

## ANNEX II: TERMS OF REFERENCE

### PROJECT PREPARATION FACILITY

#### SUPPORT TO PLANNING, PROGRAMMING AND COORDINATION RELATED TO EU AND OTHER FINANCIAL ASSISTANCE INCLUDING SECTOR OPERATIONAL PROGRAMMES AND NEGOTIATING CHAPTER 22

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#### Table of Acronyms and Abbreviations

AD	Action Document
AF	Action Fiche
CA	Contracting Authority
CBA	Cost-Benefit Analysis
CBP	Capacity Building Programme
CFCU	Department for Contracting and Financing of EU Funded Programmes of the Ministry of Finance and Social Welfare
DG REGIO	Directorate General Regional Policy
EBRD	European Bank for Reconstruction and Development
EAR	European Agency for Reconstruction
EC	European Commission
EIA	Environmental Impact Assessment
EIB	European Investment Bank
EIP	Economic and Investment Plan
ESI	European Structural and Investment funds
EU	European Union
EUD	Delegation of European Union to the Montenegro
FIDIC	Fédération Internationale Des Ingénieurs-Conseils (International Federation of Consulting Engineers)
FS	Feasibility Study
IFI	International Financial Institution
IR	Inception Report
IPA	(EU) Instrument for Pre-Accession Assistance
ISP	Indicative Strategy Paper
LFM	Logical Framework Matrix
LM	Line Ministry
MEA	Ministry of European Affairs
NIPAC	National IPA Coordinator
PIU	Project Implementation Unit
PM	Project Manager (at EUD)
PPF	Project Preparation Facility
SR	Strategic Response document
SPD	Strategic Planning Document
SPO	Senior Programming Officer
TD	Tender Documentation
TNA	Training Needs Assessment
ToR	Terms of Reference

## **1. BACKGROUND INFORMATION**

### **1.1. Partner country**

Montenegro

### **1.2. Contracting authority**

European Union Delegation to Montenegro

### **1.3. Country background**

Montenegro has been receiving financial assistance from the European Union (EU) since 1998. Currently, the country has been benefiting from the Instrument for Pre-Accession Assistance (IPA) through the second cycle of support 2014-2020 (IPA II).

The basis for programming of assistance in the seven-year period (2014-2020) is the Indicative Strategy Paper (ISP) for Montenegro (2014-2020) which introduces a sector approach to programming. The ISP has been prepared by the European Commission, in consultation with various national stakeholders, other donors and EU Member States and it was adopted by the Commission on 18 August 2014 and amended on 3 August 2018. In addition to the ISP, the Government of Montenegro has developed and adopted the Economic Reform Programme (ERP) and the Employment and Social Reforms Programme (ESRP) in the first half of 2015, which together with Montenegro Development Directions make a basis for strategic prioritisation of the interventions, needed for further development of the country.

The main objective of IPA is to help Montenegro to meet the challenges of European integration, to implement the reforms needed to fulfil the provisions of the EU acquis and make progress in the Stabilisation and Association Process, as well as to prepare the country for the future use of the Cohesion policy funds, by imitating closely its strategic documents and management modes ("learning by doing" approach).

National IPA Co-ordinator (NIPAC) is the main counterpart of the European Commission for the overall process of strategic planning, coordination of programming, monitoring of implementation, evaluation and reporting of IPA II assistance.

Having in mind the scale of reforms necessary for accession and the available IPA funds, a key challenge for Montenegro is to focus funds on strategic interventions, while efficiently leveraging national commitments and resource allocations to address the EU accession priorities, ensuring that these are well targeted to achieve impact. In this respect, the evaluation process for IPA II programmes needs to be strengthened and better linked, while appropriate evaluation capacities should be enhanced. One of the major challenges for the Government of Montenegro (GoM) and its state administration and institutions is to strengthen the administrative capacities for applying a sector wide and integrated evaluation approach.

Having in mind this fact, Montenegro is devoted to strengthening its capacities for all parts of project cycle management under indirect management, including programming, monitoring and evaluation of IPA programmes. Especially, evaluation of projects implemented under indirect management within IPA 2016 and IPA 2017 Country Action Programme will be important for improving performance of this programme. In order to enhance and strengthen the system for coordination of EU accession process and management of EU funds, the Government of Montenegro decided in April 2022 to reorganize the institutional framework in this area. In this regard, instead of the former European Integration Office (EIO) that was established within the Prime Minister's Office, the Ministry of European Affairs, which was at the same hierarchical level with other ministries, have been established. By this change MEA is tasked to coordinate activities related to accession negotiations with the EU, implementation of Stabilization and Association Agreement, harmonization of legislation with the EU acquis, preparation of national version of the EU acquis and programming, monitoring and evaluation of EU funded programmes and projects in Montenegro.

In line with the Regulation of the European Parliament and of the Council establishing the Instrument for Pre-accession Assistance (IPA III) the main novelties of IPA III will tackle the process of programming. Namely, IPA III introduced a new programming document, *IPA Programming Framework*, which presents a strategic document focusing on accession process priorities covering five specific objectives for the whole period. IPA III beneficiaries should be prepared to respond and develop programmes on the basis of the future IPA Programming Framework. IPA III will have the following specific objectives:

- Strengthening the rule of law, democracy, the respect of human rights, fundamental rights and international law, civil society and security as well as improve migration management including border management;
- Reinforcing the effectiveness of public administration and support structural reforms and good governance at all levels;
- Reinforcing reconciliation and good neighbourly relations, as well as people to people contacts and communication;
- Strengthening economic and social development through increased connectivity and regional development, agriculture and rural development and social and employment policies; reinforcing environmental protection, increasing resilience to climate change, accelerating the shift towards a low-carbon economy and development of the digital economy and society;

The fifth specific objective - Territorial and cross-border cooperation will not be the subject of support under this project, due to the fact that the programming of CBC programmes in IPA III remains to be implemented according to specific procedures.

#### **1.4. Current situation in the sector**

##### ***a) IPA III framework***

The conclusions adopted by the European Council in July 2020 include a wide-ranging package combining the future Multiannual Financial Framework (MFF) and a specific Recovery Effort under Next Generation EU (NGEU), including funding for the third phase of the Pre-Accession Assistance instrument. Negotiations on the new legal framework for IPA III were initiated, with assistance planned through an IPA Programming Framework, prepared by the Commission in close consultation with governments and approved by Member States. The programming framework covers the whole spectrum of the IPA intervention, grouped by five policy windows: (1) Rule of Law, Fundamental Rights and Democracy; (2) Good Governance, acquis alignment, good neighbourly relations and strategic communication; (3) Green Agenda and sustainable connectivity; (4) Competitiveness and Inclusive Growth and (5) Territorial and cross border cooperation. At national level, the beneficiary countries to IPA III will need to develop a Strategic Response document outlying the multi-annual perspective from the enlargement point of view for the different support windows. This document should be based on the country's own analysis of the ongoing reforms, including resources, capacities and budget allocations, as well as a proper mapping of all development partners' inputs and what the Government / state actors are implementing in each window. Finally, the beneficiaries will need to also develop the operational level Action Fiches and Action Documents per programme year.

In the context of IPA III, the Economic and Investment Plan (EIP) was adopted in October 2020, based on the input from Western Balkans countries. The volume of the Plan is indicatively EUR 9 billion of the overall amount foreseen for IPA III. The EIP provides for options of increasing investments in the economy of the countries in the region, with the potential of drawing in investments of up to 20 billion EUR over the 7-year period, through the Western Balkans Guarantee Facility, among other mechanisms. The EIP presents priorities in six key sectors, including transport, energy, environment, digital infrastructure, private sector and human capital development, and

delineates a first group of regional actions<sup>1</sup> listed under 10 flagships. These actions are expected, if sufficiently mature, to be frontloaded during the IPA 2021 and 2022 programming, so that they could be completed or sufficiently advanced by 2024.

In conjunction with this, the November 2020 Sofia summit provided a strong focus on next steps for the Western Balkans regional cooperation in the context of post-COVID recovery. It resulted in a common approach to socio-economic development, including the signing of declarations on the Common Regional Market and the Green Agenda.

The Declaration on the Common Regional Market (CRM) continued on the results of the Trieste Multiannual Action Plan for the Regional Economic Area (MAP REA), with the aim to strengthen the region's competitiveness to move closer to the standards of the EU single market. For this, an Action Plan was adopted with concrete steps that will ensure the regional market to integrate into the chains of the European and world market. The plan functions through close links with the EIP in key competitiveness and infrastructure sectors.

