: final accounts of the budget of Montenegro

These are the funds, which until the mentioned years and earlier, were received in the form of donations, however, they cannot be implemented through the budgetary expenditure positions until the necessary program executions and project preparations are completed. Although these are not funds that enter the deposit base of the country's treasury operations, they represent promptly available funds, provided regulatory, programme, and project conditions are met.²⁷

Finally, it is necessary to present the expenditure flows for which the sources of expenditure execution are precisely identified, especially for indirect financing. The IPA financial structures in the national budget for the period from 2011-2022, in accordance with the Explanation from the Law on Final Statement of Accounts of the State Budget of Montenegro, and in relation to the sources of expenditures executed during the reporting period, represent an interesting flow of funds that, out of a total of €103 million²⁸ (a representative sample), were mostly allocated to current spending executed from IPA funds in the amount of up to €52 million.

Within current spending, two positions stand out as predominant:

- Economic classification position 4181 - "Subsidies in production and production services", indicating executed funds for IPARD projects worth €15.6 million;
- Economic classification position 4147 - "Consulting services, projects, and studies", indicating executed funds for the preparation of project documents worth €32.5 million.

Also, through the national budget, transfers were made to institutions and individuals related to projects in Montenegro, amounting to around €20 million, whereas over €31 million of IPA funds for the specified period within the country's budget were related to the capital budget of the country, as follows for each year of accession individually:

²⁷ "Donations, loans and IPA funds intended for the financing of certain projects are exclusively earmarked funds for the realization of those projects, they are located in special accounts opened for those purposes. Funds are gradually withdrawn to the budget in accordance with the realization of projects, and special records are kept of unspent funds. Due to the multi-year implementation of projects, the possibility of returning funds to the donor or creditor, the funds that are in special accounts are not included in the balance of deposits, but are gradually transferred to the budget and recorded on the inflow side at that moment." Law on the final account of the budget of Montenegro for the year 2021, p. 397-399; Law on the final account of the budget of Montenegro for the year 2022, p. 501-503;

²⁸ Detailed overview contained in the Annex 3 (A detailed overview of IPA funds in the period 2011-2023 in the national budget of Montenegro - indirect financing)

Budget of Montenegro			
Year/Description	Current spending	Transfers	Capital projects
2011	0,08	-	-
2012	0,64	-	-
2013	0,77	-	0,00
2014	0,04	-	-
2015	1,27	-	1,37
2016	1,64	1,08	1,33
2017	2,78	0,50	10,83
2018	3,33	3,46	5,27
2019	6,40	0,97	3,95
2020	10,50	7,08	4,05
2021	11,60	4,73	1,76
2022	12,94	2,32	2,85
TOTAL	52,00	20,14	31,41

Supplementarily, in response to a request through the institute of Free Access to Information, an overview was collected detailing how much funding was released by the relevant ministry through the activities of the CFCU (MF - Directorate for Contracting and Financing of EU Funded Projects), which is comprehensively presented in the following table:

MF input/ Year	EU in 000€	Montenegro in 000€	Total in 000€	Number of contracts/ projects/ direct costs
2015	449,17	79,20	528,37	4
2016	1.477,40	256,60	1.734,00	29
2017	2.335,30	406,90	2.742,20	35
2018	5.341,00	348,30	5.689,30	40
2019	6.793,70	813,70	7.607,40	45
2020	13.295,50	1.399,10	14.694,60	103
2021	10.411,30	1.368,90	11.780,20	94
2022	5.834,10	598,10	6.432,20	71
2023	11.244,83	1.024,60	12.269,43	131
TOTAL CFCU	57.182,30	6.295,40	63.477,70	552

Source: MF FAI response: 18-04-037/24-78/2 from 23 May 2024

This overview can be linked with the previous national budget expenditures, identifying expenditures

for IPA, especially if the EU-designated funds amounting to €51.2 million (until 2022) are matched with expenditures on the current spending position for consulting services (4147) and 4138 and 4139, which represent current spending positions for transfers to individuals and institutions²⁹. Capital budget projects implemented by the Administration for Capital Projects and agricultural subsidy expenditures are released and executed through the activities of these state bodies.

In addition to these funds³⁰, earmarked funds are mostly executed through direct payments for public policies of certain budget units.

