



MONTENEGRO

MINISTRY OF SUSTAINABLE DEVELOPMENT AND TOURISM

**NATIONAL STRATEGY WITH ACTION PLAN FOR TRANSPOSITION IMPLEMENTATION AND
ENFORCEMENT OF THE EU ACQUIS ON ENVIRONMENT AND CLIMATE CHANGE**

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ACRONYMS

AAQ	Directive on Ambient Air Quality
AAU	Unit within the scope of quantified accepted amounts of CO ₂ (Assigned Amount Unit)
AIA	Administration for Inspection Affairs
AFSVPA	Administration for food safety veterinary and phytosanitary affairs
AP	Action plan
CA	Customs Administration
CAMP	Coastal Area Management Plan
CAPEX	Capital expenditure
CDM	Clean Development Mechanism
CECIS	Common Emergency Communication and Information System
CER	Certified Emission Reductions
CETI	Centre for Eco-toxicological Research
CFC	Chlorofluorocarbons
CITES	Convention on International Trade in Endangered Species of Wild Flora and Fauna
CLP	Classification, labelling and packaging of substances and mixtures (EU Directive)
CLRTAP	Convention on Long Range Transboundary Air Pollution
COC	Chamber of Commerce
CZMC	Coastal Zone Management Company
DCC	Directorate for Climate Change
DE	Directorate for Emergencies
DSIP	Directive Specific Implementation Plan
DW	Directorate for Water
ECHA	European Chemicals Agency
ECRAN	Environment and Climate Regional Accession Network
EEA	European Environment Agency
EIA	Environmental Impact Assessment (Directive)
EIONET	European Information and Observation Network
ELV	End of Life Vehicles (Directive)
EMAS	Eco-Management and Audit Scheme (Regulation)
EMERALD	Network of protected natural areas the aim of which is to conserve flora and fauna and their natural habitats in Europe in framework of the Convention on the Conservation of European Wildlife and Natural Habitats (Bern Convention)
EPA	Environmental Protection Agency
E-PRTR	European Pollutant Release and Transfer Register (Regulation)

EQS	Environmental Quality Standards (Directive)
ERCC	Emergency Response Coordination Centre
ERU	Emission Reduction Unit
ETS	Greenhouse Gas Emissions Trading System
EU	European Union
FA	Forest Administration
FLEGT	Regulation on establishment of a licensing scheme for issuance of permits for import of timber into the EU (Regulation) (Forest Law Enforcement, Governance and Trade)
GHG	Greenhouse Gasses
GLP	Good Laboratory Practice (Directive)
HCFC	Hydrochlorofluorocarbons
HFC	Hydrofluorocarbons
IED	Industrial Emissions Directive
IHS	Institute of Hydrometeorology and Seismology
INDC	Intended Nationally Determined Contribution
INSPIRE	Infrastructure for Spatial Information in the European Community (Directive)
IPA	Financial Instrument for Pre-accession
IPCC	Intergovernmental Panel on Climate Change
IPH	Institute of Public Health
IPPC	Integrated Pollution Prevention and Control (IPPC)
LGU	Local Government Unit
LCER	Long-term Certified Emission Reduction
LCP	Large Combustion Plants (Directive)
LULUCF	Land Use, Land-Use Change and Forestry
MARD	Ministry of Agriculture and Rural Development
ME	Ministry of Economy
MF	Ministry of Finance
MH	Ministry of Health
MI	Ministry of Interior
MJ	Ministry of Justice
MMR	Mechanism of Monitoring and Reporting
MONSTAT	Statistical Office of Montenegro
MSDT	Ministry of Sustainable Development and Tourism
MTMA	Ministry of Transport and Maritime Affairs
NBSAP	National Biodiversity Strategy and Action Plan

NEC	National Emission Ceilings
NRC	National Reference Centre
ODS	Ozone Depleting Substances
OPEX	Operational expenditure
PCB	Polychlorinated Biphenyls
PCP	Primary Contact Point
PCT	Polychlorinated Terphenyls
PD	Police Directorate
PENP	Public Enterprise for National Parks
PFC	Perfluorohydrocarbons
POPs	Persistent Organic Pollutants
PRTR	Catalogue or register of discharge and transmission of potentially hazardous chemicals which contains information on their nature and quantity provided for in the Protocol to Aarhus Convention
QA	Quality Assurance
QC	Quality Control
REA	Real Estate Administration
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals (Regulation)
RMU	Unit of CO ₂ removal through natural sinks (Removal Unit)
RoHS	Restriction of the use of certain hazardous substances in electrical and electronic equipment (Directive)
SC	Steering Committee
SEA	Strategic Environmental Assessment Directive
SRD	Standardized Reporting Directive
TAIEX	Technical Assistance and Information Exchange
TCER	Temporary Certified Emission Reductions
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
UWWT	Urban Waste Water Treatment
VOC	Volatile Organic Compounds (Directive)
WEEE	Waste Electrical & Electronic Equipment (Directive)
WFD	Water Framework Directive
WG	Working group
WWTP	Waste Water Treatment Plan

I. INTRODUCTION

1. OBJECTIVE, PURPOSE AND COVERAGE OF THE STRATEGY

The National Strategy with Action Plan for transposition, implementation and enforcement of the EU acquis on Environment and Climate Change (the Strategy with AP) 2016-2020 is adopted in order to achieve gradual and complete transposition of the entire EU acquis for Chapter 27-Environment and Climate Change into the legal system of Montenegro. In November 2013 based on the Screening Report presented by the EC, Council decided that Montenegro needs to fulfill the opening benchmark in order to open the negotiations with the EU for Chapter 27 (Environment and Climate Change).

The EU considered that the opening of the Chapter 27 could be envisaged once it is agreed by the EU that the following benchmark is met: Montenegro presents to the Commission a comprehensive national strategy, including an action plan, which will serve as a basis for transposition, implementation and enforcement of the EU acquis on environment and climate change, including plans for the development of the relevant administrative capacities and an estimation of the financial resources required. Particular attention should be given to: alignment with water and waste sectors acquis, integrating waste minimisation measures and management of waste that cannot be treated other than landfilled, and to the policy planning and administrative capacity considerations for climate action. Accordingly, the objectives were defined, taking into account clear recommendations from the Screening Report on Chapter 27, Opening Benchmark as well as those given in the Opening Benchmark Meeting held in May 2014.

Also, some of the objectives were defined by taking into account the need of achieving certain standards that are prerequisites for the fulfilment of certain objectives referred to in recommendations contained in the Screening Report.

Additionally, the Strategy lays down obligations in the context of continuous coordination of activities undertaken by state bodies and local government bodies competent for environmental protection in the process of harmonization of the national legislation with the EU acquis.

The Strategy and the AP will enable the Government of Montenegro to monitor whether the planned obligations are fulfilled and whether the planned measures are implemented within the set time-limits, including timely planning and provision of necessary financial and technical assistance to the competent bodies of Montenegro, from national, international and the EU sources.

From the perspective of Montenegro, the progress made in the process of alignment of the Environment and Climate Change sectors within the scope identified by the Strategy, creates opportunities for adequate development and necessary adjustment of administrative and technical capacities of Montenegro for environmental management which is in line with the EU standards.

Based on the timeframe and activities given in the Strategy, Montenegro will transpose and implement most of the acquis in the area of Environment and Climate Change by the end of 2020. Transitional periods will be required for certain directives and deadlines for their transposition have been indicated in the AP based on the economic and financial analysis. The adoption of the Strategy with the AP needs to be followed in short order by Directive Specific Implementation Plans (DSIPs), particularly for the Investment Heavy Directives of the main cost contributing sectors: Water, Waste and Emissions to Air. Based on the DSIPs the transitional periods will be defined precisely.

One of the priority issues that will be tackled with the priority is further capacity building with the special focus on the reorganisation and significant strengthening of capacities of the environmental inspection system in accordance with the Recommendation of the European Parliament and of the Council providing for minimum criteria for environmental inspections in the Member States (2001/331/EC).

As far as the most subsectors are concerned special attention will be given to the Horizontal Legislation, Water Quality, Waste Management, Nature Protection, Climate Change, Industrial Pollution and Chemicals. Also, it is important to mention that the following information systems are planned to be developed: Environmental Information System, Information System for Sustainable Development, Common Emergency Communication and Information System, Water Information System, Forest Information System and Monitoring System Logs etc. All those information systems will be established in accordance with the provisions of the Law on e-Government and fully implementing the existing information resources.

Regarding the overall cost of the accession process for Chapter 27, Montenegrin institutions consider these costs in the context of strategic planning of the accession negotiations process for all negotiation chapters, being aware that these costs include costs of all current and future activities related to the reforms needed for EU membership. Each line ministry plans its own budget every year, which includes also costs related to adoption of the EU legislation, its enforcement and implementation and capacity building needed to continue with EU accession process. Planning of budget is done carefully, considering detailed analysis of basic macroeconomic indicators and its projections for the upcoming years. Montenegro tends to apply new concept of economic governance and ensure coherent and sustainable multiannual budget projections with detailed annual budget.

During the budget planning exercise all possible risks are taken into consideration, especially risks related to current narrowing of fiscal space, as a result of significant investments in infrastructure projects in the area of transport and energy. Even though in the short term this is a constraint, projections in the long term show that these investments will contribute to the increase GDP and improve overall macroeconomic situation, through increases of employment, aggregate demand and new investments. Therefore, this will in the long term create preconditions for widening of fiscal space for new investments, including these needed for the implementation of legislation in the environment sector.

2. STRUCTURE OF THE DOCUMENT

The Strategy has been prepared and structured based on the structure of the opening benchmark for Chapter 27 for Montenegro and provides a clear list of priorities for the referred period 2016-2020 in order to achieve full alignment with the EU *acquis* in the area of Environment and Climate Change.

First part of the document is the strategic part which defines strategic approach of Montenegro to the EU alignment process for Chapter 27 for all ten sub-sectors of the Chapter. It is developed based on the detailed legal, institutional and economic/financial gap analysis clearly presenting the current state of play in terms of transposition, implementation and enforcement of the EU *acquis*. Using that as the starting point, the first part spells out measures that Montenegro will take in order to achieve full compliance with the EU *acquis*. Defined measures are related to transposition, strengthening administrative capacities and better organization of relevant institutions in charge for Environment

and Climate Change, while special emphasis was given to the need to strengthen the enforcement of the national legislation. The measures were designed towards fulfilment of recommendations defined by the Screening Report for this chapter, as well as opening benchmark. All the measures are in line with the measures provided in the existing national strategic documents in the subsectors of the Environment and Climate Change sector (National Strategy on Climate Change until 2030, National Strategy for Air Quality Management with the Action Plan 2013-2016, National Strategy on Sustainable Development 2030, National Strategy on Waste Management until 2030, National Plan on Waste Management 2015-2020, National Strategy on Chemical Management 2015-2018, National Biodiversity Strategy with the Action Plan 2016-2020, National Strategy for Integrated Coastal Zone Management, National Action Plan for the Implementation of Stockholm Convention, National Action Plan for Fight Against Desertification).

Following the measures defined in the first part of the document, the list of detailed activities that will be undertaken in the forthcoming period is presented in the third part of the document, the AP, with precise timeline for the fulfillment of those activities.

Second part of the document is economic and financial analysis which contains estimation of total cost for alignment, financial affordability constrains and financial resources required. This part was developed based on the economic gap analysis. An overall macroeconomic approach was used to assess the issue of economic versus financing costing of alignment with the EU acquis on Environment and Climate Change and to formulate a sound financing strategy based on possible funding sources and taking into account the affordability constrains of the citizens in a medium and long term period to achieve full alignment with the EU acquis until the year 2035. The overall cost of alignment according to this analysis will be 1,42 billion euros and most demanding sub-sectors are Water Quality and Waste Management due to the high infrastructural investments. Hence, Montenegro plans to develop DSIPs for certain directives, as the first step in implementing the strategy, in order to have more precise economic and financial planning and solid basis for negotiating transition period of Heavy Investment Directives. In the AP of the document it has been clearly indicated for which directives the DSIPs need to be developed.

Third part, which is the AP, contains an overview of activities which enables Government of Montenegro to fulfil the obligations towards the European integration in a planned and proactive manner, through the accomplishment of clearly defined objectives. Additionally, the AP represents an overview of mechanisms and activities based on which it is evident what is intended to be achieved within a specified period, based on realistic assessments and within the objective possibilities. The AP represents plans of Montenegrin administration, in step by step approach, for each subsector, to achieve full transposition and implementation of the acquis and to strengthen the administrative capacities in all relevant institutions. Taking into account that enforcement is one of the key areas to be strengthened in the forthcoming period, development of the capacities of AIA was given the special attention and has been treated under the separate chapter. Plan for upgrading administrative capacities of the Administration for Inspection Affairs in the area of Environment and Climate Change is provided under the separate section of the AP 5.11. Major step that Montenegro will undertake immediately is the assessment of the organization and development of the institutional capacity building plan in coordination with all relevant institutions in order to set up an optimal institutional framework which would enable successful implementation of Montenegrin legislation which is harmonised with the EU acquis on environment and climate change.

Besides that, another key general step envisaged to be undertaken is establishment of environmental financing by raising domestic sources of funding through new budget lines and Eco Fund. These priority steps are defined in cooperation with the Ministry of Finance and taking into account overall capacity of Montenegrin economy to support this intention.

Strengthening of the administrative capacities in the field of environment is in line with plans stemming from the relevant strategic papers of the country whose goal is setting the preconditions for the full implementation of the *acquis*, including an adequate institutional and administrative framework, namely the Montenegro Programme of Accession 2016-2018 and Strategy for the Public Administration Reform.

3. APPLIED METHODOLOGY

Analytical work that preceded preparation of the Strategy and the AP included identification of legal, institutional and economic gaps on the basis of available sources of data. The purpose was to form a comprehensive analytical basis for preparation of the Strategy and the AP. The analysed legal aspects of the alignment process included the following:

- Identification of elements of the EU *acquis* for which there is an obligation of their transposition into the legal system of Montenegro (directives), and regulating through the legislation of Montenegro those matters that are regulated by the EU legislation which does not have to be transposed;
- Identification of all the sources of international obligations of Montenegro which refer to environmental protection and climate change, in addition to the obligations arising from the SAA;
- Identification of the entire (national) environmental and climate change legislation of Montenegro which contains transposed environmental protection and climate change requirements of the EU;
- Identification of the potential and existing gaps in the legislation of Montenegro;
- Proposal of short-term and medium-term priority measures for the activities to be undertaken.

The analysed institutional aspects included the existing institutional framework for implementation of the legislation on the environment and climate change, identification of the potential and existing gaps etc. and formulation of the recommendations for taking priority measures for each of the analysed sectors in order to eliminate all the identified shortcomings. Emphasis was placed on consideration of institutional accountability and capacity of the bodies competent for transposition and implementation of the EU *acquis* on environment and climate change.

From the perspective of a national legal system, the process of accession to the European Union is a complex, iterative process consisting of three mutually related segments:

- Transposition of the EU *acquis* into the national legal system (transposition);
- Implementation of national legislation through which the EU *acquis* is transposed; This segment includes, amongst other things, establishment of the institutional framework (at the

state and local government levels) that has capacity for implementation of environmental legislation which is harmonised with the EU *acquis*;

- Establishment of enforcement mechanisms (at all administrative levels) that will be able to ensure certain behaviour of all stakeholders in accordance with the new legislation, which is harmonised with the EU *acquis*, including monitoring, supervision, sanctions and incentives;

In this framework, analysis of legal aspects of alignment gives information on the extent of gaps in valid Montenegrin legislation on environment and climate change with regard to the full transposition of the EU *acquis* on environment and climate change.

The aim of the analysis of the institutional framework for environmental management and activities in the area of climate change in Montenegro was to obtain answer to the question as to what kind of institutional adjustment of the environment and climate change sector has been made so far and what remains to be done in order to set up an optimal institutional framework which would enable successful implementation of Montenegrin legislation which is harmonised with the EU *acquis* on environment and climate change. Analysis of capacities of public institutions responsible for ensuring certain behaviour in the event of violation of the legislation through which EU environmental requirements have been transposed (enforcement) is a particular issue that also has been given close attention.

Objective consideration of the existing state of play was the first step in preparation of the Strategy with a view to identifying the existing gaps in the most precise manner possible. The main source of information were legal instruments of Montenegro and of the EU which have been in force on 30 September 2015, data and information collected from various reports, plans and other documents which are more or less related to the environmental management and activities in the area of climate change. The list of used reference sources is attached at the end of this document.

Besides objective assessment of legal and institutional aspects of alignment, documentation basis for preparation of the Strategy was also complemented by careful consideration and assessment of economic and financial aspects of alignment. Estimate of total alignment costs constitutes cornerstone of the economic component of the Strategy. Moreover, costs are related to the reasonable assumptions about the possibilities of cost recovery and financial potential and on such basis it is possible to establish an acceptable (reasonable) time frame for achieving full compliance with the EU *acquis*. More details on the methodology used for economic and financial part of the Strategy have been provided within the chapter III Economic and Financial framework for alignment.

Cost estimate was made in two phases:

- Preliminary analysis was based on the existing studies, statistical data and budgets of different institutions, particularly in the case of investment heavy directives. This initial estimate leads to basic numerical indicators that will enable establishment of the framework for a more detailed cost analysis for each directive or sector. Baseline scenario, based on the existing information, makes it possible to carry out an overall macroeconomic analysis in order to establish a preliminary estimated time frame needed for full harmonisation with directives, from the investment point of view, having in mind investment needs of Montenegro within limits of its financial and economic capacities;
- The best current estimate of alignment costs for sub-sectors of the environment and climate change.

- Starting point of all these analyses basically includes the following:
- In-depth analysis of the existing sectoral (financial) indicators in order to ascertain cost estimate methodology that has already been applied;
- Matrix for units costs obtained from baseline scenario, existing feasibility studies or currently implemented projects is being developed at the moment and, in principle, in those cases in which data on specific unit costs cannot be obtained "the best estimate for the purpose of the Strategy" is based on the conditions in Montenegro and experiences of other economies in transition;
- This information is collected and used in the calculation model together with an appropriate number of necessary prerequisites and specific sectoral parameters;
- The model is then adapted to the needs of Montenegro and its priorities and includes clear modelling of input parameters in defining sectoral approaches. This would be analytical interface. Further simplification of the results module, including graphic layouts that are easily visually understandable, enables easy use of the model for assessing the impact of various political decisions.

The AP defines the funds required for implementation of envisaged measures, and it should be noted that Montenegro will rely mostly on its national financial resources in order to meet the standards in Environment and Climate Change *acquis*. The budgetary funds for the measures related to amendments to laws and by-laws are not indicated, because those measures will be part of the employees' regular work, as well as regular costs of public discussion and operating costs of the Government and parliamentary committees, in all stages from drafting to adopting legislation. This means that for these measures additional budgetary resources are not required, so they are always prescribed as regular. Since expert assistance will be required for finalization of drafting the legal acts and compliance checks, the engagement of foreign experts through TAIEX assistance mechanism has been envisaged. Montenegro will require technical assistance for implementation of some measures, which has been envisaged through TAIEX and IPA, depending on the availability of funds and maturity of actions proposed. Priority activities from this document are fully in line with priority activities for financing under IPA II.

4. PARTICIPATION OF ALL RELEVANT STAKEHOLDERS IN DEVELOPMENT OF THE STRATEGY AND THE AP

The Working group (WG) that prepared this Strategy and the AP consisted of 43 representatives of the Ministry of Sustainable Development and Tourism, Ministry of Economy, Ministry of Foreign Affairs and European Integration, Ministry of Agriculture and Rural Development, Ministry of Health, Ministry of Interior, Ministry of Transport and Maritime Affairs, Environmental Protection Agency, Statistical Office of Montenegro, Centre for Eco-toxicological Research and Institute of Hydrometeorology and Seismology.

Work was steered by the Steering Committee chaired by the Minister of Sustainable Development and Tourism. Members of the SC were Minister of Rural Development and Agriculture, State Secretary in the Ministry of Finance, State Secretary in the Ministry of Economy, Director of Environmental Protection Agency, State Secretary in the Ministry of Sustainable Development and Tourism, high level

representatives of the Ministry of Foreign Affairs and European Integration, Ministry of Transport and Maritime Affairs and Delegation of the EU in Montenegro.

In September and October 2015 few rounds meetings of the WG members and experts were held. The new structure and the content of the document were prepared. Coordinators of the sub-groups within the working group also held separate meetings with relevant stakeholders. Due to specific centralized organisation of the Administration for Inspection Affaires, separate meeting with the inspectors from the departments for environmental, water and forestry inspection was held. On 19th November 2015 special Workshop on economic and financial component of the Strategy was organised for the WG members, were also representatives of the Ministry of Finance were present.

The Preliminary draft of the Strategy with the AP was presented to the SC on the meeting held on 15 December 2015. The Government was informed about the progress achieved in developing the Strategy and key elements in the document (with the focus on the need for institutional and administrative strengthening and economic and financial costs) on the session held on 28 December 2015, and the Report was approved by the Government.

In the period between 15th December 2015 and 29th February 2016 the WG in cooperation with the experts made further improvements of the document. Series of meetings were held for the purpose of inter-institutional consultations. The First Draft of the Strategy was presented at the SC meeting on 4th March 2016. After the meeting the document was put on the Ministerial web-page and the public consultation process was opened for the next 40 days. During that period, several round tables on different locations and with different stakeholders were held as part of the consultation process with all relevant stakeholders.

5. MONITORING IMPLEMENTATION OF THE STRATEGY AND ITS ADJUSTMENT TO THE NEW CIRCUMSTANCES

Special attention will be paid to the continuous monitoring of the implementation of all measures and level of achievement of the projected objectives. The AP with defined measures and deadlines serves to facilitate the continuous monitoring. The MSDT, as the institution in charge for the coordination of the process in this Chapter, set up a mechanism for continuous monitoring of the implementation.

At the operational level, WG established to develop the document, is in charge for monitoring and reporting on the fulfillment of the Strategy with the AP. The overall coordination of the monitoring lies with the MSDT. Additionally, WG for negotiations for Chapter 27, led by the Chief of the WG, and Negotiator for the Chapter 27 meets on regular basis to review the progress and reports before the submission to the Government.

During the monitoring of implementation, special support is expected to be provided by the civil sector, whose representatives are members of the WG 27 and who will considerably, by giving their expert comments and suggestions, contribute to the improvement of implementation of each activity, its monitoring, but also to the maintenance of the necessary level of transparency. Moreover, significant contribution to the monitoring process and the quality of implementation is expected from the Non-governmental organizations with the expertise in the area of environment and climate change. In April 2016, 15 NGOs formed Coalition 27 with the aim to monitor process of alignment and negotiations for Chapter 27. The goal of the Coalition is to serve as the platform of the civil sector to follow and promote the EU acquis and to contribute to the quality and transparency of the negotiation

process. On the long run, it will contribute to the capacity building of the institutions responsible for Environment and Climate Change.

The monitoring of implementation of the AP is performed through a coordinator for each of the ten subsectors of the Environment and Climate Change sectors. The coordinators directly cooperate with focal points within the institutions/bodies in charge of implementation of envisaged activities and receive from them information on all the issues that are relevant for the implementation. This means that for each activity one person is determined by name as the responsible person for reporting on the implementation of particular defined measures. Those focal points provide their inputs to the coordinators every three months, who then prepare quarterly a report on undertaken activities for their subsector. Overall quarterly reports will then be submitted by the MSDT to the Government. Along with the data on implemented measures, the reports also include information on possible difficulties in their implementation, as well as the reasons for failing to fulfil the obligations from the AP.

After the adoption of the forth report each year revised Strategy with the AP will be adopted. Such approach will enable timely correction and adjustment of strategic commitments to the new situation, i.e. to the achieved degree of alignment in order for the Strategy to serve as a basis for planning activities of the MSDT and the Government in the coming one-year period and for adequate allocation of budgetary funds for the next year. This approach will also ensure that all the preparatory activities needed for provision of the EU assistance are undertaken in order to fulfil planned obligations.

Since numerous intensive alignment activities were ongoing during preparation of the Strategy, the first annual report on implementation, with proposed amendments to the Strategy and proposed adjustment to the AP, will be submitted by the MSDT to the Government for consideration within one year from its adoption, meaning by the end of July 2017.

Implementing bodies for IPA

According to the Law on Ratification of the Framework Agreement between EU and Montenegro on the rules for implementation of IPA and decrees laying down rules for decentralized and indirect management, contracting and implementation of EU financial support to Montenegro is performed by implementing bodies. Currently, for the implementation of IPA there are two implementing bodies - Directorate for financing and contracting of EU assistance within Ministry of Finance (CFCU) and Directorate for public works which is specialized as implementing body for infrastructure projects. Currently, 20 employees are engaged in CFCU on the jobs related to contracting of assistance under IPA component IV (Human Resources Development) of IPA 2007-2013 and Country Action Programmes for IPA 2014-2020. Additional 21 employees are engaged for contracting of IPA Component III (Regional Development) of IPA 2007-2013 and infrastructure projects in the Country Action Programmes for IPA 2014-2020.

This functional segregation of implementing bodies is facilitating the capacity development in these bodies, having in mind that these capacities will be the core of the future Managing Authority and intermediate bodies for implementation of European Structural and Investment Funds (ESIF) after EU membership. These plans are part of general capacity building and gradual development of structures for managing of ESIF envisaged under negotiation process for Chapter 22 – Regional Policy and Coordination of Structural Instruments.

II. LEGAL AND INSTITUTIONAL FRAMEWORKS OF ALIGNMENT WITH THE EU *ACQUIS*

This chapter contains an overview and assessment of the current state of play regarding transposition of the EU *acquis* on environment and climate change specified in ANNEX I to the Strategy, enforced through laws and implementing acts (decrees, rulebooks and other legal instruments)² of Montenegro, specified in Annex IV to this Strategy, including identified lack of compliance/gaps and defined elements of the measures to be taken in order to eliminate the identified gaps.

This chapter also contains description of the existing institutions of Montenegro competent for environmental protection and climate change issues and assessment of their capacities, i.e. assessment of the degree of their alignment.

- With regard to the EU requirements specified in ANNEX II to this Strategy, which are related to the need for full transposition and practical implementation; and
- With regard to the EU requirements specified in ANNEX V to this Strategy, which refer to enforcement and control of enforcement of the legislation of Montenegro which is harmonised with the EU *acquis*.

The issue of implementation and enforcement of international obligations, arising for Montenegro from international sources of environmental law, specified in ANNEX III to this Strategy is not given special attention at the moment. These issues will be elaborated below only to the extent needed for presenting the state of play in transposition of that part of the EU *acquis* on environment and climate change which incorporated into the legal system of the EU the obligations laid down by international treaties to which the EU is one of the parties and, in that context, obligations of Montenegro to take certain measures.

1. HORIZONTAL LEGISLATION

1.1 Transposition

1.1.1 Status Overview and Gap Identification

Horizontal environmental legislation of the EU has started with its transposition into the legal system of Montenegro in 2005. At the time when the Strategy was prepared, the major share of the EU horizontal legislation has already been transposed through six laws and six implementing acts and these pieces of legislation are being implemented. The following directives are fully transposed:

² It is necessary to highlight application of the principle of conformity of the legislation (legality), according to which, under Article 145 of the Constitution of Montenegro, “implementing acts are adopted on the basis of normatively regulated authority for the entity adopting the enactment. The principle mentioned above also requires that laws and other legislation be adopted in the procedure set out in the Constitution, i.e. within the scope of authorities established in the Constitution or, on the basis of a constitutional provision, in the law. In the procedure for assessing conformity of such piece of legislation with the Constitution and law, the Constitutional Court examines whether the contested enactment was adopted by the authorised body, whether the entity adopting the act had constitutional or legal authority for such adoption (legal basis) and whether the piece of legislation, in terms of its content, aim and scope corresponds to those frameworks established for it under the law.” – Decision of the Constitutional Court of Montenegro, U-II br. 48/12 of 18 November 2015. When transposing EU legislation into the legal system of Montenegro, the application of the principle of conformity of legislation should be borne in mind if the decision is to be made on which matters and to what extent and with what content will be regulated under the law and which ones will be regulated under implementing acts, in accordance with the law.

- Directive 2001/42/EC (SEA);
- Directive 2011/92/EU (EIA), which codified Directive 85/337/EEC and its amendments by Directive 97/11/EC, Directive 2003/35/EC and Directive 2009/31/EC;
- Directive 2003/4/EC (access to environmental information);
- Directive 2003/35/EC (public participation and access to justice in EIA procedures and procedures for the issuance of IPPC permits);
- Directive 2004/35/EC (environmental liability), as amended by Directive 2006/21/EC (mining waste), Directive 2009/31/EC (geological storage of carbon dioxide) and Directive 2013/30/EU (safety of offshore oil and gas operations);
- Directive 2008/99/EC (on the protection of the environment through criminal law).

Amendments to the Directive 2011/92/EU made by Directive 2014/52/EU have not been transposed into national legislation yet since the three-year transition period set for the transposition of this legal act of the EU is still ongoing, plan is to transpose within the timeframe given for the member states.

Directive 2007/2/EC (INSPIRE), Regulation (1205/2008 (metadata), Regulation (EC) 976/2009 (definition of metadata elements), Regulation (EU) 268/2010 (access to spatial data sets and services), Regulation (EU) 1089/2010 (interoperability of spatial data services) and Decision 2009/442/EC (monitoring and reporting) have not been transposed yet.

Moreover, legislation required under the Directive 91/692/EEC (SRD) which would govern the system of standardised reporting on implementation of the legislation through which provisions of the EU environmental and climate change acquis have been already transposed into the legal system of Montenegro, but still in process of adoption. Moreover, the piece of legislation that would govern fulfilment of the obligations arising from the Regulation (EC) 401/2009 (EEA and EIONET) on environmental monitoring and reporting has not been adopted yet.

1.1.2 Elements of Gap Removing Measures

In order to achieve full compliance of national legislation with the EU acquis in the area of horizontal legislation, Montenegro defined measures for transposition of the following pieces of EU legislation in the AP:

- Directive 2014/52/EU, within the time-limit set for transposition in the directive;
- Directive 2007/2/EC (INSPIRE), until expiration of the short-term period (of two years);
- Regulation (EC) 1205/2008 (metadata), Regulation (EC) 976/2009 (definition of metadata element), Regulation (EU) 268/2010 (access to spatial data sets and services), Regulation (EU) 1089/2010 (interoperability of spatial data services) and Decision 2009/442/EC (monitoring and reporting), within one year after the adoption of the law;
- Directive 91/62/EEC (SRD) and Regulation (EC) 401/209 (EEA and EIONET), in the short period (two years after the adoption of the Law).

1.2 Implementation

1.2.1 Status Overview

Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment (EIA) is fully implemented through the Law on Environmental Impact Assessment and its accompanying implementing acts. Impact assessment is carried out for all new projects and for their amendments as well. The Law has been implemented since 2008 at both, national and local levels. Two lists of projects have been compiled – List I for which EIA is mandatory and List II for which EIA may be required. Moreover, cross-border procedure is also carried out in order to inform the other states if implementation of a project may have a significant impact on the environment of another state. It is also important to mention that Montenegro is a Party of Espoo Convention. Its implementation has started in 2009.

Directive 2001/42/EC on the assessment of the effects of certain plans and programmes on the environment (SEA) has been fully implemented through the Law on Strategic Environmental Assessment since 2008 at both, national and local levels. Strategic environmental assessment is carried out for all plans and programmes whose implementation may have impacts on the environment, as well as for their amendments. Also, Montenegro is a party of SEA Protocol, whose implementation has started in 2009.

Directive 2003/35/EC providing for public participation in respect of the drawing up of certain plans and programmes relating to the environment and amending with regard to public participation and access to justice Council Directives 85/337 and 96/61 has been fully transposed through the Law on Strategic Environmental Assessment and Law on Environmental Impact Assessment.³

Directive 2003/4/EC on public access to environmental information and repealing Council Directive 90/313/EEC is implemented through the Law on Environment⁴ and Law on Free Access to Information⁵ at both, national and local levels.

Directive 2004/35/EC on environmental liability with regard to the prevention and remedying of environmental damage is implemented through the Law on Liability for Environmental Damage.⁶ Polluter pays principle is a fundamental principle of this Law. The Law sets out the activities that pose environmental risk. When environmental damage has not occurred yet, but there is an imminent threat of its occurrence, the operator is obligated to take necessary preventive measures without delay, in order to prevent it. Remediation measures are taken in the event of damage occurrence. Moreover, the system of insurance for environmental liability and imminent threat from the occurrence of environmental damage has been set up in Montenegro. According to the Law on environmental liability the operator is a legal person or entrepreneur who is responsible to carry out the remedial and preventive measures and the operator must bear the full costs.

Directive 2008/99/EC on the protection of the environment through criminal law is implemented through the Criminal Code⁷ and Law on Liability of Legal Persons for Criminal Offences.⁸

³ Official Gazette of RMNE 80/05, Official Gazette of MNE 40/10, 73/10, 40/11, 27/13.

⁴ Official Gazette of MNE 48/08, 40/10, 40/11, 27/14.

⁵ Official Gazette of MNE 44/12.

⁶ Official Gazette of MNE 27/14.

⁷ Official Gazette of RMNE 70/03, 13/04, 47/06, Official Gazette of MNE 40/08, 25/10, 32/11, 64/11, 40/13, 56/13, 42/15, 58/15.

⁸ Official Gazette of RMNE 2/2007, 13/2007 and Official Gazette of MNE 30/2012.

1.2.2 Competences and Capacities

Directive 2011/92/EU on the assessment of effects of certain public and private projects on the environment (EIA)

MSDT is competent for transposition of the Directive and for conducting the second instance administrative procedure.

The Environmental Protection Agency (EPA) is the institution competent for implementation of the legislation harmonised with the Directive, as well as for conducting procedure for environmental impact assessment of certain public and private projects at the national level, while secretariats competent for environmental matters in local government units in 23 municipalities in Montenegro are responsible for implementation and conducting procedures at the local level. It means that EPA and local municipalities units are responsible for the first instance procedure.

After full transposition of the Directive of the European Parliament and of the Council 2014/52/EU amending Directive 2011/92/EU there will be no changes in terms of institutions competent for its implementation, so it means there will be no changes in institution competencies. As it is mentioned EPA is and will be responsible for the entire EIA procedure, while Ministry as it is for the time being for the second instance procedure (works on appeals).

Regarding a new article 9.a (conflict of interest) an appropriate separation between conflicting functions performing the duties arising from EIA Directive will be explicitly written / ensured in the new EIA Law. It is important to mention that each Directorate in Ministry of Sustainable Development and Tourism has its own competencies; EPA has its own competencies that are separated. The transposition of the new EIA Directive will be fully compliant with the new Law on administrative procedures in order to fully take into account appropriate separation between conflicting functions/institutions.

The Administration for Inspection Affairs (AIA) is competent for inspection control of implementation of this piece of legislation.

The existing administrative capacity for implementation of the Directive 2011/92/EU in competent institutions is insufficient in terms of number employees, particularly at the level of local government. Bearing that in mind, on the basis of the analysis of needs the Plan for the upgrade of the administrative capacities on local level, including inspections, will be done.

One person at the MSDT is responsible for transposition and conducting second instance administrative procedure in the event of an appeal, as well as for all the other affairs related to SEA (as well as EIA) falling within competence of the MSDT, and that person at the same time works together with two lawyers from the MSDT and receives practical assistance regarding implementation from the EPA staff.

In accordance with a job classification, four persons at the EPA are responsible for application and conducting environmental impact assessment of certain public and private projects at the national level.

In 23 municipalities in Montenegro, there is a total number of 27 employees responsible for application and conducting environmental impact assessment of certain public and private projects and they are at the same time in charge of other environmental matters (at the local level).

For the purpose of exercising inspection control of implementation of environmental legislation, a total of six inspectors are employed at the Environmental Inspection Division of the AIA and two more inspectors are employed at the Division for Water Inspection.

Directive 2001/42/EC on strategic environmental assessment of certain plans and programmes

The MSDT is competent for transposition of the Directive and for conducting second instance administrative procedure, as well as for implementation of the legislation on Protocol on Strategic Environmental Assessment (SEA Protocol) to the Convention on Environmental impact Assessment in a transboundary Context (ESPOO) is implemented in Montenegro, if a plan/a programme may have an environmental impact on another state.

The EPA is the institution competent for implementation of the legislation harmonised with the SEA Directive, as well as for conducting procedure for strategic environmental assessment (for the phase of giving/refusal consent), while secretariats competent for environment in local government units in 23 municipalities in Montenegro are responsible for implementation and conducting procedures at the local level. The law is also applied by other institutions at the central and local level which draw up strategic documents (plans and programmes) that are adopted by the Government or the Parliament, or by local government unit.

The AIA is competent for exercising inspection control of the implementation of legislation.

Three employees at the MSDT are responsible for implementation of the legislation through which the Directive 2001/42/EC on strategic environmental assessment of certain plans and programmes (SEA) is transposed, as well as for implementation of the legislation through which the Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment (EIA) is transposed.

Two employees at the EPA are responsible for implementation of the legislation through which the Directive 2001/42/EC on strategic environmental assessment of certain plans and programmes is transposed.

Directive 2003/35/EC providing for public participation in respect of the drawing up of certain plans and programmes relating to the environment

The MSDT is competent for transposition of the Directive and its implementation at the national level. The EPA is also involved in implementation at the national level, while implementation at the local level falls within competence of the secretariats of the local government units responsible for environment in 23 municipalities. The AIA is competent for inspection control of the implementation of legislation.

The existing administrative capacity at the national and local levels is the same as that for implementation of the Directive 2011/92/EU and Directive 2001/42/EC. Only in accordance with job classification, three employees at EPA are responsible for implementation of the legislation through which Directives 2003/35/EC and 2003/4/EC are transposed.

Directive 2003/4/EC on public access to environmental information

The MSDT is competent for transposition of the Directive and implementation of relevant legislation (at the national level). The EPA is also involved in implementation at the national level, while

implementation at the local level falls within competence of the secretariats of the local government units responsible for environment in 23 municipalities.

One employee at the MSDT is responsible for transposition and implementation of this legislation at the national level and that person, together with two lawyers from the same ministry, is also responsible for other affairs in the area of horizontal legislation.

In accordance with job classification, three employees at the EPA are currently responsible for implementation of the legislation through which Directives 2003/35/EC and 2003/4/EC are transposed.

A total of 27 employees in 23 municipalities are, amongst other things, responsible for the matters related to access to information that is relevant for the environment.

The Convention on Public Participation, Access to Information and Access to Justice in Environmental Matters (Aarhus, 1998) - Aarhus convention is part of the national legal system. Its implementation has started in 2009. As to foster implementation capacities four Aarhus centres were established (two of them functioning as governmental centres and two of them are established by NGOs).

Access to justice in respect of environmental matters is governed by several pieces of legislation, which fully transposed relevant provisions of the EU legislation governing public access to environmental information and public participation in making decisions on environmental matters, while these are also aligned with Aarhus Convention. Legislation also regulates competence for resolving administrative disputes and conducting relevant procedure. Still, one should note that case law, which exists in respect of these matters, still leaves room for strengthening relevant capacities.

Directive 2004/35 on environmental liability

The MSDT is competent for transposition of the Directive and implementation of laws through which this Directive is transposed. The EPA and the Ministry of Interior (MI) are also involved in implementation of the legislation.

The AIA is the body competent for exercising inspection control of the implementation of laws.

The existing administrative capacity of crucial institutions competent for transposition, implementation and supervision of implementation are as follows:

One person at the MSDT is responsible for transposition of this Directive and that person is also responsible for all the other pieces of horizontal legislation and in continuous cooperation with two lawyers from the same ministry that person is simultaneously engaged in transposition and implementation of the EU *acquis* for six more directives in the area of horizontal legislation.

One person at the EPA is responsible for implementation of laws and this is not the only task of that person.

For the purpose of exercising inspection control of implementation of the entire environmental legislation, a total of six inspectors are employed at the Environmental Inspection Division of the AIA and two more inspectors are employed at the Division for Water Inspection.

Directive 2008/99/EC on the protection of the environment through criminal law

The Ministry of Justice (MJ), together with the MSDT, is competent for transposition of the Directive into the Criminal Code and Law on the Liability of Legal Persons for Criminal Offences.

Besides the MSDT (one employee together with two lawyers from the MSDT), the other institutions that are competent for implementation of the Criminal Code and Law on the Liability of Legal Persons for Criminal Offences in the area of environment are the MJ (one employee), AIA, State Prosecution Service, Misdemeanour Councils and competent courts.

Directive 2007/2/EC establishing an Infrastructure for Spatial Information in the European Community (INSPIRE)

The MSDT is the ministry competent for transposition of the Directive. Since activities involving transposition of the Directive are still at an early stage, the administrative structure for implementation of the national legislation through which requirements for infrastructure for spatial information in Montenegro will be transposed by the end of 2016. At the moment, one employee at the MSDT is responsible for transposition of the Directive and that employee at the same time works with other pieces of horizontal legislation and is assisted by two lawyers from that ministry.

Regulation (EC) 401/2009 of the European Parliament and of the Council of 23 April 2009 on the European Environment Agency and the European Environment Information and Observation Network

As a cooperating country, Montenegro is already involved in the European network system (EIONET) through which member states and cooperating states report to the European Environment Agency about state of the environment. The EPA is the institution competent for establishing and managing national environment information and observation network which is a part of EIONET (MNE EIONET), as well as for reporting. The system of national EIONET has not been set up yet. The project involving technical assistance from the EU in identifying basis of environmental information system is currently implemented. National Focal Point (NFP) was appointed, while EPA is responsible for reporting. However, according to the assessment of the European Environment Agency (EEA) the reporting for some segments is not satisfactory. Since national EIONET has not been set up yet at the EPA, it is still not legally regulated, nor has job classification been properly prepared for the necessary IT and other technical staff.

Council Directive 91/692/EEC of 23 December 1991 standardizing and rationalizing reports on the implementation of certain Directives relating to the environment

Legal obligations of the EU Member States to submit reports are laid down in numerous legal instruments of the EU which govern environmental protection. This Directive improves and rationalises procedures for reporting on the implementation of a huge number of directives and lays down the obligation to submit reports on air pollution, changes in biodiversity and nature, chemicals, natural resources, waste and water.

Provisions of this directive are implemented directly and are binding on the EU Member States. In the period of EU accession, a candidate country for accession to the EU should establish necessary mechanisms in state administration for timely reporting in the conditions of full-fledged membership. Given the existing division of competences, the MSDT as the institution primarily competent for inter-sectoral coordination of environmental matters will be responsible for implementation of this Directive.

Montenegro is aware that it seems that SRD will be repealed by Commission and may be replaced by completely different instrument. Montenegro will follow all European Commission instruments and transpose and implement a new instrument in this area.

1.2.3 Key Organisational and Capacity Gaps of Competent Institutions

As for the institutional set-up, competences and capacity available for efficient transposition and implementation of the EU *acquis* in the area of horizontal legislation, the following key gaps have been identified:

- At the MSDT, which is the institution primarily responsible for transposition and implementation of horizontal legislation of the European Union in Montenegro, there is no sufficient number of employees to perform these tasks;
- Human resource capacity for implementation of the legislation in other competent institutions at the national and local levels are quite modest in quantitative terms and pose one of the key barriers to a higher quality implementation of the EU *acquis*, which particularly refers to the legislation through which the Directive on Environmental Impact Assessment (EIA), Directive on Strategic Environmental Assessment (SEA) and directives referring to the access to environmental information and public participation are transposed;
- Communication and coordination of activities between authorities competent for implementation of the legislation, as well as with the stakeholders, have to be intensified. Capacity and infrastructure for transposition and implementation of the INSPIRE Directive are yet to be developed.
- Capacity for the performance of inspection control of implementation of the horizontal legislation is quite modest;
- It is necessary to build capacity of the authorities in justice sector for conducting administrative procedures in respect of access to justice in environmental matters.

1.2.4 Elements of Institutional Adjustment Measures

In order to ensure efficient transposition and implementation of the EU *acquis* on horizontal legislation, Montenegro intends to convey the following measures:

- Ensure more efficient internal organisation of employees at the MSDT and EPA by reallocating available staff and, where necessary, by organising their additional training. Training will be provided continuously. The plan of upgrading the administrative capacities in the field of Horizontal legislation is given in the table XXVIII;
- Develop institutional adjustment and capacity building plan for transposition and implementation of horizontal legislation at the MSDT, EPA and local government units. This activity is required for most of the subsectors; therefore it will be part of that overall activity. Government will oblige MSDT to coordinate the capacity building and institutional adjustment plan. Bearing in mind it is a precondition for other implementation activities it will be considered as a priority requiring immediate action. The overall plan should be devolved no later than I quarter 2017;
- Montenegro will develop a special plan for transposition and implementation of the Directive 2007/2/EC (INSPIRE);
- Establish and regulate national EIONET for monitoring and reporting on state of the environment. Appropriate professional and technical assistance at the EPA and in National Reference Centres (NRC) will be needed for its functioning in accordance with rules of the

European network EIONET will be provided (strengthened). The deadline for the realization of this measure in 2018. The measure is also envisaged in the AP, table XXVII;

- Close attention will be devoted to establishment of a proper organisation, capacity and manner of operation of the inspection authority competent for supervision of the implementation of horizontal legislation, in accordance with the Recommendation 2001/331/EC of the European Parliament and of the Council providing for criteria for environmental inspections in the EU Member States. Montenegro will progressively increase number of inspectors in charge of Horizontal legislation issues. The deadlines are provided in the Table LVIII of the AP;
- Ensure judges to be trained in order to strengthen capacity of administrative judiciary to resolve administrative disputes in respect of access to justice in the procedures for rendering decisions on environmental matters. The plan for raising the level of knowledge of all stakeholders in the criminal law protection of the environment and public through training and workshops of the representatives of all institutions responsible for these issues (MJ, MSDT, AIA, State Prosecution Service, court experts, courts) will be developed in I quarter 2017, as defined in the Table XXVII of the AP. It means that MSDT will develop a Plan for building of administrative capacities that will cover the governmental (all relevant institutions) and local level for all horizontal directives. After its development and adoption a special attention shall be given to trainings and awareness and Montenegrin participation in the EU environmental bodies and networks. More details are given in section 5.1.2 in table XXVII Implementation plan - Horizontal legislation - The preparation and implementation of the plan for raising the level of knowledge (awareness) of all stakeholders in the criminal-law protection of the environment and public through tailored made training and workshops of the representatives of all stakeholders -institutions responsible for these issues MJ, MSDT, AIA, State Prosecution Service, court experts, courts.

Detailed plan of actions with specific measures and timeline for achieving full implementation in the area of Horizontal Legislation is provided in the AP Chapter 5.1.2. in table XXVII Implementation plan - Horizontal legislation, where specific activities with strict deadlines are specified.

2. AIR QUALITY

2.1 Transposition

2.1.1 Status Overview with Identified Gaps

Air quality in Montenegro is governed by the Law on Air Protection and provisions of twelve implementing acts (six decrees and six rulebooks), by means of full transposition of the following EU directives:

- Directive 2008/50/EC (AAQ);
- Directive 2004/107/EC (4. daughter directive);
- Directive 2001/81/EC (NEC);
- Directive 94/63/EC (VOCs);
- Directive 2009/126/EC (VOCs-II);

- Directive 1999/32/EC (Sulphur content of certain liquid fuels).

Directive 2014/99/EU amending Directive 2009/126/EC have not been transposed yet. Directive 2015/1480/EU amending Directive 2008/50/EC has been already partially transposed and the completion of transposition is planned for 2017. Once the Proposed Directive on reduction of national emissions of certain atmospheric pollutants 2013/0443(COD) is adopted, the national legal act transposing Directive 2001/81/EC (NEC) will be amended accordingly.

Note: Regulations concerning emissions from mobile sources (e.g. Regulation 595/2009 on Emissions from Heavy Duty Vehicles or Regulation 715/2007 on Type Approval of Motor Vehicles Regarding Emissions from Vehicles etc. are subject of accession negotiations under the Chapter 14 – Transport. Therefore they were not considered in this document.

2.1.2 Elements of Gap Elimination Measures

The AP for full alignment of the legislation of Montenegro (see chapter 5.2.1 – Action Plan) sets out that detailed transposition steps and actions within short-term period (of two years).