In addition, building on the achievements and goals of the European Green Deal as the growth strategy towards a modern, climate neutral, resource-efficient and competitive economy, the Sofia summit provided the forum for Western Balkans states to agree to fully endorse the Green Agenda for the Western Balkans. The Green Agenda prioritises resources along five pillars: climate, energy, mobility; circular economy; depollution; sustainable agriculture and food production and biodiversity. To achieve it, a set of actionable goals has been introduced, to be tackled at both national and regional level.

In addition, the Commission is expected to propose the "Innovation Agenda for the Western Balkans" with recommendations and a path forward in areas such as research, education, culture and youth.

This overall focus under IPA III on connectivity sectors at the regional level through the joint efforts around the EIP, Green Agenda and the CRM, among others, allows more policy and financial space at national level for tackling other pressing infrastructure challenges. In particular, the European accession process puts pressure on the achievement of specific standards in the fields of environment, as well as local development and human capital development prior to accession.

#### ***b) State of play for Montenegro***

The Annual Reports of the European Commission (EC AR) for Montenegro point out that the country is making progress in a number of areas, but also show that there are significant weaknesses that still need to be addressed, especially in the prevention and fight against organised crime, corruption and terrorism. Constructive approach to making progress on the Common Regional Market is needed to help the region take full advantage of the Economic and Investment Plan. Montenegro has partially developed a mechanism for prioritizing infrastructure investments with the adoption of the Single Project Pipeline in December 2021. Having all chapters opened, Montenegro needs to invest significant efforts in fulfilling benchmarks and closing of all chapters in the upcoming period.

Montenegro adopted an Economic Reform Programme (ERP) for the period 2022-2024, which is in line with the reform package called Europe Now. Main objectives of the reform package are directed at resolving some of the longstanding structural obstacles to the economic growth of Montenegro, including reduction of the informal economy in the labour market and improvement of the business and investment environment. Net minimum wage has been increased from 250 euro to 450 euro a month and the Government of Montenegro has aligned all planned activities with the Government's Fiscal Strategy for the next medium. However, the COVID-19 outbreak and restrictions accompanying fight against the pandemic were a painful price for the real sector in the country heavily relying on tourism. Given that the tourism sector makes more than 20 percent of GDP, a

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<sup>1</sup> In line with the IPA III nomenclature, the word "action" in this ToR is used to determine a coherent intervention, with specific characteristics that outline it in relation to other activities or measures being implemented or planned in that same sector/area/institution. An "action" can be viewed in isolation to other interventions, and will have a meaningful and specific outcomes and outputs, a defined budget and timelines. It may be part of a larger programme, and may include a number of contracts needed to implement it. In many contexts, it can be interchangeable with the word "project", which was preferred in previous IPA terminology.

dramatic decline in foreign tourist arrivals in 2020 has contributed to a prominent contraction of the gross domestic product by 15.3 percent. The Montenegrin economy strongly recovered in 2021. The GDP of the country in 2021 is expected to have a real growth of as high as 13.4 percent, while the high average economic growth rate of more than 5 percent annually is also planned for the next three years.

As regards governance, there is a need to strengthen stakeholders' participation, and the government's capacity to implement reforms. With regard to regional policy and coordination of structural instruments, Montenegro is considered to be moderately prepared. It still needs to implement an action plan in order to meet the requirements of the EU cohesion policy.

Montenegro is moderately prepared on the reform of its public administration with limited progress made in 2021. Montenegro remains moderately prepared to apply the EU acquis and European standards in the area of judiciary and fundamental rights and has made limited progress overall, with limited track record on accountability. No progress has been made in the area of the judiciary and the implementation of key judicial reforms is stagnating. On fundamental rights, Montenegro continued meeting obligations from international human rights instruments and legislation. However challenges remain in ensuring that national legislation on human rights is implemented effectively. There was limited progress in the area of freedom of expression.

Montenegro has achieved some level of preparation in the fight against corruption, with limited progress made in comparison to the EC report for 2020. Montenegro has some level of preparation and it is moderately prepared in the fight against organised crime. It made some progress in particular in improving access for law-enforcement agencies to key databases and increasing the number of investigators and experts in key areas.

On fundamental rights, Montenegro largely has the legislative and institutional framework in place and made some progress in meeting the obligations laid down in international human rights instruments and legislation. Access to justice, in particular for vulnerable groups remains to be improved. The amendments to the Law on Freedom of Religion of Belief were adopted after limited, and not fully inclusive, consultations with religious communities.

Montenegro has achieved some level of preparation in the area of freedom of expression. Overall, it made limited progress in 2021 and only partially addressed recommendations from 2020 report.

With regard to good neighbourly relations and regional cooperation, Montenegro remained constructively committed to bilateral relations with other enlargement countries and neighbouring EU Member States, generally being an active participant in regional cooperation. Concerning Montenegro's ability to assume the obligations of membership, important work on alignment and preparation for the implementation of the EU acquis has taken place in many areas, albeit at a slower pace than previously.

The internal market cluster is key for Montenegro's preparations to meet the requirements of the EU's internal market and is of high relevance for possible early integration measures and the development of the Common Regional Market. Progress was achieved on market surveillance, accreditation and standardisation; electronic company registration legislative prerequisites; prevention of money laundering and terrorist financing; company law; state aid and aid transparency; banking; consumer and health protection. Montenegro should now focus on: alignment with the EU acquis governing metrology and standardisation, develop the operational capacity of the Employment Agency; regulated professions, capital movements and payments, including on the acquisition of property rights, phasing out its investor citizenship scheme; company law and corporate accounting; intellectual property; competition and State aid; consumer protection and health protection and on implementing the laws aligning with the capital requirements EU acquis in the banking sector.

The competitiveness and inclusive growth cluster has significant links to Montenegro's Economic Reform Programme. Progress was made on tobacco control; pensions; industrial policy, smart specialisation, vocational education and training, and trade facilitation. On economic and monetary policy, work to implement the action plan for alignment with the EU acquis is ongoing. Montenegro should now focus on: independence of the media sector; VAT, excise duties and direct taxation coordination of economic and monetary issues; labour law and the anti-discrimination law, safety at

work; industrial policy, research and innovation, education and training and EU-compatible computerised transit system.

The green agenda and sustainable connectivity cluster has significant links to Montenegro's Economic Reform Programme, the Commission's Economic and Investment Plan and the Green Agenda for the Western Balkans. Progress was made in creating a day-ahead energy market; Transport Development Strategy, nature protection and the National Energy and Climate Plan. Montenegro should now focus on: the energy sector; trans-European networks, telecommunications, TEN-T and TEN-E Regulations; green transition, waste management, water quality, nature protection and climate change.

Resources, agriculture and cohesion cluster comprises policies linked to EU Structural funds and Investment funds and developing the capacities to assume responsibilities of a future EU Member State. Progress was made in agriculture, food and fisheries, regional policy and structural instruments, financial and budgetary provisions and management of own resources. Montenegro should now focus on: implementation of the IPARD programme, agriculture and rural development as well as fisheries, upgrading food establishments and food safety controls, EU cohesion policy requirements, capacity for the handling of indirect management programmes in IPA and rules of administration for the own resources system.

Strengthening the administrative capacity to apply the EU acquis remains an important challenge for Montenegro, including the urgent need to re-construct a functional negotiating structure.

***c) Programming and coordination***

In line with the article 7 of the IPA III Regulation specifies, IPA III programming framework shall take all relevant national strategies and sector policies into due account. Assistance shall be targeted and adjusted to the specific situation of the beneficiaries, taking into account further efforts needed to meet the EU membership criteria as well as their capacities. Assistance shall be differentiated in scope and intensity according to needs, commitment to reforms and progress in implementing those reforms.

With a view to strengthening the policy-driven approach and efficiency of EU support, relevance of requested IPA interventions, maturity of the proposals as well as progress of the beneficiaries on their enlargement agenda, represent the three key criteria for IPAIII programming.

Therefore, in line with the European Commission's guidelines, during November 2021, Montenegro prepared and submitted a second draft Strategic Response, outlining how the overall policies and sectoral strategies are in line with the recommendations and requirements of the specific policy instruments of the enlargement process and how they will contribute to the objectives of IPA III Programming Framework. The document also included a list of draft projects concretely presenting how IPA funding opportunities are planned to be used and how the thematic priorities contained in the IPA III programming framework will be addressed.

Based on the relevance assessment that has been conducted by the European Commission, focus of IPA 2021 and IPA 2022 programmes will be on development of infrastructure and strengthening security and judiciary. Therefore, the following thematic priorities will be supported through these programmes:

- Environment and climate change;
- Administrative capacity and acquis alignment;
- Agricultural and Rural Development;
- Fisheries;
- Transport, digital economy and society, energy;
- Good Governance;
- Migration and Border Management;
- Judiciary.