Why are national budget flows important? Because they document how Montenegro has mastered and incorporated experiences gained and learned while strengthening capacities during the application of IPA financial perspectives. These means are not all that have arrived from IPA funds within various institutions in Montenegro, but they are a sufficient sample to testify to the complexity and quality of public service when IPA considerations are translated into concrete contributions to public service during the work of the state administration. The figures in the national budget complement streams of projects and days, weeks, and years of cooperation from the regional and overall European framework. The figures in Montenegro's budget testify that more could have been done, as there are enough available funds for an even more resolute step towards increasing the efficiency and productivity of public services in the country.

IPA III (2021-2026)

The innovative financial perspective IPA III (2021-2026) is based on pre-defined amounts of financial support per candidate countries. This perspective implies that funds for IPA beneficiary countries are allocated from a single budget. Based on experiences from previous financial perspectives, the European Commission has assessed that it is necessary to strengthen and encourage more dynamic and efficient programme and project implementation, which would condition that beneficiary countries can be rewarded for measurable progress in implementing reforms. The criteria for obtaining financial support have been dual under the IPA III financial perspective:

- relevance of public policies, confirming strategic significance, and
- maturity of proposed projects, according to the rules applicable in EU member states when using European structural and investment funds. *"This primarily relates to the adequate readiness of tender and project documentation, as well as the fulfillment of legal and technical prerequisites, which largely depend on the type of project."*³¹

29 The disbursement and execution of Montenegro's budget are carried out through the budget itself, designated funds, own resources, IPA funds, and loans, which determine the sources of expenditures.

30 Source: Information on European Union support programs for Montenegro for 2020, p. 28

31 Source: Information on European Union support programs for Montenegro for the year 2020, page 28.

Priority sectors, which were broadly set by European partners for beneficiary countries, included:

1. rule of law,
2. good governance, alignment with the *acquis communautaire*, strategic communication, and good neighborly relations, fundamental rights and democracy,
3. green agenda and sustainable connectivity,
4. competitiveness and inclusive growth,
5. territorial and cross-border cooperation.

The following table presents key inputs for Montenegro after the initial strengthening of capacities to implement strict rules for applying for funds from the IPA III financial perspective:

IPA 2021	in mil €	Participation of national budget
Instrument for European integration	€ 3,65	
Environment and climate action	€ 6,26	
EU connectivity and green agenda in Montenegro	€ 3,50	
EU support for agricultural sector	€ 9,00	
EU reform support instrument	€ 10,00	
TOTAL	€ 32,41	€ 1,10
IPA 2022	in mil €	Participation of national budget
Instrument for European integration	€ 8,72	
Public administration reform*	€ 14,00	
Integrated border management *	€ 15,00	
TOTAL	€ 37,72	€ 0,00
* These are direct budget supports.		
IPA 2023	in mil €	Participation of national budget
Mitigating the effects of the energy crisis	€ 30,00	
TOTAL	€ 30,00	€ 0,00
IPA 2024 - nacrti akcija	in mil €	Participation of national budget
EU support for the Rule of Law		

Instrument for European integration		
EU support for capacity building in the area of the green agenda		
EU support for capacity building in the field of social policies		
TOTAL	€ 27,00	€ 0,00
IPARD III	in mil €	Participation of national budget
Available	€ 63,00	€ 18,97
Contribution of private users		€ 46,30
TOTAL	€ 63,00	€ 65,27

The application of this perspective is just beginning in Montenegro, except for significant funds allocated and transferred to beneficiary countries (Montenegro €30 million) in the first quarter of 2023, which were related to mitigating the effects of the energy crisis (2021-2022).

Montenegro, with IPA III financial support³², and significant support that can be drawn for investment recovery related to infrastructure, renewed cooperation with European partners, each year of implementing the renewed perspective must not miss the opportunity to strongly enhance the capacity for agricultural and rural development. In the IPARD measures lies the hidden strength for Montenegrin farmers to become the motor of diversifying economic potentials, as well as gradually moving away from high dependence on both tourism and food imports. Nearly €130 million of planned funds, which coordinate national budget funds with IPA III financial perspective funds, can achieve the key goal of developing Montenegrin agriculture: competitiveness within / according to European standards.