2.2 Implementation

2.2.1 Status Overview

Air quality in Montenegro is monitored in compliance with the EU requirement as of 2009, when basic network for air quality monitoring was established and when air quality standards (thresholds, target values etc.) were set in legislation in accordance with the Directive 2008/50/EC. On the basis of available data, the territory of Montenegro was divided in 2011 in three air quality zones, whereas network for air quality monitoring was expanded to include seven automatic stations in order to meet minimum requirements set out in Directives 2008/50/EC and 2004/107/EC. All pollutants regulated in the legislation of Montenegro in accordance with Directives 2008/50/EC and 2004/107/EC are monitored regularly. The air quality monitoring system is operational in collecting and delivering proper data. Air Quality data are available on-line in real time (<http://www.epa.org.me/vazduh/>) and annually reported to EU through EIONET.

Exceedances of the limit values of PM10 particles have been detected in several municipalities (Pljevlja, Nikšić, and Podgorica). Besides detected exceedances of PM10 particles in the ambient air occasional high values of SO₂, NO_x and CO emissions from stationary sources have been detected, especially in Pljevlja. Air quality Plans were drawn up for all the municipalities mentioned above (for Plevlja in 2013, Niksic 2014 and Podgorica 2015), so that all relevant zones are covered by air quality plans so far.

In addition to Air Quality Plans adopted in accordance with Article 23 of Directive 2008/50/EC, Montenegro adopted National Strategy for Air Quality Management (in 2013) with the Action Plan for the period 2013-2016. The Action Plan envisaged 54 measures out of which 40 were realized and 6 measures are in the process of implementation. The rest of 8 measures shall be transferred into next implementation period due to the justified postponement of implementation or need for their reformulation. The Plan took the holistic approach, taking into account development of instruments for Air Quality management, and both improvement of air quality and reduction of emission to air. New Action Plan for the period 2017-2020 shall be adopted by 31st January 2017.

Short term action plans, which in accordance with the Article 24 of Directive 2008/50 /EC should be adopted in cases of risk that the levels of concentrations of SO₂, NO₂ or ozone exceed alert or

information thresholds, were not adopted since such a risk did not occur so far. However, the mechanism is established to adopt such plans if the need be (for further implementation steps see Section 5.2.2., paragraph 1 and 2).

Although fully transposed, the Directive 2001/81/EC (national emission ceilings - NEC) is not fully implemented in Montenegro. National emission ceilings for acidifying and eutrophying substances and ozone precursors have been established but they have not been accepted by the steering committee of EMEP under the Convention on Long-range Transboundary Air Pollution (CLRTAP). Therefore, although it ratified the Gothenburg Protocol, Montenegro is not its full-fledged member. It has not yet developed the National Programme for Progressive Reduction of National Emissions. The reason for that lies in the future regime of the key source of emissions of SO₂ and NO_x in the country - the Thermal Power Plant in Pljevlja. According to the decision of the Ministerial Council of the Energy Community D/2013/05/MC-EnC, TP Pljevlja can, namely, use the opportunity to work for the maximum of 20,000 working hours in the period 2018 - 2024, after which it would stop working or it would go through a significant reconstruction which assumes installation of the equipment for preventing the emissions of NO_x and SO₂ to be able to comply with the required standards. TP Pljevlja decided to apply for the use of "opt-out" mechanism in line with the decision of the Ministerial Council of the Energy Community D/2013/05/MC-EnC on the implementation of Directive 2001/80/EC on large combustion plants (LCP), while the final decision on that will be made in the meeting of the Ministerial Council of the European Energy Community at the end of 2016. If the „opt-out“ is granted, TP Pljevlja will reduce its emissions for around 50% in the period 2018-2024, by reducing its working hours in the given period. Therefore, planned development of the the National Programme for Progressive Reduction of National Emissions was postponed from 2015 to 2018, having in mind possible change of work regime of the main source of emissions, as well as revision of the NEC Directive. (for the further steps related to the implementation of NEC Directive see 5.2.2 Plan of Activities for Implementation of Legislation in the field of Air Quality, paragraph 3)

Note: Montenegro is aware of the fact that derogation granted by Energy Community on implementation of LCP Directive (repealed in EU as of 1st January 2016) does not represent an automatic derogation for IED Directive.

EPA keeps the inventory of the acidification and eutrophication polluting substances and ozone precursors, but due to the technical problems and insufficient human resources, the data in the inventory for 2012 and 2013 have not yet been completed. Historical data that cover the period from 1990 to 2011 have been submitted to the Secretariat of the CLRTAP and EIONET network. Projections of the emissions have been done so far through project activities due to the fact that human resources are lacking as well as the specific expertise in the national institutions.

Provisions of the Directive 1999/32/EC relating to a reduction in sulphur content of certain liquid fuels are implemented through the adopted legislation. Fuel quality has been monitored regularly since 2011. Provisions of the new Directive (EU) 2016/802 (codification) repealing Directive 2012/33/EU and Directive 1999/32/EC have not been transposed yet. Montenegro is signatory to the Annex VI to the MARPOL Convention. Following full transposition of the Directive (EU) 2016/802 which is planned in 2016 and training of port authorities on how to control marine fuels and equipment for emission prevention in accordance with the legislation of Montenegro, which is harmonised with the Directive and provisions of Annex VI to the MARPOL Convention, full implementation is expected by the end of 2017 (for further transposition and implementation steps see Section 5.2.).

Legislation through which provisions of the Directive 94/63/EC (Volatile organic compounds resulting from the storage of petrol and its distribution from terminals to service stations) and Directive 2009/126/EC (on Stage II petrol vapour recovery during refuelling of motor vehicles at service stations) are transposed into the legal system of Montenegro has not been implemented yet. The Law on Air Protection and Rulebook on the protection of air against volatile organic compounds (VOC) resulting from storage, decanting and distribution of petrol set out the time-limit by 2020 for their full implementation in Montenegro. The reason for setting out final time-limit for alignment, i.e. full implementation of these pieces of legislation at the end of the medium-term period (of four years) is the fact that it is necessary to make considerable investments in equipment for recovering volatile organic compounds from storage tanks at terminals, as well as in adequate equipment on transport tanks and tanks and pumps at petrol stations, while fuel distributors will be able to procure such equipment by 2020.

Detailed implementation actions are presented in the Chapter 5.2.2. of the AP.

2.2.2 Competences and Capacities

The MSDT in Montenegro is the institution primarily responsible for transposition of the European Union pieces of legislation and monitoring of the implementation of the legislation of Montenegro on air quality. The EPA and other ministries and public institutions are also involved in practical implementation and supervision of implementation of certain legislation.

Directive 2008/50/EC on ambient air quality and cleaner air for Europe

The MSDT is competent for transposition of the Directive and administrative supervision of implementation of laws and implementing acts through which this Directive is transposed.

The EPA which manages the network of air quality monitoring stations is also involved in implementation and in addition to that it is also competent for modelling, zoning, drawing up and implementation of air quality plans in the event of exceedances of threshold or target values of pollutants, drawing up of the reports on air quality, informing public about air quality and submission of data on air quality to the European Environment Agency through EIONET.

The Centre for Eco-toxicological Research (CETI) implements annual air quality monitoring programme at measuring points in the national network established for the purpose of air quality monitoring, except at measuring points used for monitoring cross-border air pollution and allergenic pollen.

The Institute of Hydrometeorology and Seismology (IHS) is involved in implementation of these pieces of pieces of legislation through calculation of natural contribution to air pollution and monitoring air quality at the EMEP station for monitoring cross-border transmission of pollution.

Local government bodies in the zone in which exceedance of permitted threshold has been registered are competent for drawing up and implementation of air quality plans in cooperation with the MSDT and EPA.

The AIA is the institution competent for inspection control of implementation of the entire environmental legislation, including legislation governing air quality.

The existing administrative capacity of key institutions competent for transposition, implementation and supervision of implementation are as follows:

- Only one person at the MSDT is responsible for transposition of EU legislation and implementation of national legislation, and that person is also responsible for all the other directives (nine directives) that are related to the air quality.
- One employee at the EPA is responsible for the Directive 2008/50/EC on ambient air quality and cleaner air for Europe, Directive 2004/107/EC relating to arsenic, cadmium, mercury, nickel and polycyclic aromatic hydrocarbons in ambient air, Directive 2015/1408/EU relating to reference methods and Directive 1999/32/EC relating to a reduction in the Sulphur content of marine fuels.
- Eleven employees at the CETI are responsible for field measuring, laboratory analyses, verification and validation of data and implementation of quality assurance programmes for the data from measuring stations (QA/QC).
- The Environmental Protection Division at the IHS employs seven people who are, besides protection of water and other aspects of environment, also responsible for air quality monitoring.
- Four doctors of medicine – specialists in hygiene and one environmental engineer are employed at the Institute of Public Health within the Centre for Health Ecology - Department of Nutrition and Human Ecology, who are, under the environment-related aspects, responsible for air quality monitoring.
- A total of six inspectors are employed at the Environmental Inspection Division of the AIA for the purpose of exercising inspection control of implementation of the entire environmental legislation.

Directive 2004/107/EC relating to arsenic, cadmium, mercury, nickel and polycyclic aromatic hydrocarbons in ambient air

The MSDT is competent for transposition of the Directive and administrative supervision of implementation of the legislation through which this Directive is transposed.

The EPA is the institution competent for managing national network of air quality monitoring stations and, in addition to that, it is also competent for modelling, zoning, drawing up of the reports on air quality, informing public about air quality and submission of data on air quality to the European Environment Agency through EIONET.

CETI implements annual air quality monitoring programme at measuring points in the national network established for the purpose of air quality monitoring, except at measuring points used for monitoring cross-border air pollution and allergenic pollen.

IHS is involved in implementation of these pieces of legislation through air quality monitoring at the EMEP station used for monitoring cross-border transmission of pollution.

Transposition of this Directive and implementation of the legislation through which it is transposed is responsibility of the persons who are also responsible for the Directive 2008/50/ EC on ambient air quality and cleaner air for Europe.

Directive 2001/81/EC on national emission ceilings of certain pollutants (NEC Directive)

The MSDT is competent for transposition of this Directive and drawing up of the National Programme for Progressive Reduction in National Emissions.

The EPA is responsible for keeping an inventory of acidifying and eutrophication pollutants and ozone precursors; however, due to technical issues and lack of human resources the inventory data for 2012 and 2013 were collected, but emissions were not calculated. Due to the lack of staff and specific expertise in national institutions, emission projections have so far been made through project activities.

The existing administrative capacity of key institutions competent for transposition, implementation and supervision of implementation are as follows:

- Only one person at the MSDT is responsible for transposition and implementation of this Directive, and that person is also responsible for all other pieces of legislation (nine directives) related to ambient air quality.
- Two employees at the EPA are responsible for the inventory of air pollutants. They are also responsible for compiling an inventory of greenhouse gases.

Directive 94/63/EC on the control of volatile organic compound (VOC) resulting from the storage of petrol and its distribution from terminals to service stations

Transposition of this Directive falls within competence of the MSDT.

The AIA is the institution competent for exercising inspection control of implementation of the entire environmental legislation, including legislation related to volatile organic compounds.

The existing administrative capacity of the competent institutions is as follows:

- Only one person at the MSDT is responsible for transposition and implementation of this Directive, and that person is also responsible for all other pieces of legislation (nine directives) related to air quality.
- Six environmental inspectors are employed at the AIA and their competences include all environmental matters in all sub-sectors. Inspectors are not trained on how to control implementation of technical measures in accordance with the Directive. As for inspection control of mobile containers (tanks) for the transport of motor fuels, inspection control is exercised by another inspectorate in accordance with the Law on the Transport of Hazardous Substances.⁹

Directive 2009/126/EC on Stage II petrol vapour recovery during refuelling of motor vehicles at service stations

Transposition of this Directive falls within competence of the MSDT.

The AIA is the institution responsible for inspection control of implementation of the entire environmental legislation, including the legislation through which this Directive is transposed.

The existing administrative capacity of key institutions competent for transposition, implementation and supervision of implementation of the legislation related to the petrol vapour resulting from fuelling motor vehicles is as follows:

- Only one person at the MSDT is responsible for transposition of this Directive and monitoring of implementation of the legislation and that person is also responsible for all other pieces of legislation (nine directives) related to air quality.

⁹ Official Gazette of MNE 5/2008.

- Six environmental inspectors are employed at the AIA and their competences include all environmental matters in all sub-sectors. Inspectors are not trained on how to control implementation of technical measures in accordance with the Directive.

Directive 1999/32/EC relating to a reduction in Sulphur content of marine fuels

The MSDT is competent for transposition of this Directive in cooperation with the Ministry of Economy (ME) and Ministry of Transport and Maritime Affairs (MTMA).

Accredited laboratories perform sampling and analyse fuels by applying methods set out in national legislation, and in accordance with this Directive.

The AIA is the institution competent for exercising inspection control of implementation of the entire environmental legislation. Market inspection of the AIA is competent for control of marketing of marine fuels.

Eight field offices of the Port Authority are responsible for controlling the use of marine fuels and equipment for the prevention of emission of pollutants into the air.

The existing administrative capacity of key institutions competent for transposition of the Directive, implementation and enforcement of the legislation through which the Directive is transposed into the legal system of Montenegro is as follows:

- Only one person at the MSDT is responsible for transposition of this Directive and monitoring of implementation of the national legislation and that person is also responsible for all other pieces of legislation (nine directives) related to ambient air quality.
- One person at the EPA is responsible for drawing up and coordination of the monitoring programme, data collection and reporting on fuel quality and, in addition to this, that person is also responsible for implementation of three Directives related to air quality (2008/50/EC, 2004/107/EC, 2015/1408/EU);
- Six environmental inspectors are employed at the AIA and their competences include all environmental matters in all sub-sectors. Inspectors are not trained on how to control implementation of technical measures in accordance with the Directive.
- In each of eight field offices of the Port Authority, one person is responsible for the control of logbooks and technical documentation.

2.2.3 Key Organisational and Capacity Gaps

As for the institutional set-up, competences and capacity available for transposition of the EU legislation and implementation of the Montenegrin legislation governing air quality, the following key gaps have been identified:

- In the MSDT, as the institution primarily responsible for transposition of air quality legislation of the EU, only one person is responsible for the overall issue of air quality.
- Human resource capacity for implementation of the legislation governing air quality at the EPA is also insufficient for full implementation of the EU acquis, and particularly of the Directive 2008/50/EC, Directive 2004/107/EC and Directive 2001/81/EC in Montenegro;
- Capacity for inspection control of implementation of the legislation governing air quality is quite modest and has to be improved in that area.

2.2.4 Elements of Institutional Adjustment Measures

In order to ensure efficient implementation of the EU *acquis* in the area of air quality, Montenegro intends to convey the following:

- Establish more efficient internal organisation by reassignment of competences of available staff at the MSDT, EPA and IHS and plan their additional training where necessary. The reassignment of competences of available staff will be done according to the overall plan for administrative capacities planned to be developed by the end of the I quarter 2017;
- Train the staff at the EPA on electronic reporting on air quality to the EEA/EIONET (AQ e-reporting), in accordance with the requirements of the network by the end of 2017 as indicated in the point 5.2.3. of the AP;
- Train additional staff at the EPA on mathematical modelling, predictions and site-specific dispersion of air pollution in accordance with the legislation harmonised with the Directive 2008/50/EC on ambient air quality by the end of 2017 as indicated in the point 5.2.3. of the AP;
- Train competent institutions identified and the staff on making emission projections in accordance with requirements of the Directive 2001/81/EC (NEC), by the end of 2017 as indicated in the point 5.2.3. of the AP;
- Optimize the existing competences of EPA, IHS and CETI in order to more effectively utilise the existing staff and equipment for the purpose of ensuring higher quality implementation of the EU requirements, particularly of the Directive 2008/50/EC, Directive 2004/107/EC and Directive 2001/81/EC, by the end of 2017 as indicated in the point 5.2.3. of the AP.

3. WASTE MANAGEMENT

Waste is considered a sector that will pose particular challenge for the candidate countries in this regard because of the extent of the EU environmental requirements and the need for significant investment in environmental infrastructure in order to achieve compliance.

Because of the cost implications of approximation in the environment sector, effective systems for managing transposition and implementation will be important in order to achieve timely and cost-efficient progress.

Therefore, waste management represents one of the key challenges in the process of alignment and special efforts will be focused on resolving all the problems in this area.

3.1 Transposition

3.1.1 Status overview and gap identification

Waste management is governed by a large number of regulations¹⁰ transposing, to a certain extent, the EU legislation on waste management. EU legislation on waste management has been transposed into the legal system of Montenegro by the existing regulations on waste management as follows:

A high degree of transposition has been reached in respect of the following directives:

- Directive 2008/98/EC (waste management);
- Directive 1999/31/EC (landfills);
- Directive 86/278/EEC (sewage sludge);
- Directive 96/59/EC (PCB/PCT);

Requirements under the following EU legislation have been partly transposed:

- Directive 94/62/EC (packaging and packaging waste);
- Directive 2006/66/EC (batteries and accumulators);
- Directive 2012/19/EU (WEEE);
- Directive 2000/53/EC (end-of-life vehicles);
- Issues governed by Regulation (EC) No 1013/2006 (waste shipment) have been regulated by domestic regulations to a small extent.

Requirements under the following directives have not been transposed into the legal system of Montenegro:

- Directive 93/86/EEC (battery labelling);
- Directive 2011/65/EU (RoHS);
- Directive 2006/11/EC (mining waste);
- Directive 2000/59/EC (port facilities for the acceptance of waste from ships).

A full implementation of the above mentioned EU legislation in Montenegro shall only be possible if, in addition to the parts of EU rules not transposed so far, Montenegrin legal system also regulates the issues now governed by other EU rules that together with the above directives make an integral whole in the EU law regulating the issue of waste management. This includes the following EU legislation:

- Regulations associated with Directive 2008/98/EC (waste management):
- Regulation (EU) No 1357/2014 (amendments to Annex III of Directive 2008/98/EC);
- Decision 2000/532/EC (list of waste);
- Decision 2014/955/EU (list of waste);
- Regulations associated with Directive 1999/31/EC (waste landfills):
- Decision 2003/33/EC (criteria and procedures);

¹⁰Besides the Law on Waste Management from 2011, 8 regulations and 23 rulebooks are in place. 28 secondary regulations have been adopted in the period 2012-2015 - V. Annex to the Strategy, under V. WASTE MANAGEMENT.

- Directive 2014/52/EU of the European Parliament and of the Council of 16 April 2014 amending Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment

3.1.2 Elements of gap removing measures

A full transposition of the EU legislation and regulation of all the necessary issues in accordance with the EU legislation (that is not subject to the obligation of transposition of waste management rules into the legal system of Montenegro) is a condition for full application and implementation of the requirements defined by the EU legislation. That is the only way to meet the (institutional and budgetary) requirements towards a full implementation of all legal norms regulating the EU waste management system on the entire territory of Montenegro before the accession of Montenegro to the EU.

MSDT holds exclusive competence for the transposition of all the above mentioned rules and the regulation of certain issues in accordance with the legislation for which there is no transposition obligation, except for the rules on environmental statistics that are placed by law within the competence of the Statistical Office of Montenegro (MONSTAT). In order to ensure data collection and processing in accordance with the methodology that will be compatible with Montenegro's statistics legislation, and that is used for the preparation of data for the EU bodies, it is necessary for MSDT and EPA to improve cooperation with the MONSTAT and prepare together with MONSTAT a secondary legislation to regulate the issues related to the collection and processing of data on waste, in a manner to ensure their maximum compatibility with the data currently collected and processed by the MONSTAT.

Given that the transposition of EU legislation on waste is an extensive and complex task for any country, and that there is a noticeable lack of institutional capacities for the execution of all the necessary activities within a relatively short period of time envisaged by this Strategy the possibility of providing EU expert support to MSDT should be considered. Such support would focus on the adoption of the necessary secondary legislation within the deadlines that are much shorter than usual (two years, for example), put conditions in place for the continuation of transposition of the EU legislation into the legal system of Montenegro and ensure continuity with the already adopted amendments to the Law on Waste Management. With expert support, transposition period specified in the TABLE XXXII (TRANSPOSITION PLAN-WASTE MANAGEMENT) will be achieved fully.

3.2 Implementation

3.2.1 Status overview

Basic principles of waste management that EU waste management is based on, even though integrated in the National Waste Management Strategy and National Plan for Waste Management, are still not fully applied in the system of waste management in Montenegro, particularly when it comes to the hierarchy principle which ensures compliance with the order of priorities in waste management (prevention of waste creation, preparation for re-use, recycling and other recovery operations (use of energy) and waste disposal). This also applies to the management of specific waste streams in Montenegro. Systems for separate collection of municipal waste are not still established at a satisfactory level, while exportation is the only option at present for certain types of specific waste streams (e.g. spent oils).

The waste management infrastructure developed includes regional landfills of non-hazardous waste¹¹, recycling centers¹², facility for end-of-life vehicles treatment¹³, transfer stations¹⁴ and recycling yards¹⁵. A medical waste treatment facility for waste collected from the territory of several municipalities¹⁶ has been installed in the municipality of Berane, and another such facility has also been installed in Podgorica. The construction of facilities for the treatment of leachate at the landfill in Podgorica is underway. It is planned to build landfill in HN after completing legal procedures in order to issuing a building permit.

In implementation stage many of the real obstacles to a successful waste management strategy may become apparent. Thus the adoption of the Strategy with AP 2016-2020 together with full implementation of National Waste Management Plan is an important step along a longer path toward sustainable waste management.

3.2.2 Competences and capacities

MSDT is primarily competent for the transposition of EU legislation and for governing the issues regulated by the EU legislation whose transposition is not obligatory, as well as for the implementation and monitoring of implementation of domestic waste management legislation.

Other ministries are also included in certain aspects of waste management, such as MARD, MH, ME, and MF.

EPA is responsible for the conduct of administrative procedures and issuance of permits, collection, processing, maintenance of waste databases on waste and reporting.

MONSTAT is the institution competent for the collection and statistical processing of data on certain types and amount of waste, as well for EUROSTAT reporting.

Local self-government units are competent for the establishment of necessary infrastructure and provision of services relating to municipal waste management.

AIA (ecological, market and mining inspection) is competent for the inspection supervision over the implementation of legislation in the area of waste management, while at the local level, municipal inspections are competent for certain types of supervision in the area of municipal waste management.

Current administrative capacities of key institutions competent for waste management, including monitoring of implementation of legislation, include the following:

- Five staff is employed in MSDT. The following additional capacities are responsible for the management of certain types of waste:
- MARD (animal origin waste, slaughterhouse waste) has one staff;
- MH (medical waste) has one staff; and
- ME (mining waste) has one staff;

¹¹ In Podgorica and Bar.

¹² In Podgorica and Herceg Novi.

¹³ In Podgorica (two), Berane, Cetinje and Nikšić (one).

¹⁴ In Kotor and Žabljak.

¹⁵ In Podgorica (three), Herceg Novi (one), Kotor (one), Žabljak (one).

¹⁶ Kolašin, Mojkovac, Bijelo Polje, Pljevlja, Berane, Rožaje, Andrijevica and Plav.

- Four job positions have been systematized in EPA for instituting administrative procedures for the issuance of permits, collection and updating of data on all types of waste and reporting to national and European institutions;
- One staff is in charge of waste statistics in MONSTAT;
- 6 ecological inspectors are employed in AIA. Their competences cover all the issues relating to environmental protection in all sub-sectors, including sub-sector of waste management. Inspection supervision for certain types of waste could include market, mining, veterinary, phytosanitary, forestry, electricity and traffic inspection.

In the majority of local self-government units, administrative capacities in the area of waste management are relatively low. On average, one person is responsible for the area of environmental protection in each municipality. Local communities have organised their communal inspection service for the purpose of monitoring municipal inspection in various ways.

3.2.3 Key organisational and capacity gaps

In terms of institutional organization, competences and available capacities for the efficient transposition and implementation of legislation on waste management, the following key gaps have been identified:

- The structure of human resources in MSDT working at the Directorate for Waste Management does not include the post of a qualified legal officer who would work on the transposition of the EU acquis and development of appropriate domestic legislation.
- EPAs administrative capacities for administrative procedures regarding the issuance of permits, collection and updating of data on all types of waste and for reporting to national and European institutions are not adequate in terms of either the number or the structure of employees;
- **A centralised data collection system** for the types and quantities of waste has not been on satisfactory level yet.

3.2.4 Elements of institutional adjustment measures

In order to achieve alignment with the EU acquis Montenegro intends to:

- Strengthen human capacities within MSDT- Directorate for Waste Management, by employing legal officers, among other staff - this will happen by the end of this year, and no later than the first quarter of 2017 (see Table XXXIV);
- Strengthen human capacities within EPA for conducting administrative procedures for issuance of permits, collection and updating of data on all types of waste and for reporting to national and European institutions;
- Ensure planning and implementation of special training for the staff of MSDT- Directorate for Waste Management and EPA;
- Prepare and perform internal reorganization of AIA in order to clear division of competencies and achieve greater synergy in the work of inspection bodies. Besides environmental inspectors, certain inspection affairs in the area of waste management could be discharged, provided there is additional training, by the inspectors primarily competent for other areas (market, mining, veterinary, phytosanitary, forestry, electricity and traffic inspection);

- Fully establish a centralised data collection system for types and amounts of waste through the already established cooperation between EPA and MONSTAT.

4. WATER QUALITY

4.1 Transposition

4.1.1 Status overview and gap identification

Water quality is governed by an extensive legal framework.¹⁷ The key legislation is the 2007 Law on Water, amended in 2015 for transposition of Directive 2000/60/EC (WFD) and other water directives. Transposition was monitored by a table of concordance of national with EU legislation. Amended Water Law needs some new modifications in order to be fully compliant with EU Water Directives. Full transposition of EU legislation in the area of water quality will be done with new modification of Law on Water from 2015 and with adoption of implementing acts (see Table XXXV).

Adoption of the Law on Urban Waste Water Management until the end of 2016 and subordinate legal regulations pursuant until the 2nd quarter of 2017, Regulation on agglomerations in accordance with Law on Urban Waste Water Management will be adopted 6 months after adoption of this Law, and Regulations on establishment of sensitive areas, will fully transpose UWWT Directive into Montenegrin legal framework. Montenegro plans to achieve full harmonization with the Maritime Strategy Framework Directive 2008/56/EC, by adopting new norms and implementing acts (see Table XXXV).

The transposition of majority of the EU water directives is within the competence of the MARD. Responsibilities for transposition of some of directives (WFD, UWWT, and Flood Directive) are partly shared between MARD and other ministries (MSTD, MI). This sharing “issue” will be resolved through establishment of the coordination body which work will be coordinated by the Ministry of Agriculture and Rural Development. In accordance with own responsibilities MI will take part in preparing the regulations to be applied and implemented in emergency situations while the coordination of the transposition of Directive 2007/60/EC (flood risk management) is the responsibility of MARD. Having a number of competent authorities responsible for transposition of the EU water *acquis*, it is necessary to enable close coordination of their activities with the aim to provide full transposition of EU water *acquis*, avoiding any overlapping of competences and duplication of activities. By enabling the synergies in using existing institutional capacities, the competent authorities for transposition of EU water *acquis* will ensure that transposition and implementation are full and correct. The objective of institutional coordination is to force synergy among relevant institutions enabling that each within its own competence, or in coordination with others, can ensure full and correct implementation of national regulations by which the EU water *acquis* requirements have been transposed and objectives are achieved.

¹⁷ A total of 21 regulations are implemented (two laws – Law on Waters from 2007 (“Official Gazette of MNE”, No. 27/07, 73/10, 32/11, 47/11, 48/15), and Law on Water Management Finance (“Official Gazette of MNE”, No. 65/08, 74/10 and No. 40/11) and 21 implementing acts – five decrees, 13 rulebooks and 3 decisions; For details see Annex IV to the Strategy, under IV. Water Management). One rulebook (Rulebook on more detailed content of preliminary flood risk assessment and flood risk management plan, “Official Gazette of MNE” No. 69/15) was adopted with a view to achieving full transposition and implementation of Directive 2007/60/EC on flood risk assessment and management.

The transposition of Directive 2008/56/EC (Marine Framework Strategy Directive) and Directive 2014/89/EU (Maritime Spatial Planning) is under the responsibility of the MSDT, while for the transposition of Directive 98/83/EEC (drinking water) MH is responsible authority.

Intersectoral coordination has to enable full and correct management of water resources. Thus the coordination body will be coordinated by the MARD with participation of MSDT and all other competent authorities for EU water *acquis*.

4.1.2 Elements of gap removing measures

In order to establish efficient system for water management, the Montenegro will ensure full transposition of EU water *acquis* until the end of 2018. The Plan of activities for transposition of legislation in the field of water quality is presented in chapter 5.4.1 of the AP.

The institutional gap related to lack of the intersectoral coordination will be eliminated as to provide appropriate management of water resources. All competent ministries - MARD, MSDT, MI, MH will contribute to the efficiency of the coordination body which will be established and coordinated by MARD in order to achieve full and correct transposition and implementation of EU water *acquis*. Ensuring the effective coordination of shared competences is vital for full and correct transposition of Directives on UWWT, Drinking Water Directive and water services (urban wastewaters) regulated with the WFD, as well as for the issuing certain permits/approvals to the operators. Only through such coordination among competent authorities newly (upcoming modification of the 2015 Water Law) adopted national legislation can be fully aligned with the EU water *acquis*.

4.2 Implementation

4.2.1 Status overview

Montenegro has so far focused more on the transposition of EU water *acquis* than to its implementation. A full transposition of the EU water *acquis* will be achieved by the end of 2018.

By 2019, MSDT will ensure a full compliance with regulations governing sea water quality in accordance with MSFD, while EPA will ensure the monitoring of sea water quality, as set by Article 34 of the Law on Environment Protection.¹⁸

Under 2008 Law on Environment¹⁹ the EPA was organising and implementing the monitoring of all the segments of environment. Based on the new Law on Environment, adopted by the Parliament in July 2016, EPA is organizing and implementing the monitoring of all segments of environment, except for water quality. Water quality is responsibility of MARD as it is defined by the 2015 Law on Water and previously in 2007 Law on Water. The management and monitoring of the marine waters and coastal area is within the competence of the MSDT in line with the national legislation (Law on Environment, Law on Coastal Zone Management²⁰, the legislation governing the organisation and operations of state administration²¹) and international obligations undertaken until now (e.g. Barcelona Convention) which regulates the protection and sustainable management of marine ecosystems and coastal area. Under this and other relevant national legislation (Law on the Sea, Low on Preventing Pollution of the Sea from Vessels, Low on Ports, etc.), issues relating to preventing sea water pollution from vessels was

¹⁸ "Official Gazette of MNE", Nos. 48/08, 40/10 i 40/11. 27/14

¹⁹ *id.*

²⁰ "Official Gazette of RMNE", Nos. 14/92, 59/92, 27/94 and the "Official Gazette of MNE", No. 51/08, 21/09, 73/10, 40/11

²¹ Decree on the state administration organisation and operations ("Official Gazette of MNE", Nos. 5/12, 25/12, 61/12, 20/13 and 17/14), adopted pursuant to Article 24 of the Law on State Administration, "Official Gazette of RMNE", No. 38/03 and "Official Gazette of MNE", Nos. 22/08 and 42/11.

entrusted to the MTMA, its Maritime Safety Department and the Port Master's Office. The Law on Utility Activities²² has the provisions placing the maintenance and cleaning of open beaches within the competence of municipalities²³, which is in line with the Law on Local Self-Government²⁴.

MARD will establish monitoring of freshwater, surface waters (for ecological and chemical status, and the environmental potential) and ground waters (chemical and quantitative status) as well as the coastal waters including transitional waters (in the scope of issues regulated by the WFD) in accordance with WFD until the end of 2019.

Regarding the above, it must be noted that Montenegro is aware of the fact that transitional periods (i.e. deadlines by which a requirement should be met or the implementation of which could begin after the accession to the EU) for implementation could be applied, if required and duly justified, but enforcement of EU reporting requirements are not negotiable. All such obligations have to be fully met on the day of Montenegro's accession to the EU.

Connection of households to sewerage system in urban areas amounts to around 67% and there are 4 wastewater treatment plants (WWTP) in function (Budva, Podgorica, Mojkovac and Žabljak) with secondary treatment, in Podgorica WWTP is not effective and in accordance with EU standards, but in other municipalities WWTP are in accordance with EU standards. The construction of urban WWTPs in many municipalities and construction/reconstruction works on sewerage systems with EU standards is under way. Strategic documents regulating the implementation of measures defined by the Council Directive 91/271/EEC concerning urban waste water treatment are: the Strategic Master Plan for Sewerage and Waste Water in Central and Northern Region of Montenegro (adopted in 2005 by the Government) and the Master Plan for Waste Water Management on the Coast of Montenegro and in Cetinje Municipality (adopted in 2005 by the Government), which will be revised in 2017 and fully complied with UWWTD, and they will deliver full implementation of the UWWTD. On the basis of the above mentioned documents, Montenegro has prepared investment and implementation plans specific for the Directive concerning urban waste water treatment.

The majority of the population living in urban areas has access to drinking water which complies with the standards of Drinking Water Directive. The monitoring of drinking water is carried out by 4 accredited national laboratories (Institute for Public Health - IPH, Centre for Ecotoxicological Research of Montenegro – CETI, Chemical and Microbiological Laboratory within the Public Enterprise „Water Supply and Sewerage Company“ Podgorica and the Chemical Laboratory at the Medical Centre in Bar). All 4 laboratories are accredited on the national level by the National Accreditation Body which is accepted by the European Accreditation Body, which means that their accreditation is recognized at European level. More specifically, CETI and Medical Centre in Bar carry out certain physico-chemical analysis of drinking water quality, included in the accreditation, while the Public Enterprise „Water Supply and Sewerage Company“ Podgorica carries out physico-chemical and microbiological analysis of drinking water for the purpose of self-control. IPH, responsible for physical and chemical analysis of water and microbiological testing of drinking water, is responsible for control and monitoring of water safety. However, adequate regulations and water quality control are still inexistent in small water supply systems (with less than 50 inhabitants).

The protection from flood risks implemented on the basis of the General plan of protection from water harmful effects (from 2010), which is made for the period of 6 years, accompanying Operational plan

²² Article 3, paragraph 1. line 6 ("Official Gazette of RMNE", No. 12/95).

²³ "Official Gazette of RMNE", No. 12/95, Article 3.

²⁴ "Official Gazette of RMNE", Nos. 43/03, 28/04, 75/05, 13/06, "Official Gazette of RMNE", Nos. 88/09, 03/10 and 38/12.

of protection. Flood plains have been identified for the Danube basin²⁵ and the Adriatic Sea basin²⁶ within the obligations of the Flood Directive.

Montenegro is an active member of the International Commission for the Protection of the Danube River (ICPDR) and has the status of observer in the International Commission for the Sava River Catchment Area. Relations of Montenegro with its neighbouring countries Croatia and Albania are regulated by respective Inter-state Agreements²⁷. All activities in a part of water management which have cross border impact will be done in close cooperation and consultation with neighbouring countries.

Detailed plan of actions and timeline for achieving full implementation in the area of Water Quality is provided in the AP Chapter 5.4.2.

4.2.2 Responsibilities and capacities

According to the Law on Water and the Decree on the state administration organisation and operations²⁸, MARD is in charge for water management in Montenegro. MARD is in charge of operations related to water management policy, water supply and exploitation, protection of water against pollution, planning of water and water courses and protection from the flood effects. In that respect, MARD is responsible for harmonization and implementation of the Directive 2008/105/EC, Directive 2006/118/EEC, Directive 91/676/EEC, Directive 2006/7/EC and Directive 2009/90/EC. As stated above responsibilities for transposition of Directive 2000/60/EC, Directive 91/271/EEC, Directive 2007/60/EC are shared between MARD and other ministries (MSTD, MI).

Under existing regulations, MSDT is responsible for the activities relating to inter alia the system of utility operations and coordination of regional water supply systems²⁹, which requires the transposition and implementation of EU legislation regulating collection and treatment of urban wastewaters (Directive 91/271/EEC), and transposition of the Directive 2008/56/EC (Marine Strategy Framework Directive) and Directive 2014/89/EU (Maritime Spatial Planning) as well as the implementation and monitoring of implementation of relevant national regulations on these issues. The amendments to the 2015 Law on Water resulted in a partly transposition of UWWT Directive, while adoption of new Law on Urban Waste Water Management and Adoption of implementing acts will fully transpose UWWTD until the 2nd quarter of 2017.

MH is responsible for the transposition and implementation of Directive 98/83/EC on drinking water.

MI is responsible for management of emergency situations in case of harmful effects of water.

Other public administration bodies and institutions involved in practical application of regulations governing water quality include:

²⁵ The Lim, Čehotina, Tara, Ibar and Gmčar rivers.

²⁶ Nikšić field, lower basin of Moraca river, margins of Skadar Lake along Bojana river, Cetinje valley, and coastal areas from Kotor to other coastal towns.

²⁷ The Agreement between the Government of Montenegro and the Government of Croatia on mutual relations in the area of water management was made and signed on September 4, 2007 in Zagreb. The Agreement between the Government of Montenegro and the Government of the Republic of Albania on water-related problems was concluded on October 31, 2001 in Podgorica.

²⁸ "Official Gazette of MNE", Nos. 5/12, 25/12, 20/13 and 17/14.

²⁹ Article 21. Decree on State Administration Organisation and Operations ("Official Gazette of MNE", Nos. 5/12, 25/12, 61/12, 20/13 and 17/14). State administration affairs include the normative activities (that, under Article 14 of the Law on State Administration, includes the drafting of texts and proposed laws and other regulations and adoption of secondary legislation) and the enforcement of laws and other regulations. – Article 11, Law on State Administration.

- The Institute of Public Health (IPH), responsible for physical and chemical analysis of water and microbiological testing of drinking water, is responsible for control and monitoring of water safety (Directive 98/83/EC);
- Directorate for Waters is responsible inter alia for licensing water usage, drafting of plans, programme and balances in the area of water supply, preparation of documents on the selection of sources for regional water supply and water supply of towns, for the designation of sanitary protection zones of these sources, for the calculation of fees for water contamination tests, and for the establishment and maintenance of the water information system;
- EPA is responsible for organisation, planning and participation in monitoring of the state of environment (which, inter alia, includes all segments of the environment, i.e. air, etc., except water which is in charge of MARD, by existing Law on Water), in accordance with the Law on Environment, including the proposal for the national list of environment protection indicators, participation in monitoring of collection of waste from boats, collection and updating of data on water quality and reporting at national and European levels;
- IHS is responsible for monitoring quality and quantity of surface and ground waters, prediction of floods and monitoring of hydrological situation, as well as for warning the institutions responsible for flood prevention and containment measures;
- CZMC is responsible for managing the coastal zone;
- AIA - water management inspection does inspection supervision over the implementation of the Law on Water, sanitary inspection control of potable water safety, and the inspection for navigation security in Bar and Kotor holds responsibility for inspection supervision of potential sea pollution originating from vessels;
- Local self-governments are responsible for potable water supply services, wastewater collection and treatment, as well as for the protection from harmful effects of water.

The existing administrative capacity of key institutions responsible for the transposition of the EU water *acquis* and the implementation and enforcement of domestic regulations on waters is comprised of the following:

- MARD has 5 staff with a permanent work contract, 3 staff working on water quality issues and 2 staff working on water management;
- Water Directorate has 2 staff with a permanent work contract working on water management;
- MSDT has 3 staff working on water quality issues;
- EPA has 2 staff for the collection and updating of data on water quality and 2 staff working on reporting to national and European institutions;
- IHS has 7 staff responsible for monitoring the quantity and quality of surface and ground waters, prediction of floods and monitoring the hydrological situation and giving warning to institutions responsible for flood risk management;
- AIA has only 2 inspectors doing inspection supervision for the entire territory of Montenegro, while in sanitary inspection, which is responsible, inter alia, for inspection supervision of potable water quality, AIA has 13 inspectors.

- The inspection of navigation security in Bar and Kotor have a total of 4 inspectors.

The administrative capacity of local self-government units for water management is very small. On average, every municipality has one person each for these affairs. It must also be noted that project implementation units („Vodacom d.o.o.” and „Procon d.o.o. “) with a total of 34 staff were formed to provide support to local self-government units in their utility service projects. They provide significant support in meeting the obligations under the EU *acquis* on water supply, collection and treatment of urban wastewaters (Directive 91/271/EEC etc.).

4.2.3 Key organisational and capacity gaps

As for the institutional framework, competence and available capacities for efficient transposition of the EU water *acquis* and implementation of national water legislation, the following have been identified as key obstacles:

- MARD, MSTD, MH and MI as well as some other institutions sharing competences in water management, what is pointed in the text above
- In the field of water monitoring there is a notable shortage of the staff qualified for meeting the requirements relating to the collection and validation of data, as well as for quality assurance of data and reporting (EPA, Institute of Marine Biology, etc.);
- There is no adequate state network of monitoring stations in place for the quality of surface and ground water bodies, while locations for controlling bathing water quality have not been precisely defined in line with the EU *acquis*;
- The competence and the mechanism of monitoring ecologically acceptable flow of surface waters from which water is extracted in accordance with the water acts, has not been defined yet;
- The administrative capacity available in key institutions for the transposition of the EU *acquis* on water management and efficient implementation of the regulations enabling the transposition of the EU water *acquis* (MARD, MSDT, EPA, IHM) is not satisfactory (some key expert capacity is missing);
- Quality inspection supervision on the entire territory of the country is not possible with only 2 water inspectors working for AIA although part of inspection supervision competence in the area of water is vested in the local government level as well (communal inspection).

4.2.4 Elements of institutional adjustment measures

In accordance by Law on Water Ministry of Agriculture and Rural Development is in charge for transposition and implementation of majority of EU Water Directives except UWWT, Marine Directive and Drinking Water Directive. In order to fully respond to the requirements stemming from the EU *acquis* on- water quality, Montenegro intends to take the following steps:

- Detailed analysis will be conducted of the organisation of the water management system from the point of the EU *acquis* and define optimum solutions for the following:
 - Ministry of Agriculture and Rural Development will coordinate with transposition and implementation of EU Water Directives, through establishing a body, one month after adoption of Strategy, together with other relevant ministries (MSTD, MH and MI), as well

as with other relevant institutions in order to accomplish fully transposition and implementation of EU Water Directives;

- Defining legal approach for development of Commissions and Working Groups (e.g. for Monitoring, RBM, GIS etc.) for River Basin Management, by the end of 2018;
- Establish two new Units for management of the Adriatic River Basin and Danube River Basin in the Water Directorate. The units will be established once the River Basin Management Plans are adopted. The adoption of the plans is expected by the 2020;
- In relation to the above, competences relating to the establishment and management of quality monitoring for surface and ground waters and quality of sea, collection, validation and quality assurance of data will be organised in such a way as to ensure satisfactory quality in the discharge of these duties. This has to be done whilst ensuring full implementation of the EU requirements, including numerous ISO standards;
- EPA, in line with existing legislation, will ensure that conditions for comprehensive reporting on water quality, in line with EEA requirements and in the framework of implementation of obligations Montenegro has undertaken under relevant international treaties are in place;
- The national network of monitoring stations has to be set up to monitor quality of surface and ground water bodies, and a systemic approach applied to the establishment of monitoring of bathing waters in line with the regulations by which EU requirements have been transposed into the legal system of Montenegro;
- Strengthening of the administrative capacity of expert staff in institutions are key to the transposition of the EU acquis concerning water management, and implementation of national legislation in that area;
- Strengthening of the inspection supervision on the entire territory of the country through the internal reorganisation of AIA and by increasing the number of water inspectors. Inspector competences will also be divided by individual water basins, i.e. by major water bodies in the country.

5. NATURE PROTECTION

5.1 Transposition

5.1.1 Status overview and gap identification

The protection of nature is governed in Montenegro by a significant number of regulations of which the Law on Nature Protection³⁰ may be considered a primary legislation that governs most issues in the subsector of environmental protection. 24 rulebooks³¹ have been adopted pursuant to this legislation. A number of specific issues in the subsector of nature protection are governed by the Law on National Parks³², Law on Forests³³, with two implementing regulations (rulebooks) adopted for its enforcement

³⁰ „Official Gazette of MNE”, Nos. 51/08, 21/09, 62/13, 6/14

³¹ See Annex IV of the Strategy, under VIII NATURE PROTECTION.

³² „Official Gazette of MNE”, No. 28/14.

³³ „Official Gazette of MNE”, Nos. 74/10, 47/15.

and the Law on Hunting,³⁴ followed by one rulebook. It is important to identify the scope of the EU *acquis* that should be transposed in this subsector and determine the Strategy and the AP elements important for the implementation of this Strategy in order to achieve full transposition of the EU legislation into the legal system of Montenegro in the medium term (3-4 years).

In the previous period Montenegro developed and adopted a number of national strategies and plans relevant to nature protection.³⁵ These are the documents that can be considered also as instruments of environmental protection management policy, confirming a political willingness to preserve biological diversity of Montenegro as an ecological state. These documents show the willingness of Montenegro with respect to meeting its international commitments undertaken by the ratification of multilateral treaties on environment protection. Since these multilateral treaties make an integral part of the EU *acquis*, their implementation will contribute to the achievement of full compliance of nature protection in Montenegro with the requirements of the EU *acquis* in this area. Namely, regulations must be adopted to set up instruments for the implementation of strategies, policies, and action plans. The commitment expressed in the said strategic and planning documents has not found its place in the adopted regulations, which would have established a legally binding foundation for their practical implementation. Taking that into consideration, as well as the fact that the transposition of the EU legislation into the national legal system is the primary activity that should be implemented during the alignment process, the priority in the work of relevant bodies in the short run should be given to the drafting and adoption of the regulations that are fully compliant with the EU *acquis* in the field of nature protection.

The EU legal framework concerning nature protection is now composed of four directives and 12 regulations.³⁶ Transposition of all directives and regulations needs to be undertaken in short and medium run in order to enable the implementation of such transposed EU *acquis* in Montenegro before Montenegro's accession to the EU or at the moment of Montenegro's accession to EU at latest.

5.1.2 Elements of gap removing measures

The AP defines the order and content of activities, by MSDT in particular, that will secure a successful and quality transposition of all the EU regulations mentioned. To that end, the AP defines 3 groups of actions which are related to: full transposition of 4 Directives, 12 Regulations and establishment of the coordination mechanism among MSDT as the leading national authority for nature protection and other authorities which share responsibilities with MSDT in nature protection sub-sector. These groups of activities are described below as follows:

- **Drafting and adoption of laws and secondary legislation for their implementation towards full transposition:**
 - Directive 92/43/EEC (habitats) in 2017;
 - Directive 2009/147/EC (wild birds) in 2017;
 - Directive 199/22/EU (keeping animals in zoos) in 2019;
 - Directive 83/129/EEC (importation and trade in skins and products of all 33 species of marine mammals covered by the term seal) in 2017;

³⁴ "Official Gazette of MNE" Nos. 52/08, 48/15.

³⁵ These are, for example, National Sustainable Development Strategy, National Biodiversity Protection Strategy with Action Plan 2010-2015, Spatial Plan of Montenegro until 2020, Strategy on Forests and Forestry Development Plan, National Action Plan on Combating Illegal Activities in Forestry, Forestry Development Programme and the National Strategy for Integrated Coastal Zone Management (NS ICZM).

³⁶ See Annex I to the Strategy.