In addition, on 15 December 2021, after conducting several iterations among European Commission, relevant line ministries and NIPAC Office, the EC adopted IPA 2021 national programme, in the overall amount EUR 32.4 million. When it comes to IPA 2022 programme, its drafting is underway.

When it comes to the overall coordination, in line with the Government' decision from the session held in July 2021, Montenegro established working groups for IPA III programming for each IPA III window<sup>2</sup>. The working groups include relevant representatives from public and private institutions, implementing bodies, NGO sector and NIPAC Office.

During November and December 2021, with support provided through the UNDP implemented project, NIPAC Office organised workshops on upgrading the draft Strategic response, for each IPA III window<sup>3</sup>. The workshops included relevant representatives from working groups for IPA III programming, working groups for negotiations and secretariat of the negotiating group, as well as representatives from the General Secretariat of the Government, in charge for strategic planning at the national level. In addition, in the period December 2021-February 2022, the Ministry of European Affairs (former European Integration Office) conducted public consultations on the draft Strategic response, with the aim of making the process of IPA III programming more visible and available to wider public, making the document as much as possible aligned with the national needs and priorities stemming from the negotiating process.

### **1.5. Related programmes and other donor activities**

The following support was provided in the past within the intervention area to the Ministry of European Affairs or its predecessor institutions:

1. IPA 2007 Support to the structures for EU integration and legal harmonisation, Ministry of European Integration, completed;
2. IPA 2008 Project Preparation Facility/Support Measures Facility (PPF/SMF) Support to Capacity Development Programme, Ministry of Foreign Affairs and European Integration, completed;
3. IPA 2012 PPF/SMF Strengthening the capacities for programming and monitoring of IPA II in Montenegro, Ministry of Foreign Affairs and European Integration, completed;
4. IPA 2013 PPF/SMF Strengthening capacities for programming and monitoring of IPA II in Montenegro – UNDP, completed;
5. IPA 2013 PPF/SMF Communicating EU Accession and IPA Assistance, completed;
6. IPA 2017 EU Integration Facility (EUIF) Communicating EU Accession and EU Assistance, ongoing;
7. IPA 2014 EUIF Strengthening technical capacities of Ministry of European Affairs, completed;
8. IPA 2014 EUIF Development of new IT portal for European Affairs, completed;
9. IPA 2014 EUIF Strengthening the capacities of the Montenegrin authorities for the EU accession process and IPA II Instrument, Ministry of European Affairs, completed;
10. Norwegian bilateral assistance, strengthening capacities of the Ministry of European Affairs, completed;

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<sup>2</sup> Except for the Window 5 - Territorial and cross border cooperation, whose structure is develop according to the separate EC's decision.

<sup>3</sup> Ibid.



11. IPA 2015 EUIF Support to NIPAC office in monitoring and evaluation of current IPA programmes and preparation for future IPA support, completed.

12. IPA 2017 EUIF Support to the interim evaluation of IPA II actions implemented under indirect management.

13. IPA 2018 Support for IPA programming and project preparation in environment and climate action, transport, competitiveness and innovation.

Coordination of the EU accession process and preparation for European Structural and Investment (ESI) funds have been subjects of assistance of various donors. Leading partners who provided bilateral assistance so far were Norway, Slovenia, Hungary, Germany and other EU member states, while leading organizations were UN agencies and GIZ.

## **2. OBJECTIVE, PURPOSE & EXPECTED RESULTS**

### **2.1. Overall objective**

The overall objective of the project of which this contract will be a part is as follows:

To assist the Montenegrin administration to effectively manage EU integration and pre-accession assistance in order to speed up preparations for EU membership.

### **2.2. Purposes**

The purposes of this contract are as follows:

To support the planning, development and operationalisation of the strategic and operational framework for pre-accession/accession assistance and the development of a pipeline of mature actions eligible for funding under the conditions of IPA III and of other development partners.

### **2.3. Results to be achieved by the Contractor**

OUTCOME 1 – Support for the preparation and implementation of the strategic and operational planning and programming documents related to EU.

OUTCOME 2 – Support for the development and implementation of the monitoring and reporting framework related to EU assistance.

OUTCOME 3 - Support for the preparation and implementation of sector operational programmes in a selected number of areas and support to the establishment and capacity building of the relevant structures under IPA III (including the use of future ESI funds under the Chapter 22)

## **3. ASSUMPTIONS & RISKS**

### **3.1. Assumptions**

- Sufficient dedicated and qualified staff available at beneficiary institutions;
- Good inter-institutional cooperation under the NIPAC TS coordination and leadership;
- The Beneficiaries deliver in time and in adequate quality the necessary data, background information and related strategic and programming documentation.

### **3.2. Risks**

- Human and financial resources to be committed by the Montenegrin Authorities are inadequate;

- Political interference in the selection of actions with high costs and low benefits;
- Failure to obtain accurate inputs and data from the responsible institutions, necessary for the preparation of quality action documentation;
- Insufficient responsiveness of the relevant institutions to deal with the reform steps related to procedures and practices.

## 4. SCOPE OF THE WORK

### 4.1. General

#### 4.1.1. Project description

The **contract aims to** provide support and reinforcement to the capacities of the Montenegrin administration in the planning, programming, monitoring and coordination of EU and other international financial assistance, and in this manner accelerate the preparations for EU membership, as well as facilitate the effective management of the EU integration process. The contract will lead to the development of a solid strategic and operational framework for programming of pre-accession/accession assistance and investment cooperation between Montenegro and the EU. The contract will ensure conformity with EU standards and practices and alignment with the new IPA III financial perspective and programming methodology. It will support the development of a pipeline of relevant and mature actions for financing from EU funds and, whenever possible, from other sources of financial assistance. The contract will achieve this by strengthening the capacities of the national institutions, and by efficiently promoting coordination, harmonization and alignment of EU and other financial assistance with Montenegro's policies, strategies and investment priorities, in order to further advance the country's own reforms in the context of EU accession. The contract will support Montenegro to improve the robustness and credibility of planning and programming of pre-accession and accession assistance, by building skills and competencies and by direct support to programme and action preparation.

To achieve this, the work is presented in **three key outcomes**, targeting specifically; 1) planning and programming, including direct support to the beneficiaries in the development of relevant and mature IPA III proposals; 2) support to the monitoring and reporting frameworks for EU and other international financial assistance, to ensure that quality inputs are available for the planning and programming and; 3) support to the preparation and implementation of sector operational programmes in a selected number of areas and support to the establishment and capacity building of the relevant structures.

In a **wider setting**, it is expected that the planning, programming and capacity building components of the contract align with and contribute to the public administration reforms aimed at a more professional, depoliticized, accountable, fiscally responsible and digital public administration in line with the national strategic framework and the priorities under the programming framework for IPA III, Window 2. Furthermore, the contract will provide support to the capacities of the administration in a manner that it will be able to increasingly engage with the requirements of future Cohesion and Structural policy.

In terms of **planning and programming**, continued support is needed for the gradual moving toward the logic of use of IPA and other development partner funding for the co-financing of credible and realistic national strategies, aimed at achieving impact in the reform processes, and building toward the achievement of all EU accession requirements. Important steps forward have been made in this context for sectors benefiting from Sector budget support under IPA II, and those lessons learned and best practices need to be well analysed and expanded to all sectors of support.

The contract will provide support for a strengthened **investment planning process** and better streamlining of available international financial resources, by linking them to the national investment planning in a coherent manner.

Support to **capacity building is expected at both national and local government level**, with the aim of improving the ability to plan, programme and manage EU financial assistance. Capacities should be built with the aim to ensure that higher-level goals articulated in national and EU strategic and policy documents are translated to the programming process and further developed into fully-fledged actions responding to all requirements of relevance and maturity under IPA III. All capacity building activities will be based on analytical assessments and should be backed with adequate evidence-based approaches.

The contract will provide expert assistance for the **strategic planning and programming process**, including the support for the development of strategic documents, ensuring that the lead Beneficiary and relevant beneficiaries own these, and that they include a clear vision and strategy of the long-term direction for the use of EU and other international financial assistance. The documents should ensure coverage of all areas relevant for achieving the conditions for EU accession; they should present a robust assessment of the sectors/areas of interventions, including strategic, institutional and financial aspects; include a clear process of participatory deliberation and consultation; alternatives to prospective solutions where needed, and should allow Montenegrin authorities and relevant development partners (the EU in particular) to be able to base programming decisions on in a clear and coherent manner. The contract will ensure that the dynamic nature of planning and programming is fully taken into account in this process, and that the inputs from the monitoring framework are taken into account, including any milestones that are reached. The planning and programming framework should be designed to adapt to any changing circumstances and be flexible, through regular updating.