32 "Montenegro is currently implementing the IPA 2021, IPA 2022 and IPA 2023 programmes, while the IPA 2024 programme is still in the draft phase and its adoption by the EC is expected in 2024. Therefore, the European Commission will allocate a total of 123.7 million euros of EU funds for these programmes, which are intended for the implementation of a total of 10 projects and 3 direct budget support (for public administration reform, integrated border management and mitigating the effects of the energy crisis)." The answer of the Ministry of European Affairs to MP Vuković, on 17 April 2024 (No. 01-082/24-1264/6).

Montenegro and potential for new absorption of EU funds

What's next? How to proceed? These cannot be rhetorical questions. Nor should the answers be found in the frequent statement: "Montenegro must not miss the opportunity to join the EU," which is almost within reach but still not quite there.

During the intensification of the accession agenda, EU funds are available³³ in significant amounts. There are enough complementary funds from the budgets of multilateral financial institutions for Montenegro to manage to bring in the necessary financial resources over the next ten years: for improving transport infrastructure, local road infrastructure, and local needs for developing communal infrastructure, developing rural areas, investing in digitalizing governance, expanding and linking public databases, as well as enhancing education, social policies, protecting cultural heritage, and raising the living standard.

Montenegro needs several billion euros—at least two and up to a maximum of five. The Montenegrin economy can absorb a strong investment cycle in the medium and long term, provided the key condition is met: *the readiness of tender and project documentation, as well as fulfilling legal and technical prerequisites, largely depending on the type of project.*

In the past few months, the Ministry of European Affairs, following the proposal of the new EU Instrument for Reforms and Growth for the region for the period 2024–2027, prepared *Information on reform measures identified in the context of preparing the EU Growth Plan for the Western Balkans*. The reform agenda, according to the prescribed methodology, which includes parameters related to the number of inhabitants and the size of the gross domestic product of the beneficiary country, represents an indicative document that can secure funds of up to €413 million for Montenegro. This agenda relies on four main pillars:

1. strengthening economic integration into the EU single market;
2. strengthening economic integration of the Western Balkans through a common regional market;
3. accelerating fundamental reforms to speed up the accession process, enhance economic growth, and strengthen regional stability;

33 "Within the financial perspective of the IPA 2021-2027 (IPA III), the EU allocated a total of 14.162 billion euros for all the beneficiary countries of the IPA support. Compared to the practice from the previous perspectives of IPA I and IPA II, a significant innovation in IPA III is that there are no pre-defined amounts of financial support per country, but there is a single, common budget for all IPA beneficiary countries. The European Commission designed this approach in order to encourage faster and more efficient implementation of programs and projects, but also to provide the beneficiary countries with additional opportunities and a reward for good dynamics in the implementation of reforms, which is also in line with the revised methodology for accession to the European Union. At the same time, the European Commission takes into account the total fair distribution of funds between countries at the seven-year level." The answer of the Ministry of European Affairs to MP Vuković, from 17 April 2024 (No. 01-082/24-1264/6).

4. increasing financial support conditional on implementing reforms through the new Financial Instrument for Reforms and Growth of the Western Balkans.

The reform agenda consists of three areas³⁴ and fourteen sub-areas³⁵ of public policies, which are more elaborately developed through 61 reform measures. It is interesting that the the public policies addressing the project goals of the Reform Agenda are not covered by the national budget for 2024, even though the proposed list of projects is extensive and requires the focus of the state administration, both in terms of preparation, approval, and project implementation and strict monitoring of realization through national budget positions.

Prepare projects

Do the projects from the Reform Agenda need to represent public policies through that will bring Montenegro to the doorstep of the EU?

Why projects from the Reform Agenda should not be merely a "wish list"?

What documents need to be processed for the Government of Montenegro?

If Montenegro intends to and is committed to becoming the next EU member, it is crucial to address the following questions transparently, for example:

- yes, and those public policies reflecting the needs of Montenegrin citizens, consumers, and public service users should guide the selection of priority public policies and project implementations;
- because wish lists are mask for non-transparency;
- documents that strengthen the analysis, collect and process necessary data, and draw conclusions to improve the quality of public services on a broad scale.