- **The development and adoption of other legislation** (i.e. the laws and, at the same time, all secondary legislation enabling the implementation of those laws) to regulate the issues that are governed at the EU level by not just the four directives listed above but also by another 12 regulations, including Regulation (EU) No 1143/2014 (invasive foreign species). Transposition for 5 regulations will be completed in 2017, for another six in 2018 and for one in 2019, following the action plan which is presented in table XXXVIII in 5.5.1. The validity and implementation of these regulations will, for most part, cease on the day of Montenegro's accession to the EU (i.e. except with respect to the competences of Montenegrin institutions and administrative procedures, i.e. the necessary derogations from the general administrative procedure);
- **Establishment of effective and efficient coordination mechanisms** in a month upon this Strategy adoption in order to foster implementation of this Strategy and Action Plan. It is a precondition for successful transposition of above listed 4 directives and 12 regulations and at later stage their implementation. The coordination mechanism has to provide in particular:
 - Improvement of coordination of MSDT and MARD activities, particularly in respect of MARD's competence over the issues governed by Directive 92/43/EEC (habitats), Directive 2009/147/EC (wild birds), Directive 1999/22/EC (keeping animals in zoos), Regulation (EC) No 2173/2005 (FLEGT, establishment of licensing systems), Regulation (EC) No 1024/2008 (FLEGT, implementation measures), Regulation (EC) No 995/2010 (felling of trees, obligations of operators), Regulation (EC) No 363/2012 (felling of trees, recognition of monitoring organisations), Regulation (EU) No 607/2012 (felling of trees, due diligence system), Regulation (EEC) No 3254/91 (animal trapping) and Regulation (EU) No 1143/2014 (invasive alien species). That governance approach has to increase sustainability of natural resources management, especially over forests and of nature protected areas, and to eliminate conflicting aspirations between nature protection and linear dependence of economic growth from bio-capacity of Montenegro in which share of forests have the share of 70%.
 - Improvement of coordination of MSDT and Montenegrin customs authorities in order to ensure proper and full transposition of the EU legislation, Directive 83/129/EEC and Regulation (EC) No 1007/2009, on the importation and trade in skins and products from 33 species of marine mammals known as Pinnipedae (from the families of Odobenidae, Otarridae and Phocidae),³⁷ and continuous and proper implementation of national legislation adopted;
 - Improvement of coordination of MSDT and MJ activities in respect to the implementation of Directive 83/129/EEC and Regulation (EC) No 1007/2009, in order to incorporate penal provisions into criminal legislation, in accordance with the requirements set out by these regulations;
 - Improvement of coordination of MSDT and customs authorities and AIA is of particular importance in the implementation of the CITES Convention as well as the regulations governing the implementation of the CITES Convention. To prevent illegal trade in species, in addition to CITES Convention the following EU legislation needs to be implemented:
 - Regulation (EC) No 338/97 (protection of wild species of flora and fauna by way of regulating the trading in them);

³⁷ The English term commonly used for this group of non-extinct marine mammals is seals, which creates a wrong impression that it is only seals that are covered. The seal belongs to the species of real marine mammals (earless seals) within Phocidae family, covered by the superfamily of Pinnipedae.

- Regulation (EC) No 865/2006 (detailed rules for the implementation of Regulation (EC) No 338/97);
 - Regulation (EU) No 792/2012 (permits and certificates);
 - Regulation (EU) No 791/2012 (amendments to Regulation (EC) No 865/2006 and Regulation (EC) No 338/97);
- Cooperation between MSDT and customs authorities and AIA is of particular importance in the implementation of the CITES Convention as well as the regulations governing the implementation of the CITES Convention. To prevent illegal trade in species, in addition to CITES Convention, the following EU legislation needs to be implemented:
- Regulation (EC) No 338/97 (protection of wild species of flora and fauna by way of regulating the trading in them);
 - Regulation (EC) No 865/2006 (detailed rules for the implementation of Regulation (EC) No 338/97);
 - Regulation (EU) No 792/2012 (permits and certificates);
 - Regulation (EU) No 791/2012 (amendments to Regulation (EC) No 865/2006 and Regulation (EC) No 338/97);

Full transposition of the EU acquis and full implementation of the national legislation transposing the EU acquis in the field of nature protection in Montenegro will enable the successful completion of Montenegro's negotiations on Chapter 27. The plan of activities for transposition of above listed 4 Directives and 12 Regulations in nature protection sub-sector is presented in 5.5.1, while plan of actions to improve coordination among competent national authorities in both phases of transposition and implementation of EU nature protection related acquis is presented in 5.5.3. Time targets for transposition of 4 directives and 12 regulations in nature protection sub-sector are stated above and presented in Table XXXVIII in 5.5.1. Time targets for plan of activities for implementation of legislation in the field of nature protection are given in in Table XXXIX in 5.5.2.

5.2 Implementation

5.2.1 Status overview

The National Biodiversity Strategy with Action Plan (NSBAP) for the period 2016-2020 has been adopted and it established a strategic framework for the implementation of the Convention on Biodiversity, including the measures and actions to reach Aichi objectives in accordance with the Strategic Plan for Conservation of Biodiversity 2011-2020 and the EU 2020 Biodiversity Strategy.

As for the identification of natural areas of interest for conservation under international treaties, in the period 2005-2007, the project (funded by Council of Europe for all Balkan countries) of providing support to the establishment of EMERALD network was implemented in the framework of implementation of the Convention on the Conservation of European Wildlife and Natural Habitats (Bern Convention). The proposal was given for 32 localities of special conservation interest (ASCI) in Montenegro. The proposal for 32 Emerald sites in Montenegro was adopted by Standing Committee of the Bern Convention in December 2011 following discussion at the Biogeographic Seminar which was held in Bar in November 2011. These areas will serve as a basis for identifying the proposed areas for the future environmental network Natura 2000 in the context of implementing national legislation

previously harmonised with Directive 2009/147/EC concerning the protection of wild birds and Directive 92/43/EEC concerning the conservation of natural habitats and wild flora and fauna. In April 2016 the implementation of the IPA project „Establishment of the NATURA 2000 network in Montenegro“ began. The project covers part of the terrestrial territory of Montenegro based on the proposed Emerald locations.

The implementation of Montenegro's international obligations arising from CITES Convention and requirements stemming from the EU legislation governing the implementation of the CITES convention is not entirely governed in adequate manner by the national legislation.

For reason of incomplete harmonisation of national legislation with the EU acquis, it is not possible now to implement the requirements under Directive 1992/22/EC concerning keeping wild animals in zoos, Regulation 3254/91/EEC concerning wild animal trapping, Directive 83/129/EEC and Regulation (EC) No. 1007/2009 concerning products of marine mammals known under the name of Pinnipediae, Directive 1999/22/EC concerning the protection of animals used in science, Regulation (EC) 2173/2005 (FLEGT) and Regulation (EC) 995/2010 defining the obligations of operators who place timber and timber products on the market.

Significant contribution to nature protection has been given through cooperation with United Nations Environment Programme (UNEP), especially with regard to implementation of Barcelona Convention and cooperation with United Nations Development Programme (UNDP). The most relevant actions are listed in Table XXXIX Plan of activities for implementation of legislation in the field of nature protection in Action plan – nature protection in 5.5.3, such as following:

- The results of MEDMPAnet project and CAMP Montenegro which were realized in cooperation with UNEP/MAP, Regional Centre for Special Protection Areas (SPA RAC) and Priority Action Programme Regional Activity Center are relevant for marine and coastal biodiversity.
- In the framework of bilateral cooperation with the Italian Ministry for the Environment, Land and Sea a number of coastal and marine biodiversity related projects have been realized, such as "Establishment of protected marine area Katič in Montenegro and assessment of marine and coastal ecosystems along the coast" (MPA2 project).

Results of previously realized projects in the framework of implementation of Barcelona convention provide significant contribution to establishment of Natura 2000 network. In that regard the Project "Mapping of key marine habitats in the Mediterranean and promoting their conservation through the establishment of Specially Protected Areas of Mediterranean Importance (SPAMI) - (MEDKEYHABITATS project) which is in the process of finalization in cooperation with SPA/RAC (detailed mapping of habitats in the two selected marine pilot sites) is also important. It will additionally strengthen the basis for establishment of Natura 2000 network. These projects enabled identification of the most important and most precious zones for protection of marine ecosystems (7 significant zones have been recommended, GIS database has been created which may serve as the basis for further development and revalidation, vulnerability assessment have been done, etc.).

MSDT has just initiated realization of another 2 projects in cooperation with UNEP with the aim to support establishment of Natura 2000 network:

- Promoting Protected Areas Management through Integrated Marine and Coastal Ecosystems Protection in Coastal Area of Montenegro, to be funded from Global Environment Facility (GEF);
- Implementation of Ecosystem Approach in the Adriatic Sea through Marine Spatial Planning (of relevance for MSFD, but also for Habitat Directive).

5.2.2 Responsibilities and capacities

MSDT is responsible, among other issues, for the nature protection policy and the system of integrated environment protection and sustainable use of natural resources, including the coordination of planning and determination of procedures for the establishment of environmental network - NATURA 2000. MSDT is the institution that holds primary responsibility for the transposition of EU legislation on nature protection and implementation of relevant national legislation.

MARD is responsible for development policies in forestry, hunting, as well as freshwater and marine fishery and mariculture. That is why MARD is responsible for the transposition of certain EU regulations concerning nature protection (FLEGT, Timber, Leghold Traps) and the implementation of the national legislation by which such EU rules are transposed. In addition, of special significance is MARD role in the context of the transposition of requirements under Directive 2009/174/EC concerning the protection of wild birds and Directive 92/43/EEC concerning natural habitats of wild flora and fauna relating to the issues of hunting, hunting wildlife species and the methods of their protection.

EPA is the key institution for the implementation of nature protection regulations harmonised with the EU regulations. The Agency is responsible for the issues concerning the monitoring of natural habitats and species, development of studies on nature protection in the process of establishing protected areas, preparation and implementation of monitoring, preparation and maintenance of an environmental database (including biodiversity data) and issuance of all types of permits relating to nature protection. The Agency also collects data and prepares documents for the establishment of an environmental network.

The Forest Administration (FA) as a state administration body operating as an organisational unit of MARD is responsible for forest management and protection, preparation of management plans and programmes, and the implementation of protection measures. It also issues certificate of origin of assorted wood.

The Veterinary Administration (VA) is an organisational unit of MARD and is responsible, inter alia, for the issuance of licenses and maintenance of the zoo register. In Montenegro there are no zoos registered as fully compliant with applicable regulation.

The Customs Administration (CA) is an administration unit operating within the MF and is responsible for the control of import, export and transit of the goods that are subject to special measures for the protection of flora and fauna, nature protection, as well as the control of import, export and transit of the timber products placed on the market. There are 10 border crossing points in Montenegro where customs officers control the cross-border movement of goods that are subject to the regulations governing the trade in protected species of flora and fauna.

The Police Directorate (PD) is an organisational unit of the MoI and is responsible for the control of border crossing points with respect to the smuggling of species or their derivatives.

The AIA is an independent state administration unit doing inspection supervision in a range of areas including the environment, food, health care, forestry, plant protection, protection of plant species, plant health, hunting and forest plan protection, marine fishery, phytosanitary inspection of shipment involving plants, plant products, and objects subject to supervision during their transfer across the border of Montenegro, veterinary service, genetically modified organisms. As for its work relating to nature protection, the Administration for Inspection Affairs involves the environmental inspection, inspection for hunting, fishery, and the veterinary inspection.

The “National Parks of Montenegro” (NPPE) is a public company responsible for management, use, protection, development and promotion of national parks.

The „Coastal Zone Management Company“(CZM) is a public company responsible for the management of all protected nature areas in the terrestrial and marine part of the coastal zone. The competencies of this enterprise are expected to significantly expand following the adoption of the new Law on Coastal Zone Management which provides for a transformation of this public company into the Coastal Zone Management Agency.

Research institutions (universities, Marine Biology Institute-MBI, Natural History Museum) do research that is relevant but not limited to the following: the status of individual species, their biology and conditions, management of habitats and determination of criteria for the conservation of species and habitats, potential participation in defining a list of special protection areas, the development of indicators. Still, the conduct of scientific and research activities is not organized in a way that will ensure continued compliance with the policy implementation needs in this area.

Local self-government units (LSGU) are, inter alia, responsible for the establishment and management of individual categories of protected areas of natural resources (e.g. regional parks, natural monuments).

The existing administrative capacities in the key institutions responsible for the transposition of the EU regulations concerning the protection of nature, implementation and enforcement of the national legislation are as follows:

- MSDT - Directorate for the Environment has three posts foreseen in the job classification scheme, responsible for all nature protection issues;
- MARD - two staff members work on issues relating to hunting and forest management, of which only one is responsible for hunting issues;
- EPA - License Issuance Sector has three staff working on licensing procedures involving all licenses concerning nature protection. In addition, EPA’s Sector for the Nature Protection, Monitoring, Analysis and Reporting has fourteen (14) staff specialised for individual areas and addressing nature protection issues (two botanists, one ornithologist, one mycologist, one mammals expert, one herpetologist, four no vertebrates experts, one hydro biologist, two for sustainable development of protected areas, one for biodiversity protection policy and reporting);
- The FA has eighty (80) forestry engineers whose work includes nature protection in the context of protection of forest habitats. However, it is not possible to separate their obligations relating to the application of EU acquis from their other obligations. Eighteen (18) of them underwent training on forest habitats protection measures in accordance with Directive 92/4/EEC concerning habitats, while another five staff are trained in using GIS in forest management;

- The AFSVPA has only one staff addressing overall animal welfare, which could also cover the issues under Directive 1999/22/EC concerning keeping wild animals in zoos. However, for the time being Montenegro does not have regulations that could govern this issue in compliance with the Directive;
- The AIA employs a total of six inspectors covering all areas of the environment, 11 forest and hunting inspectors and 20 veterinary inspectors, but it is not possible to separate their activities relating to the implementation of the acquis from other duties;
- The CA now has a satisfactory number of staff in its border customs offices, but there is a need for the training in the control of marketing in protected species of flora and fauna and products derived from them.

5.2.3 Key organisational and capacity gaps

When it comes to institutional organisation, competence, and capacities available for efficient transposition of the EU legislation and the implementation of national legislation concerning nature protection, the following key gaps have been identified:

- The MSDT has not sufficient number of employees for a quality transposition and subsequent implementation of domestic legislation concerning nature protection;
- The EPA internal organisation and administrative capacity available is not sufficient for the establishment and management of Natura 2000, the network of protected areas. As the available capacity of EPA consists of the staff taken over from the Institute for Nature Protection, who have built, through many years of professional development, skills for carrying out scientific activities in specific areas, their structure is not adjusted to the purposes of implementation of the legislation which has previously transposed or will transpose requirements of the acquis in the field of nature protection;
- The administrative capacities in other relevant institutions are pretty small; the staff does not have the expertise needed for the adequate implementation of the legislation which has previously transposed or will transpose requirements of the acquis in the field of nature protection;
- Very modest administrative capacities of inspection bodies, together with the lack of expertise prevent efficient implementation of inspection supervision in the area of nature protection.

5.2.4 Elements of institutional adjustment measures

In order to achieve full alignment with the EU acquis, Montenegro will:

- Strengthen administrative capacity of MSDT for quality transposition of the EU requirements and for implementation of Montenegro's legislation concerning nature protection;
- Reorganise and strengthen administrative capacities at EPA for the establishment of Natura 2000 network (through the use of technical assistance under IPA), and then for the monitoring of the status of Natura 2000 network;
- Prepare the plan and convey additional specific training for EPA staff in implementation of EU regulations, including the implementation of mechanisms for the protection and preservation of integrity of the environmental network (e.g. evaluation of admissibility);

- Strengthen administrative capacity in other relevant institutions, the analysis of needs for additional specific training of staff for appropriate implementation of nature protection legislation;
- Plan internal reorganisation of AIA to avoid potential overlap of competences and achieve more synergies in the work of inspection bodies. In addition to environment inspectors, some inspection work in the area of nature protection could also be carried out, with additional training, by inspectors primarily responsible for other areas (market, veterinary, phytosanitary, forestry, hunting, and fishery).

Following above listed findings in 5.2.1 and 5.2.2 with related gaps presented in 5.2.3 and elements to overcome gaps here in 5.2.4 presented, the plan for upgrading present administrative capacities is presented in Table XL in 5.5.3. Also in this sub-chapter there is a proposal for establishment of coordination mechanism for nature protection sub-sector as to enable monitoring and evaluation of implementation of this Strategy and its Action Plan at expert level. It is a mechanism that will resolve existing gaps of non-effective and non-efficient coordination among relevant national authorities in nature protection sub sector both in the phases of transposition and implementation of EU nature protection related acquis.

6. INDUSTRIAL POLLUTION

6.1 Transposition

6.1.1 Status overview and gap identification

The control of industrial pollution is governed by the Law on Integrated Pollution Prevention and Control³⁸, and the Law on Environment³⁹, and a number of implementing regulations adopted on their basis which resulted in significant transposition of the EU *acquis* on the control of industrial pollution (three decrees and three rulebooks were adopted on the basis of the Law on Integrated Pollution Prevention and Control, and two rule books on the basis of the Law on Environment). With the 2005 Law on Integrated Pollution Prevention and Control and implementing regulations adopted in 2008-2012, a full transposition has been achieved of the Directive 96/61/EC as amended by Directive 2003/35/EC, Directive 2003/87/EC, Regulation (EC) 1882/2003, Regulation (EC) 166/2006, codified as Directive 2008/1/EC. This law was amended in July 2015 in order to extend the deadline to existing facilities by which to obtain IPPC permits until 1 January 2018.

The transposition of the requirements (recast)⁴⁰ summarised by Directive 2010/75/EC (IED) is at an advanced state. With the exception of the issue of large combustion plants, these requirements have been complied with by the Law on Integrated Pollution Prevention and Control, Law on Waste Management, Rulebook on Waste Incineration, and the Decree on Limit Values of Emissions from Stationary Sources. MSDT will fully transpose the Directive on Industrial Emissions by enacting a separate Law on Industrial Emissions. That may come after certain checking of the existing transposition level of the EU *acquis* in this area on the basis of which areas of non-compliance of

³⁸ "Official Gazette of MNE", Nos. 80/05, 54/09, 42/15.

³⁹ "Official Gazette of MNE", Nos. 48/08, 40/10, 40/11, 27/14.

⁴⁰ That is the issues relating to integrated pollution prevention and control (IPPC), incineration in large combustion plants, waste incineration and co-incineration, pollution of environmental media arising from solvents and waste deriving from titanium dioxide industry (TiO₂).

Montenegro's legal framework may be identified. That analysis may call for amendments to the Law on IPPC,⁴¹ Law on Air Protection,⁴² Law on Water⁴³ and Law on Waste Management,⁴⁴ which would remove the provisions identified as non-compliant with the (future) Law on Industrial Emissions.

Some provisions of Directive 2001/80/EC (LCP) have been transposed into the legal system of Montenegro by air protection legislation (2010 and 2011).

Directive 2012/18/EU (SEVESO III) has not been transposed into Montenegro's legal framework. Only a number of definitions have been transposed by the Decree on the Inventory of Dangerous Matters, permitted quantities and criteria for the categorization of dangerous substances.⁴⁵

Regulation (EC) 1221/2009 (EMAS) on the voluntary participation by organisations in eco-management and audit scheme has been partly transposed by the provisions of the Law on Environment.⁴⁶

EU legislation on the EU Ecolabel - Regulation (EC) 66/2010 and Decision 2012/481/EU, has also been partly transposed by the Law on Environment.⁴⁷

6.1.2 Elements of gap removing measures

A full transposition of the EU *acquis* on industrial pollution control will be completed with the adoption of the new Law on Industrial Emissions and all secondary legislation needed for its implementation, in mid-term at the latest. Preparatory activities will therefore be implemented for gap analysis, scope and quality of existing transposition of the EU *acquis* in this area, as well as the identification of needs towards a full compliance. In addition, it is already clear at this stage that a number of existing laws and implementing regulations will need to be revised to ensure their compliance with the new (future) Law on Industrial Emissions. These activities will also include the transposition of Chapter III of the Industrial Emissions Directive (IED) which has replaced the LCPD as from 1/1/2016.

SEVESO III Directive will be fully transposed. MSDT will coordinate activities with the civil protection bodies within MOI of Montenegro and other relevant ministries.

The activities on compliance with EMAS requirements and Ecolabels will be implemented at the very end of the mid-term period in the implementation of this strategy. This approach is based on the fact that these are significant but voluntary mechanisms for management of the environment as well as on the need to primarily use the MSDT capacities for the implementation of priority issues identified by this Strategy.

Montenegro's commitments stemming from Regulation (EC) 166/2006 (EPRT) that will be specified by the ratification of PRTR Protocol⁴⁸ (that Montenegro shall undertake as soon as possible), will be fully regulated by an appropriate regulation as soon as possible.

⁴¹ "Official Gazette of RMNE", Nos. 80/05, 54/09, 42/15.

⁴² "Official Gazette of MNE", Nos. 25/10, 43/15.

⁴³ "Official Gazette of MNE", Nos. 27/07, 73/10, 32/11, 47/11, 48/15.

⁴⁴ „ Official Gazette of MNE", No. 64/11.

⁴⁵ " Official Gazette of MNE", br. 05/11. Since this decree was adopted before SEVESO III Directive, there is a need to check the quality of all the definitions transposed from the Directive, giving special consideration to the EU legislation that the Directive refers to, i.e.: Regulation (EC) No 1272/2008, (EC) 440/2008, UN Recommendation on Transport of Dangerous Goods, Manual or Tests (UN Manual of Tests And Criteria) in relation to Regulation (EC) No 440/2008 i (EC) 1907/2006 (REACH), Directive 75/324/EEC and Regulation (EC) No 2003/2003.

⁴⁶ "Official Gazette of MNE", Nos. 48/08, 40/10, 40/11, 27/14.

⁴⁷ Id.

⁴⁸ Protocol on Pollutant Release and Transfer Registers (Kiev, 2003), to the CONVENTION ON PUBLIC PARTICIPATION, ACCESS TO INFORMATION AND ACCESS TO JUSTICE IN ENVIRONMENTAL MATTERS (Aarhus, 1998)

Therefore, the Action Plan sets out short-term and long-term obligations towards a full transposition of all EU *acquis* on industrial pollution control into the national legislation, as well as the timeline for their implementation.

6.2 Implementation

6.2.1 Status overview

The requirements under the Industrial Emissions Directive 2010/75/EU (IED) have been partly transposed in the Law on Integrated Environmental Pollution Prevention and Control⁴⁹ that transposed Directive 2008/1/EC (IPPC).

The programme adopted by the Government on the compliance by individual industries sets out the compliance deadlines for the 10 existing plants or activities that require an integrated license. The identified entities were required to obtain an integrated license by 1 Jan 2015. Four IPPC licenses, two from the EPA and two from the local authorities of Podgorica and Mojkovac were issued by the deadline set by the Programme. Five other plants⁵⁰ were given an extended deadline of 1 Jan 2018. EPA issued another IPPC license for a new plant as well.

The requirements under Directive 2012/18/EU on the control of major accident hazards involving dangerous substances (SEVESO III) have not been transposed for the time being, and Seveso plants have not been identified. This will be done by the new Law on Environment, which is in parliamentary procedure.

The polluter register required under Regulation (EC) 166/2006 (E-PRTR), the legal basis for which has been provided by the Law on Environment⁵¹ has not been established yet. The rulebook on more detailed content and manner of keeping of the register of environment polluters⁵² specifies the conditions for the implementation of this provision of the Law on Environment.

The requirements specified by Regulation (EC) 1221/2009 (EMAS) on voluntary participation by organisations in eco-management and audit scheme and Regulation (EC) 66/2010 on eco-labelling in Montenegro have not been transposed (this will be done by the new Law on Environment, which is in parliamentary procedure), so that these voluntary management schemes are not implemented in Montenegro for the time being.

6.2.2 Responsibilities and capacities

MSDT is holding primary responsibility for the transposition of the EU *acquis* and monitoring Montenegro's legislation on industrial pollution.

MI's Directorate for Emergency Situations holds part of responsibility for the implementation and inspection supervision of the implementation of regulations on industrial accidents that Directive 2012/18/EU (SEVESO III) is transposed by into the legal system of Montenegro;

EPA is responsible for administrative procedures involved in issuance of integrated permits, collection of data on polluters, keeping the pollutant release and transfer register (PRTR) and preparation of reports.

⁴⁹ "Official Gazette of MNE", Nos. 80/05 and 54/09.

⁵⁰ Under a decision of the Government of Montenegro, two plants have in the meantime been freed from the obligation to obtain the IPPC license, while one new plant has been added to the List of plants subject to the IPPC license.

⁵¹ „Official Gazette of MNE“, No. 48/08.

⁵² „Official Gazette of MNE“, No. 43/2010.

AIA - Environmental Inspection Division is responsible for inspection supervision of the implementation of environment protection legislation, including regulations on industrial pollution.

The existing administrative capacity in the key institutions responsible for transposition, implementation and enforcement include the following:

- MSDT has one staff for the entire field of industrial pollution;
- MI – Directorate for emergency situations has one staff for the implementation of SEVESO III Directive.
- EPA has three posts envisaged in its systematization of jobs specifically related to the administrative procedures for the issuance of integrated licenses, of which two are filled, while two posts are envisaged for collecting data on polluters, keeping the register of polluters (PRTR), covering, however, only the air related issues;
- AIA has six environmental inspectors responsible for all environmental protection issues including also the issues of industrial pollution.

6.2.3 Key organisational and capacity gaps

As for institutional organisation, competences and capacities available for efficient transposition of the EU *acquis* and implementation of national legislation on industrial pollution, the following key gaps have been identified:

- Directive 2012/18/EU (SEVESO III) has not been transposed yet, which is the reason why the responsibilities of respective bodies have not been specified yet as required by the Directive;
- EPA does not keep or update the register of polluters as required by existing regulations that are in compliance with the E-PRTR Regulation and PRTR Protocol;
- Administrative capacity of MSDT need to be upgraded in the context of the obligations arising from the transposition requirements with respect to the EU *acquis* on industrial pollution and adequate implementation of national legislation in this area;
- EPA administrative capacity is insufficient. For better understanding of BREF and BAT documents for certain branches of industry additional professional training of EPA staff is needed;
- AIA administrative capacity is satisfactory but needs to be upgraded in terms of the number of inspectors engaged in the area of industrial pollution.

6.2.4 Elements of institutional adjustment measures

- In order to achieve full alignment with the EU *acquis*, Montenegro will conduct the following: Precisely define and divide responsibilities among institutions for the transposition of Directive 2012/18/EU (SEVESO III), for the implementation and supervision of implementation of domestic regulations by means of which the Directive has been transposed;
- Establish the polluter register within EPA, pursuant to existing regulations that the requirements of EU E-PRTR and PRTR Protocols are transposed in, as well as ensure there are the human capacities and adequate training required for the proper functioning of the register;

- Strengthen MSDT administrative capacity for control and monitoring the control of industrial pollution, adequate internal reorganisation and reassignment of existing capacities and/or new recruitment and their professional development for this specific area;
- Strengthen EPA administrative capacity for the control of industrial capacity through adequate internal reorganisation and reassignment of existing staff and/or new recruitment and their further professional development in this area (particularly for issuance of IPPC licenses, approvals to plans, reports, etc., all in accordance with the regulations that are in compliance with the requirements under IED, SEVESO III Directive with respect to keeping of PRTR register, etc.);
- Establish adequate organisation, capacity and work methodology for the inspection authority responsible for supervising the implementation of regulations governing industrial pollution in accordance with Recommendation 2001/331/EC of the European Parliament and the Council (providing for minimum criteria for environmental inspections).

Detailed plan of actions with specific measures and timeline for achieving full implementation in the area of Industrial Pollution is provided in the AP Chapter 5.6.2.

7. CHEMICALS

7.1 Transposition

7.1.1 Status overview and gap identification

The management of chemicals is governed in Montenegro by the Law on Chemicals⁵³, pursuant to which 18 implementing regulations have been adopted.⁵⁴ These regulations have enabled partial transposition of the following EU *acquis* on the chemicals:

- Directive 2004/42/EC (VOC, colours) mostly transposed by provisions of the Law on Chemicals;
- The issues governed by Regulation (EC) 1907/2006 (REACH) (with all the subsequent amendments⁵⁵) are not fully regulated in the legal system of Montenegro. However, with the Law on Chemicals and numerous secondary regulations adopted for its implementation the conditions are now in place for “partial” implementation of REACH in Montenegro. Some of the provisions of this legislation should not be transposed given that their implementation greatly depends on Montenegro’s EU membership. The provisions on authorisations (issuance of authorisation) have not been transposed. However, in order to raise awareness among the industries of their future obligations relating to substances giving rise to concern, European Commission decisions on the substances that are subject to authorisations have been incorporated in a List of substances causing concern. Also, REACH restriction concretely Annex XVII (Restrictions on the manufacture, placing on the market and use of certain dangerous substances, preparations and articles) is fully incorporated through the Rulebook on prohibition and restriction of use, placement on the market and manufacture of chemicals that pose an unacceptable risk to human health or the environment ("Official Gazette of Montenegro", No 49/13, 12/16) (Rulebook included the last EU amendments from January 2016);

⁵³ „Official Gazette of MNE", No. 18/12.

⁵⁴ V. Annex IV to the Strategy, under VII. CHEMICALS.

⁵⁵ V. Annex I to the Strategy.

- The issues governed by Regulation (EC) No 1272/2008 (CLP) (as amended⁵⁶) are not fully regulated in the legal system of Montenegro. The Law on Chemicals and numerous secondary regulations adopted for its implementation the conditions are now in place for its “partial” implementation. The provisions of this Regulation need not be transposed because the Montenegrin legislation that would govern these issues could not be implemented given that Montenegro is not an EU member state. The regulation refers to the harmonisation of classification and substance labelling. The list of harmonised classifications and labels (as defined by Annex VI CLP Regulation) has been fully incorporated into Montenegro’s legal system;
- The issues governed by Regulation (EC) No 528/2012 (biocides) are regulated by the Law on Biocidal Product that will be adopted by the Parliament until the end of July 2016 (discussion on this Proposal of Law passed plenary session);
- The issues governed by Regulation (EC) No 1102/2008 (metal mercury) are regulated by the Law on Environment that will be adopted by the Parliament until the end of July 2016;;
- The issues governed by Regulation (EC) No 648/2004 (detergents) are mostly governed by the provision of the Law on Chemicals and accompanying implementing regulations;
- With the adoption of new Law on Environment (currently in parliamentary procedure) the issues governed by Regulation (EC) No 850/2004 will be regulated. Montenegro has been a state party to the Stockholm Convention on Persistent Organic Pollutants since March 2011, and based on article 7 of the Convention the first NIP for Montenegro was officially transmitted to the Stockholm Convention Secretariat on the 20 January 2014. ;
- The Law on Chemicals and accompanying secondary legislation govern the issues that are governed at the EU level by Regulation (EC) No 689/2008 on the import and export of dangerous chemicals was repealed on 1 March 2014, and the subject matter was incorporated through the recast procedure into Regulation (EC) No 649/2012, amended (Annex I only) by Regulation (EU) No 1078/2014. Montenegro ratified the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade in 2011. In order to promote shared responsibility and co-operation between the Parties in the field of international trade in certain hazardous chemicals Montenegro is in process of nominating of DNA and this process will be completed by the end of September 2016. It is decided to nominate EPA as DNA.
- Directive 87/217/EEC (asbestos) will be transposed into the legal system of Montenegro with the Law on Environment that will be adopted by the Parliament until the end of July 2016;
- Directive 2010/63/EU on the protection of animals used for scientific purposes has not been transposed into legal framework of Montenegro. Only some definitions are covered by the Animal Welfare Act (Official Gazette of MNE, no. 14/2008).The transposition will be done in 2018.

7.1.2 Elements of gap removing measures

Since full implementation (and enforcement) of the EU *acquis* in this subsector, as listed in Annex I to this strategy, must take effect as of the date of Montenegro’s accession to the EU, given that no

⁵⁶ V. Annex I to the Strategy.

derogation or a transition period that could be agreed upon during the accession negotiations can be given any consideration, Montenegro plans to adopt in both mid and short-term the legislation that will fully regulate all the chemicals related issues in line with the EU regulations mentioned above. The provisions that regulate the issues that are regulated at the EU level by legislation other than directives will be eliminated from Montenegro's legal system on the date of accession to the EU. However, prompt adoption of such (primary and secondary legislation) is of great significance since in the period until the EU accession, public administration of Montenegro may utilise these norms to establish the required procedures and to undertake quality institutional adjustment to the requirements of chemicals. As a result, when Montenegro joins the EU, both the state administration and economic entities will not be facing unnecessary hurdles in fulfilling their obligations.

Any possible dilemmas about this approach, will need to be resolved "as we go along", in direct contact with the European Chemicals Agency (ECHA), which has undertaken an obligation under its programme to support the EU enlargement policy, particularly in the context of alignment (transposition, implementation or enforcement) of the EU candidate countries' legislation that serves as basis for the establishment of appropriate chemical management systems. The Agency fulfils this obligation through explanatory activities and training it provides to IPA beneficiary countries. ECHA is also taking part in assistance programmes through TAIEX. The action plan takes into account measures to be proposed under the project "Preparatory measures for chemicals management for candidate countries and potential candidates", implemented by ECHA in Montenegro until February 2018. The objective of the project is development of capacities for the obligations provided for by Montenegro's legislation in compliance with the EU *acquis* (REACH, CLP, Biocides Regulation and PIC procedure).

The AP specifies the order of activities that need to be implemented towards a full transposition of the directives and regulations of all issues in compliance with other EU legislation listed that may be in effect or under implementation by the time Montenegro accedes to the EU.

In order to ensure that Montenegro applies in this subsector the standards whose implementation is explicitly required by the EU legislation, the AP envisages activities for MSDT to achieve continued cooperation with Montenegro's institutions responsible for the transposition of Directive 2004/9/EC and implementation of relevant national legislation (on supervision and inspection of good laboratory practice) and transposition of Directive 2004/10/EC and implementation of relevant national legislation (on harmonisation of legislation with the principles of good laboratory practice and inspection of their application in the testing of chemical substances).

The AP also includes planning activities towards the establishment of cooperation between MSDT and MARD to ensure full transposition of the EU biocides legislation into the legal system of Montenegro and particularly between MSDT and MARD -Administration for food safety veterinary and phytosanitary affairs towards full transposition of Directive 2010/63/EU on the protection of animals used for scientific purposes.

These aspects of chemicals management in Montenegro, that can also be viewed from the point of view of good governance principle, i.e. horizontal cooperation among the institutions within the Government of Montenegro, will be taken into account during the decision making on the establishment of a closer coordination by way of an interinstitutional mechanism, with a view to achieving a more efficient alignment within the set timeframe.

7.2 Implementation

7.2.1 Status overview

Montenegro adopted the Law on Chemicals⁵⁷ in 2012, which took effect as of 1 March 2013. The Law lays down the obligations with respect to the classification, labelling and packaging, registration of chemicals, trade in chemicals, import and export of chemicals, detergents, good laboratory practice, supervision and sanctions. Chemical production is not considered a strategic production sector in Montenegro given the absence of basic production and a small number of producers of chemicals. In 2013, the production outputs were 305 tons of industrial gasses, 121 tons of soap and detergents and 841 tons of other basic non-organic chemicals. The production, trading and use of POPs are prohibited. As for asbestos and asbestos waste, not all the measures have been taken yet to prevent asbestos emissions into the air and discharge into water or establish safe handling and removal procedures for construction and insulation materials and other products that contain asbestos.

Montenegro adopted the Chemicals Management Strategy for 2015-2018, together with an Action Plan. On the basis of analysis and assessment of the chemical security situation, key strategic directions have been identified together with the measures for the establishment of chemical security system that are in compliance with the EU *acquis* and practices.

Major requirements relating to administrative capacity and establishment of a system for efficient monitoring and control of implementation have been implemented. Inspection supervision over the implementation is in effect. Amendments to the Law on Chemicals are planned for 2016 in order to make a clearer division of responsibilities over the control of chemicals.

As a result of the activities on the implementation of chemicals legislation, the data on legal entities and chemicals present in the market are collected in the EPA database. Workshops have been organised in cooperation with the Chamber of Commerce (COC) for the industry in order to inform them about their roles and obligations under domestic legislation and REACH Regulation requirements. Cooperation and permanent dialogue with the industry have been established.

The main responsible institution for implementation of CLP regulation is EPA (approval to use alternative chemical name, licensing during which checks, among others, method of packaging and labelling of chemicals, method on storage etc.). MSDT and EPA staff have had a number of trainings on classification, labelling and packaging of chemicals (according to Regulation 1272/2008/EC – CLP). ECHA also provided support to MSDT and EPA staff through a workshop on CLP Regulation organised within ECHA's IPA projects providing support to candidate and potential candidate countries. In addition, in the framework of ECRAN project, a large number of workshops has been organised within the group for chemicals/IED. In cooperation with the COC, training has been implemented for the industry to inform them about their roles and obligations with respect to classification and labelling of chemicals in accordance with applicable legislation.

In accordance with Regulation (EC) No. 689/2008/EC, export and import of chemicals from the List of Chemicals that are subject to the prior informed consent (PIC) procedure is conducted on the basis of the notification forwarded by EPA to a country, or by EPA receiving the export notification from the relevant authority in the country of import, i.e. that the chemicals are exported to, as prescribe by Law on chemicals. For the time being, EPA only received the export notifications provided by the exporting country according to Article 12 of the Rotterdam Convention. EPA also coordinates with customs

⁵⁷ „Official Gazette of MNE“, No. 18/12.

officers which play a key role in the implementation of the Rotterdam Convention. CA is in charge for the control of the export and import of chemicals. For period 2017-2020 there is a plan for building the capacity of CA to fulfil all obligations through technical assistance of Rotterdam convention (See Table XLV). Upon official nomination of DNA, all relevant information will be sent to the Secretariat of the Rotterdam Convention on regular basis. The issues regulated by the new Regulation (EU) br. 649/2012, which entered into force with respect to EU member states on 1 March 2014, and repealed the old Regulation (EC) br. 689/2008/EC, are partly regulated by Montenegro's relevant legislation.

Pursuant to Regulation 648/2004/EC on detergents, industrial detergents and detergents for professional use that contain surface-active substances that do not meet the requirements of full aerobic biodegradability are marketed based on a license for the use of surfactants issued by EPA or regulations granting the use of surfactants in detergents in the EU.

Montenegro does not have locations or stocks or POP pesticides. With respect to Regulation (EC) No 850/2004 on long-lasting organic POPs, PCB contaminated locations have been identified. Montenegro began implementing the project "Environmentally Sound Management of PCBs in Montenegro" through which it will reach a permanent solution to a significant part of PCB equipment and a certain amount of PCB contaminated soil. Montenegro starts with the project: "Review and update of the national implementation plan for the Stockholm Convention on Persistent Organic Pollutants (POPs) in Montenegro". The NIP updating project has five components:

1. Initiation of the process of reviewing and updating national implementation plans
2. Assessment of the national infrastructure and capacity for the management of all POPs, development of the New POPs inventories and updating for the initial POPs inventories and monitor effects of POPs in humans and the environment
3. Development of Action Plans for New POPs and updating of Action Plans for initial POPs including gaps analysis
4. Formulation of revised and updated National Implementation Plan with its associated Action Plans for all POPs
5. Endorsement of National Implementation Plan (see: TABLE XLV)

In Montenegro, the analysis of POPs in the segments of the environment (soil, water, air) is carried out in the framework of the monitoring programs which are designed in accordance with national legislation and obligations that derive from them.

As for the technical professional capacities for POPs analysis, there is one institution - the Center for ecotoxicological research (CETI) that has the technical and professional capacity to analyze POPs in most segments of the environment. CETI has been accredited by the Accreditation Body of Montenegro to analyze, among other things, certain POPs substances (PCB, OCL) and PAH (scope of accreditation www.akreditacija.me). By participating in the EU Proficiency Examination tests and achieving good results on them, CETI continuously proves its competence. The Institute of Public Health also has technical and professional capacities for POPs analysis in water.

According to the ratification of the Convention on Long Range Trans-Boundary Air Pollution (CLRTAP) Montenegro updating the Inventory of emissions of gases. Inventory of emissions to the air for Montenegro has been produced in accordance with the directions of EMEP/EEA: Air Pollutant Emission

Inventory Guidebook 2009 and instruction of IPCC: 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

Inventories of PCDD/PCDF, PCB and HCB recognise the sectors, sub-sectors and specific processes where the mentioned pollutants are released to the air. According to the processed data, the greatest emissions of dioxin and furan occur in the process of production of steel and iron, combustion of fossil fuels and in power plants. It should be noted that detailed data are missing regarding the quantity of fuel consumed in transport which is one of the most significant sources of PCDD/PCDF emission to the air, as well as the data on the quantities of uncontrolled burning of waste.

Regulation on limit values for emissions of air pollutants from stationary sources (Official Gazette of Montenegro No. 10/2011) that is compliant with IED, sets emission limit values for substances which are bio-accumulate (PCDD, PCDF), emission limit values for carcinogens substances (eg PAH) as well as plants where it is necessary to implement measurements (eg. production and processing of metals, iron and steel plants, incineration or co-incineration of waste).

PAH analysis is carried out on all power plants over 1MW (sampling and analysis is fully implemented CETI). Analysis of PCDD and PCDF was implemented in one plant, in Toscelik Niksic Alloyed Engineering Steel- electric arc furnaces (in accordance with the requirements of the Regulation). CETI carried out sampling, while the analysis of the content of dioxin realized at the Public Health Institute in Maribor.

Analysis of POPs in soil (PCB, PCDD, OC pesticides) and PAH are continuously implemented since 1998 in the framework of the monitoring program „Program investigation of the contents of hazardous and harmful substances in soil „, organized by the Environmental Protection Agency. Soil sampling and POPs analysis performs CETI. Soil quality in Montenegro is regulated by "Rule book on permitted amounts of hazardous and harmful substances in soil and methods of interrogating" (Official Gazette, 18/97). This Rule book establishes the maximum permitted quantities of hazardous and harmful substances in the soil, which can lead to contamination of soil, and which arises from improper use of fertilizers and plant protection products by the legal entities and individuals, as well as the discharge of waste materials from various sources.

Analysis of POPs in waste water (PCBs, organochlorine pesticides, chlorinated hydrocarbons total) is being implemented in accordance with the obligations set out in Ordinance on quality and sanitary and technical requirements for waste water discharge into the recipient and public sewage system, method and procedure of testing waste water quality, minimal number of tests and the content of the report on the determined waste water quality ("Official Gazette of Montenegro", no. 045/08 of 31.07.2008, 009/10 from 19.02.2010, 24.05.2012 026/12, 052/12 12.10. 2012, 059/13 of 26.12.2013), for all emitters of wastewater. Waste water sampling and POPs analysis performs CETI.

The control of pesticides is conducted through the implementation of the Programme of monitoring the plant protection residue adopted every year.

7.2.2 Responsibilities and capacities

MSDT is the institution holding primary responsibility in Montenegro for the transposition of the EU chemicals rules as well as the implementation and monitoring of implementation of relevant national legislation.

MARD is the institution responsible for the transposition of EU legislation on the protection of animals used for scientific purposes.

AFSVPA is the institution responsible for the implementation of legislation on the protection of animals used for scientific purposes.

EPA is responsible for the implementation of chemicals related legislation.

CETI is responsible for laboratory testing of plant protection substances (pesticides) and plant protection residues (pesticides) and POPs substances in all segments of environment.

AIA – Administration for inspection affairs is responsible for inspection supervision over the implementation of environment protection legislation, including the subsector of chemicals.

Existing administrative capacity of the key institutions responsible for transposition, implementation and enforcement includes the following:

- MSDT currently has one only staff addressing chemicals issues;
- Under its new systematisation, EPA has the Department for Chemicals Management, which envisages and has filled 4 positions for chemicals issues;
- CETI has 20 staff working on laboratory testing of plant protection chemicals (pesticides) and plant protection residues and sampling of all segments of environment and POPs analysis
- AIA has six environmental inspectors with competencies covering all environmental protection issues with respect to all subsectors, including chemicals issues.

7.2.3 Key organisational and capacity gaps

As for institutional organisation, responsibilities and the capacities available for efficient transposition of the EU legislation and the implementation of national regulations on chemicals, the following key gaps have been identified:

- Although the law lays down that a supplier who imports, produces and markets chemicals in quantities above 100 kg must enter the chemicals into the chemicals register on the basis of the assessment of chemicals, the register has not been established yet (which is the implementation gap with respect to REACH Regulation requirements);
- Montenegro does not have a help desk service yet to provide information and advice (to producers, importers, and distributors) about the responsibilities and obligations (in line with national legislation, harmonised with REACH and CLP regulations);
- Montenegro has not appointed a body responsible for the receipt of information on emergency health response, or established a poison centre (stemming from CLP Regulation);
- Requirements of Regulation No 528/2012/EC concerning the placing on the market and use of biocidal products are still not met by national legislation;
- Administrative capacity in the line ministry (MSDT) for regulating the chemical management issues in compliance with the EU acquis is insufficient. There is just one staff at the moment;
- Under the new systematisation, EPA has a Department for Chemical Management with only four work posts envisaged. The planned administrative capacity is not sufficient for the implementation of all regulations by which the chemicals management system in Montenegro would be fully harmonised with the relevant complex requirements of the EU;

- Asbestos Directive (87/217/EEC) is not fully transposed into Montenegro's legal system and is therefore not implemented yet;
- Representatives of Montenegro (working at MSDT and EPA - Chemicals Department) do not take part in meetings of relevant EU MS's bodies responsible for chemicals and biocidal products in an observer capacity (CARACAL, ECHA HELP-NET, etc.);
- Montenegro does not have laboratories authorised for testing hazardous properties of chemicals in line with the principle of good laboratory practices (DLP). It must be noted that CETI has some expert capacity available;
- AIA administrative capacity is inadequate (in terms of professional qualifications and number of staff) and does not meet the actual needs for efficient inspection supervision in the area of chemicals.

7.2.4 Elements of institutional adjustment measures

In order to achieve full alignment with the EU acquis, Montenegro will:

- Establish within EPA a chemicals register in accordance with Montenegro's legislation harmonised with REACH Regulation requirements, by the end of 2019 as planned in the Table XLV of the AP;
- Establish by the end of 2018 a help desk service to provide information and advice (to producers, importers, and distributors) about their responsibilities and obligations, as set by Montenegro's legislation harmonised with REACH and CLP Regulations;
- Appoint a body responsible for the receipt of information on emergency health interventions, i.e. establishing a poison control centre in accordance with Montenegro's legislation harmonised with Article 45 of CLP Regulation, by the end of 2018;
- Regulate within the shortest time possible the EU requirements under Regulation 528/2012/EC concerning the placing on the market and use of biocidal products in Montenegro;
- Strengthen the administrative capacity at the line ministry (MSDT) for the transposition and monitoring of the EU chemicals legislation. This will be done in accordance to the overall plan to be adopted by the end I quarter of 2017 (see details on Table XLV: Implementation Plan-Chemicals);
- Strengthen the administrative capacity of EPA for adequate implementation of national legislation harmonised with the EU requirements, in line with minimum requirements (number, expertise), progressively according to the plan given in the Table XLVI of the AP;
- Enact the legislation by which to fully transpose the Asbestos Directive (87/217/EEC) and prepare and initiate the implementation of the plan for the implementation of the legislation transposing this Directive, particularly with respect to secure handling and removal of construction and insulation material and other products that contain asbestos, by the end of 2017;
- Ensure the representatives of MSDT and EPA in particular, namely the Chemicals Department, to take part in meetings of competent bodies from EU member states responsible for

chemicals and biocidal products in an observer capacity. This will be taken into account in the plan to be developed for institutional adjustment and reorganization;

- Professional personnel in the area of chemical safety management (for example toxicologists, toxicological chemists etc.) are employed in several institutions in which they are specifically and continuously needed according to their education. Namely, for education of these professionals there is a plan which is adopted by Ministry of Health, which takes care about country needs in this specific area (Rulebook on criteria and procedure for approval and training for the rights and obligations of candidates which was approved by training for health institutions ("Official Gazette of Montenegro", No. 022/16), Rulebook on specializations ("Official Gazette of Montenegro", No. 017/14). However, knowledge and expertise of these professionals EPA will use for implementation of all activities which require their specific knowledge (preparation of expert basis for EP, guides, testing and checking of chemicals, training in security management, help desk etc.). The most common way of engagement of these experts is through working groups or some other engagements (experts or institutions) regulated by law. Montenegro as a small country, with no significant chemical production, opted for this solution which is considered as most rational.
- AIA will conduct internal reorganisation to avoid any overlap of competencies and achieve more synergies in the work with inspection bodies from other areas. It will also organize the training of inspectors and drafting of manuals and guides to facilitate inspection procedures. This activity will start immediately upon the adoption of the Strategy. The reorganisation will take place by the end of 2018 the latest.

Detailed plan of actions with specific measures and timeline for achieving full implementation in the area of Chemicals is provided in the AP Chapter 5.7.2.

8. NOISE

8.1 Transposition

8.1.1 Status overview and gap identification

The transposition of Directive 2002/49/EC, as amended by Regulation (EC) No 1137/2008 (assessment and management of environmental noise) has been completed through the Law on Protection from Environmental Noise.⁵⁸ Four implementing regulations have been enacted for its implementation (rulebooks).

A directive (EU) 2015/996 establishing common noise assessment method, in accordance with Directive 2002/49/EC, has not been transposed. The deadline set for its implementation is 2017, full transposition will be done by the end of 2016.

8.1.2 Elements of gap removing measures

As for the needs for transposition in this subsector, there are no areas of non-compliance with the EU legislation identified. The AP envisages the transposition of Directive (EU) 2015/996 by the end of 2016. (see TABLE XLVII: TRANSPOSITION PLAN –NOISE).