A challenge faced during the programming phases under IPA I and II has been the weakness of the **strategy monitoring frameworks**, which are crucial to ensure information on the progress of the implementation of the national reform strategies and to allow for any needed corrective measures and next steps to be taken. National reforms strategies often lack SMART indicators and regular reporting mechanisms. This weakness has permeated the programming and planning framework, which is not able to use performance monitoring and reporting at national and local level in a consistent manner. In addition, the monitoring and reporting of the international financial assistance itself, through mechanisms for dialogue on programming and monitoring faces a number of challenges. Further support to the development of analytical capacities and better coordination and linkages between sector monitoring and reporting frameworks and the programming process is needed, and this contract will support beneficiaries in developing an evidence-based planning and programming. The outcome expected from this process is that the beneficiaries are able to use the inputs from monitoring and reporting frameworks (both sectorial and those oriented at the international financial assistance) to develop a pipeline of quality actions for EU and other development partner financing. The impact of this work would be visible in better indicators and targets for international financial assistance, as well as clear and reliable reasoning for the selection of specific outcomes, outputs, indicators and targets in IPA programming. IT solutions required under this result should be oriented toward the achievement of this aim. The Contract will thus lead to improved monitoring and reporting capacities for international financial assistance.

The contract is expected to establish a **cohesive framework for drafting the documents needed under IPA III** specifically, and for other development partners as necessary and relevant. This includes the preparation, in cooperation with the beneficiaries, of a series of documents including programming guidelines, methodology and templates. The lead Beneficiary and/or relevant national beneficiaries should own these. The Contract should work toward ensuring that the national beneficiaries have the adequate capacities, knowledge and skills needed for the future sustainable application of these documents in practice, after the expiration of the contract. These documents should be closely complemented by the capacity building activities and fully aligned to the training plans, manuals, methodology and other relevant documents. The result of the work on both components of the contract should be a steadily improving capacity of the beneficiaries to develop ready programming documents, including the Strategic Response document or any equivalent thereof (including the necessary updating of the existing document), ready for submission Action Fiches and Action Documents for IPA III programming at both national level and for multi-country actions and opportunities, for all the available windows of support. The support for the preparation of the programming documents, in particular Actions, by the contract should include the support for

the preparation of at least the following specific documents needed for the maturity assessment stage of IPA III programming, per contract type: a detailed sector-based analysis based on sector strategies and policy documents, an analysis of institutional and operational human resources and other capacities for absorption of the funding, and financial analysis, based on the national budget considerations and other available financial options.

Specific planning and programming support will entail all **phases of the programming cycle**, including assistance to the lead Beneficiary and relevant beneficiaries to identify the main priorities to be supported by EU and other development partners; delineation of the priorities and matching of priorities with EU programming framework (and development partner priorities as needed and relevant); expert assistance in determining all relevant details of the identified needs (e.g. relevance, results, activities, indicators, budget, budget sources and financial programming (including as necessary both IFI, other source and national budget planning), means for implementation, assumptions, risks, any preconditions etc.); support in developing coordinating and managerial structures that can follow the process in all phases of the programme management cycle; support in the preparation of the relevant programming documents and support in the finalization of all processes related to their adoption and operationalisation, including the process of any updating and improvement based on comments or inputs received during the programming stages; the preparation of financing agreement; communications of the process to the media and interested public. The contract will provide guidelines and services aimed at building good practice in programme and action development and creating common ground for all stakeholders, including policy and action appraisers, the planning and implementing teams in the main beneficiary and other institutions.

Concerning planning and programming, support is also required for the development of the institutional framework for the future management of **Structural and Cohesion Funds**. Support is also needed for the gradual strengthening of the IPA units and relevant departments at Line Ministries and institutions. This is in particular relevant for those which will be involved with increasingly complex infrastructure projects at regional and national level (in particular sectors such as transport, energy, environment, social capital). A careful analysis of training and capacity building needs across national and local level institutions is necessary to ensure a gradual development of required capacities leading to the development a stable and sustainable system of planning, management, monitoring and reporting of pre-accession, accession and other financial assistance. Finally, the development of better channels of coordination and communication between the lead Beneficiary as coordinators of the process and national and local level line authorities, but also with IFIs, civil society and vulnerable groups affected by the programmes remains a strong need. Improvement of donor (development partner) coordination mechanisms is part of this process.

In view of the stage of accession and the type of support to be provided, the Contractor will be expected to carefully coordinate its activities with other ongoing activities contributing to the same outcomes. The dynamic nature of the processes for which the Contractor is engaged will require that the Contractor display a structured and proactive approach to effectively tackle all activities expected for the achievement of the outcomes. The Contractor might propose additional outputs. Those will be carefully evaluated as part of its Organisation and Methodology.

#### **4.1.2. Geographical area to be covered**

Montenegro.

#### **4.1.3. Target groups**

The lead beneficiary is the Ministry of European Affairs/NIPAC Office.

Target groups are all potential beneficiaries of IPA or IFI funding including line ministries, national agencies, local authorities, and other eligible national organisations and agencies.

## **4.2. Specific work**

The contract is expected to include an **extended inception phase of 6 months**, dedicated to the definition of a clear action plan for achieving the contract outcomes and outputs. During this phase,

the contract is expected to use a number of analytical instruments and organize a series of stakeholder meetings at international, national and local level, with all relevant partners, as well as with any ongoing or recently finalised support actions funded by IPA or otherwise. Contract activities will need to be coordinated with other IPA or other development partner activities, to avoid any overlapping with other on-going interventions.

It is expected that the plan will be based on an **evidence-based design** and will use the accumulated experience from other settings, in particular previous TA experience and experience from finalised evaluations of IPA support for Montenegro and the region. The action plan should present the appraisal of the up to date situation and options for implementation, based on their current suitability and resilience to future changes, and a detailed range of feedback mechanisms that will help steer the implementation, and adapt the action plan to ensure optimal results, including tools such as post-training evaluation reports, mid-term assessments, survey mechanisms and others.

During the inception phase, the Contractor will also validate and/or amend his analysis of the project context, which is expected to be presented already as part of the offer. It is expected that a sound understanding of all factors relevant to the implementation of the contract (such as detailed policy, regulatory, institutional, capacities of the beneficiaries) including the assumptions and risks as well as visibility and communication opportunities underlying the contract will need to be presented during the first Steering Committee meeting following the inception period.

The Contractor will meet with the lead Beneficiary and line ministries/key institutional stakeholders to make sure that there is full ownership of the project's objectives and to establish effective lines of communications. During this phase, the Contractor will also establish a mode of day-to-day working collaboration with Contracting Authority, lead Beneficiary and other line ministries/key institutional partners. If agreed with the lead Beneficiary and Contracting Authority, the Contractor should consider holding an introductory workshop or information seminar with key stakeholders. The outputs of the workshop should be integrated into the Inception Report.

The specific actions **for IPA III financing** to be prepared as part of this contract will be decided based on a demand-driven approach, where the lead Beneficiary in agreement with the relevant line sectoral institutions will coordinate the identification and selection of priority actions in line with relevant policy targets to be achieved by Montenegro in the medium-long term. The selected actions will be agreed during the Steering Committee meetings following which the Contractor will be tasked to support the preparation of documentation for the chosen actions. All requirements related to the IPA III framework will be followed closely and in alignment to the recommendations and direction provided by the Contracting authority. The assistance to be delivered through this contract should be seen as a long term 'rolling' mechanism that can initially be supported with EU pre-accession funding but should evolve into drawing down future structural and cohesion funds as well as funds from other sources. In the course of the Inception period, the specific activities to be immediately implemented by the Contractor, related to the programming of IPA III funding, will be selected in agreement with the Contracting Authority, lead Beneficiary and the line institutions, and team/s of non-key experts will need to be formed and approved.

**This contract will be expected to deliver high quality sets of documents which include programming and planning documents, action fiches and action documents and maturity related supporting documents.** In relation to the supporting documents ensuring maturity, the minimal support should include the institutional and legal framework, budgetary analysis and institutional capacity/ absorption analysis for the area of intervention/contract. In agreement with the Contracting authority and lead Beneficiary, additional documents that may be developed for actions / contracts include: guidelines for calls for proposals/expressions of interest, draft twinning fiches, draft ToRs, draft technical specifications, draft tender documentation and Delegation Agreements. The list of agreed documents to be developed will be agreed at the contract Steering committees.