If Montenegro, in the administrative sense, does not cross the *Rubicon* of the necessary-undoubted analysis regarding linked regulatory norms and improve the mechanisms of measurability and verifiability of the application of public policies from project initiatives, which are read from the national budget, then the projects on the agenda are in the service of form, and distant from essential reforms. Alongside,

there has long been for a while an institutional need for Montenegro to advance towards reforms in

34 Business environment and private sector development; digital and energy/green transition; human capital development.

35 Business environment, access to finance, competitiveness of the business environment; energy sector reforms, decarbonization policies and carbon pricing mechanism, application of renewable energy sources, energy efficiency and reduction of air pollution, electricity and gas network, digitization of public services, digital transformation of the economy, digital skills, cybersecurity; employability, activation support, social services, education and skills development and innovation.

the economy, administration, regulation, culture, education, health care, and security frameworks on sustainable grounds. However, sustainability cannot be achieved without the consistent application of and integration of experiences into new reforms.

Through three concrete reform measures, proposed in the Reform Agenda, the ongoing processing of projects, which should be the lifeblood of Montenegrin's intensified accession to the EU, can be presented empirically, as follows:

1. Within the area of public policies "*Business environment for the development of the private sector*", a reform measure was proposed: "*Amendment of the tax law and reform of inspection services in order to effectively reduce the informal economy*". However, amending the Law on Tax Administration is not a reform measure. It represents the need for the next phase of the development of the tax segment when monitoring the collection of public revenues in cooperation with taxpayers, companies and natural persons. To plan the introduction of the "*guardia finanza*" of the tax police as a mechanism to strengthen inspection control is not a development project, but a capture of the already insufficient capacities of the departmental administration. The informal economy is not reduced by inspection, but is corrected if it exceeds the defined estimated percentages of participation in GDP by more than 5-10 percent. Namely, when these percentages of the vulnerability of monitoring formal transactions concerning the public responsibilities of taxpayers are exceeded, then the tax police have no possibility to do the work for law enforcement authorities who must have the capacity to look beyond formal documents. Therefore, if we consider similar reform measures, then the results are pre-marked with significant risks, which can lead to an even more significant decrease in public revenue collection, which is not provided by strengthening inspection supervision, but by strengthening the capacity to assess the risks of taxpayers' operations³⁶;
2. Within the area of public policies "*Digital and energy/green transition*", a reform measure was proposed: "*Development of gas infrastructure within the southern gas corridor (Adriatic-Ionian gas pipeline project)*". A decade ago, the competent administration for hydrocarbons carried out project evaluations that address the question of whether these projects in Montenegro are potentially profitable. Significant unprofitability was shown, closely related to the traditional lack of infrastructure in Montenegro for this type of transport and/or eventual coverage of the local consumer market. The high dependence of the economy on the tourist product and tourist offer, which is determined by natural potentials, obliges the state administration to re-evaluate in a responsible and maximally transparent manner in cooperation with the non-governmental sector, whether this form of reform measures at all serves the development of the Montenegrin green agenda;
3. Within the area of public policies "*Digital and energy/green transition*", five measures were proposed about the reform sub-area: "*Cyber security*", which includes:

³⁶ The IMF-TADAT mission document: "Reform of the Tax Administration: implement the strategy in concrete activities" (April 2019), page 31, points out: "*The central office should immediately review ad-hoc "extraordinary" controls and issue clear guidelines to regional units on priority taxes that are exposed to risk. The central office has already done some work on measuring the amount of the corrections charged from the control. Table no. 2 shows that only 34 percent was paid when the controls carried out by the Department for large taxpayers and Central are added. This waste of inspection resources is unsustainable. The central office should immediately assess the extraordinary circumstances of the control, which are time-limited but not mandatory, and issue clear guidelines to the regional units to prioritize controls based on the estimated amount of tax payable, which is at risk.*"

- a. adoption of the new Law on Information Security, although the existing one has not been assessed whether and to what extent it has been applied so far and with what results/successes/risks/challenges;
- b. implementation of cyber security strategies;
- c. strengthening the work of the cyber-laboratory;
- d. operationalization of the Gov-CIRT Team (Computer Incident Response Team), and
- e. establishment of Government Security Operations Center (G-SOC).