⁵⁸ "Official Gazette of MNE", No. 28/11,1/14.

8.2 Implementation

8.2.1 Status overview

Directive 2002/49/EC concerning environmental assessment and management is fully transposed by the Law on Protection from Environmental Noise and secondary legislation, but their implementation is still at an early stage. The competent bodies have been identified as well as their obligations to undertake the following: prepare strategic noise maps and action plans, define the protection measures against environmental noise, as well as the obligations relating to reporting to the European Commission, monitoring, and sanctions. At present, in Montenegro, there is one agglomeration⁵⁹ and two main roads managed by the state,⁶⁰ which are subject to the requirements to develop strategic noise maps and action plans.

The EPA issues licenses for the measurement of environmental noise levels⁶¹ and licenses for development of strategic maps and calculation of noise levels.⁶²

8.2.2 Responsibilities and capacities

MSDT is the institution holding primary responsibility for the transposition of the EU legislation and monitoring the implementation of national legislation concerning the assessment and protection against environmental noise.

EPA is the institution responsible for the implementation of legislation concerning protection from environmental noise, particularly for the issuance of licenses, development of noise maps and action plans, implementation of other protection measures against environmental noise, maintenance of information system, and development of reports for the European Commission.

AIA - Department for Environmental Inspection is the institution responsible for inspection supervision of the implementation of environment protection legislation, including the subsector of protection against environmental noise.

The present administrative capacity of key institutions responsible for the transposition of the EU legislation and implementation and monitoring the implementation of Montenegro's legislation includes the following:

- MSDT has one staff (physical chemistry) addressing the noise issues;
- EPA has two staff (technology engineers) responsible for noise. One of them is responsible for monitoring and processing of data on environmental noise levels;
- AIA has six inspectors who address all environment subsectors, including the noise issues;
- Communal inspection at the local level does inspection supervision of noise within the prescribed competencies.

8.2.3 Key organisational and capacity gaps

As for the institutional organisation, competences and capacities available for efficient transposition of the EU *acquis* concerning noise, the following key gaps have been identified:

⁵⁹ The capital, Podgorica (according to MONSTAT, urban area with the population of over 100,000).

⁶⁰ Radanovići-Tivat and Podgorica-Cetinje; according to the data from the Traffic Directorate for 2014, these are the roads with an average annual traffic flow over three million of vehicles.

⁶¹ Four licenses issued so far.

⁶² One license issued so far.

- A centralised information system to include noise data has not been established yet;
- The AIA administrative capacity for efficient implementation of Montenegro's legislation harmonised with the EU directives is not satisfactory, in term of training.

8.2.4 Elements of institutional adjustment measures

In order to achieve full alignment with the EU *acquis*, Montenegro will:

- Provide additional training for the EPA staff responsible for the issuance of licenses, development of strategic noise maps and action plans;
- Establish a central information system that will also include data on noise (located at EPA).
- Establish adequate organisation, capacity and methods of work for the inspection body responsible for monitoring the implementation of regulations governing noise, in accordance with Recommendation 2001/331/EC of the European Parliament and Council (minimum criteria for environment inspection).

Detailed plan of actions with specific measures and timeline for achieving full implementation in the area of Noise is provided in the AP Chapter 5.8.2.

9. CIVIL PROTECTION

9.1 Transposition

9.1.1 Status overview and gap identification

The area of civil protection is governed in Montenegro by the Law on Protection and Rescue,⁶³ adopted in 2007 and amended in 2011.

There are two EU regulations governing civil protection issues that are relevant to the Strategy. These include the following:

- Decision 1313/2013/EU (establishing the Union Civil Protection Mechanisms);
- Council Decision 2014/762/EU establishing the implementing rules for Decision 1313/2013/EU on the Union Civil Protection Mechanism.

An agreement was signed in September 2014 between Montenegro and the EU on Montenegro's participation to the Union Civil Protection Mechanism, which was ratified in early 2015.⁶⁴ The agreement sets out that the implementation of obligations under the Decision 1313/2013/EU.

The activities of the Directorate for Emergency Situations of the MI, in addition to the issues governed by the above listed regulations of the EU and Montenegro also include the activities that MSDT and MARD are sharing with the Directorate with respect to transposition, implementation and enforcement of Directive 2007/60/EC (flood risk assessment and management) and Directive 2012/18/EU (Seveso III). Since these directives are not transposed into the legal system of Montenegro yet, the cooperation of these institutions may be seen as part of a need identified earlier for the

⁶³ "Official Gazette of MNE", Nos. 13/07, 32/11.

⁶⁴ Agreement between Montenegro and the European Union on the participation by Montenegro in the EU Civil Protection Mechanism.

existing cooperation among the public administration institutions in Montenegro to be formalised by concluding a form of an interinstitutional arrangement (agreement).

9.1.2 Elements of non-compliance removal measures

The AP envisages actions on the following:

- Regulation by means of secondary legislation of implementation of the agreement concluded between Montenegro and the EU on Montenegro's participation in the EU Civil Protection Mechanism;
- Participation of the Directorate for Emergency Situations in all MSDT and MARD activities on full transposition (i.e. adoption of both primary and secondary, so called implementing regulations) of Directive 2007/60/EC and Directive 2012/18/EU (Seveso III) as well as in follow-up implementation of Montenegro's legislation, in accordance with its competences.

9.2 Implementation

9.2.1 Status overview

Without the support of other states and activation of the Union Civil Protection Mechanism, Montenegro cannot effectively respond to disasters because it lacks the required resources that are available in the member states (rescue teams, transport, equipment, medical teams, etc.). That is why Montenegro took the first step towards implementing Decision 1313/2013/EU by signing the agreement with the EU on its participation to the Union Civil Protection Mechanism. Montenegro has ratified the agreement on 21 April 2015 and became Participating State to the Union Civil Protection Mechanism.

Participating in the Union Civil Protection Mechanism enables Montenegro to take part in Civil Protection Committee meetings, various policy working groups and training programmes (including joint courses and exercises, as well as the exchange of experts), workshops, seminars, and projects. The Mechanism also allows access to the services of the Emergency Response Coordination Centre - ERCC and the Common Emergency Communication and Information System (CECIS).

Montenegro has to establish sTESTA connection (secure Trans European Services for Telematics between Administrations) which is prerequisite for national civil protection authorities to establish CECIS connection (Common Emergency Communication and Information System) which they need to communicate with ERCC. Once the sTESTA connection is established between a country and the European Commission it is the responsibility of the government of the country to create a national network through which sTESTA will be further connected with each ministry or institution which will need to use it.

9.2.2 Responsibilities and capacities

MI - Directorate for Emergency Situations is responsible for risk management, disaster protection and rescue management, and management of recovery of disaster consequences (earthquakes, fires and other natural and technical and technological disasters). In the framework of alignment in the area of civil protection, MI is the institution holding primary responsibility for the transposition of the EU civil protection legislation and the implementation of national regulations.

Of great importance to efficient transposition and implementation of Directive 2007/60/EC concerning flood risk assessment and management and Directive 2012/18/EU concerning the control of major-accident hazards involving dangerous substances (SEVESO III) is the participation by the Directorate for

Emergency Situations in all the activities undertaken by MSDT and MARD as the institutions holding primary responsible.

9.2.3 Key organisational and capacity gaps

Strengthening of MI human capacities - at both Directorate for Emergency Situations and protection and rescue operational units is identified as the key need, particularly with regard to the following:

- Inadequate organisation of the protection and rescue system - civil protection;
- Harmonisation with systems, standards and good practices of the EU member states;
- Development of technical and material resources;
- Further equipping and training of civil protection staff;
- Development of capacities for national, implementation of risk management plans, and assessment of own capacities for risk management;
- Establish sTESTA connection and define the responsible ministry as an entry point in the country
- Development of capacities for reporting to the European Commission.

9.2.4 Elements of institutional adjustment measures

In order to achieve full alignment with the EU *acquis*, Montenegro will:

- Request the EU support to the consolidation of the system, i.e. for the project of reorganising the protection and rescue system - civil protection, with clearly defined responsibilities;
- Develop the administrative capacities of the relevant bodies so as to harmonise to the biggest extent possible the national civil protection system with the systems, standards and EU MS good practices;
- Improve the technical and material resources, primarily by further equipping and training of staff addressing civil protection issues and of relevant staff in order to achieve the level of appropriate readiness for efficient support in risk prevention and adequate response to emergencies;
- Develop the necessary capacities for timely and quality risk assessment, implementation of risk management plans, and assessment of own capacities for risk management and reporting to the European Commission.

Detailed plan of actions with specific measures and timeline for achieving full implementation in the area of Civil Protection is provided in the AP Chapter 5.9.2.

10. CLIMATE CHANGE

10.1 Transposition

10.1.1 Status Overview with Gap Identification

Transposition of the EU legislation governing climate change is at an early stage in Montenegro. Certain matters are regulated under the 2010 Law on Air Protection⁶⁵ (amended in 2015), 2015 Law on Road Safety⁶⁶, 2014 Law on Energy Efficiency⁶⁷ and 2013 Law amending the Law on Environmental Impact Assessment.⁶⁸ This mainly refers to partial transposition of the Directive 98/70/EC relating to the quality of petrol and diesel fuels (some definitions have been transposed, including provision on the prohibition of lead in petrol, provision allowing marketing of only those fuels that comply with environmental specifications, legal basis for regulating Sulphur content in the fuels for non-road mobile machinery) and to monitoring of fuel quality, while only definition of greenhouse gasses (GHG) was taken from the Directive 2003/87/EC (EU ETS). Amendments to this Directive introduced under the Directive 2009/30/EC and provisions of the Directive 2009/28/EC on the promotion of the use of energy from renewable sources have not yet been incorporated into the legal system of Montenegro. Legal basis for establishment of the biofuels market and laying down criteria for their sustainability, as well as for the manner of monitoring life cycle of CO₂ from biofuels is regulated under the Law on Energy.⁶⁹ Provisions of the Directive 2009/30/EC introducing a mechanism to monitor and reduce greenhouse gas emissions and Directive 2009/28/EC on the promotion of the use of energy from renewable sources will be transposed into the national legislation by adoption of an implementing act. Directive 1999/94/EC and Directive 2009/31/EC, Directives 2003/87/EC (EU ETS) and 2008/101/EC (ETS in air transport) have not been transposed into the legal system of Montenegro.

Transposition of the major share of legislation governing climate change in the existing structure of Administration falls within competence of other ministries, for instance the Ministry of Transport and Maritime Affairs (MTMA) (in the area of transport) and the Ministry of Economy (ME) (in the area of energy), which is why role/competence of the MSDT in that context does not include direct responsibility for full transposition of all the pieces of the EU legislation governing climate change⁷⁰, but rather the coordination of activities involving integration of the environmental protection and climate change policy into other sectoral strategies, including in that context transposition of the EU legislation mentioned above of which some have already been partly transposed, for instance regulation of CO₂ emissions through the Law on Road Safety and Rulebook on technical requirements and conditions for imported vehicles or vehicles marketed in Montenegro for the first time.

Montenegro is a party to the UNFCCC (and to the Kyoto Protocol until the moment it is repealed) and is obligated to fulfil obligations arising from these international treaties. Efforts are being made to ensure complementary fulfilment of these obligations and obligations in the process of transposing climate change acquis of the EU.

⁶⁵ Official Gazette of MNE 25/10, 43/15.

⁶⁶ Official Gazette of MNE 33/12.

⁶⁷ Official Gazette of MNE 57/14.

⁶⁸ Official Gazette of RMNE 80/05, Official Gazette of MNE 27/13.

⁶⁹ Official Gazette of MNE 5/16.

⁷⁰ Identified and elaborated in Annex I to the Strategy.

By the adoption of the Paris Agreement at the 21st UN Conference of the Parties of the Framework Convention on Climate Change (COP21) held in 2015 Paris, a historically important agreement in the field of climate change has been achieved. With submitted “Intended Nationally Determined Contribution” (INDC) document, Montenegro committed to an ambitious target of reducing GHG emissions by 30% by 2030 compared to the 1990 base year. The national strategy in the field of climate change by 2030 gives strategic guidelines for achieving the objective within the INDC.

The Paris Agreement represents historic milestone in international effort to combat climate change and Montenegro has expressed its intent to honor this universally accepted treaty. Adoption of the Paris Agreement has influenced the entire landscape of the climate change action on the global as well on national level. This fact clearly impacts the way Montenegro will plan its development and long-term future in view of the low emissions and climate resilient economy, as per Montenegrin INDC. Although the National Approximation strategy in the area of Environment and Climate Change (NEAS) has strong focus on the approximation of the EU climate acquis, it is obvious that it complements the achievement of the obligations put forward with INDC and the implementation of the Paris Agreement. By harmonization with the EU climate and energy acquis Montenegro will be well under its way in implementation of the commitments expressed under INDC. All activities to be implemented by Montenegro in the following period, including harmonization with the EU climate acquis, will predominantly focus on support to the implementation of the Paris Agreement. Montenegro fully understands and recognizes the importance and implications of the Paris Agreement. This understanding stems from the character and the elements contained in the INDC, where major transformational change in sectors of energy production, industry and transport are envisioned to take place by the 2030. Also, the way energy is being used in the domestic and public sector as well in the sector of small and medium enterprises, has to be significantly adjusted in the way it conforms with the prospects of gradual transformation to low-emission development patterns. The other very important issue which Montenegro clearly understands is the necessity to achieve economy-wide and inter-sectoral coordination in achievement of the INDC. In this regard a good basis has been set by establishment of the National Council for Sustainable Development, Climate Change and Integrated Management of Coastal Area, by which the necessary coordination mechanism has been put in place. This body will serve as the main vehicle for coordinating the economy-wide and social consensus for implementation of the INDC, and subsequent progressive commitments on the way to low emissions and climate resilient development.

The Paris Agreement and INDC obviously represents the strategic direction for medium to long term development, however current limitations for more detailed planning and higher degree of certainty in regards to how the concrete INDC programmes and measures will be realised, along with their financial implications, have to be acknowledged. These limitations will be immediately addressed in the preparatory activities for ratification of the Paris Agreement, which Montenegro intends to finish as soon as possible, in order to support its early entry into force. Inter-institutional and stakeholder consultation process has already started during the preparation of the National Climate Change Strategy and the Intended nationally determined contribution (INDC). During this consultative process significant degree of understanding and support from the relevant Government institutions as well as private sector and civil society actors in favor of ambitious national GHG emission reduction goal and climate policy, has been achieved. The most relevant support for such ambitious policies has come from those stakeholders regarded as most important in terms of competencies for policies needed for implementation of the NCCS and INDC, that is, Ministry of Economy, Ministry of Transport and Maritime Affairs and from the major private sector companies, namely the Thermal Power Plant

“Pljevlja” and Aluminum Plant in Podgorica. This generated a positive momentum that will fuel inclusive and participatory consultations necessary for achieving economy-wide consensus for ratification of the Paris Agreement and implementation of commitments prescribed by it.

The establishment of designated Directorate for Climate Change as a specific department within the Ministry of Sustainable Development and Tourism, with clear competencies in this field, contributed substantially to gradual improvement of the inter-sectoral cooperation and integration of the climate change aspects into other relevant sectoral policies and strategies. This administrative set-up will be maintained in the future, and its capacity improved, in order to be able to adequately respond to the requirements of full harmonization with the EU climate acquis.

Montenegro clearly understands the necessity for aligning its policies with EU beyond the 2020 horizon. The headline EU climate and energy policies, namely the 2030 Framework for climate and energy policies with its key goals, and the Roadmap to a competitive low carbon economy in 2050 will be the guiding documents for development of climate policies in the coming period. Obviously the EU legislation that is being developed to support implementation of these policies will be transposed in Montenegrin legal system as the process of accession unfolds.

10.1.2 Elements of Gap Removing Measures

The AP sets out activities that are to be undertaken in order to achieve, in the medium-term period (before expiration of the four-year period), full transposition of the EU *acquis* in the area of climate change and to regulate, under national legislation, of all those matters that have not been regulated in the EU legislation and directives. In this way, Montenegro will fulfil obligations arising from the international treaties that it acceded to and that the EU is a party to as well. In addition, regulation of numerous matters from the EU climate change *acquis* before accession of Montenegro to the EU is also necessary for unhindered performance of certain economic activities.⁷¹ These activities will enable the following to be achieved:

- Full transposition (i.e. adoption of new laws or amending the existing laws and implementing acts - decrees, rulebooks and decisions) of the following directives:
- Directive 2003/87/EC (EU ETS), until expiration of the short-term period of two years. The fact that this directive is currently under revision will be taken into account during transposition;
- Directive 98/70/EC (fuel quality);
- Directive 1999/94/EC (informing consumers about fuel consumption and CO₂ emissions when buying new cars); and
- Directive 2009/31/EC (geological storage of CO₂).
- The last three directives mentioned above will be fully transposed before expiration of the medium-term period (preferable time-frame is three years, in order to devote full attention in the last year before expiration of the medium-term period to the implementation and enforcement of the pieces of legislation through which the requirements set out in these directives are fully transposed into the legal system of Montenegro).

⁷¹ For example, fulfilment of the obligations laid down in the Directive 2008/101/EC by national airline carrier Montenegro Airlines, even though this directive has not been transposed yet.

- Initiating and establishing continuous cooperation with other ministries and other authorities that are primarily competent for the matters from this sector that do not fall within direct competence of the MSDT, with the aim of adopting all national pieces of legislation for the purpose of achieving harmonisation with the EU acquis in the area of climate change and establishing a clear legal framework (with precisely divided and harmonised competences of all the competent bodies) for the fulfilment the obligations of Montenegro arising from the SAA and obligations laid down in international treaties that Montenegro is a party to. This refers to:
 - Directive 2008/101/EC (ETS in air transport);
 - Directive 2009/30/EC (fuel quality);
 - Directive 2009/28/EC (promotion of the use of fuels from renewable sources);
 - Decision 406/2009/EC (effort sharing). The fact that this decision is currently under revision will be taken into account; and
 - Other EU legislation and identified in Annex I to the Strategy.

Transposition of the EU legislation in this sector is a complex process, particularly if one has in mind the scope and diversity of this issue. As it is necessary to ensure exceptional inter-institutional cooperation, the new Directorate General for Climate Change at the moment it does not have necessary human resource capacity needed for carrying out these activities. In line with that, AP clearly indicates pieces of legislation Montenegro plans to request technical assistance from the EU through TAIX.

10.2 Implementation

10.2.1 Status Overview

The first national report of Montenegro on climate change to the UN Framework Convention on Climate Change (UNFCCC) was prepared in 2010, while the second national report was developed in 2015. The National Climate Change Strategy by 2030 was adopted in September 2015 and accompanying environmental impact assessment was carried out. INDC for the reduction of GHG was prepared as part of the Strategy and submitted to the UNFCCC Secretariat. This document lays down the obligation to reduce GHG by 30 % by 2030 compared to the emissions level in the baseline year 1990.

The National Climate Change Strategy by 2030, has a comprehensive Action plan with prioritized programmes and activities which, once implemented, will lead to significant reduction in GHG emissions, improved market competitiveness and other non-market benefits. Having in mind that the NCCS and the INDC have been adopted recently, implementation has not yet started and monitoring of implementation is planned in the coming period. The precondition for this is establishment of comprehensive and functioning Monitoring, Reporting and Verification system which will be in line with the relevant EU regulations. This will be achieved by harmonization with Monitoring Mechanism Regulation and with establishment of EU ETS system in Montenegro in line with NEAS Action plan.

Additionally, regular 5 year review of the National Climate Change Strategy and INDC under the UNFCCC will inform relevant institutions about corrective measures that need to be included in the revised version of these documents.

The Monitoring Mechanism Regulation (EU) 525/2013 (MMR) is partly implemented through compiling of the GHG inventory and reporting in accordance with the UNFCCC methodology. So far, emissions inventories were compiled for the period 1990-2013. The First Biennial report on climate change, adopted in December 2015, updated the inventory of greenhouse gas emissions in line the 2006 Intergovernmental Panel on Climate Change methodology, including the 2013 data. Moreover, the IHS began to report on climate change adaptation measures in the Second National Report. Apart from legal basis set forth in the UNFCCC, the Montenegrin legislation does not fully regulate the issue of GHG monitoring and reporting. Partly, this is done through the Rulebook on gas inventory and manner of compiling inventories of GHG emissions and data exchange⁷² and it should be further improved by adoption of the new rulebook under the Law amending the Law on Air Protection.⁷³ The new rulebook, which will be adopted by the end of 2017, will lay down the obligation to draw up Annual Plan for Data Collection and Plan for Improving Emissions Inventory System⁷⁴

New draft Law on Environment, which is in the parliamentary procedure, lays down obligations to adopt the Low Carbon Strategy and National Climate Change Adaptation Plan.

The first preparatory steps were taken in respect of transposition and practical implementation of the requirements set out in the Directive 2003/87/EC on emissions trading (*EU ETS*) in Montenegro. Five ETS-like facilities were identified in the initial assessment that could participate in EU ETS system.⁷⁵

Since 2010, the national air carrier Montenegro Airlines has been monitoring and reporting on CO₂ emissions to the European Commission. However, it should be noted that requirement set out in the EU *acquis* for this area have not been transposed into national legislation. The responsible competent authority for harmonization with this Directive is MSDT. The Administrative member state for Montenegro Airlines is Germany, and its competent authority for emission trading- (Die Deutsche Emissionshandelsstelle DEHSt)

Preparations for establishment of the monitoring and reporting system for GHG emissions have begun in framework of the project ECRAN and they will be supplemented by development of the guide and templates for the submission of monitoring plans and reports.

Effort Sharing Decision (406/2009/EC) refers to the sectors that are not covered by emissions trading system – sectors such as construction industry (energy efficiency in buildings), agriculture, transport and waste management. Montenegro has not still taken steps to harmonise with the decision, and it recognises that once it becomes member of the EU it will comply with it. However, it is important to mention that energy efficiency measures are implemented to a significant extent (implementation of the second triennial energy efficiency plan is currently in progress) which represents a good starting point to account for activities within sectors that fall under ESD. However, the initial consultations with competent line ministries have been conducted by the newly established Directorate for Climate Change.

⁷² Official Gazette of MNE 39/14

⁷³ Official Gazette of MNE 43/15.

⁷⁴ Like in some other cases, in this case it can also be noted that activities of the Montenegrin authorities in fulfilling certain international obligations precede activities involving adoption of the legislation which would regulate legal framework for implementation of such activities (In this cases it can also be noted that life precedes the legislation). Such state of play suggests importance of taking prompt measures with the aim of regulating these matters related to the fulfilment of international obligations of Montenegro, including adoption of the legislation through which EU environmental legislation is transposed. All cases of this nature, that the European Commission also highlighted (on the example of UWWT) provide additional arguments for short time frames set out in Action Plan for implementation of this Strategy in which the EU environmental legislation is to be transposed.

⁷⁵ TPP Pljevlja, Aluminum Plant, Nikšić Steel Mill, Nikšić Brewery and Timber Processing Facility Vektra Jakić.

The Second National Report on Climate Change of Montenegro prepared for the UNFCCC set out certain measures related to reduction of emissions in accordance with the Effort Sharing Decision. These measures are additionally elaborated through the National Climate Change Strategy by 2030. However, implementation of these measures is largely conditional upon prior adoption of relevant national legislation in the area of climate change. Other relevant sectors, through implementation of their strategic documents, existing policies and laws, such as those that regulate energy efficiency and renewable energy, are also contributing to setting the groundworks for implementation of this Decision.

The requirements set out in the Regulation (EC) No. 1005/2009 (protection of ozone layer) and the EU Regulation No. 517/2014 (F-gasses) are governed by national legislation which is implemented to a certain extent. This refers to provisions of the Law on Air Protection⁷⁶ and Decree on ozone depleting substances (ODS) and alternative substances.⁷⁷ These pieces of legislation set out which bodies are competent for implementation and enforcement, as well as necessary prohibitions of use, export and import of these substances and penalty measures. Moreover, use, import and export of ODS which violate the law are qualified as a criminal offence in the Criminal Code of Montenegro.

Companies and maintenance operators handling equipment which contains ODS and F gases in Montenegro were trained and they received certificates. However, there is still no system of mutual recognition of certificates between Montenegro and the EU Member States. This system is developed in parallel with the system of mutual recognition of certificates for other occupations (Chapter 1 of the SAA).

Regulations (EC) No. 443/2009 and EU No. 510/2011 setting emissions performance standards of CO₂ emissions from passenger cars and light-duty vehicles have been partly transposed into the Law on Road Safety⁷⁸ and Rulebook on technical requirements and conditions for vehicles imported or marketed in Montenegro for the first time.⁷⁹

Directive 98/70/EC on fuel quality is partially implemented in Montenegro through the annual Fuel Quality Monitoring Programme drafted and coordinated by the EPA, which is adopted under the Decree on thresholds for the content of pollutants in liquid fuels of oil origin⁸⁰, in accordance with the Law on Air Protection.⁸¹ Accredited laboratory performs sampling and laboratory analysis of samples in compliance with the standards whose application in Montenegro is regulated, and in accordance with the Directive. The programme is implemented in accordance with *polluter pays* principle where fuel distributors are obligated to conclude a contract with an accredited laboratory for the monitoring purpose. The programme is drafted in compliance with the standard EN 14274, the application of which is set out by the decree mentioned above. Amendments to this Directive introduced under the Directive 2009/30/EC and provisions of the Directive 2009/28/EC on the promotion of the use of energy from renewable sources have not yet been incorporated into the legal system of Montenegro. Legal basis for establishment of the biofuels market and laying down criteria for their sustainability, as well as for the manner of monitoring life cycle of CO₂ from biofuels is regulated under the Law on Energy.⁸² Provisions of the Directive 2009/30/EC introducing a mechanism to monitor and reduce

⁷⁶ Official Gazette of MNE 25/10, 43/15.

⁷⁷ Official Gazette of MNE br. 05/11.

⁷⁸ Official Gazette of MNE 33/12.

⁷⁹ Official Gazette of MNE 5/15.

⁸⁰ Official Gazette of MNE 39/10.

⁸¹ Official Gazette of MNE 25/10, 43/15

⁸² Official Gazette of MNE 28/10, 6/13, 10/15

greenhouse gas emissions and Directive 2009/28/EC on the promotion of the use of energy from renewable sources will be transposed into national legislation through adoption of an implementing act.

The following are problems faced in implementation and enforcement of the legislation:

- Data quality and availability;
- Lack of human resources;
- Lack of continuous training and equipment;
- Limited funding for establishment of infrastructure;
- Inadequate institutional set-up; and
- Lack of mechanisms for cooperation and coordination at the national and local levels.

10.2.2 Competences and Capacities

The MSDT is primarily responsible for preparing and implementation of the National Climate Change Strategy and transposition of the EU climate change *acquis*. MSDT is also responsible for coordinating other ministries and public institutions which are involved in transposition of EU legislation, practical implementation and supervision of implementation of certain pieces of national legislation.

The EPA is competent for implementation of the legislation and responsible for compiling and maintenance of the national GHG emissions inventory. The EPA is also competent for conducting administrative procedures and keeping records on the ozone depleting substance and fluorinated gasses use.

The ME is a key state institution responsible for implementation of the policy on renewable energy sources and energy efficiency. This Ministry is also competent for establishing biofuels market and for laying down criteria for their sustainability and manner of monitoring of the life cycle of CO₂ originating from biofuels.

The MTMA is responsible for adoption and implementation of transport policies and sectoral development, including implementation of the legislation related to CO₂ emissions in road and air transport. The MTMA plays a key role in the promotion of vehicles with efficient fuel consumption and adoption of relevant standards.

The MI is responsible for collecting information on road transport, which also includes competence for implementation of the requirements set out in the legislation on monitoring of CO₂ emissions in traffic.

The National Council for Sustainable Development and Climate Change is a mechanism for inter-sectoral coordination of implementation of the climate change policy. A special Working Group for climate change was set up within the National Council as its permanent working body.

Other relevant stakeholders are the Ministry of Health, local governments and institutions such as the Institute of Hydrometeorology and Seismology, Civil Aviation Agency, University of Montenegro, National Academia of Science. Important stakeholders in the area of climate change are the business associations, such as the Chamber of Commerce of Montenegro, the Montenegrin Employers Federation, Civil Society and Non-Governmental Organisations (NGOs).

The existing administrative capacity of key institutions competent for transposition of the EU legislation, implementation and enforcement is as follows:

- In accordance with the newly adopted job classification, the Directorate for Climate Change was set up at the MSDT, at which employment of five civil servants is planned. Only two civil servants are currently employed at the Directorate;
- Three positions are envisaged in the EPA for monitoring and reporting on GHG emissions, three for trading GHG emissions, two civil servants are responsible for conducting administrative procedures and keeping records on ODS and F-gasses use and one for quality control of fuel;
- Six environmental inspectors are employed at the AIA and their competences include all environmental matters in all sub-sectors, including climate change.

Staff structure for implementation of the climate change legislation in other institutions has not been defined yet.

10.2.3 Key Organisational and Capacity Gaps

As for institutional set-up, competences and capacity available for transposition of the EU legislation and implementation of national climate change legislation, the following key gaps have been identified:

- Climate change policy has so far not been integrated into all the relevant policies and strategies;
- There is a lack of functional inter-sectoral cooperation for efficient implementation of climate change policy in Montenegro;
- The main competent institutions at the national level are faced with the lack of administrative capacity. The newly established Directorate for Climate Change at the MSDT still lacks human resource capacity;
- The present staff at the EPA is lacking technical capacity and knowledge to carry out tasks stemming out of the Montenegrin legislation and the relevant EU acquis;
- The existing administrative/technical capacity for reporting to the UNFCCC is insufficient;
- The public administration has not yet decided on the competence for preparing GHG emissions projections. The system for compiling GHG inventory still does not operate in a satisfactory manner;
- There is no system for monitoring, reporting and verification of GHG emissions, especially for the ETS-like installations. No national administrator or national registry for EU ETS have been set up as preparatory measures for the full implementation of the EU ETS Directive;
- Biofuels market has not been set up, while relevant requirements set out in the EU acquis on that basis have not been transposed yet;
- Systematic informing of consumers about CO₂ emissions when buying new vehicles has not been regulated, nor established.
- Elements of Institutional Adjustment Measures in Climate Change sector

To ensure efficient transposition of the EU climate change legislation and implementation of national legislation in this area Montenegro will:

- Enhance functionality of inter-sectoral cooperation for the purpose of efficient implementation of climate change policy;
- Ensure that there is proper administrative capacity of competent institutions at the national level which also includes strengthening human resource capacity at the Directorate for Climate Change of the MSDT;
- Strengthen human resource capacity and organise additional training for relevant competent institutions' employees for the purpose of compiling GHG inventory and calculating projections of future GHG emissions;
- Establish proper organisation, capacity and manner of operation of the inspection body competent for supervision of implementation of the legislation in this area, in accordance with the Recommendation 2001/331/EC of the European Parliament and of the Council providing for minimum criteria for environmental inspections;
- Appointing of the competent authority and preparatory activities for joining the EU ETS system and introducing monitoring, reporting and verification into national regulatory framework. Establish biofuels market;
- Define how consumers are to be informed about cost-effective fuel consumption and CO₂ emissions from new passenger vehicles.

Detailed plan of actions with specific measures and timeline for achieving full implementation in the area of Climate Change is provided in the AP Chapters 5.10.2.1, 5.10.2.2, 5.10.2.3 and 5.10.2.4.

III. ECONOMIC & FINANCIAL FRAMEWORK FOR ALIGNMENT

1. BASELINE STUDY

1.1 Present conditions from the economic/financial perspective

The opening of EU membership negotiations and the process of harmonization with the environmental *acquis* have highlighted the need to develop the comprehensive strategy, which would include the key economic & financial component. The adoption of the Strategy with the AP will be followed in short order by Directive Specific Implementation Plans (DSIPs), particularly for the Investment Heavy Directives of the main cost contributing sectors: Water, Waste and Emissions to Air.

A fundamental aspect of any strategy is the determination of its cost. This is defined as “the Economic Gap” or, in the case of this Strategy, “Cost of Alignment”.

Economic and financial planning capacity is not yet developed to an adequate level within the various institutions in Montenegro and will require additional improvement, in order to reach the scale and degree of specialization that will be required for rapid and successful mobilization of EU grants, other donor contributions and financing mechanisms from International Financial Institutions. Staff with a strong economic background will be required in the MSDT to ensure economic and financial analysis and planning capacities.

1.2 Comparison of average EU and Montenegro parameters

The first step in establishing the economic gap was to define the starting point. Although the cost of each Investment Heavy Directive is calculated through a Model Tool which will be outlined later in this part of the document, a summary of some basic parameters which illustrate the existing differences between Montenegro and EU average, has been included in the Tables below.

TABLE I: COMPARATIVE INDICATORS

COMPARATIVE INDICATORS (Base years for data, 2012-2014)				
	Units	Montenegro	EU	Montenegro compared to EU average
GENERAL				
Population	Million	0.62	508.2	0.12%
GDP/Capita	€	5,436	26,700	20.36%
Inflation	€	1.5%	0.6%	n/a
Household Income	€/Household	7,457	41,464	17.98%
Household Expenditure on Utilities ⁸³	%	7.5%	18.3%	40.98%
Expenditure on Environment	% of GDP	0.2%	1.76%	11,36%
ENVIRONMENTAL				
Drinking Water Supply	% of Population Served	60.0%	93%	64.52%

⁸³ According to the 2014 EU survey, EU 27 HH expenditure on Housing and Utilities amounts to 33.1% but this does not differentiate between Housing Costs “per se” and Utilities. In a 2010 survey, housing costs are estimated 14.8% of HHI.

In this Table, a “best estimate” has been made for only utilities, combining these two sources.

Purified Drinking Water Supply	% of Population Served	45.0%	100%	45,0%
Urban Wastewater Collected	% of Population Served	60.0%	93%	30.11%
Urban Wastewater Treated	% of Wastewater Treated	15.0%	87%	17.24%
Municipal Solid Waste Collected	% of Population Served	76.0%	99%	76.77%
Compliant Treatment (Lfill/Incin)	% of MSW	40.0%	99%	40.4%
Municipal Solid Waste Recycled	% of MSW	4.86%	43,50%	27,59%
Emissions NOx	Kg/Capita	16.4	20,59	79.65%
Emissions SO2	Kg/Capita	64.8	11,62	557.66%
Emissions GHG	Tons/Capita	5.04	9,90	50.91%

Note: Performance levels by sectors are obtained by combining a number of sources that sometimes differ considerably. The main references are, inter alia: Montenegrin statistical yearbooks, data published by the Montenegrin Environmental Protection Agency, national water and waste management strategies for different years, UN environmental performance reviews, etc. The “best estimates” derived from these and other sources are then exposed to relevant officials in order to reach a consensus. Generally, the estimates go along the lower threshold of a whole range of sources, for caution.

TABLE II: KEY ASSUMPTIONS & LEVEL OF COMPLIANCE TARGETED

KEY ASSUMPTIONS & LEVEL OF COMPLIANCE TARGETED			
	Units	Montenegro	Assumptions
GENERAL			
Population	millions	0.62	Diminishing by 0,3%
GDP/Capita	€	5,436	GDP Growth; 3.2% -2015; 4.9%-2016; 4% 2017 onwards....
Inflation	€	1.5%	€ inflation is projected at 2% in € throughout planning period
Household Income	€/Household	7,457	Growth projected at GDP
Household Expenditure on Utilities *		7.5%	International Thresholds applied
Expenditure on Environment	% of GDP	0,2%	Threshold of 3% applied
ENVIRONMENTAL			
Drinking Water Supply	% of Population Served	60.0%	Projected to reach 93%
Purified Drinking Water Supply	% of Population Served	45.0%	Projected to reach 100%
Urban Wastewater Collected	% of Population Served	67.0%	Projected to reach 93%
Urban Wastewater Treated	% of Wastewater Treated	28.0%	Projected to reach 93%
Municipal Solid Waste Collected	% of Population Served	76.0%	Projected to reach 99%
Compliant Treatment (Lfill/Incin)	% of MSW	40.0%	Projected to reach 99%
Municipal Solid Waste Recycled	% of MSW	12.0%	Projected to reach 43,5%
Emissions NO _x		16.4	No Targets set. Linear reduction to EU Targets assumed. EU Targets for 2025 Are 17,8 NO _x ; 11,5 SO ₂ ; 8,0 GHG
Emissions SO ₂	Kg/Capita	64.8	
Emissions CO ₂	Kg/Capita	5.04	

The indicators for Montenegro are approximately comparable to those of other Central/Western Balkan states. The greatest gaps are in GDP per Capita and Household Income, a sixth of EU average. Note that real monetary GDP figures are used. Price Purchase Parity equivalents are for socioeconomic comparisons in living standards, but are not real monetary figures.

In the field of Environment, the largest (and most expensive) gaps are in:

- Urban wastewater treatment, with construction and operation of sewerage systems and wastewater treatment facilities;
- Solid waste and other special waste management, with upgrading and improving construction of necessary infrastructure, rehabilitation and closure of existing landfills, and, most importantly, the development of a modern collection and transport system, treatment, recycling, energy exploitation and depositing of waste residues;
- Air quality protection and climate change due to need for high investment in industrial, energy, transport and utility sectors, in order to reduce pollutant emissions into the air, particularly SO₂, NO_x, PM₁₀ and PM_{2,5} and GHG.

It should be noted that capital expenditures (CAPEX) and particularly operational expenditures (OPEX) of the mentioned environmental infrastructure will depend on very restricted household resources.

Overall, the present state of the environmental infrastructure, compared to what is required to achieve compliance in the Investment Heavy Directives, argues a lengthy transition period and proportionally very high investment requirements.

2. METHODOLOGICAL APPROACH

To elaborate an Implementation Plan at National, Sector and Investment Heavy Directive Level, there were three aspects that were sequentially considered:

- The calculation of costs. This is primarily an engineering estimate of what creating the required facilities to overcome the compliance gap will cost.
- The sequencing of Investments. This is the economic component. An Investment cost figure on its own means very little, it had to be defined in economic terms by estimating the O&M (Operating & Management) costs multi-annually required to operate the investments and the additional costs to the administration. Furthermore, cost stream was linked to a calculation of maximum cost recovery applying tariff increases within the limitations of the affordability thresholds.
- It is required, both in general terms – and very specifically so regarding transition periods and support from the EU grants – that Cost Recovery is sufficient to cover O&M costs plus some surplus to further cover part of the additional co-financing gap.
- The Financing sources. This is the financial component. Once the inter-annual funding gaps were identified in the feasible implementation plan estimated through the economic component, the means to acquire said finance was determined and conformed to a Sustainable Implementation Plan.

It must be noted that even though justification of the transition periods is not requested at this stage, Montenegro developed viable and sustainable Action Plan of the Strategy.

The methodology expressed as an excel-based model tool is precisely prepared for this purpose.

2.1 The calculation of costs

There are two broad methods employed to estimate the Cost of alignment and, in general, Regulatory Impact:

- The bottom up approach. This consists in an extrapolation of costs based on collected data through surveys and sector specific cost references. The partial database thus established is then extrapolated to the whole of the Directive/Environmental sector concerned;
- The top down approach, or macro-econometric analysis. In this case impacts are estimated on the basis of pollutants to be removed or populations to be served by new or improved standards. Volumes and Unit Costs are derived from domestic and international references.

The bottom up approach is generally employed when extensive data is available and the directive being evaluated impacts on a specific sector with a limited number of stakeholders. The top down, macro-econometric approach is employed when the directives evaluated are complex, have a wide reaching impact and, especially, affect the population significantly and must be timed so as not to raise affordability thresholds.

In the case of the Investment Heavy Directives, with a very complex impact on the population through interactive emissions to air, water and through solid waste accumulation, which have a direct and harmful impact on health and for which abatement costs will primarily be recovered through the public via tariff increases (for waste, water, electricity) and increases in the costs of affected products, (cement, petrol, chemical products), the macro-econometric approach is essential.

In the Montenegrin Strategy, in fact, both approaches have been employed, the macro for the investment heavy directives and the micro to complement the gaps and better define the macro national level approach. The designed Measures for UWWT and Waste, and the overall Project Pipeline are being used as the domestic basis for the costing of these Directives.

2.2 The sequencing of investments

Once Montenegro accelerates the Investment process required to achieve full compliance, on a practical level there will be the financial limitations implicit in the low level of affordability that will limit the amount of costs that can be recovered from end users through tariff increases.

This will especially affect the Investment Heavy Directives that provide services to the general population, namely Water, Waste and Power Generation.

Affordability constraints will thus directly limit the amount of the costs that can be recovered from end users through tariffs and other charges, which is termed the Cost Recovery Principle.

After full compliance, in application of the "Polluter Pays Principle", cost recovery should be 100%. Until then, cost recovery should at least cover O&M costs so as not to compromise the capacity to attract the EU grants, which may cover investment costs of financially sustainable projects only, and support from IFIs, which require project feasibility with respect to estimated rate of return, expected profit and other parameters under a specific methodology of a particular IFI. These two sources of financing are often combined, and EU grants are used to cover the identified financing gap so that a project may be feasible even with a lower cost recovery from end users through tariff increase.

The calculation of cost recovery includes:

- Collecting data on household Income (HHI) distributed in income deciles (10% segments from the 10% richest to the 10% poorest);
- Projecting such data in accordance with GDP expected growth and adjustment indexes to account for deviations from GDP growth in HHI growth;
- Estimating the industrial/commercial component (presently overburdened);
- Calculating the present level of affordability used for utility payments. This part is supporting the existing system and is not available for support of the incremental alignment effort;
- Calculating the component of untapped affordability that can sequentially be mobilized to support the alignment effort (i.e. the rate of mobilization of the cost recovery component).

In the context of improving the overall strategic planning, in December 2015 the Government has for the first time adopted a comprehensive **Unified list of priority infrastructure projects**, which was prepared in accordance with the general methodology used in similar procedures. The Unified list of priority infrastructure projects for the environment, transport, energy and social sector consists of 64 infrastructure projects with a total estimated value of 4.23 billion euros. This list of projects serves as a solid basis for planning the various funding sources, including national resources, financing loans, EU funds and other donors for the implementation of these projects in the future.

2.3 The financing sources

Basically, the financing sources can be grouped as follows:

- Cost Recovery from Users;
- EU Grants & other Donors;
- Private Sector Investments;
- Local Self-government & Central Government Budgets & potential Ecological funds;
- Project Finance without recourse to Government Guarantees from IFIs and Commercial Banks;
- Finance to Central Government & Local Self-government for Environmental Projects.

It must be noted that the resulting costs of the Alignment Process are borne, primarily, by the citizens (generally > 50%) through tariff increases to offset the O&M costs of the required new investments. This key aspect, termed the Affordability Constraint, is what determined the time needed for full compliance and is the basis for the request of derogations/transition periods.

Montenegro plans to use EU funds for about 25 % of investment costs depending on the availability of IPA funds for Environment and Climate Change sectors which is some 15-20% of total costs. However, Montenegro major funding will be ensured from domestic sources. Alignment is a national undertaking and Montenegro is committed to apply to it national financial resources required.

Montenegro is committed to keep increasing the budget allocation for Environment and Climate Change. The funds planned by the Law on Budget for the Program of Environment in 2016 amount 6.78 million € that constitute 0.87% of the current budget for 2016. Funds in 2016 are increased for 1.30 million € compared to the funds from the budget of 2015 which indicates a trend of increase in the area of environment.

According to the new National Strategy on Sustainable Development until 2030, adopted by the Government of Montenegro on 7 July 2016, administrative costs of the governance for the implementation of the strategy and part of program activities for sustainable use of natural resources (trainings and human capacity building, information system for sustainable development, reporting system on NSSD, the costs of protected area management with the contribution to tourism which is based on nature, selected projects of green mobility, energy efficiency in the construction area, environmental monitoring, cofinancing of participation in the EU programs for environmental sustainability and IPA etc.) is planned to be provided from the budget of Montenegro by 1-1,5 % of total budget until 2020 and 1,5-2% to 2030. For the matter of comparison, 1,5% of the consolidated expenditure costs (operating budget plus capital budget and plus consolidated public expenditures) amounts to 26 million euros and present share for the Environment in consolidated expenditure amounts to 7,69 million euros.

With the estimation of the costs of governance for sustainable development comparison has been done with the estimation of administrative costs in this Strategy with the AP-the administrative costs (including gross salaries, overhead costs and training of additional administration) amounted to 19.2 million euros for the overall period 2016-2020. This cost of administration will mainly be provided from the national budget, only some training activities will be conducted through TAIEX. All of those costs have been consulted with the Ministry of Finance which has the overall view on the economic capacity of Montenegro.

Ministry of Finance has recognized the importance of allocating the budget for the Environment and Climate Change in order to fulfill the benchmark for Chapter 27 and in this respect increased funding by 26% in 2016 compared to 2015. Having in mind the need to increase the allocation of funds for environment in the coming period, the Ministry of Finance through the opinion on the National Strategy for Sustainable Development until 2030, took the responsibility for providing financial resources in order to fund the activities and achieving the level of defined parameters to meet the strategic objectives and measures related to the period until 2030, in line with the Public Finance Management Policy and Guidance of Macroeconomic and Fiscal Policy. Beside the absolute increase in the sector of Environment in the responsibility of the MSDT, internal reallocation of funds will be in full competence of the Ministry, which means greater flexibility of planning funds for the area of Environment.

3. THE COST OF ALIGNMENT

3.1 Definition

The alignment process implies a range of additional costs and benefits for the economy of Montenegro. The costs of the environmental alignment process are wide-ranging and will result, basically, from:

- The increased administrative burden to transpose, implement, enforce and monitor the EU acquis;
- Large investments in capital equipment, plant etc. needed to implement and comply with the acquis;

- The operating and maintenance costs (O&M) associated with the operation of these investments.
- The transformation/reforms towards the low emissions and climate resilient economy

These costs will be borne by:

- The state budget;
- Municipal/Local Self Government Units (LSGs)
- Industry, both public sector and private;
- Households through the various cost-recovery mechanisms, including especially tariffs for public utility services;
- Grants from the EU funds (IPA, WBIF, ESI and other grant programs) and
- Other donors.

It is important to note that the cost of alignment is defined as the “**additional cost to Montenegro of adopting the *acquis***” and not to be confused with the total environmental costs for Montenegro which may include policies that are not directly derived from the application of said *acquis*.

Care must also be taken to ensure when comparing cost estimates, that the methodologies are the same and that they refer to the same items. Also note whether the cost estimates are in nominal terms or in Net Present Value (NPV) terms and whether they include operating expenses or only investments.

Cost estimates are like statistics, they all have a scientific basis, but are often misunderstood and/or misused.

3.2 Scope and methodology of the cost analysis

3.2.1 Introductory notes

No cost estimate at national level and based on forecasts can be complete or have a 100% degree of accuracy.

Vast amounts of data (sometimes conflicting) have to be extracted, selected and input into the different cost estimates of the directives/bundles of directives.

These cost estimates are best project estimates and are subject to a large array of assumptions on which not all stakeholders will agree.

Strategic plans are not blueprints to be followed with precision, but reference frameworks to enable the decision makers to track progress and plan future actions so as to maintain the direction in which- as determined by national policies- they are to proceed.

The model tools developed for the macro-econometric exercise have been applied to each area of emissions with individual estimates for the heavy investment directives and some other specific directives or bundles of directives. Thus, there are three major model tools:

- Emissions to air (Including IED, Air Quality, Climate Change and other directives within these broad sub-sectors);

- Emissions to water (including Drinking Water, Urban Wastewater, Nitrates and Flood Protection);
- Solid waste management (including Municipal Solid Waste, Hazardous Waste and Special Waste Streams, Animal Waste, WEEE, etc.)

In addition a fourth model has been developed for Nature and Biodiversity Protection due to the fact that it is a key element of the EU Environmental strategy, although from the cost of alignment point of view, it is not a significantly costly directive.

The Horizontal, Noise and Chemicals Directives, have been estimated on the basis of proportionality to similar transition economies, and the data contained in existing strategies for Montenegro.

The results of the modelling tools are presented in a multi-annual cost stream that permits linking such a cost stream to the affordability thresholds. This, in turn, ensures that the implementation of the alignment process does not:

- establish a non-feasible time-frame that implies that operating costs are greater than maximum affordability, i.e. that maximum cost recovery is insufficient to cover operating expenses; and
- that significant cross-subsidization from one environmental sector to another occurs, which would compromise heavily a necessarily harmonic implementation, given the interactive nature of environment.

These factors must be taken into account in order to elaborate a feasible, credible national policy.