The contract will develop all documentation in full compliance with the provisions of the national legislation, including the Spatial Plan of Montenegro until 2040 or when needed and if required the Law on Spatial Planning and Construction of Structures and its associated Rulebooks and other relevant legislation. The project documentation must be in accordance with rules set in the EU

(future) Financial and/or Implementing Regulation, PRAG and /or FIDIC whenever applicable. The satisfactory quality of the documentation will be judged based on compliance with the standards, norms and practices related to IPA III programming.

Under IPA III, the **extent of the documentation** to be prepared for the annual national programmes will depend on the quality of the planning and programming process. The number and type of actions to be developed as a part of this contract will be defined as much as possible during the Inception period, in close cooperation with the lead Beneficiary, and will be subject to assessments and updates at regular intervals, during Steering Committee meetings. While the identification and selection of actions will be based on a demand-driven approach promoted by the lead Beneficiary, an important focus should be maintained on actions which are confirmed as a sector priority and which maturity would allow reaching the contracting process in the short-medium term. Further, the preparedness of end beneficiaries to both support action preparation activities and to absorb the funds will be also expected to be facilitated through the activities deployed as part of this contract. All the steps will be closely coordinated and managed by the Contracting authority with the strong inputs from the lead Beneficiary and the relevant line ministries and other responsible institutions.

The contract will work with all selected relevant beneficiary institutions and organisations with the aim of **designing the capacity building process** in such a way that they develop internal institutional capacity for the sector and action assessment, and sound inter-institutional cooperation and communication lines for the preparation, as well as for the future delivery, of the specific action outcomes and outputs. General and specific joint and individual trainings, on the job trainings and programme and action preparation trainings will be provided to the lead Beneficiary, the line ministries and other beneficiaries. The contract approach should be based on a strong transfer of know-how with the aim to build ownership and capacities in the line institutions.

Capacity development outcomes will be achieved by carefully assessing the needs and appropriate **identification and selection of the participants of capacity building activities** based on their administrative function in relation to planning, preparation, coordination or implementation of international financial assistance and/or the management of EU funds.

In the Organisation and Methodology, it is expected that the log-frame contain a set of **indicators** that are adequately measurable as relevant information for programming support and capacity building activities, with clearly defined baselines, including aspects such as project preparation time and cost that will allow indicative comparison.

The role of the non-key experts in this contract is crucial for the successful implementation of the minimum required outputs. Therefore, the Contractor should provide non-key experts in sufficient manner to achieve the outcomes proposed in a credible manner.

The following **minimum** outputs, listed per Outcome, are required to be achieved by the Contractor as part of this contract.

**OUTCOME 1** –Support for the preparation and implementation of the strategic and operational planning and programming documents related to EU

**Output 1.1** Support the development of relevant **strategic documents** required for the timely and effective programming of IPA III resources, including the periodic updating of the Strategic Response document or any equivalent thereof, with the required quality and in accordance with the EC programming timelines. This should be in full alignment with national strategic reform documents and national and EU accession-related strategic documents; ensuring that the Strategic Response provides a clear background and has full consistency with action fiches / action documents proposed for the respective programming years; Operational programmes; sector budget support related documents and other documents linked to the programming of IPA III.

**Output 1.2** Support the development of relevant **operational documents** necessary for the effective and efficient programming of IPA III funds, including the preparation and development of the action fiches / action documents in accordance with the necessary templates, and in agreement with the Contracting Authority and the lead Beneficiary. This would include relevant technical documents necessary for the maturity assessment and further steps related to tendering – if needed - of the

proposed actions (including, but not limited to: tender dossier, draft/final needs assessments, absorption analyses, background analysis of legal and institutional frameworks, guidelines for calls for proposals, draft twinning fiches, and if agreed with the contractor and needed: draft ToRs, draft technical specifications, tender dossiers and draft Delegation Agreements). These would be provided with the required quality and in accordance with the EC programming timelines, in full alignment to the strategic documents, mainly the Strategic Response.

**Output 1.3.** Support for the development of **Sector Budget Support** documentation in the context of Output 1.2, including the relevant Action Document, relevant annexes to the Financing Agreement or equivalent documents, and other relevant documents.

**Output 1.4 Ensure link between the enlargement process and IPA priorities** by analysing Montenegro's enlargement process and state of play of the negotiations for EU accession, including the requirements for opening and closing of specific acquis Chapters and the strategic and financial context at national level in the specific sectors and sub-sectors. Develop periodic analysis reports to be annually presented to the Contracting Authority / Lead Beneficiary in the context of forward looking programming and planning.

**Output 1.5 Analyse options available through the Economic and Investment Plan**, in the flagship areas, and other similar documents (such as Common Regional market Action Plan) in light of Montenegro's absorption capacities and institutional and financial context in the different sectors and sub-sectors, in order to identify opportunities for Montenegro to maximise the use of the available regional instruments. Preparation of at least two periodic reports to be presented to the Contracting Authority / Lead Beneficiary in the context of forward looking programming and planning. The reports will contain recommendations on improving synergy in the programming and planning process; improving the national financing of IPA III actions with the aim to ensure that they are planned in a timely and effective manner, and that there is an effective use of financial instruments and budgetary guarantees which allows for the preparation and implementation of mature projects; active and timely engagement for different steps of the financial and operational planning and programming of actions and improved blending of grants/loans. Analyse the level, institutional lines and methods and effectiveness of Montenegro's cooperation with international financial institutions, including coordination with the relevant institutions related to the decentralised management of EU funds and institutions being set up for the use of structural funds. Ensure support at institutional level to the lead Beneficiary and other institutions as necessary to support the implementation of the recommendations.

**Output 1.6** Analyse opportunities for ensuring that there is **active and effective mainstreaming of horizontal/cross-cutting issues in the process of programming and planning of IPA III** especially in relation to: gender mainstreaming; integration of vulnerable and marginalised groups; anti-discrimination and social cohesion promotion; ensuring that the principles of the Green Agenda are abided by and actively promoted; ensuring that the PAR principles are respected. Based on the conducted analysis and gaps assessment and in line with relevant EU and national guidelines and methodologies, conduct trainings to relevant line ministries/ IPA bodies in relation to how the relevant topics could be actively integrated at all stages of the IPA III programming process.

**Output 1.8** Provision of **certified training course on project management (such as Agile, Prince 2 or PM2<sup>4</sup>) and project cycle management** to MEA and PIU staff (when relevant). This way, relevant representatives of the MEA, in cooperation with the line ministries and by sharing best practices with the line PIUs, would be able to additionally contribute to development of quality project methodology and drafting sustainable project results.

**OUTCOME 2** – Support for the development and implementation of the monitoring and reporting framework related to EU assistance

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<sup>4</sup> PM<sup>2</sup> Methodology is the official project management methodology of the EC.

**Output 2.1** Analyse the **system of monitoring and reporting on EU assistance** including the methods, lines of reporting, approaches and methodology used in close cooperation with relevant line institutions performing monitoring and reporting (both operational and financial). Based on the conducted analyses, provide support to the lead Beneficiary and other institutions/ IPA bodies and trainings with the aim to ensure maximal efficiency in the monitoring and reporting in line with the requirements under IPA III (among others), as well as optimised visibility and communication opportunities.

**Output 2.2.** Analyse currently **available IT systems for monitoring and reporting on EU assistance** and according to gaps and needs assessment, **propose recommendations and specifications according to which a specific IT solution** will be developed at a later stage. The aim would be to ensure improved accuracy, speed and provision of necessary data in alignment to the national policy planning legislation and national financial reporting guidelines, and in line with the requirements under IPA III. The design should be users friendly and the available data should be easily used by the beneficiary for reporting purposes. The report should also contain a longer term plan of maintenance ensuring the sustainable use of the proposed IT solutions.

**Output 2.3.** Provide logistical support to organization of IPA Monitoring Committees and Sectoral Monitoring Committees and drafting reports from the meetings; preparation of Semi-annual reports according to received Quarterly reports from the line ministries and drafting Annual Implementation Reports for submission to the European Commission. In addition, conducting all relevant activities in relation to monitoring and reporting, including conducting field monitoring visits for ensuring project sustainability, in line with the given deadlines and European Commission's requirements.

**OUTCOME 3** – Support for the preparation of sector operational programmes in a selected number of areas and support to the establishment and capacity building of the relevant structures under IPA III (including the use of future ESI funds under the Chapter 22) technical specifications, Terms of Reference, Guidelines for Applicants, Twinning Fiche, etc.) as well as tender evaluations, with a view to ensuring observance of the EU procurement principles and compliance with the principles of sound financial management.