Proposals in this sub-area from the reform agenda should imply that Montenegro has responsibly dealt with the consequences of the incident from the night of 19-20 August 2022. However, although the situation of the risk of cyber incidents has been reduced by cooperation with the teams of international partners, the question of responsibility and real causes has not been responsibly investigated to date. Creating public policies/reform measures, which should mask the causes of a significant administrative crisis, is an expression of the absence of facing the factual evidence that individuals from the state administration mitigated the risks and ensured, with cooperation with international partners, that e.g. salary reductions for August 2022. This highly useful sobering experience should represent an all-pervasive institutional experience, which obliges the state administration to, when planning the development of this sub-area of reforms, be transparently shared in all segments (positive and negative) with the entire community, in order to cooperate with a wide a circle of professionals produced sustainable, measurable, strategically documented reform initiatives.

Projects, which need to reflect the essential needs of public policies by the end of this decade in Montenegro, for any reform agenda under which the candidate country should join the EU community of nations and economies, must be implemented through the national budget, which should enhance the reporting quality of the comparability of public money flows, with a binding framework for measuring implementation. Until every project proposal passes the duality of this sustainability test (statement in the national budget and measurability according to EU rules), Montenegro will remain only a recipient of EU funds which, as before, lag in making a crucial breakthrough aimed at partnering in the implementation of projects that will contribute value to the EU, the region, and the national economy.

While the inexorably-searched reform measures of particular public policies do not represent integral positions of the national budget, the Montenegrin implementation of the Growth and Development Plan for the Western Balkans did not systematically fulfill the necessary prerequisites to strengthen the living standards of the population, as well as to provide a strong investment cycle. Without such work within the state administration, Montenegro in the accession agenda remains serving bureaucracy instead of development. Therefore, if the preparatory activities of the Reform Agenda would define an ambitious but shorter reform agenda, which should be additionally summarized and dynamically specified through the national budgets for each individual year, then the strict framework of the IPA III financial perspective will be applied in parallel, as well as the norms from the Plan of growth and development for Western Balkans. After such a structured approach to the overall reform agenda, whichever team of the executive power comes, its primary task must be to continue the EU project initiatives without holding back and/or endangering the institutional memory. Then the examination of each project through the lens of usefulness, efficiency, contribution to the development of the community and the economy, mitigating the risks of environmental protection, while preserving the achieved levels of sustainability will represent the concretization of the imminent accession of Montenegro to the EU.

Facts instead marketing

Montenegro, on its path to the EU, has collaborated with the EU on three financial perspectives, realizing up to €655 million in funds. This amount includes funds utilized before signing the Stabilization and Association Agreement and before gaining candidate status. Although this sum represents almost 15% of the current national budget, the percentage alone does not fully reflect the extent to which the project tasks, implemented in collaboration with various EU institutions and experts, have contributed to Montenegro's stronger institutional alignment with EU acquis.

MNE-EU recapitulation of funds...						
Description of the position period	CARDS	IPA I (realized 95,6%)	IPA II** (realized up to 70%)	IPA III (realized measure for energy efficiency)	Total realized without IPA III except for energy efficiency in the period 2012 -2023	Growth and development (potential of available funds)
1998 -2007	277,20					
2007-2013		165,10				
2014-2020			270,50			
2020-2027				130,00	654,39	
2024-2027						413,00

** the potential of available fund is up to €294 mil

In the Reform Agenda, recently presented to the Government of Montenegro, the area of public policies related to the development of human capital was rightly highlighted as one of the three key areas. In 12 years of application of IPA financial perspectives, the human factor has been and remains a key risk. Therefore, it is necessary to underline what should be the key trajectory of the development of Montenegro in the coming decade: within the development of the state administration of Montenegro in connection with the EU accession agenda, but also in connection with the overall agenda of regulatory and economic development, there is so much of inspiring work. Step by step it is necessary to carry out each decisively important activity, without skipping difficult learning experiences from practice, and with track record. Then the Reform agenda, which needs to be further improved to reflect about thirty top project initiatives, will be in the service of strengthening the sustainability of the Montenegrin economy and the Montenegrin administration, as well as the entire Montenegrin community towards the accession to EU community of peoples and economies.

Over twelve years of EU accession, Montenegro's NGO sector has consistently upheld the values of the European Union. Numerous projects implemented in cooperation with state administration, as well as with many non-governmental and media organizations, and institutions, document measurable benefits, indicating that the dream of joining the EU, in last years, has not faded. Each year, supported by the NGO sector and justified criticism based on arguments, numerous tasks related to aligning with EU legislation were undertaken. These efforts, though challenging, gradually became incorporated

into the institutional improvements of both the state administration and the overall public sector. Citizen resilience, aimed at upholding commitment to EU values, along with the sustained activism of Montenegro's NGO sector, remains the most important goal for community development. This also indirectly supports the growth of Montenegro's economy.