The evaluation of Costs has been performed in two stages:

- A preliminary analysis based on existing studies, statistics and the budgets of the different institutions, especially in the case of the investment heavy directives. This initial estimate will provide a baseline reference value that will permit us to establish the framework for the more elaborate directive by directive or sector by sector cost analysis. This “baseline scenario” derived from existing information will also permit us to perform an overall macroeconomic analysis to establish a preliminary estimate of the timeframes required for full transposition of the directives contained in the acquis from the investment point of view, relating the investment needs to Montenegro’s financial and economic capacities.
- A best to date Strategy Cost of Alignment Calculation for the sectors indicated above.

The starting point of these analyses was the above and the procedure involved:

- Evaluating in depth the existing sector figures to ascertain the methodology of the cost estimates already performed;
- Preparation of a matrix of unit costs that will be derived from the baseline scenario, the existing feasibility studies for ongoing projects. By default, in those cases where specific to Montenegro unit costs cannot be obtained, we shall calculate “best project estimates” based on conditions in Montenegro and the experience of the key and senior experts in the various transition economies in which they have performed this type of analyses;
- This information will be collected and input, together with a vast array of necessary assumptions and sector specific parameters, into a calculation model;

- We shall then customize the Model to Montenegro’s needs and priorities and create a clear module of “input” parameters for policy on a Sector by Sector basis. This will be the interface used by the analysts. A further final simplified results module, including graphs for easy visualization, will permit gratifying manipulation of the model for estimating the impacts of different policy decisions.

Project intention is to provide a user-friendly core model that will permit the Beneficiary’s analysts to readily understand the underlying concepts so as to gain full ownership of this analytical tool. They can subsequently expand and update each sector model as more detailed information becomes available and their own capacities evolve.

This will be especially useful once the negotiation process is opened and different scenarios have to be created for harmonizing policies.

3.2.2 Establishing a timeframe

Full compliance with all aspects of the environmental *acquis* cannot be expected until all the investments required under the investment heavy directives are completed. For this, as evidenced by experience in other transition countries, a period of approximately 20 to 30 years is required. Hence, in principle, a minimum 20-year period (2015-2035) has been adopted for the Strategy Cost Analysis. The specific transition and implementation period for each heavy investment directive should fall within this general timeframe, with the exception of UWWT Directive.

3.2.3 Focus on Investment Heavy Directives

As is a constant with environmental issues, all Directives have impacts across more than one sector. Part of the challenge of the Industrial Pollution Sector is, for instance, solved by MSW, or by the UWWT Directive. This is why it is standard practice to focus on the heavy investment directives and to calculate what is “left over” for the specific sectors.

The heavy investment directives account, in general, for around 80% of all costs and are the ones that have the greatest impact on the population and are thus limited in their implementation by both the affordability thresholds of households and those at institutional budget level.

3.2.4 Definition of capex, opex and administrative costs

3.2.4.1 Administrative costs

Some of the administrative expenses estimated for the environmental sectors will be incurred in the Horizontal Sector. For the purposes of the present Strategy, these costs have been estimated on the basis of prior experience in other transition economies and the partial data prepared domestically.

In the overall cost assessment, figures for the additional administrative costs will be included for each of the sectors covered by the strategy.

Note that these assumed figures should not constitute the basis for planning purposes: they will be calculated solely to provide an initial indication of the scale of additional resourcing that may be required. Government will need to examine carefully at a later stage, the actual level of resources existing and those needed in future and take appropriate actions.

The additional administrative costs, over and above current levels, were estimated through a “bottom-up” approach. This involved:

- Estimating the numbers of additional staff needed;

- Taking an average figure for the annual salary wage costs of a professional staff member;
- Adding an overhead cost equal to a % of the annual salaries of professional staff. Overhead costs to be included in this % estimate are, inter alia:
- Non-wage costs incurred in employing additional professional staff (recruitment, insurance, pension contributions, sick pay etc.);
- Office space and office-based equipment (computers and peripherals, furniture etc.) for the additional staff complements, including operating and maintenance costs. The expenditure of acquiring additional building space and office equipment are included (m2 additional space/average cost/m2);
- Professional development through training. This cost will be ongoing, though likely to reduce in later years from an initially high level;
- Salaries and associated costs of employing non-professional support staff, needed to relieve professional staff from non-productive activity;
- Travel and related costs incurred by professional and other staff in fulfilment of their duties.

3.2.4.2 Investment costs (capex) and operating & management costs (opex)

In order to produce an overall baseline cost estimate, all relevant available information relating to Investments and O&M costs in the environmental sector was collected, commencing with the most updated “longlist” and “shortlist” of environmental projects, the budgets included for each sector in all other existing databases and any other information from TA projects.

Subsequent to this, in order to fulfil the objectives implicit in establishing the economic gap, the following was done:

- the data collected distributed into the sectors;
- additional cost specific information available on Investments and O&Ms collected, together with details on the methodology employed in making these project cost estimates (e.g. Feasibility Studies);
- a matrix of unit costs applied to each sector was prepared;
- the same procedure has been followed for both Investments and Re-Investments (Capex) and O&M (Opex) costs;
- the resulting unit costs, Identified Projects and Identified Gaps, processed in the Cost of Alignment Model for each sector, providing a specific cost estimate for each Investment Heavy Directive/ sector of the EAS.

3.2.5 Establishing multi-annual cost flows and multi-annual targets

The following parameters have been integrated into a Model Tool used for establishing multi-annual cost flows and multi-annual targets:

- The Multiannual Cost Flows on a Relevant Directive/Sector basis;
- The Multiannual Potential Cost Recovery on a Relevant Directive/Sector basis;
- Assumptions on macroeconomic and socioeconomic parameters;

- Mobilization rates for cost recovery;
- Assumptions on EU Grant Mobilization rates and Donor funding;
- Projection of Domestic Finance Resources;
- Projections of Finance from IFIs, Other Project Finance and Private Investment;
- Other technical parameters necessary for making the Model operative.

The Model Tool was designed to adjust all flows to variations in any of the inputs, notably to target dates for full compliance.

Wherever possible, the Action Plans of existing Strategies have been respected. When such Action Plans implied periods that do not comply with the affordability constraint for O&M costs, or were more stringent than required for EU members themselves, the target dates have been lengthened to provide plausible and reasonable full compliance targets for Montenegro, from the economic point of view.

This “Sensitivity Analysis” is an iterative process that has been applied to assist in determining reasonable targets for full compliance of the evaluated relevant Directives/Sectors. Its purpose was to establish an order of magnitude that will be subsequently refined in the Directive Specific Implementation Plans which will be developed.

3.2.6 Description of the Model Tool

The Cost of alignment model has been designed so as to incorporate some value adding features, such as:

- Clearly identifiable data input sheets, which can, as data available rapidly evolves, be readily modified. The data input sheets are:
 - Socioeconomic data.
 - Macroeconomic parameters.
 - Sector fact sheets.
 - Unit cost references.

These data sheets served the double purpose of feeding specific data into the calculation module, as required for different directives/sectors, and also of collecting in an orderly, accessible mode, the contextual information on which these data inputs are based.

- Extensive database for references. The unit costs are derived from three sources:
 - International References. Including those of the neighbouring transition economies that have joined the EU in 2004/2007 plus those of the relatively recent Alignment Cost Estimates for Croatia, Serbia, Former Yugoslav Republic of Macedonia, B&H and Turkey;
 - Specific to Montenegro partial cost estimates from various sources and twinning project estimates;
 - Feasibility studies completed for infrastructure projects plus other local sources of relevance.

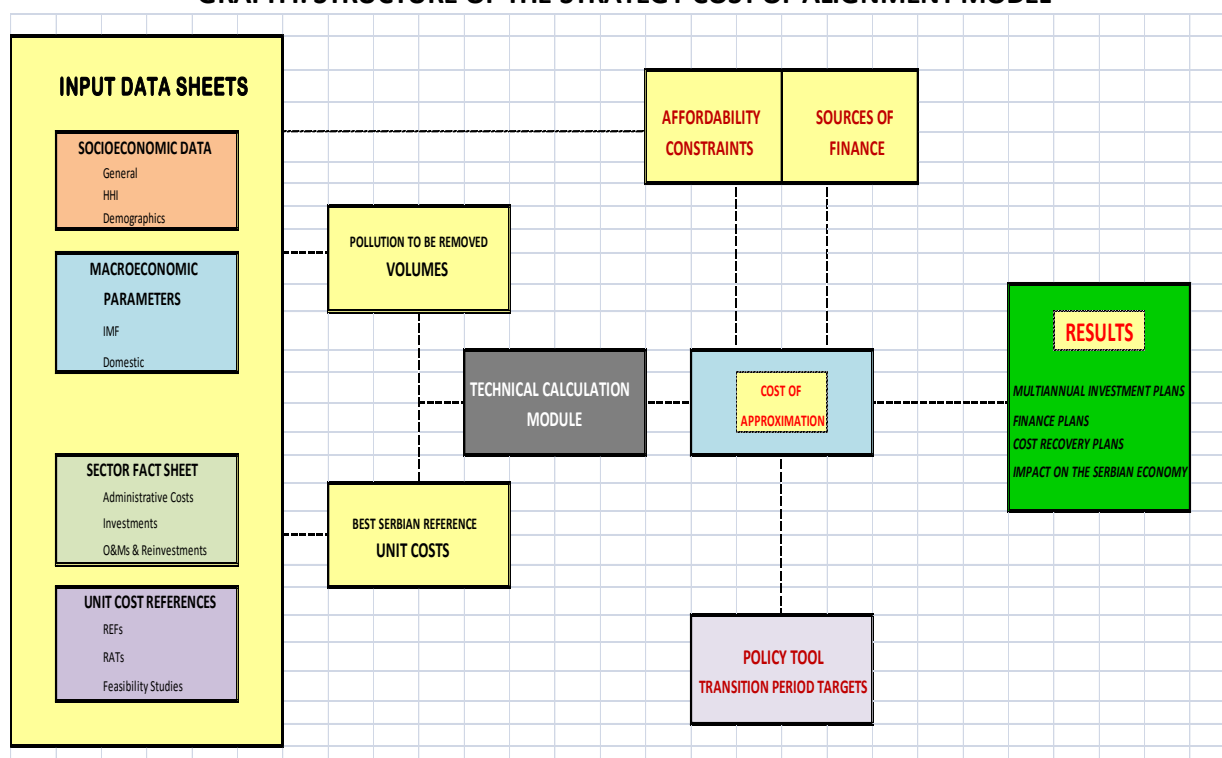
In this fashion, reasoned and reasonable unit costs are derived, which are termed “best reference Montenegro unit costs”. Like all the features of the model, these unit costs can - on an ongoing basis - be easily modified to reflect evolving data.

Some of special features of the Model Tool are:

- A dual Affordability Constraints input sheet which is an affordability calculation, consistent with that used for large infrastructure projects for applications to EU structural funds, for both countrywide affordability (set as limits to % of GDP) and user affordability (set as % of Household Income). Thus the transitional periods estimated incorporated a double check, to ensure Montenegro’s overall affordability is not exceeded and that user charges remain within the affordability limits of households.
- A Policy Tool which is a sensitivity analysis module that permits the user to evaluate the impact of a change in the compliance targets upon the multi-annual investment plans and the affordability constraints.
- The Model is an aggregation model which permitted to disaggregate cost calculations from national estimates to sector estimates and to the level of Directives, or bundles of Directives.
- Directives linked to sources of finance. Sources of finance and economic instruments in Montenegro were linked to the Model Tool for the Strategy and Implementation Plan, deriving a database listing sources of finance (including as such economic instruments) and creating a preferred link to such sources of finance for each specific directive or bundle of directives. Thus Financial Plans can readily be upgraded/updated as specific additional information, or eco-funds, or new regulations that imply modifications in economic instruments, come into force.

For further clarification, the structure of the Strategy Model in graphic format is hereby attached (GRAPH I).

GRAPH I: STRUCTURE OF THE STRATEGY COST OF ALIGNMENT MODEL



3.3 Cost of alignment by sectors

3.3.1 Water quality sector

3.3.1.1 Baseline

In terms of the proportion of total environmental alignment costs, Montenegro is aware that water is by far the largest environmental sub-sector. The sub-sector is covered by a large body of EU legislation. However, it must be noted that this legislation does not cover the entire range of water quality functions, for example there are no requirements in respect of irrigation, or water scarcity and drought. Therefore, in order to achieve a fully integrated approach to water quality, in the planning process aspects that are not covered by EU legislation were encompassed.

- The Water Framework Directive (WFD) dominates EU legislation in the water sector by:
- Establishing environmental objectives;
- Prescribing a planning process for water management;
- Monitoring, assessment and analysis of pressures and impacts;
- Preparation and implementation of six yearly river basin management plans designed to achieve the environmental objectives.
- Associated Directives on environmental quality standards, hazardous and priority hazardous substances and groundwater supplement the WFD, as do the requirements of other Directives:
- Mandatory water quality standards for specific uses: drinking water and bathing water.
- Controls over sources of pollution: urban wastewater, nitrates from agriculture.
- Key environmental legislation; the Industrial Emissions Directive, environmental impact assessment.

In addition to these measures, the *acquis* also requires the preparation of six-yearly flood risk management plans.

3.3.1.2 Rationale for the Cost Estimate

The *acquis* in the field of water is broad, onerous, complex to administer and expensive to implement. The complexity entailed in administering the legislation arises in part from the requirement to address the many factors that influence the water cycle, notably:

- Industrial activities regulated under the Integrated Pollution Prevention and Control (IPPC) (Industrial Emissions Directive - IED) regime and associated legislation;
- Agricultural activities including provisions of the Common Agricultural Policy pertaining to good agricultural and environmental conditions (cross-compliance);
- Urban and transport infrastructure including modifications to drainage patterns, water quality and the morphology of water courses.

The *acquis* leaves (in accordance with the subsidiarity principle) a number of key matters in the hands of Member States, most notably:

- Water resource allocation (although this is indirectly addressed in the WFD, which imposes constraints on total resource use by virtue of the need to attain ecological objectives);
- Which areas of Member State territory are to be supplied with drinking water from central “public” systems as opposed to “own sources” such as private wells;
- The level of flood risk protection that is provided to persons and property.

The *acquis* does not impose specific requirements for institutional provisions in the water sector, but relies on Member States to put in place “appropriate arrangements” through the designation of competent authorities.

This sector also has the greatest implications for other sectors, as water is the recipient of pollution from many sources and abating pollution in the aquatic element implies close interaction with the polluters and an integrated management of the water cycle and river basins.

At present, there is a backlog of necessary investments in the bulk water sector, which must be addressed before service levels to the public can be effectively extended.

Differentiating clearly all these components is technically complicated and there are many “grey areas” between what must be undertaken on account of compliance and what is a national policy not driven by the adoption of the *acquis*. In the cost estimates, compliance on quality and extension of the system are the basic assumptions and, as has been explained previously, the cost estimate is made for the established 20-year period to 2035.

TABLE III: DEFINITION OF THE EXISTING GAP

		MONTENEGRO	EU
Drinking Water Supply	% of Population Served	75%	93%
Purified Drinking Water Supply	% of Population Served	69%	100%
Urban Wastewater Collected	% of Population Served	42% (67%*)	93%
Urban Wastewater Treated	% of Waste Water Treated	18% (28%*)	87%

*Note: Figures on urban wastewater collected and treated refer to the total population, while the percentage in urban settlements is much higher (67% of urban wastewater collected and about 20% treated).

These are Best Estimates of the situation in 2015 derived from the Water Strategy and the Environmental Performance Review from 2014. The influence of tourism in many of the Coastal Municipalities implies supra-dimensioned facilities that further distort the service to local populations.

There are two detailed Master Plans for UWW treatment with measures for logically derived agglomerations and a target date for completion of the infrastructure of 2029. These Master Plans have been analysed and their impact on affordability evaluated. The results determinate a later target date for completion, already implicit in the fact that some measures have suffered delays.

Given the importance of tourism in Montenegro, Water Supply and UWW Collection & Treatment as priority are funded mainly through loans. This was taken into account when evaluating the financing capacity and determining reasonable transition periods as the impact on tariffs at an early stage with scarce affordability will be very high, absorbing a large part of latent affordability and expected household income growth. Planning for Environmental compliance requires a careful and harmonious balancing of present and expected future resources, the foremost of which is the Cost Recovery Component.

In order to reasonably differentiate between the Domestic strategy component regarding Water and that which is considered as directly driven by the application of the *acquis*, for all these Directives a

specific Model Tool was developed, estimating the cost to bridge the gap in service levels to Montenegro's population. The excess cost for the prioritization and acceleration of the implementation of water measures on account of the tourism, should not be a Cost of Alignment per se, as it is driven by competitive need in a productive sector.

In addition, the Flood protection directive must be implemented, and although this constitutes mostly a domestic priority, to be implemented in some measure urgently without need of the *acquis* as a driver, it has been included and the cost estimate for said directive is derived from the information contained in Montenegro's Environmental Performance Review.

Thus the Water Management Cost of Alignment calculation consists of three differentiated parts:

- Drinking Water (DW), both in quality and extension of the service to EU levels;
- Urban Waste Water, including both Collection and Treatment;
- Flood Protection in 3 stages:
- Upgrading of existing infrastructure, on a short term basis;
- Alignment Phase I to 2020, with construction of priority infrastructure;
- Full Compliance, to 2035.

3.3.1.3 Unit costs

3.3.1.3.1 General observations

The cost estimation process would ideally have been done by examining each UMZ (aka agglomeration) in detail and obtaining data on the existing water infrastructure (and its condition) in the area – i.e. an asset inventory.

This approach is not possible at present in Montenegro due to data scarcity and the lack of a reliable population distribution into water based agglomerations.

According to Directive 91/271/EEC, agglomerations have been divided into 5 categories, that is:

- I Agglomerations with population > 100,000;
- II Agglomerations between 50,000 and 99,999;
- III Agglomerations between 10,000 and 49,999;
- IV Agglomerations between 2,000 and 9,999;
- V Agglomerations < 1,999 persons (not included in the UWWD).

In the Strategic Master Plans (Strategic Master Plan for sewerage and waste water in the central and northern region of Montenegro and the Master Plan for wastewater disposal for the Montenegrin Coast and the Municipality of Cetinje), agglomerations have been limited to the urban parts of the municipalities and therefore these plans provide measures and activities for each municipality with the estimated cost and investment plan for the period 2005-2029. Bearing in mind that these documents anticipate investments in the amount of 560 million euros, it is reasonable to expect, on the basis of implemented activities, as well as those that are underway, that by 2020 more than 50% of the planned amount will be spent. As these strategic documents were not accompanied by an agglomerations act (in the absence of a legal basis) which would define the boundaries, the Ministry of

Sustainable Development and Tourism in cooperation with municipalities and with expert support provided through the DWP, prepares an analysis that will be used for the adoption of the Agglomerations Act. This activity will be completed by the end of II quarter of 2017. In addition to the review of existing agglomerations, some new agglomerations that have become needed in the meantime will be defined.

The process, or methodology employed to make the cost estimates in relation to these agglomeration types, is explained below.

3.3.1.3.2 Urban waste water

3.3.1.3.2.1 Collection networks

Network Cost is the sum, for each different pipe size (1 to n) of the pipe length times the unit cost for that diameter of pipe. The pipe distribution is linked to the type and size of the agglomeration.

The Unit Costs for laying the pipes are derived from a large number of references and calibrated to recent projects in the region, as a function of the pipe diameter. The length of pipe required is determined on the basis of the total length of the network and standard engineering assumptions concerning the need for specific diameters at pre-defined load levels.

The total network length is a function of the size of the area served and the density of occupation. Again this function is derived on the basis of existing data and is calibrated to the population density levels found typically in urban areas.

Overall, the use of this approach allows an estimation of network cost on the basis of area and population density information. This total network cost is then assigned to either existing assets or “future investment” on the basis of available % coverage data. This yields an estimate of the cost of future network extension.

An allowance is added to this for the renovation of existing networks.

3.3.1.3.2.2 Treatment plants

In the case of treatment plants, a similar function is used to estimate the cost of treatment works on the basis of size and type of treatment. For large UMZs (urban morphological zones), tertiary is assumed to be required. For medium UMZs, conventional secondary is assumed to be required.

For small UMZs conventional secondary or extensive is assumed to be required – the choice between these options is based on size and land availability (smaller UMZs in areas with flat relief being better suited to extensive technologies).

As before, the Incremental Cost is taken to be Total Costs less the value of existing assets, with some allowance for renovation. In the case of both wastewater collection and wastewater treatment, similarly derived cost functions are used to estimate the operational costs.

3.3.1.3.3 Drinking water

3.3.1.3.3.1 Introductory notes

For the Drinking Water Directive, a similar approach was taken, but with some noticeable differences. Firstly, the Directive does not specify any “compliance unit” as such. Moreover, the Directive does not oblige MSs to provide drinking water supplies to any or all (or part) of its population. What it does do is

state the standards which must be achieved when a public supply is operated. In short, it is up to the Member State to decide how wide the coverage should be.

In order to make a cost estimate the following approach was taken:

Current connection rates are established for Large, Medium and Small Urban and Rural areas. The future objective is taken as being coverage of 95% of the population, which would certainly be acceptable as “full coverage” from the EU perspective. Large cities will mainly utilise surface water sources and smaller supply zones would utilise mainly groundwater sources. Treatment requirements for these different sources have also been assumed.

3.3.1.3.3.2 Supply network

The estimate of costs follows a similar conceptual approach to that used for the UWWTD (Urban Waste Water Treatment Directive), i.e. that supply network cost is a function of the size and density of the service area. The transmission network required is proportional to the size of the Supply Network.

3.3.1.3.3.3 Treatment

Treatment again is a function of size and type of treatment, with the type of treatment being determined by the type of source (SW or GW). The “f” functions have again been derived from a range of data available internationally and then back calibrated to project experience in the region.

Incremental cost is again the Total Cost less the Existing Assets where the Existing Assets are valued on the basis of reported coverage and assumed condition (i.e. there is a renovation allowance built into the calculation).

As with UWWTD, the operational costs are derived similarly using standard cost functions calibrated to regional conditions.

3.3.1.3.3.4 Protection against floods

The cost has been estimated on the basis of the Environmental Review of 2014 and, as a reference, the rather detailed subsection on Flood Protection in the closest external analysis available.

The cost estimates included therein have been adjusted to be compatible with the multi-annual cost flow methodology employed in this Cost of Alignment estimate.

3.3.1.4 Targets for compliance

3.3.1.4.1 Introductory notes

Although it is premature to establish targets for compliance and the following table simply constitutes a best to date estimate, it was important to have an order of priorities so as to determine more accurately future policy as Montenegro’s position becomes dearer. In this case, the targets for compliance have been established as a % of population to be served by a fully compliant System. Note that the targets for the Transition Periods negotiated will be in these same terms of % population served by a fully compliant system.

NOTE: Model Tools linking cost to population served are considered essential to determine the alignment cost and its subsequent strategy, Implementation Plans and alignment policy. They reflect the commitment that Montenegro will have to assume *vis a vis* the accession treaty. In the case of

Flood Protection, this is not the case, and thus a reasonably sequenced Investment schedule has been deemed sufficient.

3.3.1.4.2 Drinking water

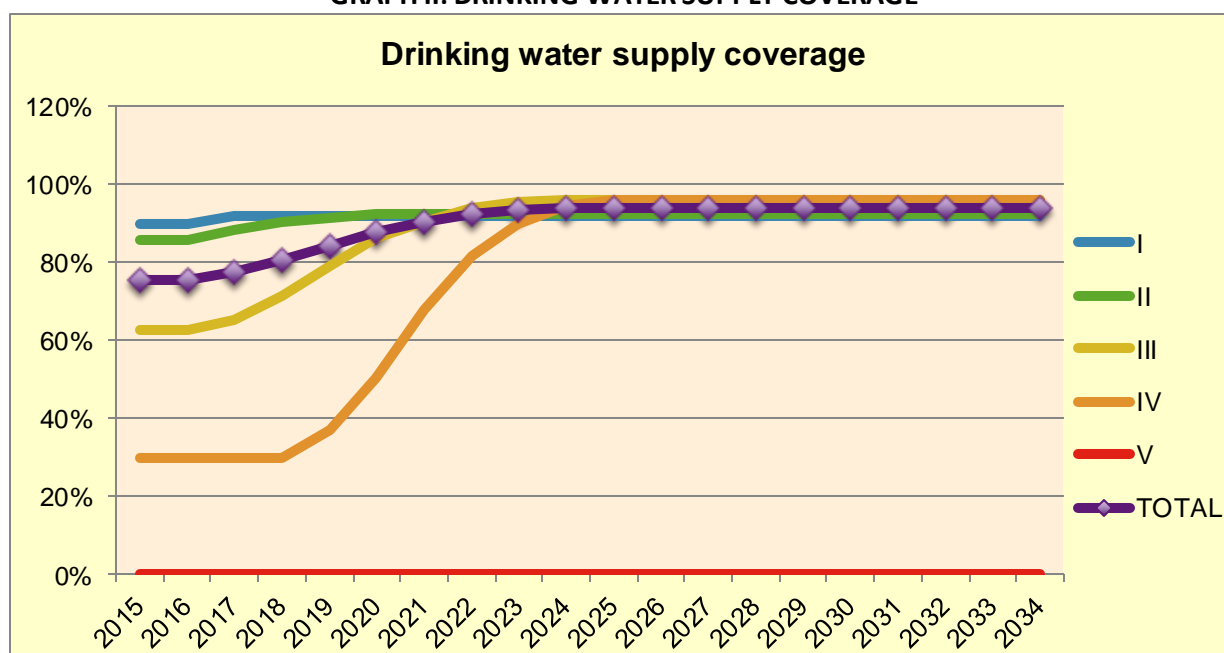
TABLE IV: DRINKING WATER TARGETS FOR COMPLIANCE

Concept	Municipality	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Drinking water supply as % of population	I	90%	90%	92%	94%	96%	96%	96%	96%	96%	96%	96%
	II	85%	85%	87%	89%	92%	94%	95%	96%	96%	96%	96%
	III	62%	62%	62%	62%	65%	71%	79%	86%	90%	94%	95%
	IV	30%	30%	30%	30%	30%	30%	37%	50%	68%	81%	90%
	V	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	TOTAL	75%	75%	76%	77%	80%	83%	86%	90%	93%	94%	95%
Water purification as % of population	I	81%	82%	85%	93%	96%	97%	98%	99%	100%	100%	100%
	II	77%	78%	80%	86%	91%	94%	97%	99%	100%	100%	100%
	III	58%	59%	60%	61%	63%	72%	82%	89%	95%	98%	100%
	IV	31%	32%	33%	34%	35%	36%	37%	52%	67%	77%	91%
	V	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	TOTAL	69%	70%	72%	76%	79%	83%	89%	93%	96%	98%	99%

The target initially established is to 2025. The objectives to be attained are coverage of 95% of the population and provision of water to full compliance standards to 99%.

Below, the convergence of different types of municipalities is illustrated graphically, both for coverage and quality standards.

GRAPH II: DRINKING WATER SUPPLY COVERAGE



3.3.1.4.3 Urban waste water

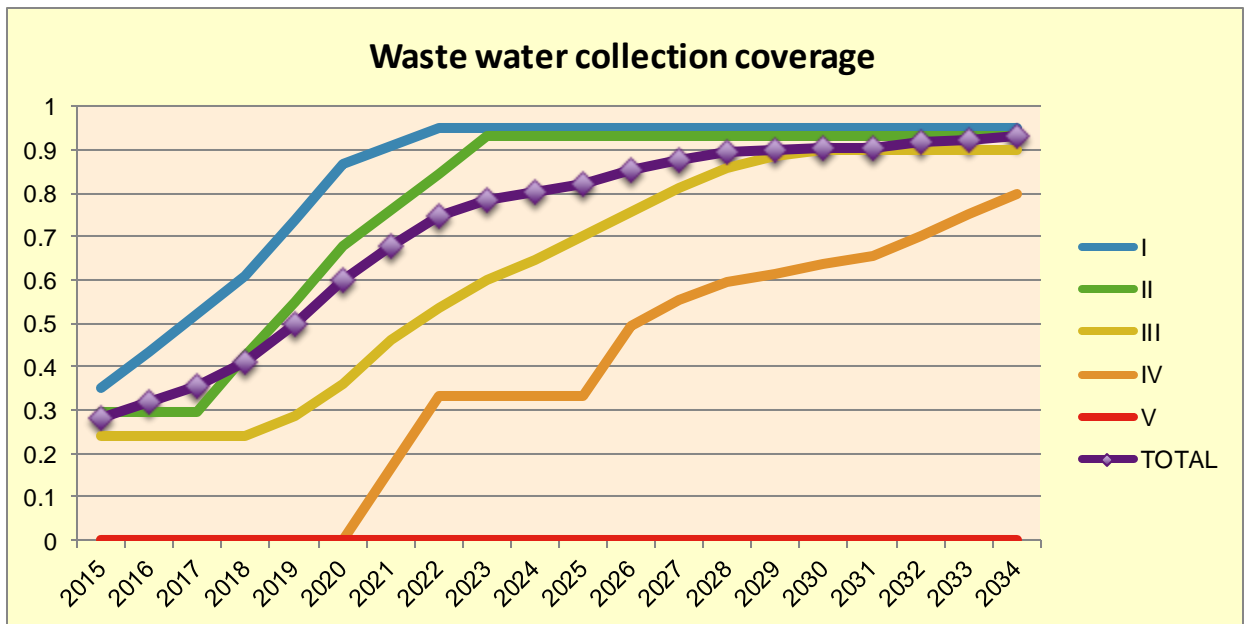
TABLE V: URBAN WASTE WATER TARGETS FOR COMPLIANCE

Concept	Municipality	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030	2035
Urban waste water as % of population (collection and treatment)	I	35%	44%	52%	61%	74%	87%	91%	95%	95%	95%	95%	95%	95%
	II	30%	30%	30%	42%	55%	68%	76%	85%	93%	93%	93%	93%	93%
	III	24%	24%	24%	24%	29%	36%	46%	54%	60%	65%	70%	90%	90%
	IV	0%	0%	0%	0%	0%	0%	17%	33%	33%	33%	33%	63%	80%
	V	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	TOTAL		28%	32%	36%	41%	50%	60%	68%	75%	78%	80%	82%	91%

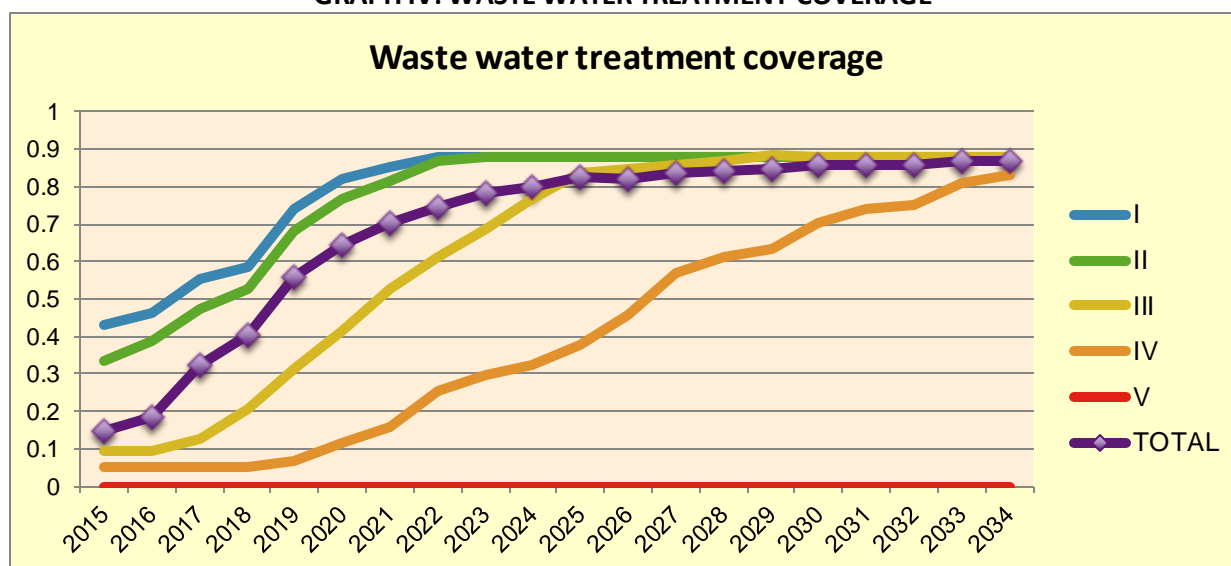
The target initially established is to 2035. The objectives to be attained are coverage of 93% of the population, all except agglomerations below 2.000 p.e. which are not obliged to comply.

Below, the convergence of different types of municipalities is illustrated graphically, both for coverage and treatment standards.

GRAPH III: WASTE WATER COLLECTION COVERAGE



GRAPH IV: WASTE WATER TREATMENT COVERAGE



3.3.1.4.4 Flood protection

Alignment in the area of flood protection has been divided into three phases:

- Phase I includes what are considered “urgent” projects, mainly the rehabilitation of existing deteriorated infrastructure which poses a high risk to flooding as the areas it no longer effectively protects have been subject to recurrent flooding in the recent past;
- Phase II includes high priority actions associated to estimated high risk gaps in the existing infrastructure to be rehabilitated;
- Phase III includes those projects that would enable Montenegro to achieve full compliance.

TABLE VI: FLOOD PROTECTION PHASE TARGETING

COST ITEM	PHASE 1. UPGRADING			PHASE 2. HIGH PRIORITY ACTIONS				
	2015	2016	2017	2018	2019	2020	2021	2022
PHASE TARGETING	10%	40%	100%	15%	30%	50%	75%	100%

COST ITEM	PHASE 3. IMPLEMENTATION TO FULL COMPLIANCE												
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
PHASE TARGETING	2%	4%	7%	12%	18%	25%	45%	57%	70%	83%	96%	100%	100%

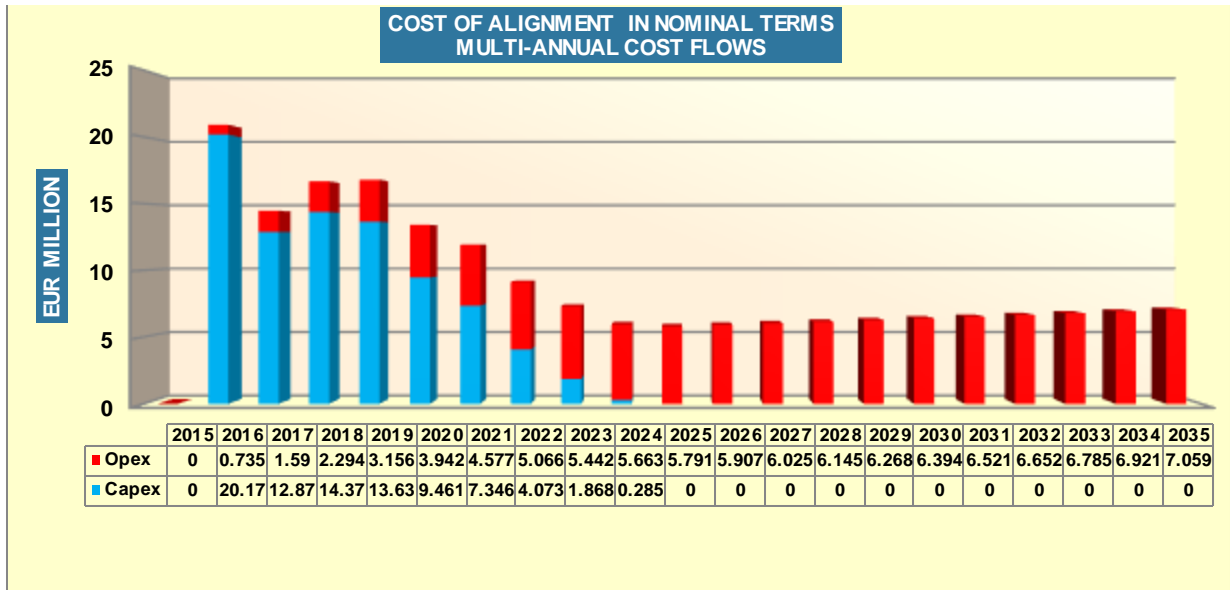
From the current status and the defined target, a chronological targeting sequence for alignment has been defined. This is best estimate in current situation.

3.3.1.5 Cost of alignment

On the basis of the prior targets for compliance, the defined volumes in % of population served by a fully compliant system and the unit costs defined, the Cost of Alignment can be evaluated on a multi-annual basis. This is illustrated below in nominal terms, distributed as capex, opex and administrative costs.

3.3.1.5.1 Drinking water

GRAPH V: DRINKING WATER – COST OF ALIGNMENT IN NOMINAL TERMS – MULTI-ANNUAL COST FLOWS

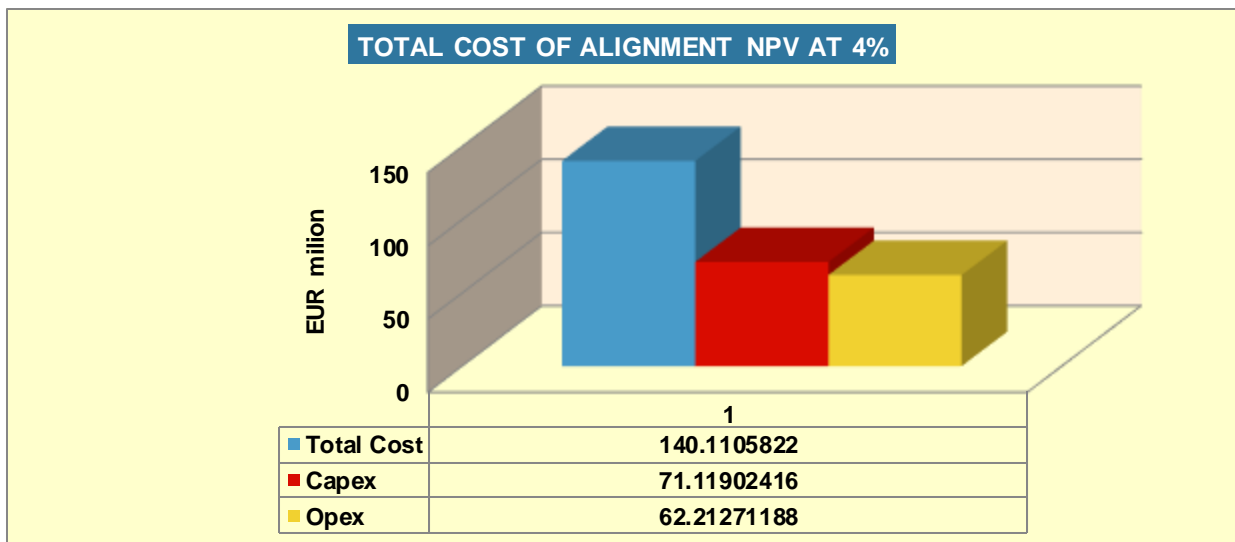


Capex peaks at just over € 20 million per annum in 2015, mainly on account of the ongoing aggressive short-term investment plan

Opex increases to €7 million per annum in 2035.

The Cost of Alignment discounted, that is, in present value terms, indicated below.

GRAPH VI: DRINKING WATER – TOTAL COST OF ALIGNMENT DISCOUNTED



The Nominal Cost is a general figure the true value of which depends on the chronological deployment of said costs. Such a magnitude, payable in 2015 is not the same as if it is due in 2035.

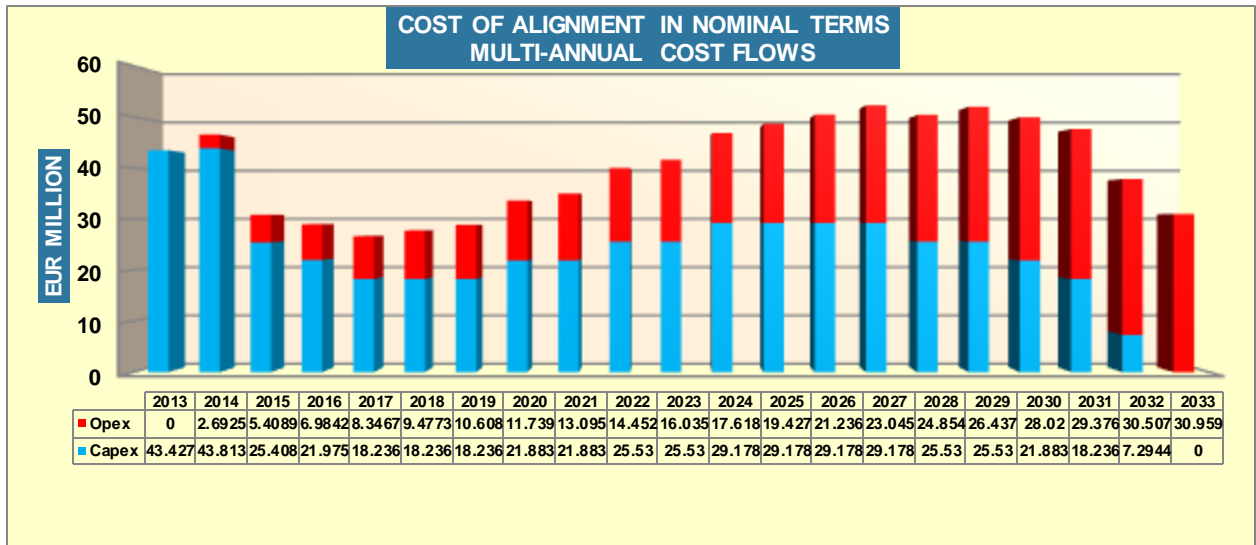
Thus, to define a comparable figure and **eliminate time distortions**, the cost flows are discounted back to their value in 2015 terms. This is the Net Present Value (NPV) concept and is the indicator used in economics to determine present day costs of a Policy decision. The discount rate used is 4%, the same as presently recommended for large infrastructure projects. This magnitude is indicated in the Graph above.

- Investment costs, Capex, are estimated at € 71 Million to be incurred prior to 2025;
- Opex, to 2035, is a considerable (and ongoing) cost amounting to that date to € 62 Million in present day terms;

Overall, the alignment cost in Drinking Water is estimated to be € 140.1 Million including estimated €6.7 Million financing costs from loans contracted prior to 2016.

3.3.1.5.2 Urban waste water

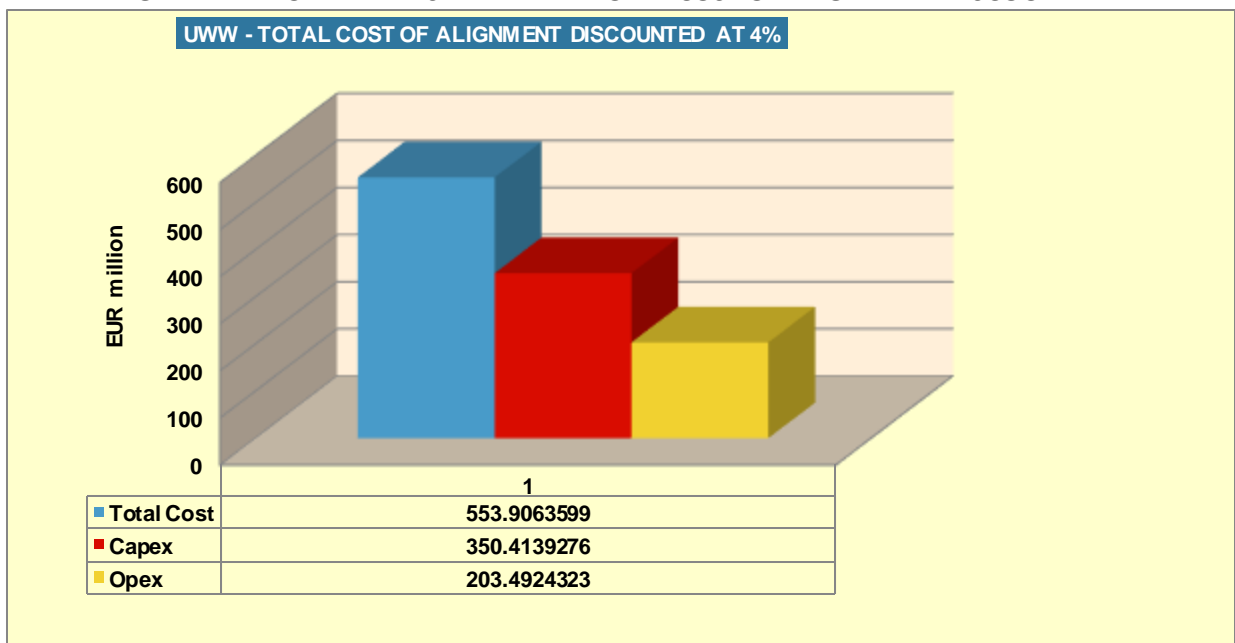
GRAPH VII: URBAN WASTE WATER – COST OF ALIGNMENT IN NOMINAL TERMS – MULTI-ANNUAL COST FLOWS



Capex peaks at just under €44 Million per annum in 2016, mainly on account of the short term wastewater works being undertaken in major agglomerations.

Opex increases to a substantial € 31 million per annum in 2035. The cost of alignment discounted, in nominal terms, is indicated below.

GRAPH VIII: URBAN WASTE WATER – TOTAL COST OF ALIGNMENT DISCOUNTED



To eliminate time distortions, the cost flows are discounted back to their value in 2015 terms. This is the Net Present Value (NPV) concept and is the indicator used in economics to determine present day costs of a Policy decision.

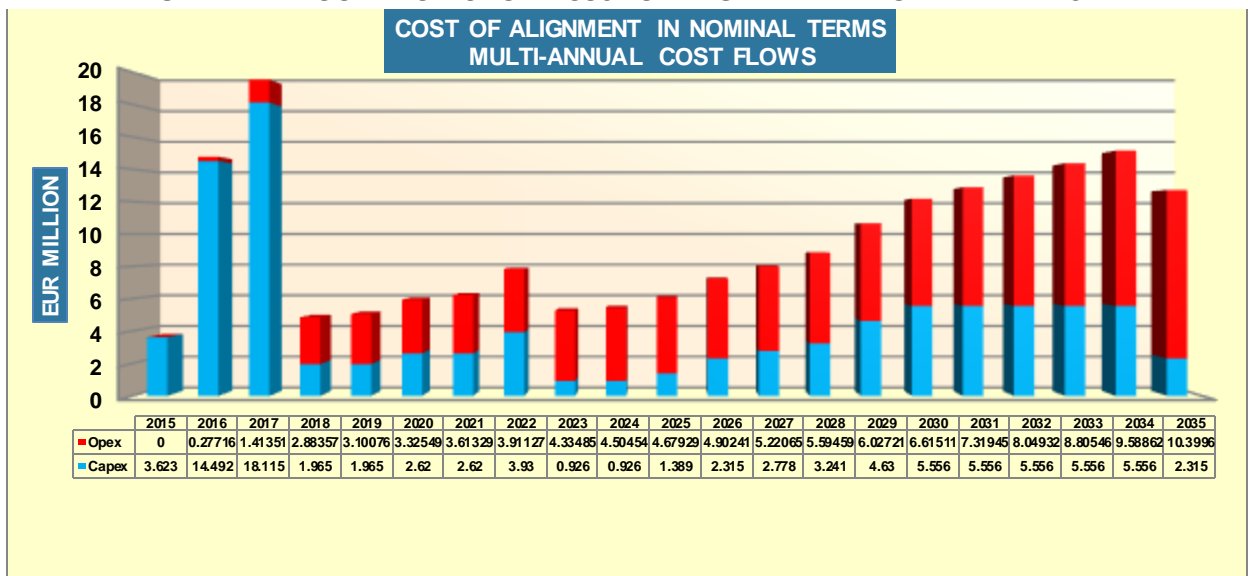
The discount rate used is 4%, the same as presently recommended for Large Infrastructure Projects. This magnitude is indicated in the chart below:

- Investment costs, Capex, are estimated at € 350.4 million to be incurred prior to 2035;
- Opex, to 2035, is a considerable (and ongoing) cost amounting to that date to € 203.5 million in present day terms.

Overall, the alignment cost in Urban Wastewater is estimated to be € 553.9 million.