**Output 3.1.** Provide **policy guidance and assist the authorities in identification of the scope and formulation of selected Sector Operational Programmes**, making sure that these are in line with EU policy priorities, notably the Economic and Investment Plan (EIP) and the Green Agenda, taking into account specific needs of Montenegro and ensuring that they are not overlapping with the WBIF. In more specific terms, once the priorities are identified, assist in preparation of specific SOPs projects/project pipelines and establish the list of major projects. In addition, horizontally support the authorities in updating Strategic response.

**Output 3.2. Analyse existing legal, regulatory, institutional and administrative capacities of Montenegrin authorities in indirect managements** and their aptness for managing multi-annual Sector Operational Programmes. The analysis shall also take into account: (1) analysis of capacities and work on strengthen the capacities in a sustainable way by understanding if recruitment, retention, competences and capacities in numbers and management are sufficient; (2) previous DG NEAR assessments on entrustment procedures; (3) workload assessments and assessment of job descriptions and overall absorption capacities of the existing PIUs.

**Output 3.3. Formulation of proposal of IPA III structures based on the findings from output 3.2.** This output will ensure that the new structures, as a result of the implementation of operational programmes, would be rightly shaped in accordance with the needs of the SOP and the resources that can be made available for this purpose.

**Output 3.4.** Provide support to the MEA and NIPAC office (or other institution designated to perform function of Managing Authority) and intermediate bodies **for financial management** in supporting relevant authorities in the implementation of SOPs. More specifically, provide support in preparation/review of the procurement documents (e.g. **Output 3.5.** Definition and support to the **institutional structure for ESI funds**. Expert and technical assistance should assist to define and implement an adequate and functional institutional structure for the management of ESI Funds and its formal accreditation. This includes the identification, designation and establishment of all bodies



necessary for the management of ESI Funds, the definition of the necessary procedures, the preparation of programming documents and formal accreditation by the European Commission. Expert support will also cover the preparation of the Draft Law on European Structural and Investment Funds, which is planned for the III quarter of 2023.

**Output 3.5. Definition and support to the institutional structure for ESI funds.** Technical assistance should help to define organizational development strategies for the bodies that will be included in the ESI Funds management system and define an adequate human resources management policy. This policy will include both a staff retention policy (based on the current policy applicable to the IPA structure), training plan and a career planning system in the structures, as these aspects are identified as key elements in establishing a sustainable and efficient administrative capacity base for the successful use of ESI Funds. A precise assessment of the additional capacity required should be carried out as part of the workload analyses for the bodies designated to manage the ESI Funds and an appropriate plan for hiring new staff should be developed.

**Output 3.6. Fulfilment of the general and thematic enabling conditions for ESI funds.** Expert support is necessary in the assessment of the strategic background and relevance in order to identify priority areas, together with an assessment of the level of fulfilment of the general and thematic enabling conditions, in order to fully justify the proposed areas for funding.

**Output 3.7. Preparation of the Partnership Agreement in connection with spending ESI funds.** Expert support and technical assistance should help the preparation of the Partnership Agreement, which is a key strategic document that determines the purpose of spending ESI funds, in accordance with the priorities of development policy of Montenegro and the strategic priorities of the EU. This implies the realization of the following activities: organization of the Working Group for the preparation of the Partnership Agreement and the Operational Program; definition of the methodology; consideration of the content of relevant public policies; situational and needs analysis; definition of the priorities; drafting of the Partnership Agreement.

**Output 3.8. Preparation of the action plan for preparation of Operational Program in connection with ESI funds.** Expert support and technical assistance are necessary for preparation of the action plan for preparation of the Operational Program, which sets out in more details the policy objectives and measures under which projects will be financed through ESI Funds. The expert support should facilitate definition of timeline for preparation of Operational Program, including an indicative list of priorities with a list of infrastructure projects for financing during the first seven-year period of use of European structural and investment projects, so that the project documentation required for their implementation can be prepared in time.

Note related to Outcomes:

The Contractor is to detail in its offer the methodology for achieving quality for each of the outcomes and outputs. The Contractor is to anticipate in its offer an indicative allocation of man-days per output, and to specify a percentage of distribution of man-days per category of experts, possibly pre-identifying key fields of expertise requiring a specific category to be deployed, and explaining the logic behind this choice.

The Contractor is to further qualify the underlying logic for the planning and mobilisation of the different categories of Non-Key Experts and an anticipation of the role of the Key Experts to attain a quality outcome.

In carrying out the activities, particular attention should be given to ensure the sustainability and dissemination of the expected results.

### **4.3. Project management**

#### **4.3.1. Responsible body**

The Contracting Authority is the Delegation of the European Union to Montenegro.

#### **4.3.2. Management structure**

The Contracting Authority is responsible for the contract management and for the final approval of the reports and payments to the Contractor.

The lead Beneficiary is the Ministry of European Affairs/ NIPAC office.

A Project Steering Committee (PSC) will be established to supervise and ensure smooth implementation of this project, including monitoring the progress and ensuring achievement of the expected results. Establishment of the PSC will be initiated by the lead Beneficiary during the inception period.

PSC members will include representatives from:

- EUD as the Contracting authority
- NIPAC Office as a lead Beneficiary
- Representatives of the Contractor
- Line ministries at SPO level when needed.

During the Inception Period, the EUD together with the lead Beneficiary will decide on the final structure of the PSC, its core and optional members, e.g. representatives from line ministries and other public authorities, related projects or other entities as needed.

The PSC will meet on a regular basis to monitor the implementation of these project activities. It will also be convened in case of need to discuss specific issues.

The role and main functions of the Project Steering Committee will be:

- a) To make decisions on the activities to be delivered as part of this contract;
- b) To assess progress and monitor the implementation of all project activities;
- c) To guide the Contractor on all technical matters and review and make comments on all reports, including technical and working papers submitted by the Contractor;
- d) To assess the Contractor's performance, give opinion to the Contracting Authority on the Inception, Interim and Final reports and other contractual reports;
- e) To jointly discuss any critical points, risks or bottlenecks of project implementation and to propose and discuss remedies in case of problems;
- f) To guide the development and monitor the implementation of experts' schedules and project work plans, and jointly take decisions on timing, costs and project contents;
- g) To ensure close co-operation among the relevant ministries and institutions;
- h) To closely coordinate with other EU projects related to this field and with other relevant donors' projects to promote synergies and integration;
- i) To grant approvals for the Contractor's outputs subject to quality performance and in line with institutional responsibilities.

Under the supervision of the lead Beneficiary and in close consultation with the Contracting Authority, the Contractor will ensure the secretariat function of the Project Steering Committee, including organization of meetings, preparing and circulating the agenda, writing and distributing PSC minutes to all members. Project Steering Committee meetings should be announced at least two weeks before the actual date and any materials should be distributed one week before the meetings to the PSC members.

The Project Steering Committee will make recommendations that have to be followed up by the responsible institutions. Project Steering Committee recommendations related to contractual issues (e.g. as the formal approval of reports, extensions or addenda to contracts or contract suspension/termination) are non-binding and are under the formal responsibility of the Contracting Authority.

The first meeting with the Contractor will be at the beginning of the Inception phase with the aim to define communication procedure and main technical details, while at the end of the Inception Phase a meeting will be organized for the examination and approval of the Inception Report.

The lead Beneficiary will appoint a project manager from its IPA Unit or NIPAC Technical Secretariat, who will be responsible for coordination with the project team and smooth implementation of the project activities.

The Team Leader shall report directly to the Contracting Authority and will be responsible for the achievement of quality outputs leading to satisfactory results. Operational level progress meetings shall be held on a regular basis between the Team Leader and/or his/her Deputy and the Contracting Authority and lead Beneficiary.

#### **4.3.3. Facilities to be provided by the contracting authority and/or other parties**

In agreement with the Contracting authority and the lead Beneficiary, the Contractor may be asked to dedicate specific experts to be based in the premises of the lead Beneficiary. For those experts only, the lead Beneficiary may provide necessary office space. Lap-tops, mobile phones or other technical devices shall be provided by the Contractor, as specified under point 6.3.

## **5. LOGISTICS AND TIMING**

### **5.1. Location**

The operational base for the project is Podgorica. Internal travel within Montenegro may be necessary to meet with local authorities. Missions abroad might be required only in specific cases. Those will need to be agreed and pre-authorized by the Contracting Authority.

### **5.2. Start date & period of implementation**

The intended start date is in the second quarter of 2023 and the period of implementation of the initial contract will be 24 months. Please see Articles 19.1 and 19.2 of the special conditions for the actual start date and period of implementation.