Recently, a communications expert from one of the state administration teams attended the regional meeting "*Candidate countries - from euphoria to apathy*". Regardless of highlighting the excessive figure for the funds, which was over €1.2 billion, neither Montenegro nor the candidate countries from the Western Balkans or beyond need euphoria or apathy regarding the issue of negotiations and/or accession. Along with the enormous useful improvement work, a step towards the gate through which Montenegro should be the first to pass is needed. If this goal is reached in ten years, then the Western Balkans will be recognized as it deserves - as a space of historical cultural dilemmas and ambivalence, but as a home for all who have experienced the devastating effect of the loss of their homeland at the end of the previous century, but are determined to find a refuge for future generations in the constructiveness provided by the wider community.

Therefore, it is necessary to proceed with generous but binding EU funds towards development, which will serve generations. On that road, Montenegro does not need marketing for its EU accession agenda, but facts.

Literature:

1. Information on European Union support programmes for Montenegro for 2012 (Ministry of Foreign Affairs and European Integration; 13/12/2012);
2. Information on European Union support programmes for Montenegro for 2013 (Ministry of Foreign Affairs and European Integration; December 2013);
3. Information on European Union support programmes for Montenegro for 2014 (Ministry of Foreign Affairs and European Integration; December 2014);
4. Information on European Union support programmes for Montenegro for 2015 (Ministry of Foreign Affairs and European Integration; December 2015);
5. Information on European Union support programmes for Montenegro for 2016 (Ministry of European Affairs; December 2016);
6. Information on European Union support programmes for Montenegro for 2017 (Ministry of European Affairs; December 2017);
7. Information on European Union support programmes for Montenegro for 2018 (Government of Montenegro/ Cabinet of the President/ Office for European Integration; December 2018);
8. Information on European Union support programmes for Montenegro for 2019 (Government of Montenegro/ Cabinet of the President/ Office for European Integration; December 2019);
9. Information on European Union support programmes for Montenegro for 2020 (Government of Montenegro/ Cabinet of the President/ Office for European Integration; April 2021);
10. Information on European Union support programmes for Montenegro for 2021 (Government of Montenegro/ Cabinet of the President/ Office for European Integration; December 2021);
11. Information on European Union support programmes for Montenegro for 2022 (Ministry of European Affairs; January 2023);
12. Information on European Union support programmes for Montenegro during 2023 (Ministry of European Affairs; March 2024);
13. Laws on the final accounts of the budget of Montenegro for the period from 2011 to 2022;
14. Law on the Budget of Montenegro for 2023;
15. Draft Law on Final Account of the Budget of Montenegro for 2023 (source: wapi.gov.me/download/4fbc92f0-1714-49d3-b02b-513a954b4d98?version=1.0);
16. Parliamentary questions to the relevant Ministry for European Affairs/Minister M. Gorčević by Members of the Parliament of Montenegro B. Pejović and I. Vuković (April 2024).

Annex 1

IPA I	# projects
I component	102
Twinning**	8
PPF/SMF projects***	7
EU programmes	Refunds of payments for annual participation; Montenegro participates in 7 projects;
Multi-user IPA programme	Programming of this instrument began in Montenegro in 2013; 125 regional projects with a total joint budget of up to €746.9 million;
IF for WB*	24 national and 10 regional projects; MNE funds allocated in nine cycles;
TAIEX	Analysed separately
II component	98; 30 bilateral projects; 48 IPA Adriatic projects; 13 SEES; and 7 MED projects;
III component	
IV component	
V component	€10.5 million diverted from component V to component I
I component: Assistance in the transition process and institution building (harmonization of legislation; environment and climate change; traffic; justice and internal affairs; public administration reform; social development; agriculture and rural development;	
II component: Cross-border cooperation; allocated in Montenegro €17.8 million; 5 bilateral (AL-MNE €1.1m; BiH-MNE €1.0m; HR-MNE €2.5m; SR-MNE €1.2m), 2 transnational projects (SEE (€2m) and MED (€0.8m)), Adriatic cross-border program (IPA Adriatic CBC; €9.2m);	
III component: Regional development; planned €22 million from EU funds; participation of the national budget is €3.9 million; 2013 EC audit mission evaluated that the management of funds is decentralized;	
IV component: Development of human resources; planned €5.6 million of EU funds; 2013 EC audit mission evaluated that the management of funds is decentralized;	
V component: Rural development: with the MIDAS project of the SB capacities are still being raised in 2012; 2013 redirection of funds to component I, with the aim of using the funds for projects of agricultural beneficiaries in the period 2014-15;	
* For this fund, €14.9 million was provided from EU funds, and a budget of €936.4 million was provided through international financial institutions; Montenegro is the beneficiary of €17.5 million for national, and around €43.3 million for regional projects; national projects were related to energy (5), transport (5), environment (13) and social sector (1); regional projects were related to energy (5), transport (1), social sector (1), environment (1) and private sector development (2);	
** In total allocated €7.5 million;	
*** €1.07 million allocated, while the estimated value of the projects reached €6 million.	