3.3.1.5.3 Flood protection

GRAPH IX: FLOOD PROTECTION – COST OF ALIGNMENT IN NOMINAL TERMS

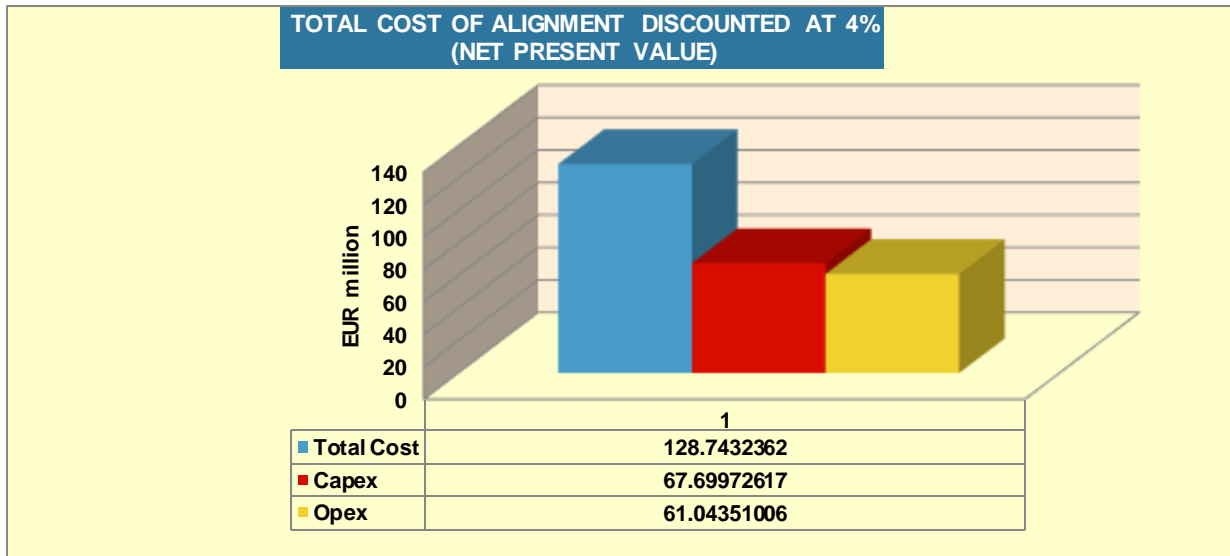


Capex is expected to peak at just over € 18 million per annum in 2017 assuming that Montenegro undertakes measures to remediate the risk of floods recurring in a such a short term.

Opex increases to over €10 million per annum in 2035.

The Cost of Alignment discounted, that is, in present value terms, is indicated in the following Graph:

GRAPH X: FLOOD PROTECTION – TOTAL COST OF A ALIGNMENT DISCOUNTED



To define a comparable figure and eliminate time distortions, the cost flows are discounted back to their value in 2015 terms. This is the Net Present Value (NPV) concept and is the indicator used in economics to determine present day costs of a policy decision. The discount rate used is 4%, the same as presently recommended for large infrastructure projects. This magnitude is indicated in the graph above.

Although this is a very rough estimate it, nevertheless, provides an indication that this is another area where planning and budgeting is needed for substantial amounts.

- Investment costs, Capex, are estimated at € 67.7 million to be incurred to 2035, although with a short term concentration to remediate damage already done by the last flooding episode;
- Opex, to 2035, is a considerable (and ongoing) cost amounting to that date to € 61 million in present day terms.

Overall, the alignment cost in Flood Protection is estimated to be € 128.7 million, a considerable barrier for the public sector, as, unlike Drinking Water and Urban Wastewater, the cost recovery factor is very low and indirect.

3.3.1.6 Considerations for financing

There will be three key financing sources in the water sector:

- Local sources of financing;
- Credits/Loans provided by foreign banks and international financial institutions (IFI);
- EU funds and international donations;
- Local contributions will be obtained:
 - Through water fees;
 - Through special (dedicated/earmarked) fees realized based on other laws (e.g. Law on Environmental Protection)
- Through revenues of WS companies realized by increased prices of services (Cost Recovery);

- From specially dedicated funds of central and municipal budgets;
- From the assets of public loans;
- Based on special (dedicated) taxes;
- Based on Law on Concessions.

This brief analysis will be developed further in Section 3 of “Economic & Financial Alignment Strategy” where the Economic Gap is linked to the affordability constraints.

3.3.2 Waste management sector

3.3.2.1 Baseline

Out of fifteen pieces of EU legislation in the sector, three are considered especially complex and/or expensive to transpose and implement:

- The Waste Framework Directive;
- The Packaging and Packaging Waste Directive; and
- The Landfill Directive.

The Waste Framework Directive, (2008/98/EC) establishes the following waste management hierarchy:

- Prevention;
- Preparation for re-use;
- Recycling;
- Recovery operations (i.e. energy recovery from landfill gas);
- Disposal.

Furthermore, it describes two basic concepts:

- Waste as a by-product;
- The end-of-waste status.

It encourages, although it does not oblige, member states to pursue extended producer responsibility defined as “responsibility for the environmental impact of a product throughout its life-cycle”.

The implementation of the Waste Framework Directive requires an effective permitting system for waste collectors, transporters, waste-management companies, users of waste as raw materials and all other intervening bodies. A strong monitoring and inspection capacity is also required, especially in the first years of implementation, to reduce the very negative impact of non-registered waste producers, which would undermine the system when most vulnerable.

It also requires the establishment of an integrated network of waste disposal installations, including the recovery of mixed municipal waste.

The cost of alignment estimate for Montenegro in this sector takes into account all these components so as to define an “Integrated Waste Management System”. Thus unit costs and sector volumes have been established on the basis of such a system.

3.3.2.2 Rationale for the cost estimate

The National Waste Management Plan for Montenegro 2015-2020 collects the most recent available data.

According to that Plan, the amount of municipal waste generated in Montenegro is as presented in Table VII:

TABLE VII: QUANTITIES OF MUNICIPAL WASTE (2013)

Municipalities	Quantities of waste generated (t)	Share in total amount of waste (%)
Andrijevica	1,186	0,49
Bar	24,000	9,84
Berane (including Petnjica)	9,928	4,07
Bijelo Polje	12,053	4,94
Budva	23,100	9,47
Cetinje	6,080	2,49
Danilovgrad	4,658	1,91
Herceg Novi	18,521	7,59
Kolašin	2,300	0,94
Kotor	12,500	5,12
Mojkovac	2,240	0,92
Nikšić	20,359	8,35
Plav (including Gusinje)*	3,430	1,41
Pljevlja	8,532	3,50
Plužine	1,173	0,48
Podgorica	66,602	27,30
Rožaje*	5,910	2,42
Šavnik	517	0,21
Tivat	8,100	3,32
Ulcinj*	11,625	4,77
Žabljak	1,127	0,46
Total	243,941	100,00

* - estimated amount

The Waste Management Law (Article 11) requires the establishment of systems for separate collection of primarily separated waste components, such as paper, cardboard, metal, plastic, glass, and biodegradable waste.

Collection of municipal solid waste, according to the Law on Waste Management and municipal regulations, is the obligation of local governments. In addition to this law and other by-laws, the area is also locally defined by individual local regulations.

In all municipalities in Montenegro, this activity has been entrusted to public utility companies registered for waste management activities and owned by the municipalities, but operated as separate legal entities. Every public utility company has a certain number of containers and bins needed to complete the collection, followed by the transport and disposal.

The data indicate that the public utility companies in the municipalities of Montenegro are equipped rather well, but there is some unevenness between municipalities in terms of number of equipment which is noticeable. In the following years it is necessary to equalize the status of equipment by municipalities.

Recycling yards are places arranged for collection and temporary storage of waste primarily selected according to types, or fractions of municipal waste. According to data from 2013, Podgorica has three recycling yards while Herceg Novi and Kotor have one each. Other municipalities do not perform separate collection and temporary storage of primarily selected components of municipal waste.

In order to improve situation in all municipalities related to the selective collection of waste and certainly in order to improve and achieve the goals that are established by Law for reuse and recycling of waste, MSDT will strictly follow the projection of the planned facilities and necessary investments in the NWMP 2015-2020 like construction of Regional recycling center, material recovery facilities (MRF), Composting facilities, MBT, transfer station, recycling yard with a sorting facilities, small recycling yards and all other necessary infrastructure.

With new plans, each municipality must provide and establish system for the selective collection of waste, and system of two bins – dry and wet is the minimum that must exist in the municipalities that did not have such system at all. The final objective is to have system for the selective collection of waste to the end of 2020 in all municipalities. If the municipal plans would not have activities for the establishment and improvement local system of selective waste collection, MSDT will not approve the plan.

Utility companies still do not generate satisfactory incomes that could be achieved by selling the collected components of municipal waste which have market price in the country and the region, the so-called secondary raw materials. To improve the situation, a special focus in all municipalities will be on the primary and secondary waste selection. The dynamics of improvement will be covered by the new local waste management plans, which are in the final stages of preparation in most municipalities.

Utility companies are responsible for collecting the household part of municipal solid waste and NWMP 2015-2020 envisaged following activities:

- Establishment of a system of primary selection on the principle of two bins - dry and wet as an minimum toward more advanced separately collection in following years ;
- Establishment of collecting network in rural areas as a condition of achieving the goal of establishing a collecting network in the entire territory of Montenegro;
- Completion of construction of recycling yards of various types, in almost all municipalities,;
- Procurement of the missing equipment for the collection of recyclable materials (cans and containers, vehicles, etc.);
- Equipping large generators of packaging (shopping malls, mega markets, department stores, hotels, etc., catering facilities, administrative buildings, schools, cemeteries, etc.) with larger capacity collection equipment (containers of 7 m³, press containers, etc.);
- Intensifying activities aimed to strengthen public awareness and maintain continuity in this respect - organizing campaigns and debates, informing citizens through the media, organizing collection certain types of waste, eco camps, various attractive campaigns;
- Reducing the amount of waste going to landfill.

At the sites for temporary disposal of municipal waste in: Andrijevića, Herceg Novi, Kolašin, Mojkovac, Plav (Gusinje), Pljevlja, Rožaje (Petnjica) and Bijelo Polje, 47 435 t of waste is temporarily landfilled, out of which 5 795 t is placed in the recycling center “Lovanja“in Kotor. Four local self-governments have not established municipal waste management system in accordance with the regulations: Cetinje, Nikšić, Plužine, Šavnik and Žabljak, with the note that the Municipality of Plužine disposes municipal

waste at the unregulated dumpsite Mislov Do in Nikšić. Unregulated dumpsites in Cetinje, Nikšić, Šavnik and Žabljak contain 48 356 t of communal waste.

The annual volume of waste from electrical and electronic products, resulting in households or similarly in legal entities, is 7 to 12 kg / capita, which is 4,200 t for the entire Montenegro. Anticipated annual quantity of end-of-life vehicles is estimated at about 30% of the vehicles that were first registered in that year in the jurisdiction of Montenegro. If annually between 12,000 and 18,000 vehicles are registered, and if one assumes that the average vehicle weight 1.3 t, the resulting total amount of end-of-life vehicles is about 6,000 t. In the case of batteries and accumulators, it is estimated that annually 0.05 to 0.1 kg / capita is generated, which is at least 30 t for the whole territory of Montenegro. It is estimated that 6 to 10 kg of waste tires per capita is generated annually, as a result of the use of vehicles owned by individuals and legal entities, which is 3,600 tons per year in total. When it comes to packaging, i.e. packaging waste, it is estimated from 80 to 130 kg per capita is generated annually, which amounts to 46,000 tons per annum for the entire territory of Montenegro.

As for the recycling of end-of-life vehicles, as already said, the Regional Recycling Centre at the landfill "Livade" in Podgorica includes a plant for removal of vehicles out of use and preparation of their parts for reuse and/or recycling. The plant has the most advanced equipment to handle this type of waste and its capacity is 20 vehicles per day in one shift. It can be said that the installed capacity meets a large part of the needs of the state of Montenegro.

In addition to this facility, Montenegro has two plants involved in the dismantling of vehicles out of use and preparation of their parts for reuse and/or recycling, namely the company "Bukumirska Jezera" from Podgorica and "Recycling Centre" Ltd. Nikšić. Both of these plants have installed capacity of 10 vehicles a day.

As for other special types of waste, those are mainly taken over by the authorized operators, and yet end up largely with unauthorized purchasers and in different landfills.

The requirements of the European Union clearly stipulate the obligation of Montenegro to prepare at least 70% of non-hazardous construction waste for re-use and recycling, as well as its use in the process of covering municipal waste landfills by inert material instead of using other materials from nature. On the other hand, the savings that local governments in Montenegro could achieve by treating this waste as a socially useful product are significant.

It is believed that the total amount of medical waste generated in Montenegro annually is greater than the value of about 50%, which means that it amounts to 3,496.50 t, i.e. 874 tons of hazardous medical waste annually. Most of this waste is infectious waste, which is why heat treatment is imperative, which is done in the Clinical Centre and some other health institutions.

The first two centers for medical waste treatment were established in Berane and Podgorica, where the first devices for the treatment of such waste were installed, the so-called converters (modified version of the autoclave device). The plan is to install them in Nikšić and Bar, and then in other cities of Montenegro.

The same as medical, veterinary waste has a potentially very negative impact on the environment and human health if not properly disposed, i.e. disposed without proper previous treatment. Waste Management Law clearly stipulates that the management of veterinary waste has to be clearly and in detail planned through an official planning document, as part of the National Waste Management Plan, and that the state administration authority responsible for veterinary and water issues shall be in

charge of drafting the plan, i.e. the Ministry of Agriculture and Rural Development, that also needs to provide conditions and ensure implementation of the drafted veterinary waste management plan.

According to the Report on implementation of the National Waste Management Plan for 2010, 2011, 2012 and 2013, the line ministry (Ministry of Agriculture and Rural Development) does not submit data to the Ministry of Sustainable Development and Tourism regarding the amounts of veterinary waste generated and treated. Also, there is no information on the development of the necessary by-laws that would regulate the conditions, manner and procedure of treatment of veterinary waste. Data on quantities of this type of waste generated in the territory of Montenegro are not known to the Ministry of Sustainable Development and Tourism, although within the MIDAS Project, financed by a World Bank loan, a Feasibility Study on the management of such waste was prepared. As part of the Study, after analysing the types and quantities of by-products of animal origin, the most appropriate way to manage was proposed taking into account the situation in Montenegro, i.e. the construction of the facility for the handling of by-products of animal origin, whose estimated value is EUR 10 million.

In November 2014, permit for the takeover, collection and treatment of veterinary waste was awarded to the private company, which is as the concessionaire already engaged in medical waste treatment.

The estimated total amount of sludge in the whole territory of Montenegro, after the construction of the planned municipal wastewater treatment plant, will be around 11,650 tons/year in 2020, and around 18,770 tons/year in 2030, based on dry matter (30% dry matter in the sludge). The years 2020 and 2030 were taken as average in order to calculate the total amount of sludge in the whole territory of Montenegro, as all the planned plants are expected to be built by then.

OPTIONS FOR GEOGRAPHICAL ORGANIZATION OF WASTE MANAGEMENT

The NWMP additionally makes a sound cost analysis of three basic options for organizing waste management in Montenegro:

OPTION 1: ESTABLISHING FIVE (5) REGIONAL WASTE MANAGEMENT CENTRES

- Region Centre 1 – includes Podgorica, Cetinje and Danilovgrad;
- Region Centre 2 – includes Niksic, Pluzine and Savnik;
- Region North – includes Bijelo Polje, Mojkovac, Kolasin, Pljevlja, Zabljak, Berane, Rozaje, Plav and Andrijevisa;
- Region Coast 1 – includes Bar and Ulcinj;
- Region Coast 2 – includes Herceg Novi, Kotor, Tivat and Budva.

OPTION 2: ESTABLISHING THREE (3) REGIONAL WASTE MANAGEMENT CENTRES

- Region Centre – includes Podgorica, Cetinje Danilovgrad, Niksic, Pluzine and Savnik;
- Region North – includes Bijelo Polje, Mojkovac, Kolasin, Pljevlja, Zabljak, Berane, Rozaje, Plav and Andrijevisa;
- Region Coast – includes Bar, Ulcinj, Herceg Novi, Kotor, Tivat and Budva.

OPTION 3: ESTABLISHING A SINGLE REGION FOR WASTE MANAGEMENT

- Single region – includes waste from all municipalities, and the centre of the region is located in Niksic (with the possibility to choose another center).

The results of this options analysis show very similar costs for Options 1 & 2 and a much higher cost for Option 3.

Specific measures for treatment of waste as well as primary and secondary waste selection measures are common to all these three options. In fact, all the options include: building the necessary infrastructure such as Regional Recycling Center with material recovery facilities (MRF), Recycling yard with a sorting facility, small recycling yard, transfer stations, Composting facilities/ anaerobic digestion / MBT, in order to achieve the requirements of the European Union in the field of recycling. All of these activities including rehabilitation of dumpsites are explained in detail in Action plan - planned activities according to the options proposed in NWMP 2015-2020 and published in Official Gazette of Montenegro No 74/15 (<http://www.sluzbenilist.me/SluzbeniListDetalji.aspx?tag={F760EB54-8224-4A17-AF4D-00F60CD8EBFC}>).

The final decision on the most acceptable option Montenegro will adopt by the end of 2016. In the meantime, will carry out all activities in accordance with the schedule of activities in order to improve and build the necessary infrastructure. Regardless of the final choice of options, objectives from the Waste Management Law (2011) will be achieved in a manner which will be used for re-use and recycling to prepare at least:

- 25% of waste materials by 31 December 2017;
- 35% of waste materials by 31 December 2018;
- 45% of waste materials by 31 December 2019;
- 50% of waste materials by 31 December 2020.

It is important to emphasize these are the objectives from the Law, which was adopted in 2011. Therefore, MSDT will review these targets and depending on the success in achieving set goals, and correct them if necessary. That will be done in short term, by the end of 2017, with amendments on the present Waste Management Law (see Table XXXII: TRANSPOSITION PLAN – WASTE MANAGEMENT). In order to review these objectives, technical assistance by experts with experience in member states in this field would be desirable.

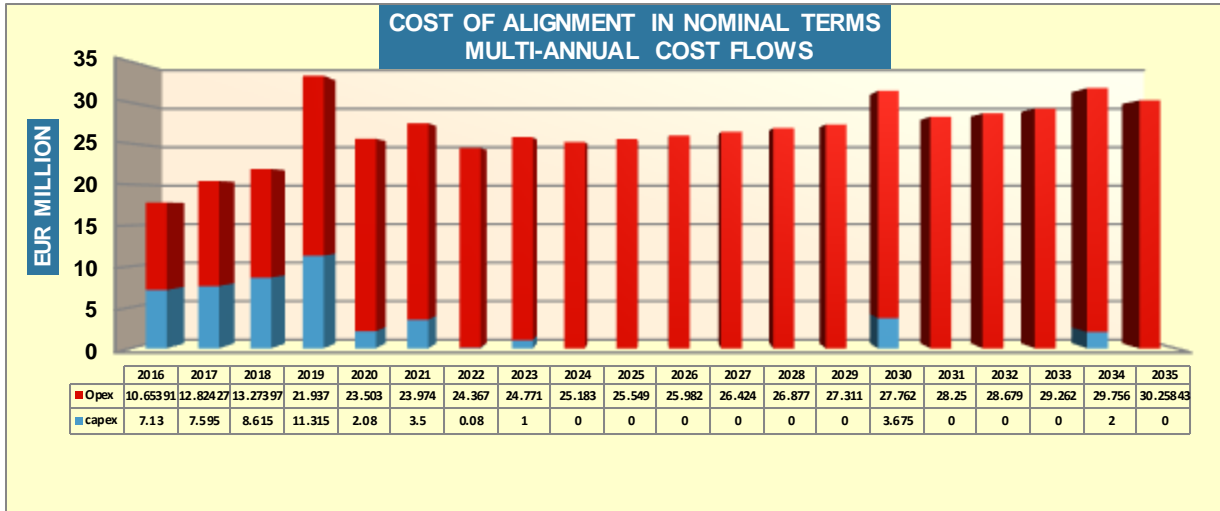
3.3.2.3 Targets for compliance

The Waste Strategy of Montenegro contemplates early compliance (before 2021). The impact of this drive for acquiring EU standards will, however, heavily impact on cost recovery capacity, as Waste is opex “heavy” that is: one unit of investment, capex, generates a multiple of between 7 and 8 units of opex. Thus the implementation of the Waste Management Strategy of Montenegro and the National Plan of Waste management in Montenegro for the period 2015-2020 will be heavily cross subsidized, which means that it will absorb disproportionate quantity of limited spending resources from other sectors, which will additionally affect, in a short-term, the harmoniousness of the process of environmental alignment.

3.3.2.4 Cost of alignment

On the basis of the prior targets for compliance, the defined volumes in % of population served by a fully compliant system and the unit costs per inhabitant, the cost of alignment can be evaluated on a multi-annual basis. This is illustrated below in nominal terms, distributed as Capex, Opex and administrative costs.

GRAPH XI: COST OF ALIGNMENT IN THE WASTE SECTOR

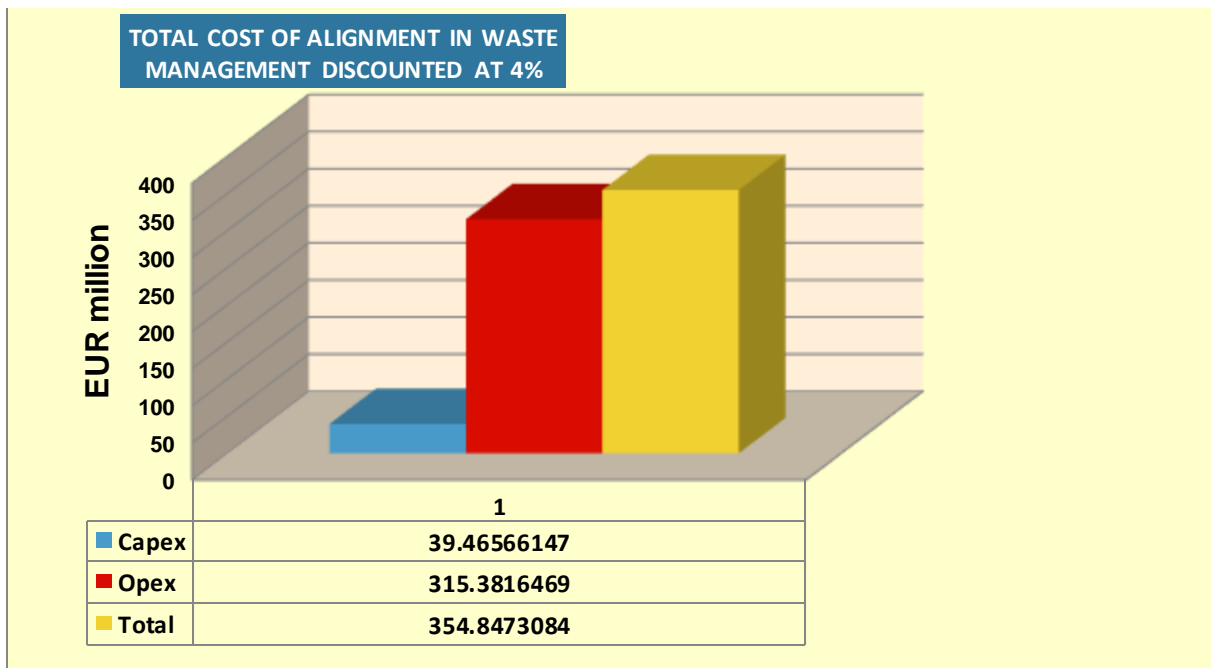


Capex peaks at over €11 million per annum in 2019.

Opex increases to a substantial €30 million per annum in 2035. This reflects an important characteristic of the waste sector mentioned above, that it is opex heavy, i.e. a unit of investment in the field of waste management implies a large stream of opex costs that impinge directly on the household affordability constraints.

The Cost of Alignment discounted, that is, in NPV terms, is indicated below.

GRAPH XII: COST OF ALIGNMENT IN THE WASTE SECTOR DISCOUNTED AT 4%



The discount rate used is 4%, the same as presently recommended for large infrastructure projects. This magnitude is indicated in the chart below:

Investment costs are estimated at € 39.5 million.

Capex, to 2035, is a considerably higher (and ongoing) cost amounting to that date to € 315.4 million.

Overall, the alignment cost in Solid Waste Management is estimated to be € 354.8 million.

3.3.2.5 Considerations for financing

Investment costs will receive considerable support from donors, particularly the EU's IPA programme.

Other donors can be actively sought, as there are numerous programs to assist in resolving many problems related to waste management.

However, it must be noted that Waste Management implies heavy Opex costs and these will be financed through Cost Recovery from Tariffs. Thus the sequencing of investments in this sector will be more conditioned by household affordability constraints than by limitations to investment financing.

Given the ongoing program and prioritization of waste management, heavy cross-subsidization of waste services, absorbing more than their sectoral share of limited affordability, will be unavoidable.

This was taken into account when defining a basic financing strategy in the following section of this part of the document.

3.3.3 Emissions to air (IED)

3.3.3.1 Baseline

The economic impact of emissions to air is large, complex and affected by a number of Industrial sub-sectors. Although it is economically difficult to attribute costs to specific EU regulations (directives) and generally cost estimates are made on the basis of pollutant removal, for the strategy of environmental alignment in Montenegro, this impact is divided into two areas:

- emissions that generally fall under the climate change area (GHG) and
- industrial emissions that affect air quality.

It must be noted that the intention is to assess the reasonable amount of costs implied by harmonization with the EU *acquis* in the next 20 years. Thus, although certain industrial activities are not now present in Montenegro, potential remediation risks must be taken into account, if only in the event of unforeseen circumstances.

This cost analysis is the general one, since it does not include estimates related to the future Investment plans of the Aluminium Plant in Podgorica and the investment related to the construction of the II block of the Thermo-Power Plant in Pljevlja. All these will be taken into account during the future estimation of costs, since the commitment of the Government of Montenegro regarding these two large industrial facilities is very strong.

It must be noted that air emissions have also a great impact on health and are, to a certain extent, trans-boundary, which grants their limitation/reduction a high priority.

Implementation of all requirements of relevant *acquis* cannot be achieved in the short term due to both the technical limitations to establish a reliable inventory and monitoring system and the affordability constraints that will limit the pace of implementation.

3.3.3.2 Rationale for the cost estimate

Cost is a major consideration in meeting the alignment and implementation requirements of the alignment process. There are a variety of costs to be met, which can be grouped as follows:

- administrative costs;

- the preliminary costs of setting up, or restructuring, a regulatory body (e.g. a competent authority) and any agencies that it might require — this will include costs associated with physical and human resources and training;
- costs of introducing a permitting and enforcement regime and carrying out inspections;
- costs associated with identifying the installations to be covered by the directives and assessing their current situation;
- costs associated with the development of BAT (Best Available Techniques) guidance documents for each industrial sector;
- costs associated with consultation;
- costs of data recording and reporting;
- training costs; and
- the continued costs of operating the system.

These costs may be offset by the implementation of a cost recovery scheme in accordance with the polluter pays principle, whereby — through levying a charge for the permit and regulatory regime — the government recoups the costs of regulation from the operators of installations. There should be complete cost recovery for all the expenses associated with permits, and schemes such as EMAS and the eco-labelling scheme should be entirely self-financing as far as the regulatory bodies are concerned;

- Costs to Industry.

It is clear that the costs to industry of compliance will be far greater than the direct costs of implementing the legislation. The costs of ensuring that large combustion plants reduce emissions to an acceptable level may include the construction of new plants to replace outdated ones, the addition of new units to less-polluting plants to compensate for the loss of energy from the shut-down of those that cause major pollution, the changing of units within a plant so that less-polluting fuel can be used and so on. The IED Directive imposes far-reaching obligations and substantial costs on industry and government at all levels. Application of the principles of BAT will be a key determining factor in the costs to each industrial sector. The biggest price to pay ultimately could be the closure of certain plants. The BREF documents should be able to provide some guidance in this area and the assessment of local circumstances and conditions will also have a large influence.

The evaluation of costs has been performed in two stages:

- A preliminary analysis based on the existing budgets of various institutions which have been made available. The Montenegrin databases have been extensively used so as to establish the present situation. This initial estimate provided a baseline figure on emissions that enabled to establish the framework for a “Baseline Scenario”. Subsequently, projections of growth in Greenhouse Gases (GHG) have been derived from various TA projects and locally derived statistics creating a “Business as Usual Scenario”, BAU, that is, the likely increase in Emissions if no abatement measures are taken. The difference between the “BAU” and the estimated limits to be applied under the EU legislation, the Copenhagen and other International Treaties, will provide a rough estimate of the volumes of gases that need to be reduced through Abatement Measures;

- The abatement costs of reducing emissions have been estimated on the basis of international references and applied to the volumes that need to be reduced thus providing an estimate of the cost of alignment in this sector.

3.3.3.3 Abatement costs

Abatement costs derived from the application of the RAINS⁸⁴ Model for EU 25 constitutes the most complete study on the costs of reducing emissions performed to date and has been considered as a reasonable option to apply to Montenegro, where such data has not been specifically generated.

They are summarized in the Table below.

TABLE VIII: ABATEMENT COSTS PER POLLUTANTS

ABATEMENT COSTS					
RAINS MODEL FOR EU EMISSION LIMITS SCENARIO B (INTERMEDIATE) FOR EU 25					
	TONS REDUCED			RANGE EU 25 EPTRR BASED	
	2005-2020	COSTS (LEVELIZED) €MM)	COST/TON	LOW	HIGH
SO ₂	1.238.000	14.010	16.000	5.600	16.000
NO _x	1.592.000	14.970	12.000	4.400	12.000
NH ₃	1.088.000	38.925	31.000	11.000	31.000
PM 10	255.000	9.540	75.000	26.000	75.000
IOS (VOC)	977.000	1.770	2.800	950	2.800

The procedure to apply such costs to Montenegro has been to take the intermediate cost within the range and adapt it through application of the € inflation index from the year the calculation was made to 2015.

In NMVOCs a lower range has been applied, given Montenegro's geo-morphological characteristics and lack of a cement industry.

Specific abatement costs for Montenegro will be calculated on the basis of actual data through development of DSIP for IED directive (see section 5.6.2, Table XLII: IMPLEMENTATION PLAN - INDUSTRIAL POLLUTION)

TABLE IX: ABATEMENT COST FOR MONTENEGRO

ABATEMENT COSTS FOR MONTENEGRO	NO _x	SO ₂	NMVOC
In € per Ton Removed	9.403	11.317	39.224

3.3.3.4 Targets for compliance

As an initial target for the purposes of the economic gap estimate, 2025 has been established.

It must be noted, however, that such a date may not be achievable due to the affordability constraints that will be established in the Strategy, as the Energy Sector costs impact directly upon household affordability through the price of electricity.

Emissions to air as a result of district heating, emissions from individual systems for heating of individual households (coal, wood, oil, gas, etc.) and emissions from traffic are included in the energy

⁸⁴ The Regional Air Pollution Information and Simulation (RAINS) model developed by the International Institute for Applied Systems Analysis (IIASA) combines information on economic and energy development, emission control potentials and costs, atmospheric dispersion characteristics and environmental sensitivities towards air pollution (Schöpp et al., 1999).
RAINS REVIEW 2004 - The RAINS model, International Institute for Applied Systems Analysis, Schlossplatz 1, A-2361 Laxenburg, Austria

sector. Because of the simplification of cost estimates at the national macroeconomic level, which are based on calculations of costs for a total reduction of emissions into the air, more precise breakdown by types of sources and types of pollutants has not been made.

TABLE X: TARGET VALUES CONCERNING EMISSIONS TO AIR

TARGET VALUES	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	Target achievement.....										
Energy sector	1%	2%	5%	10%	16%	25%	40%	65%	80%	90%	100%
Industry	3%	10%	20%	35%	50%	60%	70%	80%	90%	95%	100%
VOCs	2%	10%	17%	25%	35%	45%	60%	70%	80%	90%	100%
Other	2%	10%	20%	35%	50%	60%	70%	80%	90%	95%	100%

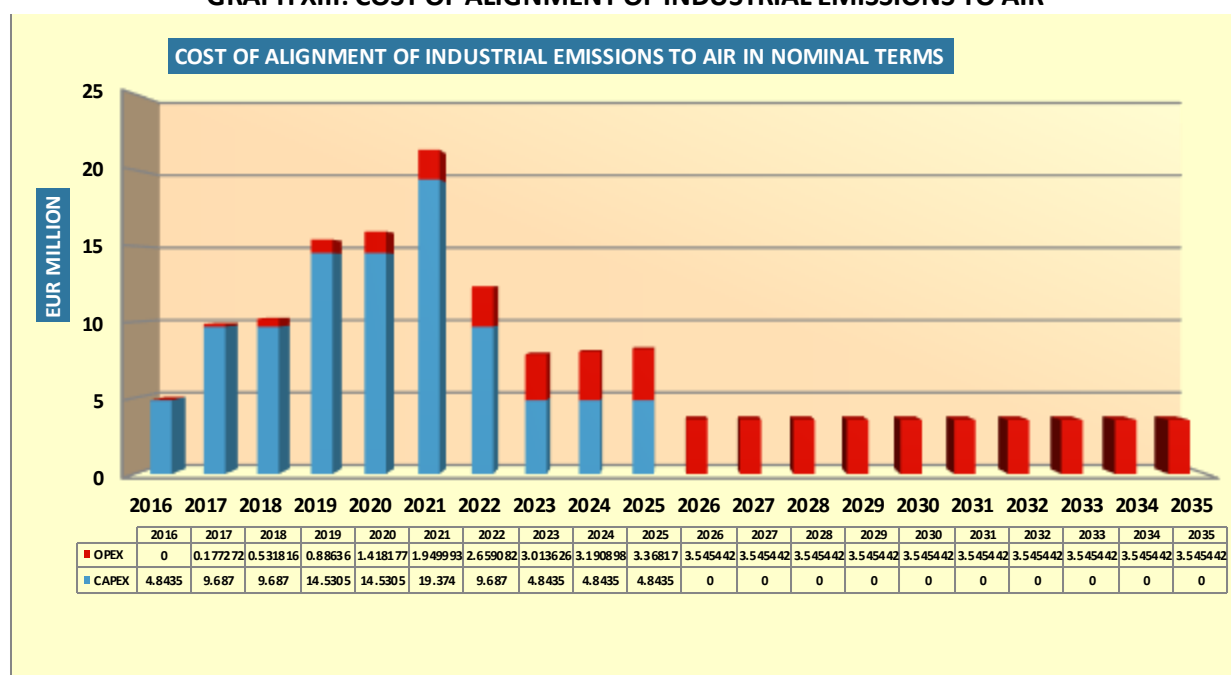
3.3.3.5 Cost of alignment estimate

To estimate the Cost of Alignment, it was necessary to apply the abatement costs to the Volume of Emissions that need to be reduced. The Volume of Emitted polluting substances to be removed (i.e. the Volume of the main Pollutants - SO₂, NO_x, NH₄, NMVOCs) needs to be reduced.

As noted above, many industrial processes, energy generation, transport and household heating affect the air quality. For the primary purposes of the Strategy, detailed differentiation of impacts cannot be done, given the interactive nature of the types of emissions and pollutants.

In this Strategy, only the necessary costs to reach the permitted emission limits have been taken into account for the calculation of the costs. Huge investments planned for the new power plant (in connection with the export of energy) are not included in the calculation of the costs because they go beyond the basic requirements for meeting EU regulation specific standards.

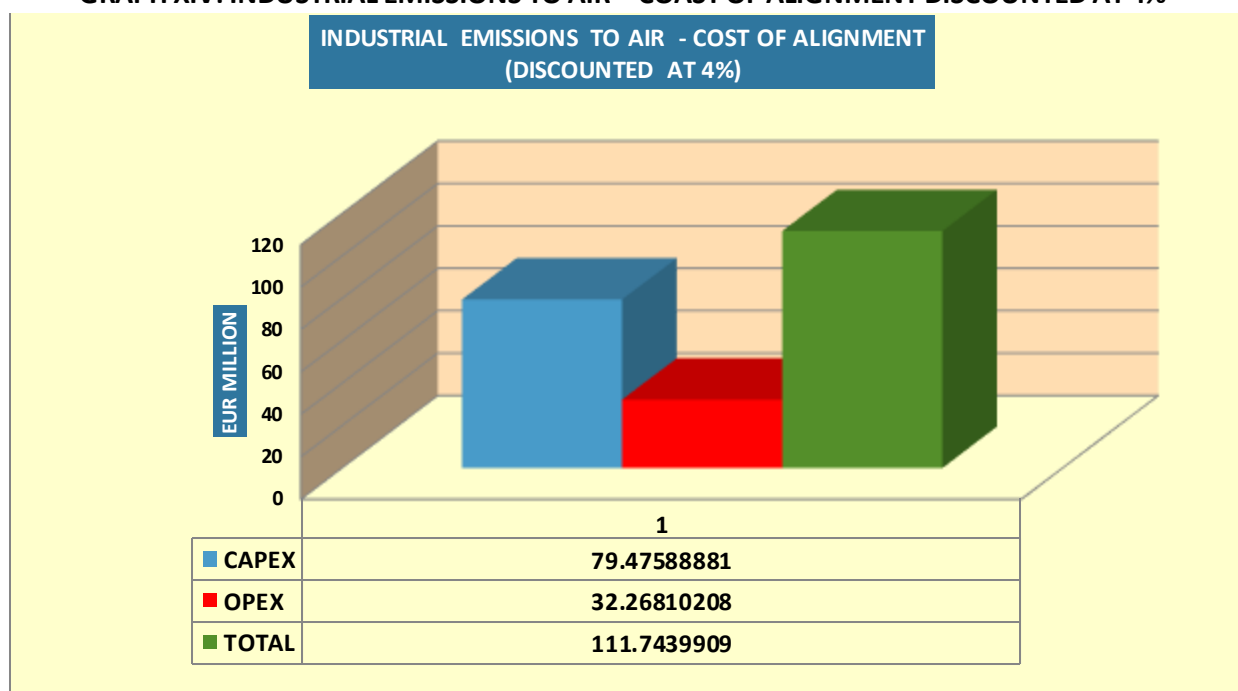
GRAPH XIII: COST OF ALIGNMENT OF INDUSTRIAL EMISSIONS TO AIR



The Graph XIII shows that the Capex peaks are at just over € 19 million per annum in 2021.

Opex increases to € 3.5 million per annum in 2026. This is a recurring cost that will have to be fully absorbed by cost recovery from users, mainly through the electricity charges.

GRAPH XIV: INDUSTRIAL EMISSIONS TO AIR – COAST OF ALIGNMENT DISCOUNTED AT 4%



Investment costs, Capex, are estimated at € 79.5 million to be incurred prior to 2025, mostly by Industry and primarily by the Energy Sector (including households and district heating systems). Opex, to 2035, is an ongoing cost amounting to that date to € 32.3 million in present day terms. Overall, the alignment costs in this area are estimated to be € 111.7 million.

3.3.4 Climate Change

3.3.4.1 Baseline

Climate Change issues are being dealt with as a separate theme throughout this document. However, when it comes to analysis of the cost of alignment, it is beneficial to have Climate Change sector placed after the Emissions to air sub-sector in order to have the link with the air protection legislation and the reduction of emissions of pollutants to air, thusly to have more comprehensive overview of the two somewhat complementary sectors.

Climate change legislation regulates issues that cut across the economy and is highly horizontal by its nature, thus it represents a challenging task to calculate the exact cost of alignment. The national planning and estimation efforts are additionally exacerbated by the uncertainties attached to the diverse nature of climate change legislation. This chapter of the Strategy focuses on providing the alignment costs for climate change legislation that Montenegro will incur over the next 15 years. In achieving this, the primarily subject of analysis was Montenegro’s Intended Nationally Determined Contribution (INDC), which sublimates the national effort and goal in combating climate change.

This approach allows for the Strategy to establish an order of magnitude so as to enable more detailed planning in the DSIPs (Directive Specific Implementation Plans) for respective elements of climate change legislation, which will take place as Montenegro is nearing EU accession.

Another recent development which reinforces the approach taken in this document is the adoption of the Paris Agreement in December last year. The Paris Agreement represents a historic milestone in the international effort to combat climate change and Montenegro has expressed its intent to honour this universally accepted treaty. Montenegro has committed to an Intended Nationally Determined Contribution (INDC) to mitigate the impact on Climate Change of GHG Emissions with the goal to curb its emissions by 30% by 2030, compared to 1990 levels.

This Commitment has been established covering the following sectors:

Energy:

- Fuel Combustion
- Fugitive emissions from fuel
- CO₂ transport and Storage

Industrial processes:

- Mineral industry
- Chemical industry
- Metal industry
- Non-energy products from fuels and solvent use
- Electronic industry
- Product uses as substitutes for ODS
- Other Product Manufacture and Use

Agriculture:

- Livestock
- Aggregate sources and non-CO₂ emissions sources on land

Waste

TABLE XI: QUANTIFICATION OF THE INDC

	1990	2030	REDUCTION
QUANTITIES IN MILLION TONS	5,239	3,667	1,572

This agreement assumes a static figure for emissions and whilst useful as a reference for estimating the reductions with regard to the reference year (1990), the actual reduction effort will need to be higher due to the fact that as the economy develops, emissions, if no measures are taken, will increase.

For the purpose of the Strategy cost calculations, a dynamic scenario was assumed, with growth in line with projected GDP growth if no measures are taken.

Thus the actual cost of the measures was applied to reductions on this dynamic figure, which in a positive GDP growth scenario are, naturally, much higher.

The target established in the INDC for 2030 must not be confused with the actual reduction required. It is a means to agree on a target, but the de facto reduction needed will be higher than the mentioned 1,572 Million tons.

If no action is taken, the emissions volume in 2030 will not be 5,239 Million tons that are the 1990 reference. It will, according to the simple calculation of assuming emissions growth in line with GDP growth be, in 2030, in the order of 7,2 Million tons. In 2020 the de facto emissions would be 5,01 Million tons in 2021 (theoretical accession) 5,21 Million tons In 2025 6,1 Million tons and in 2030 7,2 Million tons.

The conclusion is that the target established by the INDC is fine for the purpose it is established, but the reduction estimated (1,572 Million tons) assumes a reduction on a past static reference, not the actual reduction needed in a dynamic economy.

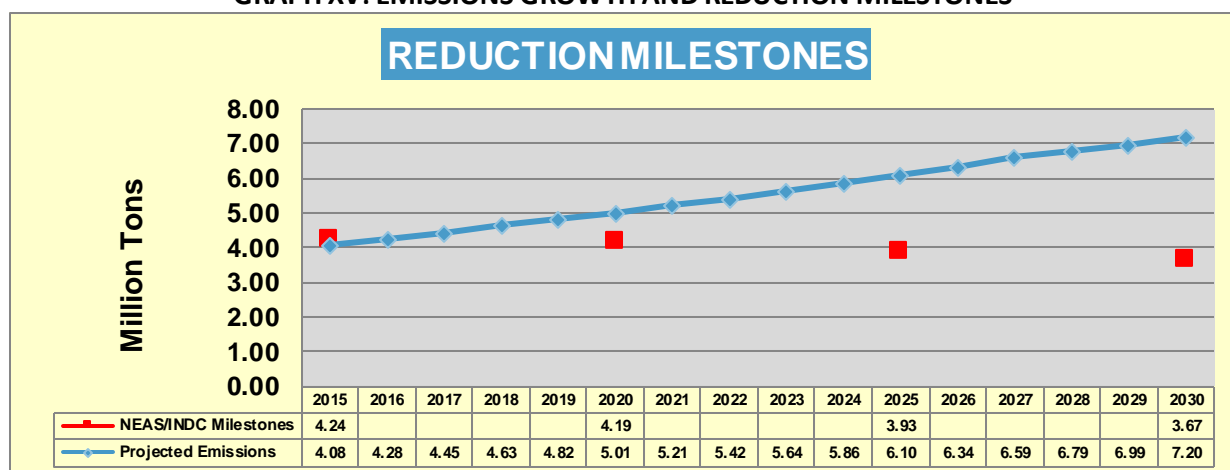
3.3.4.2 Methodology for calculating costs

For the purposes of the Strategy, the following cost calculation Methodology has been applied:

1. The Reference taken is the latest available emissions figure, which is 3,866 Million tons in 2011.
2. This figure has been projected in accordance with GDP estimated growth.
3. The cost of abatement, assumed to be the carbon Ton Eq. International price (which varies considerably) has been established for end 2015 at €7,76.
4. This price has been projected to grow in real terms (above inflation) at 2% over the next 2 years and 3% after that, thus establishing a reasonable theoretical carbon price to be applied as an abatement cost. This figure is €9,08 for 2021, €10,22 for 2025 and €11,85 for 2030. As indicated, these estimated costs are in real terms. The actual cost applied overall is the average for the period to 2030, which is €9,6 per Ton.
5. The needed reductions to align the actual no measure emissions with the 2030 targets are multiplied by this cost and this provides an inter-annual cost figure.
6. A reasonable investment timetable has been established, rising by 5% in 2016 to 20% in 2021, with residual amounts as from then onwards of an additional 5% per annum to 2025. This investment schedule can be compressed, but this is not done for two basic reasons:
 - (i) The affordability capacity of Montenegro will be highly stressed. Under the prepared Scenario, the compliance target of 2020 is met as is, subsequently, that of the INDC for 2030. Thus a more aggressive Investment plan is not considered necessary;
 - (ii) Furthermore, the greater the costs can justifiably be deferred to post accession, the better for Montenegro, as it will have access to a substantially higher rate of assistance from the EU.
7. To the required investments (capex) the Operating Expenses have been calculated and added on an ongoing basis.