The contracting authority may, at its own discretion, extend the project in duration and/or scope subject to the availability of funding up to a maximum five times of the initial contract amount. Any extension of the contract would be subject to satisfactory performance by the contractor, following consultation with the lead beneficiary.

## **6. REQUIREMENTS**

### **6.1. Staff**

Note that civil servants and other staff of the public administration, of the partner country or of international/regional organisations based in the country, shall only be approved to work as experts if well justified. The justification should be submitted with the tender and shall include information on the added value the expert will bring as well as proof that the expert is seconded or on personal leave.

The time input of the key and non-key experts is expected to be minimum 80% in Montenegro. If required, the experts' work in their country of residence must be approved by the Contracting Authority on a case-by-case basis.

### **6.1.1. Key experts**

Key experts have a crucial role in implementing the contract. These terms of reference contain the required key experts' profiles. The tenderer shall submit CVs and statements of exclusivity and availability for the following key experts:

All key experts shall be fluent in English, both written and spoken (minimum 2 on a scale from 1 to 5, where 1-excellent and 5 basic and have computer literacy (MS Office applications).

The tenderer shall submit CV and Statements of Exclusivity and Availability for the following key experts:

#### **Key expert 1: Team Leader**

*Qualifications and skills:*

- A minimum level of education which corresponds to Master degree;

*General professional experience:*

- A minimum of 10 years of professional experience, in programming, planning, programme management or policy development in the context of international assistance.

*Specific professional experience:*

- A minimum of 5 years of experience with programming, planning or operational programme management for EU external assistance
- Professional experience with EU Structural and Cohesion Funds or IPA funds will be considered as a strong advantage;
- A minimum of 2 years of experience in a management position involving leading of a team of experts dealing with strategic planning, programming or preparation of projects of international financial assistance

#### **Key expert 2: Institution building expert**

*Qualifications and skills:*

- A minimum level of education which corresponds to Master degree;

*General professional experience:*

- A minimum of 8 years of experience in the capacity building of national central, regional or local institutions for programming, monitoring, reporting or programme implementation in the context of EU financial assistance,

*Specific professional experience:*

- A minimum of 5 years of specific experience in the design and implementation of capacity building for strategic planning, programming, monitoring, reporting or implementation of Cohesion, Structural or IPA funds;
- Professional experience with the design and implementation of capacity building in the context of any of the ESI funds would be considered as a strong advantage.

The presented number of working days for the experts is a minimum of man-days. They represent the input necessary for delivering the outputs specified under these Terms of Reference, as well as during the inception phase. Key experts should be relieved from administrative tasks and only time directly related to the achievement of the Results related to this Contract should be recorded in their Timesheets and requested for payment.

It is up to the Tenderer to propose more than the indicated days, if it is thought to be necessary for the successful implementation of the project.

<b>Expert</b>	<b>Position</b>	<b>Minimum Man-Days for Inception phase, Result 1, Result 2, Result 3 and Result 4</b>
<b>Key Expert 1</b>	Team Leader	270
<b>Key Expert 2</b>	Institution building expert	160

All experts must be independent and free from conflicts of interest in the responsibilities they take on.

### 6.1.2. Non-key experts

The profiles of the non-key experts for this contract are as follows:

All non-key experts will have as minimum requirements a Bachelor's university degree and fluency in both written and spoken English. Moreover, it is expected that some of the non-key experts will be fluent in the local language.

*The minimum professional experience is set as follows:*

#### **Senior Experts:**

- A minimum of 10 years as general professional experience;
- A minimum of 5 years of specific professional experience in the relevant field.

#### **Junior Experts:**

- A minimum of 5 years as general professional experience;
- A minimum of 3 years of specific professional experience in the relevant field.

It is expected that non-key experts will be required in the following (**non-exhaustive list of**) **fields**: IPA funds; EU Structural and Cohesion Funds; Revised Enlargement Methodology; Economic and financial assessment of EU funded projects; EU and national legislation in relevant selected sectors; Project Cycle Management; EU procurement; Institutional and Financial management of programmes, projects and infrastructure; FIDIC; PRAG; Visibility and Communication and any other related field needed for completion of the Contractor's activities.

The evaluation of the number of man-days proposed by the Tenderer will be duly evaluated as part of the Timetable of Activities which shall include the total number of experts days proposed.

#### **Important Note related to mobilisation of Key and Non Key Experts:**

The Contractor shall detail in its Organisation and Methodology (Annex III) the type of expertise and intervention logic to be mobilized per Result/output.

In order to help a qualitative analysis of all tenders, the Contractor is requested to illustrate and quantify in his proposal the number of man-days planned to be mobilized as part of this Contract for Key experts, Senior and Junior Experts, for the achievement of Inception Phase, Outcomes 1, 2 and 3. The following table is requested to be filled in and included in the offer:

	<b>Main responsibilities</b>	<b>Minimum Man-Days for Inception phase, Outcome 1, Outcome 2, Outcome 3 and Outcome 4</b>	
<b>Team Leader</b>	To be proposed by the Contractor as part of his O&M	As per point 6.1.1	-
<b>Institution building expert</b>	To be proposed by the Contractor as part of his O&M	As per point 6.1.1	-

<b>Non Key Experts</b>	<b>Proposed Fields</b>	<b>Indicative Man-Days, proposed breakdown between Inception phase, Result 1, Result 2 and Result 3</b>	<b>% of total NKE days allocation</b>
<b>Senior</b>	To be proposed by the Contractor as part of his O&M	To be proposed by the Contractor, and to be consistently included in O&M, Budget breakdown and Allocation of resources within the Timetable of Activities	To be calculated by the Contractor
<b>Junior</b>	To be proposed by the Contractor as part of his O&M	To be proposed by the Contractor, and to be consistently included in O&M, Budget breakdown and Allocation of resources within the Timetable of Activities	To be calculated by the Contractor
<b>Total NKE days allocation</b>	n/a	Total sum to be consistently included in O&M, Budget breakdown and Allocation of resources within the Timetable of Activities	<b>100%</b>

The contractor is expected to have the ability to mobilise qualified experts, so that outputs can be achieved in a quality and timely fashion. The contractor must have the flexibility and on-demand capacity to respond to expertise requirements as they arise, including by demonstrating to have access to a good pool of Senior and Junior Experts.

CVs for non-key experts should not be submitted in the tender but the tenderer will have to demonstrate in their offer that they have access to experts with the required profiles.

The contractor must select and hire other experts as required according to the profiles identified in the organisation & methodology and these terms of reference. It must clearly indicate the experts' profile so that the applicable daily fee rate in the budget breakdown is clear. All experts must be independent and free from conflicts of interest in the responsibilities they take on.

The selection procedures used by the contractor to select these other experts must be transparent, and must be based on pre-defined criteria, including professional qualifications, language skills and work experience. The findings of the selection panel must be recorded. The selected experts must be subject to approval by the contracting authority before the start of their implementation of tasks.

### **6.1.3. Support staff & backstopping**

The contractor will provide technical and support facilities to their team of experts during the implementation of the contract. Backstopping and support staff costs must be included in the fee rates.

A Project Director from the Contractor's headquarters or its branch office in Montenegro shall be appointed for the whole duration of the project. She/he will have the overall responsibility for the smooth and timely implementation of the project and the efficient use of project funds. The Project Director must be an efficient senior manager having familiarity with EC rules and procedures. The Project Director should be in position to call on expertise from Contractor's head offices during the full project implementation. The Contractor will describe in his offer the quality assurance mechanisms to be applied and how both the Project Director and support team will enable experts to concentrate on their primary responsibilities.

## 6.2. Office accommodation

Office accommodation of a reasonable standard and of approximately 10 square metres for each expert working on the contract is to be provided by the Contractor.

The costs of the office accommodation are to be covered by the fee rates.

In order to facilitate daily contacts and communication with the lead Beneficiary, these premises should be located close to the lead Beneficiary premises.

## 6.3. Facilities to be provided by the contractor

The contractor must ensure that experts are adequately supported and equipped. In particular it must ensure that there is sufficient administrative, secretarial and interpreting provision to enable experts to concentrate on their primary responsibilities. It must also transfer funds as necessary to support their work under the contract and to ensure that its employees are paid regularly and in a timely fashion.

Furthermore, the Contractor shall ensure that experts are equipped with work related equipment, including IT equipment, in particular portable computers, mobile phones, training equipment (such as LCD projectors etc.).