Annex 2

IPA 2014	in mil €	# action/ subsector	Participation of the national budget
Democracy and good governance *	€ 16,72	6	
Rule of law and fundamental rights	€ 5,30	2	
Environment and climate action	€ 3	2	
Transport	€ 5,80	2	
Competition and innovation	€ 5,90	3	
Poljoprivreda i ruralni razvoj	€ 2,80	2	
TOTAL 2014	€ 39,52	17	€ 3,75
* Instrument of support to civil society and Regional grassroots programme included in the national IPA but EC is programming and implementing (€3.75m); out of 17 actions, 6 are direct financing, the rest are indirect financing;			
IPA 2015	in mil €	# action/ subsector	
Democracy and good governance	€ 4,10	2	
Rule of law and fundamental rights	€ 20	2	
TOTAL 2015	€ 24	4	€ 4,14
Horizontal allocations	€ 12,4		
IPA 2016	in mil €	# action/ subsector	
Environment and climate action	€ 11,4	9	
Competition and innovation	€ 5,05	9	
Education, employment and social policies	€ 6	3	
Agriculture and rural development	€ 5	2	
Democracy and good governance	€ 2,50	2	
Refugee crisis **	€ 2,20		
TOTAL 2016	€ 31,95		€ 3,50
Horizontal allocations	€ 5,65		
*** PLUS horizontal allocations allocated funds (Civil Society Instrument, Regional Housing Programme, Support for participation in EU programmes, IEI, Refugee crisis);			
IPA 2017	in mil €	# action/ subsector	
Transport	€ 9,65	8	
Democracy and good governance	€ 15	1	
TOTAL 2017	€ 24,65		€ 3,40
Horizontal allocations	€ 19,90		
*** PLUS horizontal allocations allocated funds (Civil Society Instrument, Regional Housing Programme, Support for participation in EU programmes, IEI, Refugee crisis);			

IPA 2018	in mil €	# action/ subsector	
Rule of law and fundamental rights	€ 13,50	3	
COVID support to public health	€ 9,50	3	reallocation
Education, employment and social policies	€ 8	1	
TOTAL 2018***	€ 31,00		€ 10,75
Horizontal allocations	€ 5,20		
*** PLUS horizontal allocations allocated funds (Civil Society Instrument, Regional Housing Programme, Support for participation in EU programmes, IEL, Refugee crisis);			
IPA 2019	in mil €	# action/ subsector	
COVID support to public health	€ 28,30	1	reallocation
TOTAL 2019	€ 28,30		
Horizontal allocations	€ 1,70		
*** PLUS horizontal allocations of IEL;			
IPA 2020	in mil €	# action/ subsector	
Agriculture and rural development	€ 2,00	5	
Education, employment and social policies	€ 6,65	4	
Competition and innovation	€ 4,00		
Rule of law and fundamental rights	€ 2,50	1	
COVID support to public health	€ 6,90		reallocation
TOTAL 2020	€ 22,05		€ 1,40
Horizontal allocations	€ 9,65		
*** PLUS horizontal allocations allocated funds (Civil Society Instrument, Regional Housing Programme, Support for participation in EU programmes, IEL, Refugee crisis);			
Instrument for civil society and media	u mil €		
2014	€ 2,30		
2015	€ 1,30		
2016	€ 2,50		
2017	€ 1,50		
2018	€ 1		
2019	€ 4,30		
2020	€ 1,60		
TOTAL	€ 14,50		