Below is the projected growth of emissions in a no measures scenario and the milestone targets established:

GRAPH XV: EMISSIONS GROWTH AND REDUCTION MILESTONES



The Calculations of costs for the purpose of achieving the Milestones are detailed below:

TABLE XII: ABATEMENT COSTS TO MEET STRATEGY/INDC TARGETS

GHG EMISSIONS IN MONTENEGRO (MILLION TONS)		2012	2013	2014	2015	2016	2017	2018	2019	2020	
REFERENCE 1990	5,24				5,24						
20-20-20 GOAL (Reduction 20%)	4,19										
YEAR 2011 Estimate	3,87	3,77	3,90	3,96	4,08	4,28	4,00	4,00	4,00	4,00	
Evolution in %, At GDP		-2,50	3,50	1,40	3,20	4,90	5,00	5,00	5,00	5,50	
Accumulated GDP Index		97,5	100,9	102,3	105,6	110,8	115,2	119,8	124,6	129,6	
Target					4,24					4,19	
Abatement Required to 2025 (45%)	3,54					261	483	717	962	1.246	
Unit Cost abatement (in €)	9,60				7,76	7,91	8,07	8,31	8,56	8,82	
Growth in Abatement Cost (Carbon Eq) in % p.a.						2,00	2,00	3,00	3,00	3,00	
CAPEX INVESTMENTS REQUIRED (in € Million)	33,95										
						2016	2017	2018	2019	2020	
EFFECTIVE APPLICATION OF CAPEX interannually in %						5%	10%	10%	15%	15%	
EFFECTIVE REDUCTION OF EMISSIONS as regards the no measure estimate						2,14%	5,90%	9,52%	13,0%	16,4%	
GHG EMISSIONS IN MONTENEGRO (MILLION TONS)		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
REFERENCE 1990	5,24										
20-20-20 GOAL (Reduction 20%)	4,19										
YEAR 2011 Estimate	3,87	5,21	5,42	5,64	5,86	6,10	6,34	6,59	6,79	6,99	7,20
Evolution in %, At GDP		4,00	4,00	4,00	4,00	4,00	4,00	4,00	3,00	3,00	3,00
Accumulated GDP Index		134,8	140,2	145,8	151,6	157,7	164,0	170,5	175,6	180,9	186,3
Target						3,93					3,67
Abatement Required to 2025 (45%)	3,54	1,28	1,49	1,71	1,93	2,17	2,67	2,93	3,12	3,33	3,54
Unit Cost Abatement (in €)	9,60	9,08	9,36	9,64	9,92	10,22	10,53	10,85	11,17	11,51	11,85
Growth in Abatement		3,00	3,00	3,00	3,00	3,00	3,00	3,00	3,00	3,00	3,00

Cost (Carbon Eq) in % p.a.											
CAPEX INVESTMENTS REQUIRED (in € Million)	33,95										
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
EFFECTIVE APPLICATION OF CAPEX interannually in %		20%	10%	5%	5%	5%					
EFFECTIVE REDUCTION OF EMISSIONS as regards the no measure estimate		26,9%	30,7%	34,4%	37,8%	44,7%	44,1%	47,0%	49,8%	52,4%	54,9%

COST CALCULATION (Million €)		2016	2017	2018	2019	2020	2021	2022	2023
capex	33,95	1,70	3,39	3,39	5,09	5,09	1,70	1,70	1,70
opex	3,66%	0,00	0,06	0,19	0,31	0,50	0,68	0,75	0,81
NPV 4%	26,70								
ops	7,18								
Total	33,88								
Capex Cumulative		1,70	5,09	8,49	13,58	18,67	20,37	22,06	23,76

COST CALCULATION (Million €)		2024	2025	2026	2027	2028	2029	2030
capex	33,95	1,70	1,70	1,70	1,70	1,70	1,70	0,00
opex	3,66%	0,87	0,93	0,99	1,06	1,12	1,18	1,24
NPV 4%	26,70							
ops	7,18							
Total	33,88							
Capex Cumulative		25,46	27,16	28,85	30,55	32,25	33,95	33,95

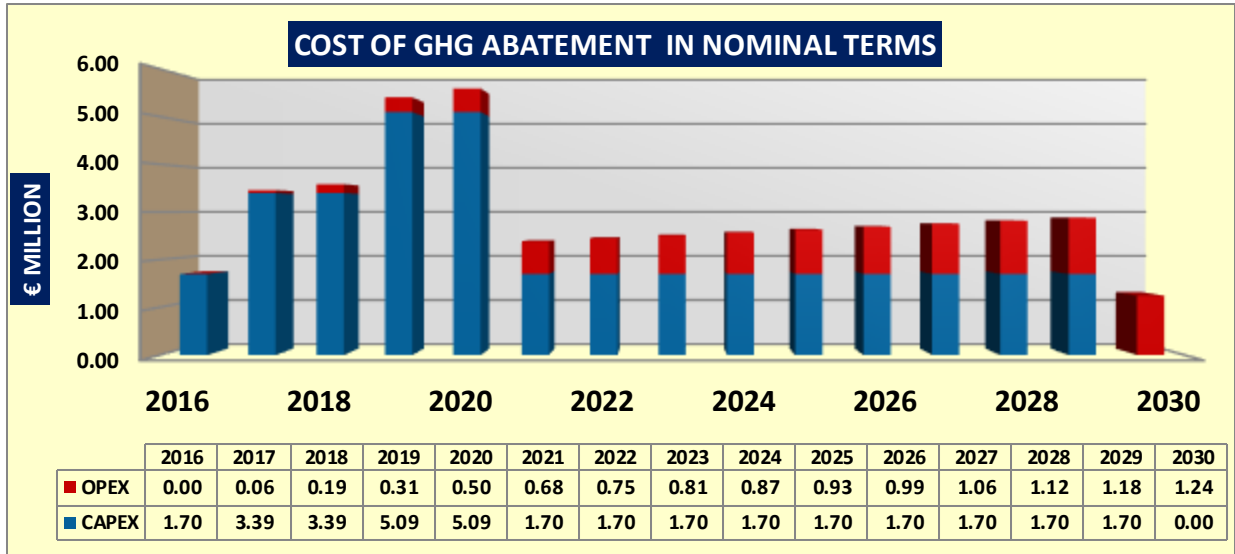
3.3.4.3 Relationship between the INDC and Climate Change *Acquis*

The purpose of the Strategy is to establish an order of magnitude so as to enable more detailed planning in the DSIPs (Directive Specific Implementation Plans). The projected investment scenario has, prudently, been elongated beyond the expected EU compliance date of 2020 to 2025, allowing for further assistance from post-accession EU funds for part of the investment required to continue the effort and reach the 2030 INDC target. Montenegro's compliance schedule will run parallel to that of EU members in the 2020-2030 decade so as to, jointly, reach the international targets established for 2030.

3.3.4.4 Cost of alignment estimate

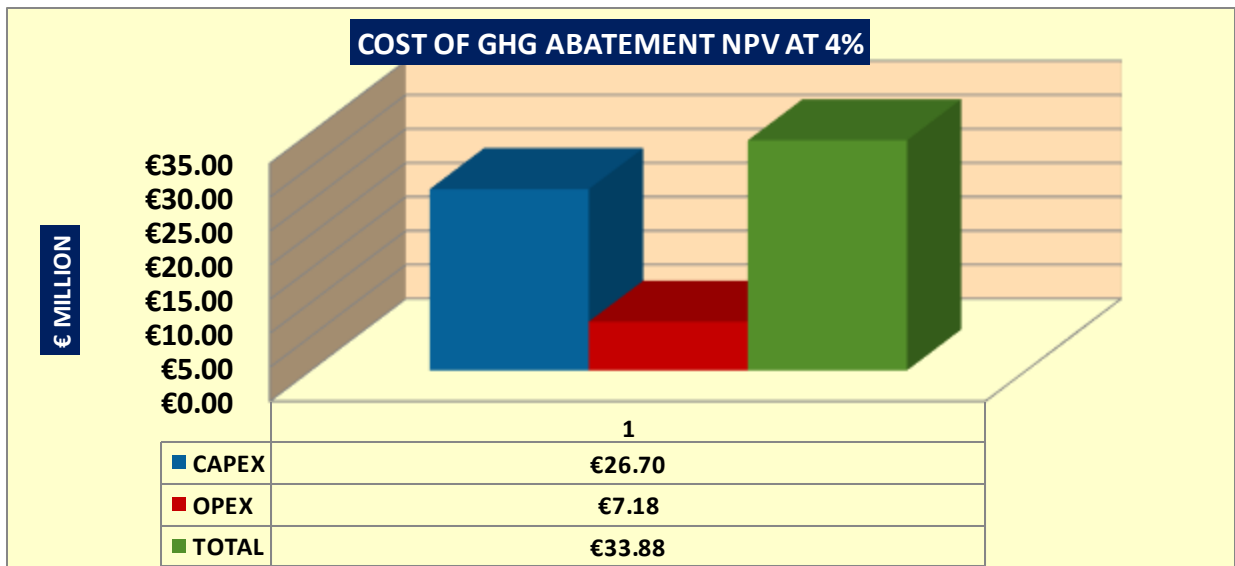
For the purposes of establishing an order of magnitude the abatement of the existing level of CO₂ ton eq. has been estimated in accordance with a sequential reduction as calculated above. The results are illustrated below:

GRAPH XVI: COST OF ALIGNMENT IN THE CLIMATE CHANGE SECTOR



Under this scenario, Capex costs peak at € 5,1 Million in 2021. Opex reaches a maximum of just over €1,2 Million by 2030.

GRAPH XVII: COST OF ALIGNMENT DISCOUNTED AT 4%



In accordance with the Investment schedule prepared and Opex estimates investment costs, Capex, are estimated at € 26,7 Million to be incurred prior to 2030, mostly by Industry and primarily by the Energy Sector; Opex, to 2030, is an ongoing cost amounting to that date to € 7,2 Million in present day terms.

Overall, the alignment costs of the Climate Change legislative framework are estimated to be € 33,9 million for the period to 2030, final INDC joint Montenegrin and EU members compliance with the Paris Agreement.

Having relatively high uncertainty regarding emissions in the LULUCF sector, Montenegro reserves its right to review this Strategy and its INDC until 2020 upon the availability of more accurate data and improved technical conditions regarding land use, land use change and forestry and include it in its nationally determined contribution.

3.3.5 Nature & biodiversity protection

3.3.5.1 Baseline

The Strategy on Biodiversity states that the key implementation activity will consist in the establishment of the NATURA 2000 network, for which Montenegro plans to apply IPA and other funds depending on their availability. Since a common GIS database for biodiversity management needs to be established, the first step in this process will be organization of data management and integration and analysis of all the existing data. The process of establishing an Environmental protection information system through the IPA project is currently in progress, and information databases on biodiversity will be part of this system. It is expected to be completed in 2017.

Through IPA technical assistance, a project is under implementation to identify potential protected sites of Natura 2000, which will be completed in 2019.

Since at this moment it is not possible to forecast all the sites which may be designated under NATURA 2000 or, hence, the proportion of territory that might be accounted for by such sites in Montenegro, the current cost estimate is based on the assessment of an order of magnitude, based, primarily on experience in neighboring regions.

3.3.5.2 Unit costs

For the purpose of this analysis, a simplistic matrix of unit costs was defined, based on specific experience in the Region.

- The preparation of Management Plans;
- The compensations to Farmland in the protected area;
- The compensation to activities not compatible in the designated Buffer Zones;
- Transaction costs for the acquisition of private property in core areas;
- The purchase of equipment for ongoing monitoring, supervision and protection of the designated area.

TABLE XIII: UNIT COSTS PER HECTAR-NEW PROTECTED AREAS

UNIT COSTS IN €/HA	€/Ha
MANAGEMENT PLANS	11,85
FARMLAND	3,00
BUFFER ZONES	1,00
TRANSACTION COSTS	14,00
EQUIPMENT	3,51

3.3.5.3 Targets for compliance

Currently, protected areas now cover 1,763.62 km², or 12.768% of the territory, of which the largest part (101,733ha or 7.32%) consists of 5 national parks: "Durmitor", "Skadar Lake", "Lovćen", "Biogradska Gora" and "Prokletije". The remaining part is related to the 45 locations that are protected on "lower" level. In April 2015, the first regional park "Piva" was declared. Montenegro is currently in the procedure of proclaiming the Regional park "Komovi" and considering declaration of the first marine protected area, as well as Ulcinj Salina as a protected area (the procedure of proclaiming Ulcinj

Saline as protected area is ongoing). If we take into account the protection on the basis of assumed obligations from international agreements, 237,899 hectares or 17.22% are under the protection, where some of the areas are protected on both grounds (eg. Skadar Lake-Ramsar site and National Park, Durmitor-UNESCO site and National Park).

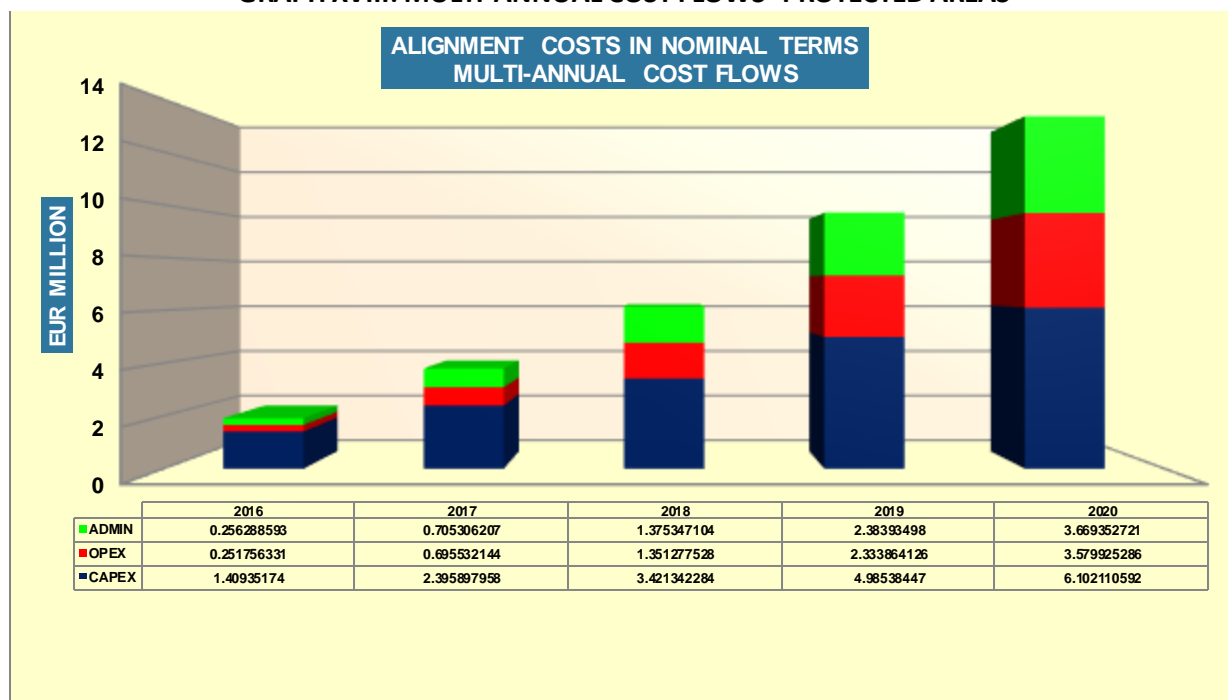
The Strategy for Nature Protection indicates a target for 2020 for the establishment of the Natura 2000 sites and indicates a cost of € 19.6 million. There is a detailed analysis of Human Resources required over that same time span.

3.3.5.4 Cost of alignment

To complement this estimate, performed analysis was based on assumption that the full 2.379 km² of protected space needs to be fully brought into compliance applying the unit costs above, but excluding transaction costs.

On the basis of the prior targets for compliance, 2020, the defined volumes in surface to be protected and the unit costs per ha, the cost of alignment can be evaluated on a multi-annual basis. This is illustrated below in nominal terms, distributed as Capex, Opex and Administrative costs, which refer to site specific administration not Central Government expenses which are under the Horizontal Legislation.

GRAPH XVIII: MULTI-ANNUAL COST FLOWS- PROTECTED AREAS



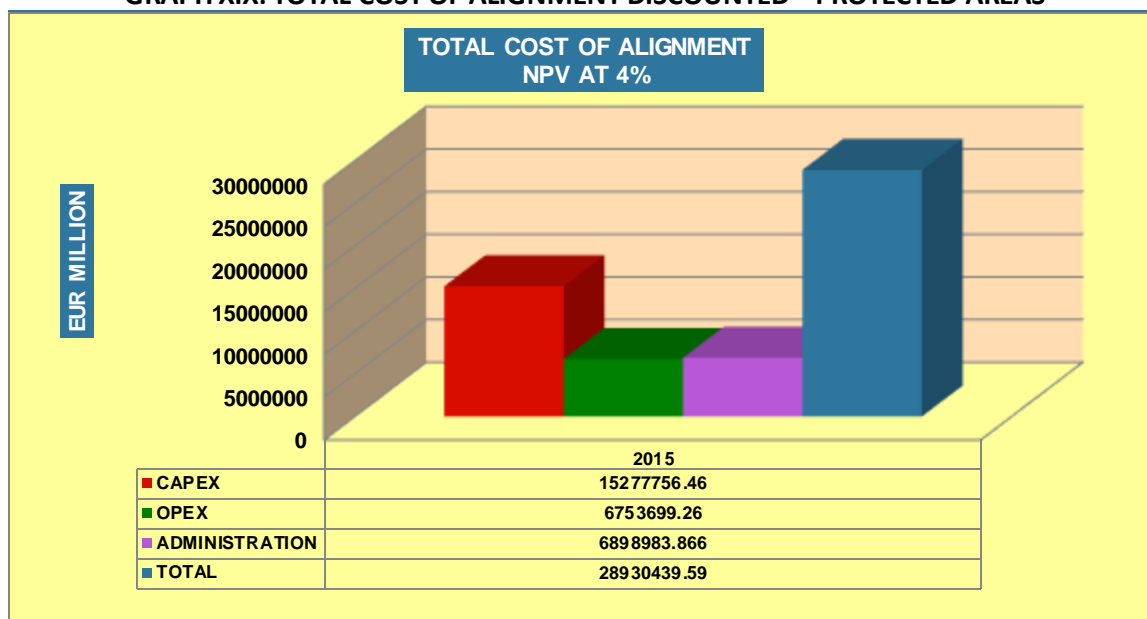
Capex peaks at just over € 6 million in 2020.

Opex grows from a very limited 2016 figure of € 0.25 million to €3.6 million per annum in 2020. This is not a significant figure in the context of Montenegro's overall alignment effort, but it is qualitatively important and will be adequately provisioned in Montenegro's different Budgets.

Site specific Administrative Costs (Local) build up as Opex does and reach € 3.7 million per annum in 2020. The same logic as for Opex is applicable here.

The Cost of Alignment discounted, that is, in NPV terms, is indicated below.

GRAPH XIX: TOTAL COST OF ALIGNMENT DISCOUNTED – PROTECTED AREAS



The discount rate used is 4%, the same as presently recommended for large infrastructure projects.

From the economic point of view, the main costs incurred will be in the management of the Natura 2000 sites. Total costs up to 2020 will account for € 28.9 million (in NPV terms).

3.3.5.5 Considerations for financing

The necessary investments, for which donor funding is to be actively sought, will be made before accession.

In the short term, the maintenance of protected areas will be mainly funded from the local and state budgets. In the medium to longer-term however, increase of funding for nature conservation and biodiversity protection with user fees is crucially important priority. These will internalise external benefits of improved protection of natural resources through the development Park fees and revenues from compatible rural businesses. In this regard, co-operation between the different institutions in Montenegro in relation to programming for the IPARD programme will be important. This will also be the case in relation to the design of pilot agri-environmental measures under the IPARD programme which could be used to support the preservation of the NATURA 2000 network in Montenegro. Other funding opportunities will also be pursued including under the Cross Border Programmes and other programmes, possibly also as well as under national research programmes and bilateral donors.

3.3.6 Other sectors

3.3.6.1 Noise

3.3.6.1.1 Baseline

The main costs imposed upon public administration by the directives in the noise sector will be establishing the authorities responsible for overseeing the agreed noise emission levels and drawing up “strategic noise maps”.

The main costs imposed upon producers and consumers are compliance with emission limits and technical requirements under the directives. These costs are in EU member states borne by the producers of vehicles, aircraft and equipment (industry) or by consumers (households, motorists etc.). Laboratory fees related to type-approval are also borne by product producers.

The costs of adaptation of existing institutional arrangements and for the measurement and laboratory facilities for testing, examination and approval, will depend on how the present organization evolves.

The costs for producers and consumers will depend on the extent to which producers will need to modify equipment to meet the new noise standards.

3.3.6.1.2 Cost of alignment

Additional costs will be incurred in order to put in place systems for the preparation of strategic noise maps and action plans to address the problem of ambient environmental noise.

The enforcement of the directives may require increased staffing and training at the type-approval/examination authorities and at the facilities performing tests. More staff are needed for performing periodical checks of industrial products in use, for spot checks, and for inspections to verify the conformity of production (if the industrial products covered are being produced in the Member State), and as regards verification where self-certification or full quality assurance systems are applied. These costs depend on local wage levels, as well as on the scale of testing activities. The testing activities depend on the volume and diversity of the industrial products covered by the noise directives that are being introduced and tested.

Personnel costs include:

- Gross salaries including Social Security (domestic equivalent) contributions .The cost per unit of additional staff is estimated at € 15.000 per annum growing at 2% p.a. in EUR terms;
- Overheads are estimated at an additional 70% of the above;
- Training can be estimated at 150% of personnel costs over the period to 2020 and distributed in proportion to total amount of increased staff.

3.3.6.1.3 Strategic noise maps for agglomerations and transport

According to data from the COM report (2011) 321⁸⁵ , the cost of strategic noise maps ranges between 0.33 and 1.16 €/capita, at an average of 0.84 €/capita.

According to the document *The Best Practices for the Development of Strategic Maps - Conference of European Directors of Roads* from August 2013, data on the costs of the strategic noise map for major road are divided into two groups, internal and external, and the same are estimated at around € 604 per km of road.

EPA, LU will organize several workshops to raise public awareness, after the adoption of strategic noise maps, which will be financed by the state budget and from the budgets of local governments.

Funds for implementation of the Action Plan for major roads and agglomeration are not currently possible to estimate and they will be assessed in the Action Plan. Funds for implementation of the

⁸⁵ Report from the Commission to the European Parliament and the Council on the implementation of the Environmental Noise Directive in accordance with Article 11 of Directive 2002/49/EC, Brussels, 1.6.2011

Action Plan for the major road will be provided from the state budget, while funds for the implementation of the Action Plan for the agglomeration will be provided from local budget or through donor projects.

3.3.6.2 Chemicals

3.3.6.2.1 Baseline

The principal cost areas associated with the implementation of legislation in the chemical sector consist of costs of establishing the implementation systems, the day-to-day costs of maintaining them and ongoing costs for tasks such as the classification of new chemical substances, dealing with notifications and employing specialist advisors/consultants. Costs will also be incurred by the competent authority to manage notifications and reporting obligations.

Most of the costs will be borne by the private sector. Montenegrin companies producing chemical substances, or importing them from outside the EU, will have to register them with ECHA. The cost of drawing up a registration dossier can be high, € 250,000 and more. For substances already registered by other companies, parts of the registration may be bought second-hand. Even so, smaller importers/producers are likely either to close shop or to sell their business to companies already holding the necessary registration certificates.

Minor costs will also be taken into account for establishing and maintaining the IT infrastructure in order to have a secure connection to the ECHA IT system, which is necessary for the exchange of data between Member States and the ECHA, and for establishing measures to ensure the confidentiality of this data.

The implementation costs to be borne by industry are very much higher than those borne by governments. As this regulation shifts the responsibility for risk assessment for manufactured, imported and used substances to industry, the workload for companies required to register substances will be very high. Besides the costs of the staff involved, companies will need to pay for studies and tests as well as the registration fee(s). Depending on the manufactured or imported amount, and the number of companies that have to register the same substance, the costs will differ considerably for different substances. The regulation foresees the establishment of so-called substance information exchange forums (SIEFs) in order to share information on existing data, to avoid additional testing on animals, and to save costs. It is possible for companies registering the same substance to make a joint submission (Art. 11). Registrants using this possibility can also benefit from a reduced registration fee.

For other actors in the supply chain of substances there will be a greater need for handling information on the substances, which will result in some additional costs for companies not involved in the registration procedure.

3.3.6.2.2 Targets for compliance

The targets assumed for compliance in the different sub-sectors are indicated below:

TABLE XIV: TARGETS FOR COMPLIANCE - CHEMICALS

Target Achievement							
Substance	2015	2016	2017	2018	2019	2020	2021
Asbestos	0%	20%	40%	70%	100%	100%	100%
POPs	0%	10%	20%	40%	60%	80%	100%

Biocides	0%	10%	20%	40%	60%	80%	100%
Other	0%	20%	40%	60%	80%	100%	100%

These targets constitute a reasonable assumption based on prior experiences in transition economies and the plan of Montenegro to create the required coordination structures to approach this objective in a harmonized framework as from 2016.

3.3.6.2.3 Costs to industry

Investment, based on neighbouring transition economies, has been estimated for compliance in Montenegro in the following Table.

TABLE XV: INVESTMENT COSTS - CHEMICALS

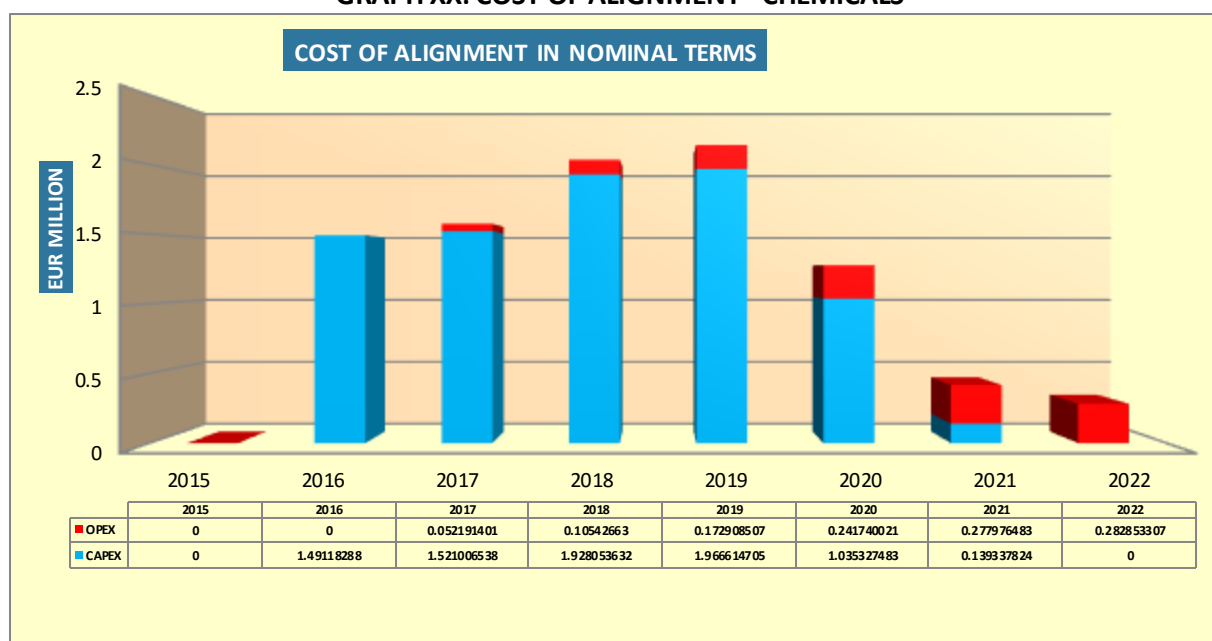
CHEMICALS SECTOR – TOTAL INVESTMENTS	
Investment costs of achieving targets in € million	
DIRECTIVE	Economically adjusted / Undiscounted investment costs
Asbestos	2.9
POPs	0.5
Biocides	0.1
Other	4.1
TOTAL	7.6

Opex has been input as 3.5% of Investments in accordance with an expected economic life of the investment mix, mostly installations and equipment, of 28 years.

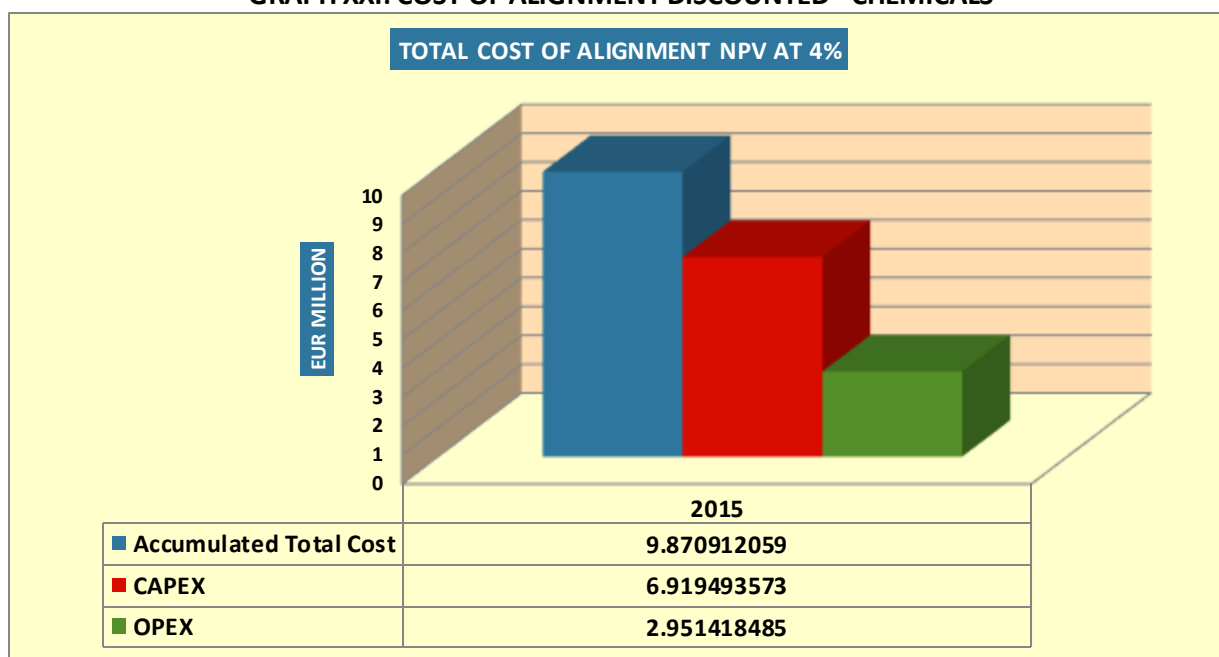
3.3.6.2.4 Total costs

The multi-annual cost flow, including capex, opex and additional administrative costs incurred (Admin) is shown below in € million and in nominal terms for the period 2015-2022.

GRAPH XX: COST OF ALIGNMENT - CHEMICALS



GRAPH XXI: COST OF ALIGNMENT DISCOUNTED - CHEMICALS



Investment costs, Capex, are estimated at € 6.7 million to be incurred prior to 2021, mostly by Industry and primarily by the Chemical sector.

Opex, to 2022, is an ongoing cost amounting to that date to €0.84 million in present day terms.

Overall, the alignment cost of the Chemicals & GMO sector is estimated to be € 7.5 million.

3.3.6.2.5 Financing the costs

Basic sources for financing the costs can be:

- Cost Recovery from Users;
- EU Grants & other Donors;
- Private Sector Investments;
- LSG & CG Budgets & potential Ecological funds;
- Project Finance without recourse to Government Guarantees from IFIs and Commercial Banks;
- Finance to CG&LSG for Environmental Projects.
-

3.3.7 Costs to the administration

3.3.7.1 Baseline

As is expressed in the Institutional Chapter of the Strategy, much work remains to be done with regard to the restructuring, capacitation and alignment of the Montenegrin Institutions with those required for harmonic interaction with the EU counterparts.

In that Chapter a necessary increase of staff to 2020 amounting to 134 new posts is envisaged. This can be achieved by internal reorganization of institutions and better use of resources offered by the current management capacities, as well as with additional training of civil servants, more efficient and

clearer distribution of competences between the institutions, and new employment if necessary. This would imply the following additional costs:

TABLE XVI: ESTIMATED ADDITIONAL COSTS TO THE ADMINISTRATION

Type of cost	Cost
GROSS SALARIES (€15,000 p.a. average 3 years over 2016-2020)	€6.030.000
OVERHEADS (70% of above)	€4.221.000
TRAINING (150% of above. Includes travel and all related expenses)	€9.045.000
TOTAL COSTS FOR THE PERIOD 2016-2020:	€19.296.000

In most of the Sector Strategies, a detailed explanation of needs is defined, and was used as the basis for capacity building on a short term.

In this section, total administrative cost of alignment is estimated also on the basis of experiences in other EU candidate states. Montenegro is fully committed to reinforce budget for environmental administration to meet the challenge of *acquis* implementation and, indeed, EU membership. There is also a strong commitment of the Ministry of Finance to fully support the strengthening of the administration for the environment and climate change sector through the state budget.

3.3.7.2 Estimated administrative cost of alignment

The **Benchmark analysis** is based on the estimated costs for the administration of the alignment with the environmental *acquis* of neighbouring countries.

At this stage, reasonable benchmark can be illustrative of what different analysts in different strategies expect to occur in processes in Montenegro.

TABLE XVII: BENCHMARK FOR ESTIMATED COST TO ADMINISTRATION*

TOTAL COST TO ADMINISTRATION (IN € MILLION)	FOR ALIGNMENT.....							
	Total cost	2015	2016	2017	2018	2019	2020	2021
Increase in resources / budget		0%	5%	10%	15%	15%	15%	12%
Nature protection	4.71 €	0.00	0.24	0.47	0.71	0.71	0.71	0.58
Solid waste management	12.80 €	0.00	0.64	1.28	1.92	1.92	1.92	1.57
Water management – urban waste water	9.56 €	0.00	0.48	0.96	1.43	1.43	1.43	1.18
Water management – drinking water	4.78 €	0.00	0.24	0.48	0.72	0.72	0.72	0.59
Water management – flood risk	4.78 €	0.00	0.24	0.48	0.72	0.72	0.72	0.59
Emission to air – air quality	17.11 €	0.00	0.86	1.71	2.57	2.57	2.57	2.10
Climate change	5.11 €	0.00	0.26	0.51	0.77	0.77	0.77	0.63
Chemicals, noise	2.96 €	0.00	0.15	0.30	0.45	0.45	0.45	0.37
TOTAL	61.82 €	0.00	3.09	6.18	9.27	9.27	9.27	7,60

* based on empirical data from some neighbouring countries

The Total cost of €61.82 million is for the 2016-2035 period. The Table only shows the medium term figures to 2021.

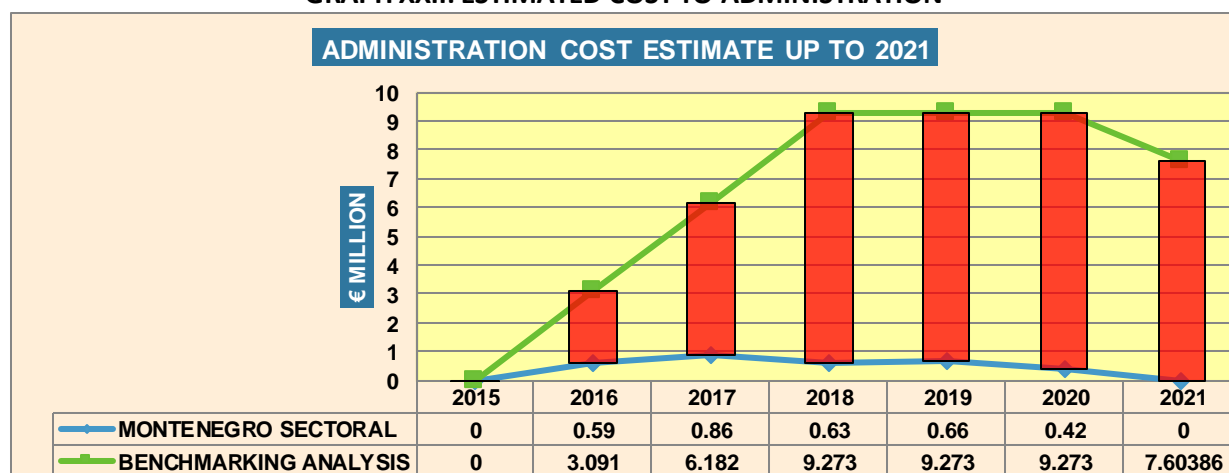
Net present value (NPV) of the costs of minimum required administrative capacities in the environmental and climate change sector in Montenegro for the period 2016-2020, calculated on the basis of empirical data from some neighbouring countries, is estimated at € 37.08 million.

In the plan for strengthening administrative structures in the environment by 2020, a total of 126 employees has been identified (in 2015) in all institutions, which are involved in the process of the EU alignment. The required minimum capacity of staff by 2020 for an effective transposition of EU legislation, the implementation of regulations and supervision of the implementation in accordance with the EU *acquis* is estimated at about 260, which means that 134 members of technical staff are missing. This will be an additional cost to administration of about €20 million in the period until 2020. Considering the basis for cost estimates in Table XIV, total cost of the targeted 260 employees in the environmental sector for the period from 2016-2020 would amount to around €37.4 million, which is almost equal to the cost estimate for the same period calculated based on empirical data from some countries in the region (€37.08 million).

Montenegro will strengthen its institutional capacities considerably (see Institutional strengthening plan in the Action Plan of the document), which can be interpreted as a minimum only required to sustain the adequate structure of administrative capacities for efficient implementation of requirements from the EU *acquis*.

Beside the funds allocated for the Ministry of Sustainable Development and Tourism for strengthening the administrative capacity, the Ministry of Finance is planning also significant part for the Human Resources Administration Authority for the capacity building within the public administration, which are implemented in accordance with the recognized needs for capacity building on behalf of relevant authorities. For these purposes 180 thousands euros is allocated for the Human Resources Authority on an annual basis. And in this case, there is a possibility of internal redistribution of funds within the departments under MSDT.

GRAPH XXII: ESTIMATED COST TO ADMINISTRATION



Graph XXIII shows the current gap between the empirical estimate of required minimum administrative capacities in the environment in accession processes in countries in the region and the current capacities in Montenegro. This baseline analysis serves the purpose of illustrating that the current Institutional strengthening policy in Montenegro must be revised in depth.

The plan for institutional strengthening in Montenegro is provided in the third part of the document section 2.2.

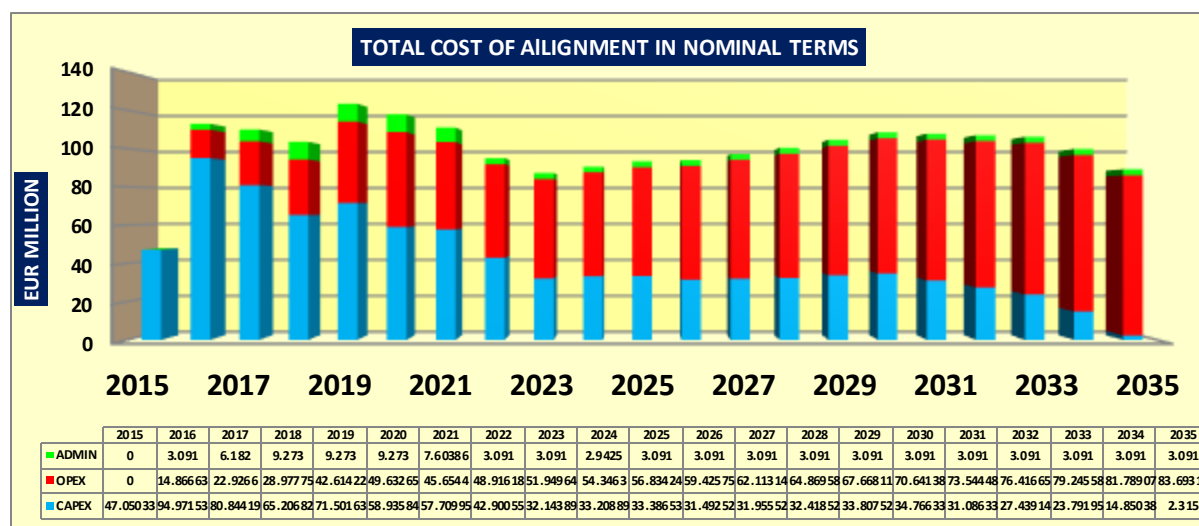
In the following section 4 on Economic & Financial Alignment Strategy, this aspect, together with the overall Financing requirements for the entire process of environmental alignment, is further considered.

3.4 Total cost of alignment and sector distribution

3.4.1 Total cost of alignment in multi-annual flow format

The aggregation of all the multiannual flows estimated for the Environmental Sectors provides the estimate of the Total Cost of Alignment for Montenegro on an annual basis. Such figures are summarized in the graph below:

GRAPH XXIII: TOTAL COST OF ALIGNMENT IN MULTI-ANNUAL NOMINAL FLOWS



This flow shows the peak early on in 2019 and 2020. This is due to the completion of Capex in the Waste and other Sectors, whilst Water costs continue rising. Naturally, these flows will vary as the policy assumptions are modified and thus these figures must be interpreted as a best to date estimate, subject to ongoing reviews as data becomes available and positions within Montenegro are clarified. It is however, a reasoned and reasonable estimate that constitutes a first draft **preliminary order of priority**.

3.4.2 Total cost of alignment and distribution into sectors

The distribution of the estimated total costs into the different environmental sectors has a wide ranging impact on policy.

- The Cost Recovery Component and most Donor Funds will finance selectively some of the sectors (Waste, Water) in preference to others. Environmental Funds, Budgets and all other sources of finance, should be applied strategically so as to balance the proportion of costs with available resources.
- If this is not done, some sectors will approximate at a faster rate and be, in fact, cross-subsidized from the neglected ones. As the Environment is closely interactive, such a policy would neither be fair, nor effective technically, nor economically efficient.

There is no need for an excessively close alignment of said costs and resources, since planned costs will not materialize as expected and are- in any case - indicative.

Maintaining, however, a general proportion to achieve a balanced environmental policy, is an important objective and these results can be used as a guideline.

TABLE XVIII: SECTORAL DISTRIBUTION OF COSTS

TOTAL COST AND DISTRIBUTION BY SECTORS (in € million)			
Key sectors	NOMINAL	NPV@4%	SECTOR %
Nature protection	41.62	33.64	2.35%
Solid waste management	551.80	368.16	25.76%
Water management	1.264.07	840.63	58.81%
Air quality	173.87	129.54	9.06%
Climate change	57.40	42.77	2.99%
Chemicals and noise	19.64	14.54	1.02%
TOTAL COSTS	2.108,39	1.429,28	100,00%

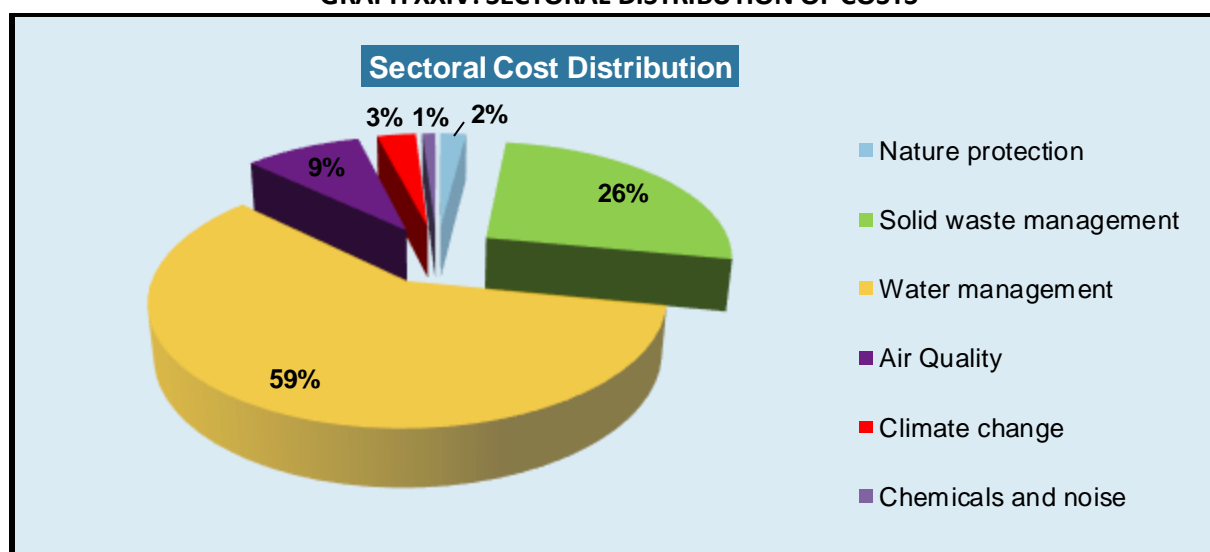
As can be observed, the total cost of alignment amounts to **€2.108 Million in Nominal Terms**.

As indicated in earlier chapters, this figure is arrived at by adding successive annual amounts and therefore does not correctly reflect the economic cost in true present-day terms. Thus the multiannual cost flows have been discounted back to 2015 at a rate of 4%, thus arriving at what is termed the Net Present Value (NPV) of said cost flows which reflects (at that discount rate) the Cost of Alignment to Montenegro in 2015 Euros.

The said figure amounts to € 1.429 Million. This will be the figure quoted as total cost of alignment.

The distribution into sectors of the Total Cost is illustrated by the following Graph.

GRAPH XXIV: SECTORAL DISTRIBUTION OF COSTS



As can be observed, the highest costs will be incurred in the Water Sector, in net present value around €840 million and 59% of the Total Cost.

Second in Importance will be Solid Waste Management, €368 Million, 26% of the Total Cost.

Third will be Emissions to Air, almost € 130 Million and 9% of the Total Cost.

These results are in line with empirical observations in previous transition/alignment processes, except that generally Emissions to Air takes second place and Waste, third. The structure of the Montenegrin economy (low level of industrialization), accounts for the relatively low impact of Emissions to Air whilst the need for a functional waste management system to EU standards as soon as possible in tourist areas, penalizes the cost of that sector.

3.4.3 Total cost of alignment and distribution into types of cost

The distribution of costs by type is the following:

- Capex or Investment costs;
- Opex or ongoing Operation & Management costs of the new assets;
- Administrative Costs to establish, monitor and enforce environmental policy also have significant policy implications.
- The amount of *Opex must be recovered from user charges*. This is the Cost Recovery Component and implies a tapping of limited affordability at Household level. This affordability constraint will determine the speed at which the Investment plan can proceed in a sustainable manner;
- A certain proportion of Capex will need to be financed locally. This is the Local Contribution Component. The financing capacity of the various Montenegrin institutions will also be limited and act as a constraint to the development of the alignment process;
- Administrative costs will need to be met by allocations from the Budgets of the various Montenegrin Institutions. Although their overall cost is low, as compared to Capex and Opex, it is nevertheless a significant figure and must be carefully planned.
- Administrative costs will need to be met by allocations from the budgets of the various Montenegrin Institutions. Although their overall cost is low, as compared to Capex and Opex, it is nevertheless a significant figure and must be carefully planned.

Below in the charts the Total NPV Cost has been distributed into the indicated types of cost.

TABLE XIX: DISTRIBUTION OF COSTS BY TYPE

TOTAL COST AND DISTRIBUTION BY TYPE OF COST (in EUR million)			
Key sectors	CAPEX	OPEX	ADMIN
Nature protection	15.28	13.65	4.71
Solid waste management	39.47	315.38	12.80
Water management	489.23	326.75	19.12
Emissions to air	106.12	43.09	22.23
Chemicals and noise	6.92	2.95	2.96
TOTAL COSTS	657.01	701.82	61.82
PERCENTAGE OF COST TYPE	46.25%	49.40	4.35%

As can be observed, Capex will amount to € 657 million, 46% of the Total.

Opex, the greatest limiting component due to its impact on scarce affordability, amounts to almost € 702 Million, 49% of the total.

Administrative costs amount, in turn, to € 62 million, or 4.35%, a sizeable figure if compared to Montenegro's budgets, which will be used efficiently to ensure that the multiplier effect mentioned on mobilization of donor funds takes place.

4. ECONOMIC AND FINANCIAL ALIGNMENT STRATEGY

4.1 Baseline

In the previous part of this Chapter, the cornerstone of the strategy, the cost, is defined. The Cost of Alignment Model produces a multiannual stream of costs which must be financed. To produce a strategy and the resulting Financial Plan, it is necessary to:

- Calculate the cost recovery component, i.e. the amount of the costs that can be recovered from the end users. This requires prior calculation of the Affordability Constraints;
- Estimate reasonable Transition Periods for full compliance of the *acquis*;
- Define the Financing Sources;
- Calculate the Funding Gap;
- Formulate a Plan to Finance the Gap.

4.2 Affordability constraints

Affordability constraints limit the amount of the costs that can be recovered from end users through tariffs and other charges which is termed “Cost Recovery”.

After full compliance, in application of the “Polluter Pays Principle”, cost recovery should be 100%. Until then, cost recovery should at least cover OPEX costs so as not to compromise the capacity to attract grants (only investment costs are eligible and projects must be financially sustainable) and support from International Financial Institutions (IFIs).

The calculation of cost recovery includes:

- Collecting data on Household Income (HHI) distributed in Income Deciles (10% segments from the 10% richest to the 10% poorest);
- Projecting such data in accordance with GDP expected growth and adjustment indexes to account from typically faster than GDP growth in HHI;
- Estimating the industrial/commercial component;
- Calculating the present level of affordability used for utility payments. This part is supporting the existing system and is not available for support of the *incremental* alignment effort;
- Calculating the component of untapped affordability that can sequentially be mobilised to support the alignment effort (i.e. the rate of mobilisation of the cost recovery component).

The Results of these analyses are summarised in a simplified table format below.

TABLE XX: COST RECOVERY – EVOLUTION OF HOUSEHOLD INCOME

EVOLUTION OF HHI (€/HH)									
	2015	2016	2017	2018	2019	2020	2025	2030	2035
HHI AVERAGE €/HH (2012= €2.335)	7,695	8,072	8,395	8,731	9,080	9,444	11,490	13,579	15,590
GDP GROWTH	3,20%	4,90%	4,00%	4,00%	4,00%	4,00%	4,00%	3,00%	2,00%
REDISTRIBUTION FACTOR AVERAGE	1,01	1,01	1,01	1,01	1,01	1,01	1,01	1,01	1,01
AFFORDABILITY DEVELOPMENT (Million euro/Household)									
	2015	2016	2017	2018	2019	2020	2025	2030	2035

AVERAGE HHI AFFORDABILITY:									
25% OF HHI AVERAGE (Target is World Bank Maximum Recommended Threshold)	1,924	2,018	2,099	2,183	2,270	2,361	2,872	3,395	3,897
HH EQ AT HH SIZE FOR AVERAGE INCOME OF 3,24 -0,05%	192,146	192,050	191,954	191,858	191,762	191,666	191,187	190,710	190,234
ANNUAL DOMESTIC AFFORDABILITY (€ Million)	358	370	388	403	419	435	549	629	727
PRESENT EXPENDITURE ON UTILITIES PER HH Best estimate: 13,9% of Average HH according to HH survey 2014.	199	206	215	224	233	242	305	350	404
GROSS HHI AVAILABLE FOR COMPLIANCE	159	164	172	179	186	193	244	279	323

The Maximum Available for New Investments and their OPEX is based on the expected evolution of average HHI minus the present level of resources being used at present to sustain the existing services.

The gross amounts appear substantial, but although this evidences that there is untapped affordability at the average HHI level, it must be taken into account that the capacity to mobilize this untapped affordability is obviously limited. Increases in tariffs must be gradual and matched by observable improvements/extension of the service levels.