The Contractor, within the fee rates for experts, should allow for the costs of the following:

- Normal running costs of the offices, including international telephone charges and any subscriptions to internet providers. The Contractor shall ensure that each expert has access to a computer, printer, photocopy phone and internet access;
- In accordance with the requirements of Article 16.5 of the General Conditions of Contract, the provision of furniture and equipment such as laptops, LCD projectors plus screens, high volume photocopiers, communication equipment and all other necessary equipment for the proper functioning of the project office for the long and short term experts and the support staff;
- Backstopping services at headquarters;
- Backstopping service in the beneficiary country, including secretarial, administrative and interpreting support and translation costs for inputs prepared by the Contractor's experts;
- Sufficient number of international flights for expatriate staff; per diem and travel costs to/ from the beneficiary country are covered by fees for all experts;
- Reproduction of the Contractor's reports detailed in Section 7;
- Provision of visas and/or permits for personnel and their families under the terms of Article 6.2 of the General Conditions of Contract;
- Any other unspecified costs, except those provided for within Incidental Expenditure (see Section 6.5).

If the Contractor is a consortium, the arrangements should allow for the maximum flexibility in project implementation. Arrangements offering each consortium member a fixed percentage of the work to be undertaken under the contract should be avoided.

## 6.4. Equipment

No equipment is to be purchased on behalf of the contracting authority / partner country as part of this service contract or transferred to the contracting authority / partner country at the end of this contract. Any equipment related to this contract that is to be acquired by the partner country must be purchased by means of a separate supply tender procedure.

## 6.5. Incidental expenditure

The provision for incidental expenditure covers ancillary and exceptional eligible expenditure incurred under this contract. It cannot be used for costs that should be covered by the contractor as

part of its fee rates, as defined above. Its use is governed by the provisions in the general conditions and the notes in Annex V to the contract. It covers:

- Travel costs and subsistence allowances for missions, outside the normal place of posting, undertaken as part of this contract. If applicable, indicate whether the provision includes costs for environmental measures, for example CO<sub>2</sub> offsetting.
- Organisational costs for trainings and workshops (translation and interpretation costs related to those events, copying and printing costs of training or event materials, distribution costs, renting of training venues and cost for catering; traveling costs for participants);
- Cost of surveys, assessments, analyses, which are necessary inputs for the preparation of technical documentation for actions, including in relation to the IT solutions related to the Outcome 2;
- Translation of project documentation and other relevant documents (limited to key or final outputs or documentation required by the law in view of obtaining the necessary approvals);
- Visibility costs (press conferences, media campaigns and public awareness raising tools and materials), photographic and video services; various productions or co-production costs, etc;
- Designer, proofreading, layout, translation, pre-press, printing and branding costs, development of video material;
- Costs for certification programme(s) enrolment and related travel and subsistence costs for selected participants;
- Costs for the organisation of study tour(s) and for the participation of selected staff from the lead Beneficiary or other relevant institutions.

The provision for incidental expenditure for this contract is EUR 100.000. This amount must be included unchanged in the budget breakdown.

Per diem are daily subsistence allowances that may be reimbursed for missions foreseen in these terms of reference or approved by the Contracting Authority, carried out by the contractor's authorised experts outside the expert's normal place of posting. The per diem is a maximum fixed flat-rate covering daily subsistence costs. These include accommodation, meals, tips and local travel, including travel to and from the airport. Taxi fares are therefore covered by the per diem. Per diem are payable on the basis of the number of hours spent on the mission. Per diem may only be paid in full or in half (no other fractions are possible). A full per diem shall be paid for each 24-hour period spent on mission. Half of a per diem shall be paid in case of a period of at least 12 hours but less than 24 hours spent on mission. No per diem should be paid for missions of less than 12 hours. Travelling time is to be regarded as part of the mission. Any subsistence allowances to be paid for missions undertaken as part of this contract must not exceed the per diem rates published on the website - [http://ec.europa.eu/europeaid/funding/about-calls-tender/procedures-and-practical-guide-prag/diems\\_en](http://ec.europa.eu/europeaid/funding/about-calls-tender/procedures-and-practical-guide-prag/diems_en) - in force at the time of contract signature.

Please note that particular attention should be paid to visibility activities. Therefore a minimum 5% of the contract's incidental expenditure value should be planned and allocated for this.

The contracting authority reserves the right to reject payment of per diem for time spent travelling if the most direct route and the most economical fare criteria have not been applied.

Prior authorisation by the contracting authority for the use of the incidental expenditure is not needed with the exception of costs related to certification programme(s), study tour(s) and specific visibility activities to be agreed after contract commencement.

## 6.6. Lump sums

No lump sums are foreseen in this contract.



## 6.7. Expenditure verification

The provision for expenditure verification covers the fees of the auditor in charge of verifying the expenditure of this contract in order for the contracting authority to check that the invoices submitted are due. The provision for expenditure verification for this contract is EUR 15,000. This amount must be included unchanged in the budget breakdown.

This provision cannot be decreased but can be increased during execution of the contract.

## 7. REPORTS

### 7.1. Reporting requirements

Please see Article 26 of the general conditions.

Interim reports must be prepared every six months during the period of implementation of the tasks. They must be provided along with the corresponding invoice, the financial report and an expenditure verification report defined in Article 28 of the general conditions.

There must be a final report, a final invoice and the financial report accompanied by an expenditure verification report at the end of the period of implementation of the tasks. The draft final report must be submitted at least one month before the end of the period of implementation of the tasks. Note that these interim and final reports are additional to any required in Section 4.2 of these terms of reference.

Each report must consist of a narrative section and a financial section. The financial section must contain details of the time inputs of the experts, incidental expenditure and expenditure verification.

To summarise, in addition to any documents, reports and output specified under the duties and responsibilities of each key expert above, the contractor shall provide the following reports:

Name of report	Content	Time of submission
Inception report	<p>Analysis of existing situation, work plan for the project and relevant modus operandi.</p> <p>The Inception Report will contain a full review and update of the Terms of Reference and any proposed amendments that may emerge during this phase. More specifically the report will:</p> <ul style="list-style-type: none"> <li>• provide detailed action plan which will include list of projects to be prepared following the consultations with the lead Beneficiary and EUD;</li> <li>• provide a timetable for each of the project activities identified;</li> <li>• provide a time and input schedule for the achievement of outputs and outcomes;</li> <li>• provide a revision and update of the Logical</li> </ul>	No later than 6 months after the start of implementation

Name of report	Content	Time of submission
	Framework as presented in the technical proposal.	
6-month progress report	Short description of progress (technical and financial) including problems encountered; planned work for the next 6 months accompanied by an invoice and the expenditure verification report.	No later than 1 month after the end of each 6-month implementation period.
Monthly report	Short description of achievements during the one month period, plan for next month (including outputs to be implemented/achieved and number of man-days), any problems encountered and recommendations.	At the end of each month of the implementation period.
Draft final report	Short description of achievements including problems encountered and recommendations.	No later than 1 month before the end of the implementation period.
Final report	Short description of achievements including problems encountered and recommendations; a final invoice and the financial report accompanied by the expenditure verification report.	Within 1 month of receiving comments on the draft final report from the project manager identified in the contract.

## 7.2. Submission & approval of reports

Two (2) copies of the reports referred to above must be submitted to the project manager identified in the contract. The reports must be written in English. The Project manager is responsible for approving the reports, following discussion at the PSC and opinion/approval received by the lead Beneficiary.

**One (1) report should be sent to the EUD at the following address:**

Delegation of the European Union to Montenegro  
Add the address

**One (1) report should be sent to the lead Beneficiary at the following address: add the address**

## 8. MONITORING AND EVALUATION

### 8.1. Definition of indicators

The tenderers are expected to propose a set of relevant indicators within their technical proposal (organisation and methodology section). All indicators should correspond to the outcomes specified under section 2.3. As a minimum list of indicators, the Contractor is invited to consider the following:

Indicators:

**Outcome 1 - Indicators:**

- Number of overall deliverables drafted and produced (strategic documents/ operational programmes/ action documents/ reports and working papers/ analysis/ recommendations);  
Number of trainings/workshops organised.

**Outcome 2 - Indicators:**

- Sector Coordination Meetings and IPA Monitoring Committees are successfully organised.
- IT needs for monitoring and reporting of EU assistance analysed with proposal of improvement.

**Outcome 3- Indicators:**

- Number of overall deliverables produced (recommendations/reports/monitoring meetings organised)
- Number of trainings/workshops organised
- Number of relevant documents drafted

During the Inception Phase, the indicators will be adjusted (as relevant and needed) and agreed between the Contracting Authority, the lead Beneficiary and the Contractor. Indicators must be as quantifiable as possible as they will serve as the main basis for measuring the achievements of the objectives and outcome results of the project. They will be regularly reviewed by the PSC and Progress and Interim Reports.

**8.2. Special requirements**

None

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