Annex 3

Execution-payment of IPA from the budget of Montenegro															
Econ. classification	Description of econ. classification	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	TOTAL
4127	Other fees		222,74						425,70	20.467,14					21.115,58
4131	Administrative material		527,45			1.166,00	815,67	815,19	942,47	5.574,59		732,42	1.438,00		12.011,79
4132	Material for health care					9.932,97									46.202,97
4135	Fuel expenses		273,50			1.538,50	130,50	1.697,70		201,00					3.841,20
4139	Contracted services	87.293,94	640.273,47												727.567,41
4141	Business trips		1.962,50			39.987,22	200.530,94	84.191,54	214.064,25	278.294,19		9.654,87	167.806,75		996.492,26
4142	Representation		5.167,39			5.238,77	436,97	4.631,04	1.130,35	1.844,58			2.734,00		21.183,10
4143	Communication services					96,82	153,91	25,92		73,76		1.285,50	12,00		1.647,91
4144	Banking services and negative exchange differences					223,56	515,40	141,69	13.263,60	33.141	3.090,21	1.921,38	1.034,37		20.521,62
4145	Transportation services						565,00								565,00
4146	Lawyer and notary services										127,96				127,96
4147	Consulting services, projects and studies			666.548,19		1.141.239,41	1.310.629,52	2.368.828,10	2.676.720,23	4.490.934,11	5.787.278,53	7.627.946,64	6.432.778,34		38.445.840,05
4148	Professional development services						46.150,00	32.080,00	41.747,00	27.300,00			12.880,00		160.157,00
4149	Other services (translation, media and promotional activities, etc.)			44.780,49	40.000,51	64.680,92	61.175,55	159.103,02	18.898,89	94.954,71	1.066,42	298.588,27	238.939,21		1.022.187,99
4152	Ongoing maintenance of construction facilities								210.181,82						210.181,82
4153	Current equipment maintenance						1.326,00								1.326,00
4172	Lease of equipment							114.937,42	65.144,00						180.081,42
4181	Subsidies for production and prod. services/ IPARD									1.367.201,03	4.615.215,23	3.525.572,47	6.073.598,87	12.955.991,91	28.535.579,51
4191	Expenditures for working contracts			7144,00		7.930,00	21.786,77	15.413,98	69.417,99	100.705,51	71.702,15	97.845,07	17.341,68		409.287,15
4193	Development and maintenance of software								81.197,48				3.960,00		85.157,48
4199	Other										377,52				377,52
Subtotal	Current consumption	87.293,94	640.273,47	726.626,26	40.000,51	1.272.034,17	1.644.216,23	2.781.865,60	3.393.133,78	6.387.882,03	10.476.858,02	11.599.816,62	12.952.523,22	18.898.928,89	70.901.452,74
4318	Other transfers to individuals											778.391,07	211.803,76	428.084,83	1.418.279,66
4319	Other transfers to institutions						1.079.375,40	509.694,99	3.463.847,59	971.030,99	7.087.876,17	3.950.740,78	2.091.915,97	11.505.453,09	30.659.934,98
Subtotal	Transfers	-	-	-	-	-	1.079.375,40	509.694,99	3.463.847,59	971.030,99	7.087.876,17	4.729.131,85	2.303.719,73	11.933.537,92	32.078.214,64
4411	Infrastructure of general importance					742.800,58		5.714.358,69	743.417,01	2.243.654,52	1.675.737,32				11.119.968,12
4412	Infrastructure of local importance					587.642,55	1.064.425,87	3.592.245,69	-		141.859,10				5.386.173,21
4413	Expenditures for construction facilities						98.846,09	-	599.900,00				1.275.634,86	6.370.471,17	8.344.852,12
4415	Expenditure on equipment			984,40		38.892,85	171.794,45	1.521.508,72	3.920.402,36	1.705.477,20	2.237.394,40	1.765.234,12	1.570.148,15	1.701.365,31	14.635.201,96
Subtotal	Capital projects	-	-	984,40	-	1.369.335,98	1.335.066,41	10.828.113,10	5.263.719,37	3.949.131,72	4.054.990,82	1.765.234,12	2.845.783,01	8.071.836,48	39.484.195,41