Below, this figure is modulated by a sequential increase in real terms of HHI dedicated to the alignment effort, which is estimated, at maximum, to be 5% p.a. until 2018 and 7% from then onwards. This will modulate the Net HHI figure available for compliance to a relatively aggressive, but plausible level, as shown below.

This figure will determine the maximum Opex payable and, in turn, the maximum investment plan that Montenegro's affordability constraints can sustain.

TABLE XXI: COST RECOVERY – EVOLUTION OF NET AFFORDABILITY

	2015	2016	2017	2018	2019	2020	2025	2030	2035
GROSS HHI AVAILABLE FOR COMPLIANCE	159	164	172	179	186	193	244	279	323
Mobilisation Rate in real terms (Tariff Increases in real terms)	5%	5%	5%	5%	5%	5%	7%	7%	7%
Index of HHI tapped for Compliance Effort until MAT is reached	5%	10%	15%	20%	25%	30%	37%	44%	79%
NET HHI AVAILABLE FOR COMPLIANCE	8	16	26	36	46	58	176	282	329
ADDITIONAL OPEX COSTS FOR COMPLIANCE Includes Admin Costs as part of Opex to sustain System	0,00	17,96	29,11	38,25	51,89	58,91	59,93	73,73	86,78
ADDITIONAL CAPEX COSTS FOR COMPLIANCE	47,05	94,97	80,84	65,21	71,50	58,94	33,39	34,77	2,32
NET FINANCE NEEDED FOR COMPLIANCE TARGETS	-39	-97	-84	-68	-77	-60	82	173	240

As can be observed in the table above:

- Net cost recovery (HHI available for compliance) evolves closely to that of required Opex until 2021, when expected HHI capacity starts to be considerably and consistently above Opex. This

implies that the overall Implementation Plan is strained, but feasible with some component of other Revenues (Tourism fees) cross-subsidizing water & waste tariffs;

- To provide the additional Capex figures, finance will be required until 2023 (not shown in table where the period 2016-2020 is detailed and then 2025, 2030, 2035). After that date, Montenegro’s economy is capable of producing surpluses to repay the needed finance in the first 8 years.

4.3 Transition periods for full compliance

The following parameters have been integrated into the Alignment Cost Model Tool:

- The multiannual cost flows on a Directive/Sector basis;
- The multiannual potential Cost Recovery on a Directive/Sector basis;
- Assumptions on macroeconomic and socio-economic parameters;
- Mobilisation rates for cost recovery;
- Assumptions on EU grant mobilisation rates and donor funding;
- Projection of domestic finance resources;
- Projections of finance from IFIs, other project finance and private investment;
- Other technical parameters necessary for making the model operative.

The Model Tool is designed to adjust all flows to variations in any of the inputs, notably to target dates for full compliance.

From the accession date, Montenegro will have access to a much higher level of EU donor funds.

Wherever possible the Action Plans of existing strategies (Waste, Energy) have been respected. When such Action Plans imply periods that do not comply with the Affordability constraint for OPEX (Waste, Water), or are more stringent than required given the expected accession date, the target dates have been lengthened to provide plausible and reasonable transition periods from the economic point of view.

This “Sensitivity Analysis” has been performed to determine reasonable transition periods for full compliance of the different Directives/Sectors. Results are shown in the Table below.

TABLE XXII: ESTIMATED COMPLIANCE DATES

ESTIMATED COMPLIANCE DATES	ACCESSION
SECTOR/HEAVY INVESTMENT DIRECTIVE	
	COMPLIANCE
Urban Wastewater	2035
Drinking Water	2024
Flood Protection	2035
MSW Management (including Special Waste Streams)	2023
Ambient Air Quality	2025
Climate Change	2025

These dates will be adjusted when preparing the DSIPs and only defined finally upon closure of the negotiations.

The estimates in this Strategy are for general guidance only.

4.4 Impact on Montenegro

The Impact on Montenegro, “the burden of alignment”, is evaluated from the perspective of:

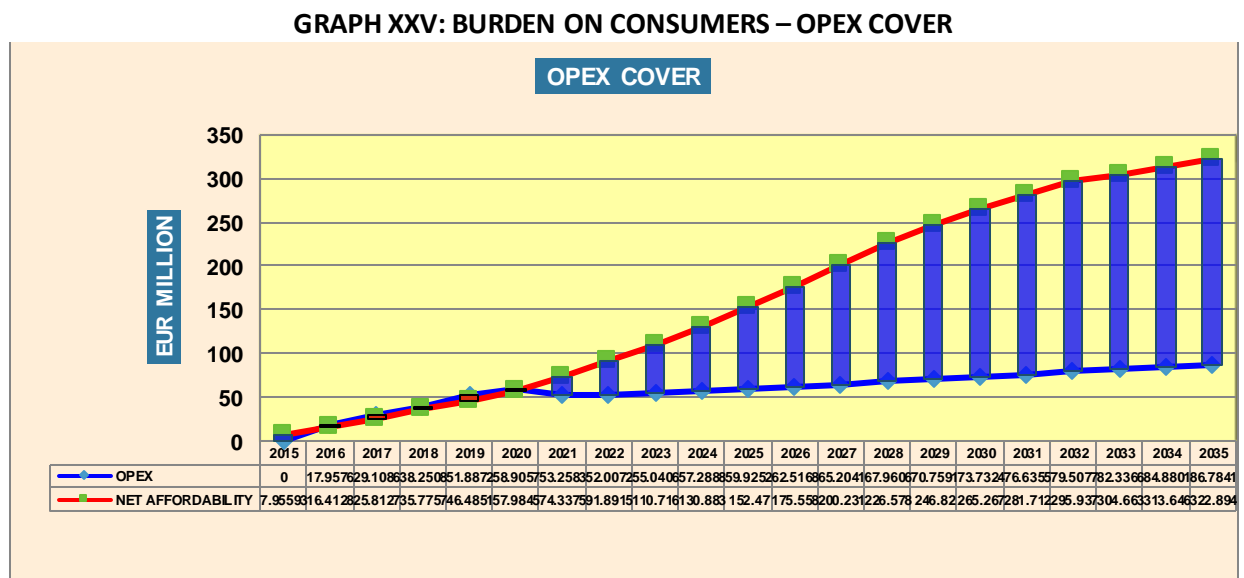
- Consumers, both households and industrial/commercial;
- Montenegro as a whole, by measuring the additional GDP that must be dedicated to the alignment effort in the field of environment.

4.4.1 Burden on consumers

The payment for the Operating Costs of the new infrastructure required to reach EU standards, Opex, constitutes the primary impact on Consumers. Opex is an essential Cost Recovery item throughout the Alignment Effort.

In the Overall Implementation Plan prepared, Opex is not quite completely covered by the estimated net affordability. However, the Opex gap is small, and part of the cost recovery effort in Waste and Water will be supported by non-residents through revenues from tourism. Thus the Plan is deemed feasible, although the strain that primarily domestic consumers will bear with successive tariff increases is evident.

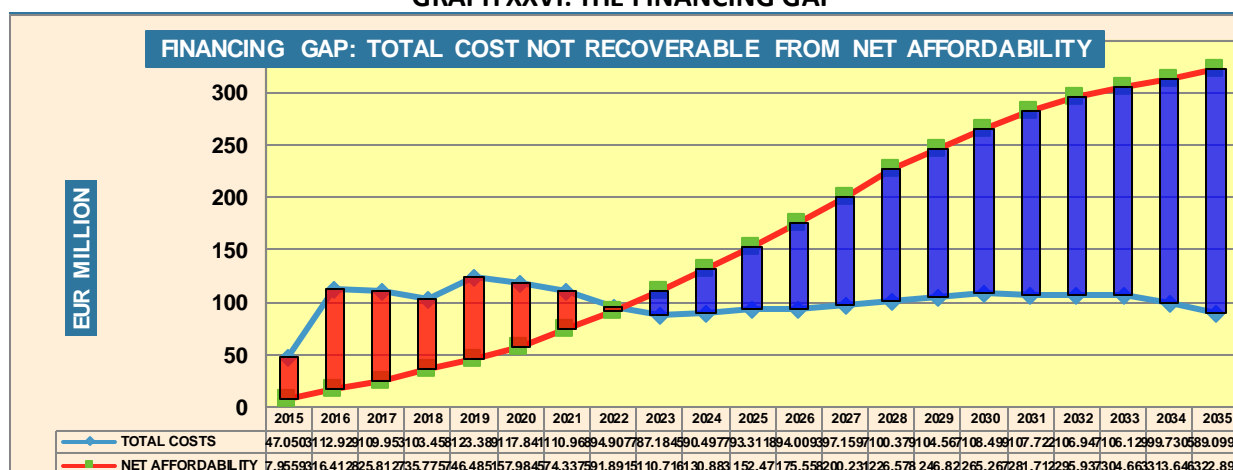
This aspect is best illustrated in the following Graph:



Affordability is just below Opex until 2021. This means that the Alignment Plan prepared in this Strategy is viable (see above) but strains domestic consumer capacity to the maximum in the period to 2021.

Evidently, if we factor in the needed Capital Expenditures (Capex), the need for finance becomes much greater. This Funding Gap in relation to the Total Cost (Capex+Opex) is shown below:

GRAPH XXVI: THE FINANCING GAP



It is evident that there is a large “Funding Gap”, that is, the part of the cost not recoverable from user charges, until 2023, shown here as the red columns. As from that date, however, it is expected that the economy of Montenegro will generate sufficient repayment capacity to comply with the level of debt required under this alignment plan (blue columns).

4.4.2 Burden on Montenegro as a whole

According to the Environmental Performance Review, Central Government Expenditures only accounted for 0.2% of GDP in 2014. Municipalities were responsible for substantial additional amounts until 2010, but limitations on liquidity and reduced debt capacity has caused a strong contraction since then.

Municipalities carried out programme in upgrading water and waste management services, mostly through Loans (KfW) and this has reduced their capacity to take on further loans to sustain these investments. This limitation may further impact negatively on the infrastructure investment programmes in these sub-sectors, reducing the rate of alignment beyond the adjustments made in this Implementation Plan. This aspect will be carefully addressed in both the DSIPs and all Feasibility Studies.

In the Table below, the basic data available, supplemented by Best Project Estimates, is provided:

TABLE XXIII: EXPENDITURE ON ENVIRONMENT

EXPENDITURE ON ENVIRONMENT 2008-2014 (in € million)							
	2008	2009	2010	2011	2012	2013	2014
CENTRAL GOVERNMENT	5,7	10,0	9,3	9,0	6,2	5,3	7,8
LSG/MUNICIPALITIES*	32,7	47,4	42,9	12,5	10,7	3,0	3,0
Unaccounted Domestic Sources**							12,00
TOTAL	38,40	57,40	52,20	21,50	16,90	8,30	22,80
% GDP							0,68%

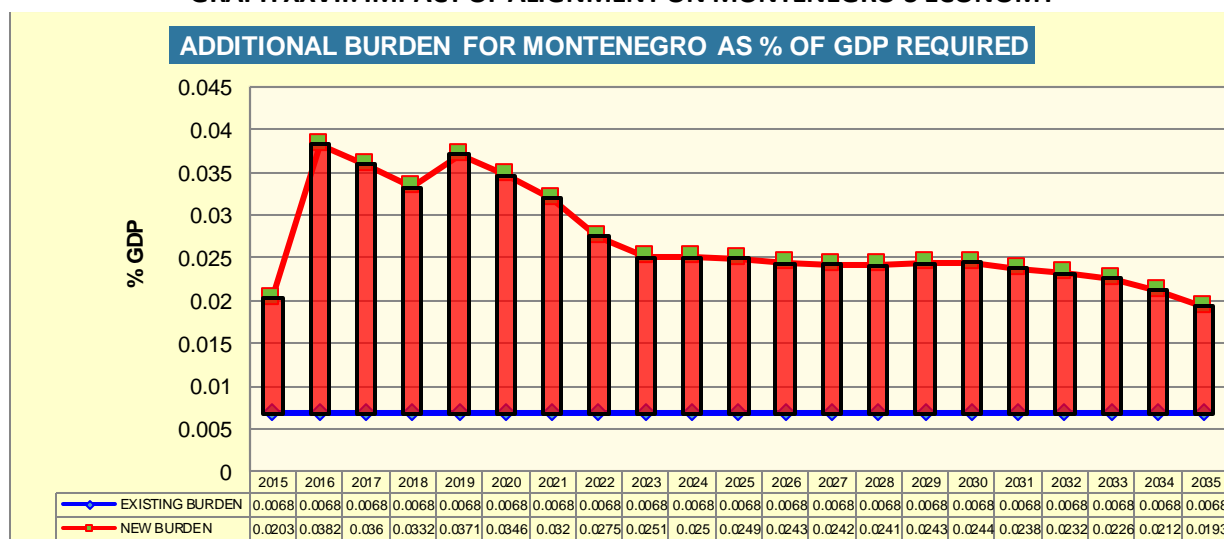
*Estimates for 2013/2014 are project estimates based on minimum structural investments, as there are no figures available.

**Estimates are project estimates based on experience in other SEE & CEE countries.

Officially, GDP expenditure on Environment amounts to only 0.32%. If the unaccounted for investments of NGOs, economic agents, private donors and physical persons is added at the estimated value, the figure rises to 0.68%, very low – in any case – for any country and more so for Montenegro, an ecological state.

Taking the 0.68% figure as a baseline for 2014 and adding the expected increased costs on a multi-annual basis, the expected impact of Alignment on Montenegro as a whole can be estimated. This is shown in the following Graph:

GRAPH XXVII: IMPACT OF ALIGNMENT ON MONTENEGRO'S ECONOMY



Additional GDP to the Environment sector will need to reach 3.8% in 2016 and be sustained at above the reasonable 3% threshold to 2022. After that date, the effort diminishes to 1.9% of GDP in 2035, more in line with the figures observed on average in the EU. This is so on account of the Water and Waste sector programmes and is **based on the capacity to raise large amounts of debt**.

4.5 Financial plan for alignment

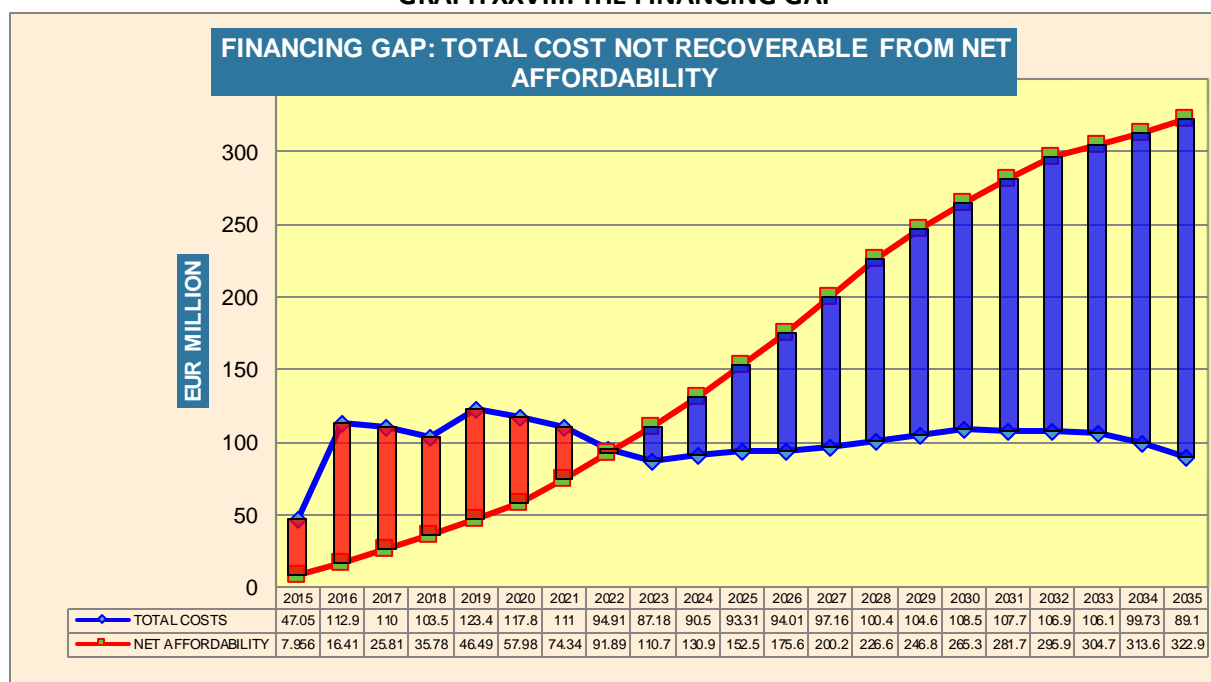
As part of this strategy **macro-economic simplified financial plan was prepared** so as to provide basic indications regarding magnitudes and core methodology for a more detailed Model that can be developed at a later stage with improved statistical data and greater resources.

For the objectives of this document, it constitutes a reasonable, simplified but coherent Financial Plan, taking into account the major elements that affect multi-annual programming for the Alignment Effort.

4.5.1 The funding gap

The first calculation that must be made in order to prepare a Financing Plan is the “Funding Gap”, defined as the amount of **cost that cannot be recovered from user charges**. This will be the difference between total cost and Net affordability. It is defined, on an annual basis, in the graph below.

GRAPH XXVIII: THE FINANCING GAP



Montenegro will require external financial support, aside from donor contributions, until at least 2023, when affordability will be able to generate sufficient funds to offset all costs and to commence repayment of the non-grant support required until that date.

4.5.2 Financing the gap

- The Funding Gap after cost recovery must be covered by a mix of instruments, including:
- EU Grants. The IPA 2014-2020 program during the alignment phase, which is estimated to be effective from 2016 to 2022. The theoretical target date for membership has been set at 2021. Under the Structural Funds after 2023, large increases in Grant mobilization are estimated. The following Table is derived from the EUD’s plan for Environment:

TABLE XXIV: IPA GRANTS 2016 - 2022

IPA FUNDS 2016-2022 (FROM 2014-2020 PROGRAMMING PERIOD)		In EUR Million
PRIORITY 1	WASTE	13.75
PRIORITY 2	WATER	16.68
PRIORITY 3	CLIMATE CHANGE	5.70
PRIORITY 4	NATURE PROTECTION	3.00
PRIORITY 5	AIR QUALITY	5.00
TOTAL		44.13

Total Funds to be made available for the 5 priority programs within Environment amount to € 44.1 million.

- Financing Institutions. This includes a mix of IFIs, domestic and other commercial banks, Project Finance from KfW and other specialised sources, direct loans to projects (EBRD, EIB, etc....) without government recourse. From prior experience in other Alignment Efforts, this is

estimated at 22% of investments, with repayment schedules of 15 years, a grace period of three years and average interest rates of 3% in Euros;

- Other Donors. Direct support from Project Donors including TA and specific project components. Amounts to approximately 4% of the effort;
- Industry/Commercial direct investments and Private Investors. On the basis of prior experiences, the project team estimates that Industry is expected to contribute 6.87% of cost on the basis of the overall industrial/commercial p.e. (persons equivalent) of 27% of HHI.
- Private Investment is a variable factor, but is estimated to account for 6% of Investment needs;
- The remaining Gap will be financed by the Public Sector through a variety of instruments which include:
 - Central Budget;
 - Local Self-Government Budgets;
 - Other public sector institutions ;
 - Economic instruments, most prominently the expected Eco fund to be created soon and the various fees collected by the different institutions involved in water and other indirect revenue generating sectors.

The portion remaining after these contributions will be financed by the Public Sector through Financial Instruments (for example, an EBRD line for Environmental projects co-financing). The basic funding concepts have been input in the following Table, which constitutes an embryonic Financing Plan for Alignment.

TABLE XXV: FINANCING GAP COVERAGE

FINANCING GAP COVERAGE	2015	2016	2017	2018	2019	2020	2025	2030	2035
TOTAL COST	47	113	110	103	123	118	93	108	89
COST RECOVERY	8	16	26	36	46	58	152	265	323
FUNDING GAP AFTER COST RECOVERY	-39	-97	-84	-68	-77	-60	59	157	234
ESTIMATED GRANTS AVAILABLE FROM EU FOR ENVIRONMENT *	0	6	6	6	6	6	25	50	50
NET FINANCING FROM NON-GOVERNMENT SOURCES (22%) **	10	21	18	14	16	13	7	8	1
OTHER DONORS (4% Inv.Direct+Intl TA 4%)	2	5	4	4	5	5	4	4	4
COMMERCIAL&PRIVATE SECTOR INVESTMENTS*** (6,87%Comm.+6% Other)	6	12	10	8	9	8	4	4	0
REQUIRED FROM PUBLIC SECTOR	-21	-53	-45	-35	-41	-28	100	224	289
ACCUMULATED PUBLIC SECTOR DEBT REQUIRED FOR ALIGNMENT	-21	-73	-119	-153	-194	-222	19	921	2.237

*Based on IPA 2014-2020 Programme and subsequently on the assumption that Montenegro has access to Structural funds increasing progressively its absorption capacity to 8 times the present value of IPA (estimates based on past experience of other states in the EU accession process)

**Direct project financing from domestic banks, IFIs and other sources. Repayment period 12 years with 3 year grace period. BPE – best project estimate of 22% of CAPEX.

*** Private sector investments considered to be neutral to public sector – profits to be derived from efficiency gains not higher than cost recovery tariffs (BPE 12.8% of CAPEX).

The results indicate a need for strong Public Sector support.

Accumulated Financing needs reach €228 million in 2021 (not shown in the summarized Table) and diminish until 2025, where the Cost Recovery capacity becomes sufficient to eliminate the need for PS debt for Environment.

However, it must be noted that the peak financing requirement of €228 million in 2021 will account for over 5% of the projected GDP. A sizeable sum, which in order to be materialized, needs a lot of anticipation and good planning, aside from convincing macroeconomic figures.

5. CONCLUSIONS AND ACTIONS TO BE TAKEN

5.1 Conclusions and actions

Based on the conducted economic and financial analysis, the following key conclusions have been reached and the actions⁸⁶ foreseen by the Montenegrin authorities are thereby proposed:

Conclusion 1:

An Environmental Infrastructure Audit needs to be carried out at short notice to establish clearly the situation in Montenegro regarding the state of Environmental Infrastructure and of Utility service providers. This will clarify the “Starting Position” vis a vis the preparation of more detailed Implementation Action Plans at Directive Specific level (DSIP).

Action Planned (short term):

The activity will be carried out by the MSDT, by the end of the I quarter of 2017. It will be done with available IPA funds and co-financed by Montenegro by a minimum of 15%;

⁸⁶ Short term actions are related to the period up to 2 years. Medium term actions are to be implemented in period 3 to 5 years.

Conclusion 2:

An Affordability Study at National and Regional (North/Centre/Coast) level should be carried out at short notice so as to provide much needed affordability references and benchmarks.

Action Planned (short term):

The activity will be coordinated by MSDT in cooperation with the Ministry of Finance and performed by the end of the I quarter of 2017;

Conclusion 3:

The Environmental Protection Funds (Eco funds) should be developed in view of their high potential for revenue generation. Law on Environment under parliamentary procedure creates the basis for the establishment of the Eco fund, which is supported by the Ministry of Finance.

Action Planned (short term)::

The relevant bylaw which will determine the legal and formal status of the Eco-fund is planned to be adopted by the end of 2016. The MSDT will coordinate the process of establishing the legal basis for Eco Fund. The Ecofund is planned to be operative prior to the end of 2017 ;

Conclusion 4:

The Government will consider contracting a flexible drawdown financing line for ready co-financing for Environmental Projects, especially in view of the limitations that Municipal entities are burdened with. The amount and timing of this financing instrument will depend, largely, on the situation and action plans at Municipal level, which need to be coordinated;

Action Planned (medium term):

Upon completion of the revision of the Waste Strategy and the DSIPs on Urban Waste Water, which are the main burden for Municipal entities, the financing requirements will be fine-tuned in cooperation with the Ministry of Finance. Upon the completion of internal approvals, the Ministry of Finance will commence negotiations for such a type of specific use co-financing mechanism; The Government of Montenegro will ensure that the national co-financing contribution is secured each year on a multi-annual strategic basis. This implies securing, delivering and monitoring all co-financing, including contributions from the state budget, donors, domestic sources and international financial institutions (IFIs). The unified list of priority projects is currently being revised further so as to ensure the capacity to attract Donor and IFI funds for viable, well-structured projects;

Conclusion 5:

PUCs are an extremely important part of the Alignment Effort and steps will be taken to regulate them in such a way as to promote Scale of Operations and extension and modernization of services, since they will be the recipients of the largest portion of grants;

Action planned (medium term):

The concepts of "Maximum Affordable Tariffs" and "Full Cost Recovery Tariffs" will be established clearly as reference parameters for project evaluation and the setting of tariffs; This

domestic benchmarking exercise will follow the completion of actions 1 & 2, and is planned for 2018;

This exercise will permit Montenegro to establish medium/long-term domestically affordable tariffs (supplemented by tourists) and gradually reduce the present practice of cross-subsidizing from tourist revenues the utility (water and waste) service charges. Tourism is a service industry and sustains much of Montenegro's local and central budgets, but it is not an additional revenue without cost. The sector has its own economic flows, revenues and costs, and detracting for a lengthy period of time revenues from that sector may cause long term damage. It is also counter to the Polluter pays and economic efficiency principles;

Conclusion 6:

Directive Specific Implementation Plans need to be prepared for the Investment Heavy Directives on an urgent basis, more specifically Waste and Water as they are key to the Cost Recovery component and will have a high incidence on the financing strategy over a lengthy period of time. DSIPs for other directives specified in the AP will be prepared according to the defined timeline.

The identification of projects in the Environmental field needs to be addressed in a more coherent and comprehensive way, effectively developing the project documentation and composing the **“least cost to Montenegro financing mix”** which includes better access, with quality documentation, to IPA or subsequent EU grant instruments, donors, IFIs & other financing sources, LSGs , and last, but certainly not least, access to all domestic environmental sources, the Eco fund, the Water fund, other economic instruments that may be designed to ensure available funds on call for co-financing so as to avoid costly delays in implementation;

Action Planned (medium term):

The DSIP on Urban Waste Water, the area of greatest economic impact and which will define the final date for complete alignment, is planned to be contracted before the end of 2016 and available IPA funds complemented by 15% co-funding from Montenegro's Budget have been earmarked for this task.

Montenegro recognizes that the preparation of this first Directive Specific Implementation Plan will require an intense effort both in the technical and the economic & financial fields, by *inter alia*:

- Defining clearly the existing infrastructure;
- Setting service targets for alignment on the basis of a well-documented starting point;
- Detailed definitions of the BATs to be employed;
- The estimation and definition of investment requirements on a multi-annual basis with a flexible multi-criteria modeling tool;
- Determine the Macro-affordability Constraints on both a National and Regional basis;
- Estimate the impact of investments upon affordability on account of the Opex requirements that will build up;
- A clear justification, from the financial and economic point of view, of the Transition periods required for full compliance.

The contract is expected to be awarded in the 4th Quarter of 2016 and implemented over a 9 month period.

In parallel, as from 1st Q 2017 onwards, the Waste Strategy will be defined by a specialized domestic Task Force subsequent to which the Solid Waste Management DSIP will be contracted, with completion expected by the end of 2017.

The Strategy provides the framework for the realization of the implementation, but Montenegro plans to develop DSIPs to achieve more coherent, orderly and precise planning. Montenegro will ensure coordination of all aspects of the sector of environment to be horizontally integrated into all economic areas.

Conclusion 7:

MMontenegro recognizes the need to implement the necessary institutional reform. From the economic point of view, it is clear that the opportunity cost of inefficiency in the alignment process is a multiple of the institutional strengthening costs.

Action Planned (short term):

In the field of economic/financial planning, request TA from the EU and other Donors, in at least the following specialized areas, so as to minimize the perceived gap between Montenegrin capacities and the heavy burdens that must be assumed regarding the DSIPs and the subsequent Chapter 27 negotiation:

- EU grant objectives and procedures;
- CBA (Cost Benefit Analysis);
- Affordability and Tariff setting;
- Financial Planning and Modeling;
- Create the capacity to mobilize the latent affordability at domestic level.

Optimizing Cost Recovery from end polluters through user charges and the various economic instruments is not just financially desirable, it is an absolute requirement of the EU Grant Scheme.

The EU subsidizes the part of an eligible investment that cannot be afforded at domestic level. The Grant is the part of the Investment that cannot be recovered from user charges. User charges need to be raised to the MAT (the Maximum Affordable Tariff) in the shortest time possible whilst respecting affordability thresholds.

The main institutions that are involved in this process are the PUCs and LSG. Thus, in this context, all efforts to accelerate the formation of economically and financially viable PUCs must be a Montenegrin Governing Institution Priority.

Capacity must be built up at Ministry level by creating an EPU (Economic Policy Unit) so as to provide guidance as required regarding the setting of MATs (Maximum Affordable Tariffs) and FCTs (Full Cost Recovery Tariffs). This will require expertise within the EPU in the field of Affordability Calculation and in the development of tariff policy.

Create the capacity for ensuring rapid and full mobilization of available EU funds.

The preparation of feasible and sustainable projects is essential for attracting Donor and IFI finance, at the present stage and even more so upon membership of the EU. This is an undertaking of major importance and Montenegro intends to be as prepared as possible, reinforcing its institutional capacity in the above mentioned areas, inter alia.

Given funding limitations in Montenegro, finance for all these activities will be sought actively from the multiple donor sources interested in supporting Montenegro's efforts.

Conclusion 8:

It is necessary to create the capacity to mobilize the latent affordability at domestic level.

Action planned (medium term):

Optimizing Cost Recovery from end polluters through user charges and the various economic instruments is not just financially desirable, it is an absolute requirement of the EU Grant Scheme.

The EU subsidizes the part of an eligible investment that cannot be afforded at domestic level. The Grant is the part of the Investment that cannot be recovered from user charges. User charges need to be raised to the MAT (the Maximum Affordable Tariff) in the shortest time possible whilst respecting affordability thresholds.

The main institutions that are involved in this process are the PUCs and LSG. Thus, in this context, all efforts to accelerate the formation of economically and financially viable PUCs must be a Montenegrin Governing Institution Priority.

Capacity will be built up at EPU (Economic Policy Unit) level to provide guidance as required regarding the setting of MATs (Maximum Affordable Tariffs) and FCTs (Full Cost Recovery Tariffs). This will require expertise within the EPU in the field of Affordability Calculation and in the development of tariff policy.

Conclusion 9:

Montenegro recognizes the need to strengthen the capacity for ensuring timely and full mobilization of available EU funds.

Action planned (medium term):

Under IPA II, a significant testing of the local Institutional capacity will take place. However, it must be noted that the expected volumes of available IPA funds will remain approximately the same until accession. Projects will continue to be relatively large, clearly prioritized and few in number. As from 2016, taking into account procedures within DIS (Decentralized Implementation System) for IPA Component III and indirect management mode for IPA 2014-2020, Montenegro will continue with trainings for structures dealing with implementation of IPA. On the other hand it will be necessary to develop programming documents for the Environment and Climate Change sector, depending on maturity of actions foreseen and availability of funds. These plans are connected to the plans set out in the Action Plan for meeting the requirements of EU cohesion policy which Montenegro developed in preparation for negotiations on Chapter 22 - Regional policy and coordination of structural instruments. This link is particularly important for the proper planning of the priority areas that will be supported

through the European structural and investment funds after accession, as the preparation of Operational Programme⁸⁷ for the ESI funds is expected during 2017.

As from membership onwards, however, the pressure will emanate from the increase of available funds. Funding can be expected to increase by eight to tenfold.

⁸⁷ Having reviewed the decisions of the EU Member States on the operational programmes for the 2014-2020 financial perspective, and bearing in mind the size of the country and the need to ensure the system for easy and efficient management of European structural and investment funds, it was decided to prepare the Operational Programme, which will contain the different priorities and measures based on defined national priorities.

IV. ACTION PLAN FOR THE FULL ALIGNMENT OF MONTENEGRIN LEGISLATION

1. INTRODUCTORY NOTES

This AP is a constituent and final part of the Strategy. The AP was made on the basis of prior comprehensive analyses that identified the state of play in the field of transposition of legislation in Chapter 27 (Environment and Climate Change) and the state of play in the implementation of Montenegrin legislation that transposes the EU requirements into the legal system of Montenegro. The analyses also identified gaps in relation to the paradigm consisting of the EU *acquis* in the field of Environment and Climate Change, both in terms of legal and in terms of institutional alignment. In addition to this, such analyses identified the elements required for definition of measures to be undertaken to overcome the identified gaps and to achieve full transposition of the EU legislation in the field of Environment and Climate Change in the acceptable time framework and full application and enforcement of Montenegrin legislation. The AP contains step by step outline with dates and tasks to be fulfilled to ensure full alignment for each piece of the EU legislation on Environment and Climate Change, in short-term (1-2years), medium-term(3-4 years) and long-term (after the accession to the EU).

In the process of preparation of analytical base (regarding the transposition and implementation) for the purposes of this Strategy and AP for its implementation, in addition to the official EU documents and documents adopted by Montenegrin authorities, numerous (working) documents previously were used. Such documents were mostly prepared for various purposes and not particularly for development of Strategy with the AP. These include, for example, a comparative overview of the completed transposition of certain EU directives (*Table of Concordance - ToCs*) and questionnaires about the implementation that were prepared for the ECRAN Project,⁸⁸ but were updated for the purposes of this Strategy.

The abundance of the analytical material that was prepared and that was a result of long-term efforts of competent authorities to ensure high-quality fulfilment of the alignment obligations assumed in the SAA on one side, and the need to prepare the Strategy text on the other side, led to the decision that, for the purposes of the quantitative and qualitative aspects of transposition, it is absolutely acceptable in developing the Strategy text to rely on the findings and results obtained within the ECRAN Project. At the same time, in addition to using fully the available materials related to the implementation of environmental *acquis* in Montenegro, numerous inter-service consultations were conducted, as well as consultations with other relevant stakeholders, with the view to identify, as accurately as possible, the preparedness of the institutions (in terms of capacities, i.e. clearly defined responsibilities and current qualifications of human resources) for the full implementation of the alignment in the environment and climate change sectors, within the deadline that fits into Montenegrin political agenda.

2. JOINT MEASURES FOR SEVERAL INSTITUTIONS

The measures that have to be undertaken in order to achieve full transposition of the EU requirements in the environment and climate change sectors, as well as the implementation of Montenegrin legislation putting the transposition in effect, are presented by sub-sectors. There is a note indicating

⁸⁸ Environment and Climate Regional Accession Network

the cases where specific inter-sectorial activity is needed. Several measures aimed primarily at creating a favourable environment of synergy needed for the implementation of the individual sectorial activities are separately elaborated in the form of joint measures for the environment and climate change sectors. These joint measures refer to the activities that require participation of several Montenegrin institutions or include transposition of several pieces of EU legislation, i.e. adoption, implementation and enforcement of several pieces of Montenegrin legislation.

All the proposed joint measures aim at supporting the acceleration of the process of alignment in the environment and climate change sectors and thus at creating the conditions for successful negotiations in this, undoubtedly the most complex chapter in the accession negotiations between Montenegro and European Union.

2.1 Institutional Cooperation

In case of a significant number of issues in the field of environment and climate change, Montenegro has spread the competences on various public institutions. Strategy has therefore identified cases where only through intensive and permanent cooperation of such institutions (both in the field of transposition and in the field of implementation and enforcement of regulations) full implementation of the EU *acquis* can be ensured in Montenegro. Therefore, undertaking of one general measure will contribute to the full alignment of Montenegrin legislation with the EU legislation in the field of environment and climate change. Such a measure is identified as an inter-institutional agreement concluded between the authorities under the umbrella of the Government of Montenegro. Such an agreement will precisely define duties of all the institutions responsible for undertaking certain activities in the field of transposition, implementation and enforcement of legislation. Such a mechanism of cooperation of these institutions will in no way influence the existing horizontal coordination of the regular activities of the ministries and other bodies and organizations within the Government of Montenegro. The proposed mechanism will only intensify and enhance cooperation in numerous activities in a limited number of cases with a view to achieving timely the full alignment in the environment and climate change sectors.

2.2 Strengthening and institutional alignment of the bodies in charge of the environment protection and climate change

This AP contains assessment of the minimum needs for strengthening institutions that are in charge of the Environment and Climate Change sectors in Montenegro. The projected increase in number of employees provides realistic plan to make optimal use of existing capacities and to upgrade them with new employees. Significant improvements may be achieved through reorganization of present institutional set up in the field of environmental protection and its further upgrade by increasing a number of employees where necessary. For the increase in 2016 and 2017, already adopted plans for administrative capacities upgrade defined in the Montenegro's Programme of Accession to the European Union 2016 – 2018 were used. This Strategy and its Action Plan establish the commitment of MSDT and other authorities with responsibilities in sector the sector of Environment and Climate Change.

As a priority measure, Montenegro will, before the first revision of the Strategy and AP (envisaged by 30 June 2017), prepare the Institutional Adjustment and Capacity Building Plan in the Environment and Climate Change sectors (with a view to achieving high level of protection). On the basis of a precisely identified state of play and needs and abilities of the country, the Plan is to provide arguments for at

least two development options for full institutional adjustment of Montenegro for the full implementation of the EU *acquis* in the territory of Montenegro - the maximum and the optimum one.

Measures for institutional reorganization and capacity building in this AP have been designed on the basis of the first institutional gap analysis. Gaps have been identified not only in terms of lack of administrative capacities, but also in terms of the need for more adequate organization of institutions. Therefore, the Government of Montenegro envisaged as an important measure the development of the Institutional Adjustment and Capacity Building Plan to ensure more efficient organization of the employees and concentration of existing administrative capacities with specific expertise in fewer competent institutions in charge of implementing the obligations transposed from the EU *acquis* on Environment and Climate Change. MSDT will have the obligation delegated by the Government to coordinate the process of developing the Institutional Adjustment and Capacity Building Plan for all the institutions in charge of Environment and Climate Change in Montenegro. The plan will be developed in close collaboration with all the relevant institutions. The same plan will take into account reorganization of the existing inspection, where further activities in reorganization and capacity building of environmental inspection are envisaged. The strategy for Chapter 27 gives minimum number of necessary staff for the fulfilment of the obligations arising from this chapter by 2020. This will be fulfilled by the Government and organized according to the Plan to be developed. Process of developing the plan will be adopted by the Government no later than the end of II quarter 2017, before the first revision of the Strategy and the AP. It is important to mention that funds needed for the development of the Plan will be provided from the national budget of Montenegro or from other sources.

2.3 Adoption of laws in the abridged procedure

As for the transposition of the EU environmental and climate change legislation, this AP defines the obligations of the administration bodies responsible for preparation of drafts and proposals of laws and implementing acts adopted by the Government, i.e. for the adoption of implementing acts adopted by the ministries. The column "time limit for transposition" shows (in years) the time limit in which laws on amendments of the existing laws or new laws will come into force. Plan provides steps and realistic timelines to ensure transposition in the short-term and mid-term.

Environmental and Climate Change *acquis* accounts for about 30% of the entire EU legislation and its incorporation in the national legal system of a candidate country also means the incorporation into that legal system of the requirements defined in numerous international treaties that EU acceded to (which makes them a constituent part of the *acquis*). In addition to that aspect of the alignment (the transposition aspect), a very complex aspect of the alignment refers to the adjustment of the institutions in the field of Environment and Climate Change to the needs of the implementation of the *acquis* in Montenegro (reorganization, clear division of competences, strengthening of human resources). Measures for adjustment of the competent institutions, envisaged in this plan, can be undertaken only if there is a detailed plan of adjustment adopted on the basis of a study of the needs and in the conditions of continuous implementation of measures proposed in such a plan for the full transposition of the EU *acquis*, i.e. in the conditions of a continuous development of an increasingly complex system of legal provisions that regulate all the matters of high level environment protection in Montenegro in line with the EU requirements.

Since the precondition for continuation of the negotiations between Montenegro and EU in the Chapter 27 is meeting the opening benchmark, it is necessary to ensure that the new laws or

amendments to the existing laws are adopted and that they come into force within the time limits set in this AP. Coming into force of these laws within the set time limits will ensure that numerous other measures also defined in this AP can be implemented, which will lead to full transposition, implementation and enforcement of all EU requirements defined in the Chapter 27, within the time limits planned for the accession of Montenegro to the EU in 2020.

In that aim the Government of Montenegro will ensure consideration of the proposals for adoption of the laws in this field according to the abridged (summary) procedure. Upon the adoption of the Strategy and the AP, the Government and the Parliament will make an agreement which will clearly define the necessary details and significantly contribute to the speeding up of the process of alignment, taking into account plans for transposition from this document.

3. TIME FRAMEWORK FOR THE IMPLEMENTATION OF THE ACTION PLAN

The time framework that the implementation of the AP is incorporated in is linked to 2020. As for the practical aspects, implementation of all the measures planned in the AP is distributed in the sequence that starts in 2016. (i.e. after the Strategy comes into force) and finishes in the first half of 2020.

Within that available four-year period, the implementation of the 185 measures that are to be undertaken to ensure full transposition i.e. harmonization of Montenegrin legislation with the EU Environment and Climate Change *acquis*, is planned within short and medium time limits and in line with the Council Decision on the principles, priorities and requirements defined in the EU Partnership with Montenegro. The short time limits amount to 1 to 2 years, while the medium ones amount to 3 to 4 years, with the exception of those that require undertaking of certain economic and financial activities aimed at supporting the alignment process.⁸⁹ Time limits for the full transposition, shown in the appropriate column in the tables for sub-sectors under the heading TRANSPOSITION PLAN, refer to the time of coming into effect (and the beginning of implementation) of the laws and implementing acts. The time limits expressed in years are counted from the day of coming into effect of the Strategy (with this AP). Since the procedure of adoption of the law is outside of the scope of competencies of the administration bodies (i.e. the Government of Montenegro and the ministries), the time limits inserted in the tables assume that the line administration bodies (ministries and the Government) will timely undertake all the measures that are within their scope of competencies (drafting the text, drafts and proposals of laws as well as the necessary explanations and impact assessments) to ensure that the laws can be adopted and can come into force within the set time limits. In that respect the appropriate joint measures, referred to above, also have to be undertaken.

The time limits expressed in months and days are counted from the day of coming into force of the law defining the obligation of adoption of certain implementing act.

4. NEEDS FOR EXTERNAL ASSISTANCE

Given the existing capacities of the institutions of Montenegro responsible for various aspects of the environment protection, Montenegro will need technical assistance to be able to implement all the activities that are planned or to implement in practice the commitments defined in the Strategy in the time period projected in the AP - by 2020. Montenegro will ask for technical assistance (through IPA, TAIX, Twinning instruments) for the implementation of the legislation transposing the EU

⁸⁹ Council Decision 2007/49/EC of 22 January 2007 on the Principles, Priorities and Conditions contained in the EU Partnership with Montenegro.

requirements into the legal system of Montenegro and for ensuring the conditions for the full control of the implementation and enforcement of the legislation. Specific measures/actions for which Montenegro plans to require technical assistance are indicated in the AP.

Starting from self-assessment of the state of the transposition activities, the AP precisely identifies the activities whose implementation requires external technical assistance (both in terms of transposition of the EU legislation and in terms of implementation of the national legislation). Technical assistance is necessary for the transposition of the horizontal legislation EU (INSPIRE Directive) and in the subsectors of Water Quality, Waste Management, Industrial Pollution and in Climate Change sector. In the subsector of Chemicals this type of support can be ensured within the programme activities of the European Chemicals Agency (ECHA). The assistance needed for these activities can also be ensured through bilateral cooperation with individual EU member states (e.g. *twinning* projects). In addition to the technical assistance from the EU, Montenegro will certainly make the best use of the available forms of support of international financial institutions to be able to implement the legislation that transposes the EU requirements into the legal system of Montenegro.

It has to be noted that technical assistance will be provided depending on the availability of the funds of donors and of the EU and of maturity of the actions foreseen. Donors' coordination and a good quality and early programming of potential IFIs/IPA/Member States' assistance is crucial in order to obtain the needed expertise and therefore achieve a timely implementation of the actions planned.

5. SPECIFIC MEASURES BY SUBSECTORS

5.1 HORIZONTAL LEGISLATION

5.1.1 Plan of Activities for Transposition of Horizontal Legislation

Horizontal legislation of Montenegro is to a large extent aligned to the horizontal legislation of the EU in the field of environment protection. The process aimed at achieving full transposition of the horizontal legislation of the EU into the legal system of Montenegro includes the total of eight measures to be undertaken in the time framework of less than four years. The same time limit is envisaged for the implementation of only one measure (that refers to the environment inspection). With the implementation of the remaining nine measures, full harmonization of the horizontal legislation of Montenegro with the appropriate EU legislation would be achieved in the period of 28 months from the day of coming into force of the Strategy (with this AP). The AP of the measures with the sequence and time limits for their implementation and institutions responsible for their implementation is presented in the Table XXVI.

TABLE XXVI: TRANSPOSITION PLAN - HORIZONTAL LEGISLATION

PLAN OF MEASURES FOR ACHIEVING FULL TRANSPOSITION							
HORIZONTAL LEGISLATION							
No.	EU legislation	Measure		Institution	Time limit for transposition	Technical Assistance	Notes
1	Directive 2001/42/EC (SEA)						Fully transposed
2	Directive 2001/92/EC (EIA)						Fully transposed
3	Directive 2014/52/EU (EIA)	1	Amendments to the Law	MSDT	(31/12/2017 at latest)		[Within the time limit for transposition envisaged in the Directive]

		2	Amendments to/adoption of a new implementing act	MSDT	31.12.2017		[Within the time limit for transposition envisaged in the Directive]
4	Directive 2003/4/EC (access to environmental information)						Fully transposed
5	Directive 2003/35/EC (public participation)						Fully transposed
6	Directive 2004/35/EC (environmental liability)						Fully transposed
7	Directive 2008/99/EC (protection of the environment through criminal law)						Fully transposed
8	Directive 2007/2/EC (INSPIRE)	3	Adoption of the Law	MSDT	2018	Necessary	Not transposed
9	Commission Regulation (EC) 1205/2008 (Metadata)	4	Adoption of implementing acts	MSDT	2018	Necessary	These matters are not regulated in Montenegro
10	Commission Regulation (EC) 976/2009 (Metadata - Definition of elements)	5	Adoption of implementing acts	MSDT	2018	Necessary	These matters are not regulated in Montenegro
11	Commission Regulation (EU) 268/2010 (access to spatial data)	6	Adoption of implementing acts	MSDT	2018	Necessary	These matters are not regulated in Montenegro
12	Commission Regulation (EC) 1089/2010 (Interoperability)	7	Adoption of implementing acts	MSDT	2018	Necessary	These matters are not regulated in Montenegro
13	Commission Decision 2009/442/EC (Monitoring and reporting)	8	Adoption of implementing acts	MSDT	2018	Necessary	These matters are not regulated in Montenegro
14	Council Directive 91/692/EEC (SRD)	9	Amendments to the Law	MSDT	2017		With a view to meeting the obligation of submitting information and reports to EU authorities as defined
15	Regulation (EC) 401/2009 (EEA & EIONET)	10	Amendments to or adoption of a new law	MSDT	2017		
		11	Adoption of implementing acts	MSDT	2017	Necessary	
16	Recommendations 2001/331/EC (Inspection)	12	Amendments to the law (and implementing acts as needed)	MSDT (and others)	2020 at latest		With a view to achieving full incorporation of EU recommendations into Montenegrin legal system

5.1.2 Plan of Activities for Implementation of Horizontal Legislation

Following Directives are being implemented through the appropriate laws and implementing acts that are already harmonized with them: Directive 2001/42/EC on the assessment of the effects of certain

plans and programmes on the environment; Directive 2001/92/EU on the assessment of the effects of certain public and private projects on the environment; Directive 2003/4/EC on public access to environmental information; Directive 2003/35/EC providing for public participation in respect of the drawing up of certain plans and programmes relating to the environment; Directive 2004/35 of the European Parliament and of the Council on environmental liability with regard to the prevention and remedying of environmental damage; and Directive 2008/99/EC on the protection of the environment through criminal law. With a view to improving the implementation of the above legislation in practice special further trainings are planned for civil servants on the national and local level.

Transposition of the Directive 2007/2/EC establishing an Infrastructure for Spatial Information in the European Community (INSPIRE) is planned through new law and implementing acts that are to be adopted by the end of 2017. Therefore, the detailed measures and the plan of activities required for establishing the appropriate infrastructure for the full implementation of this Directive will be defined after the transposition is completed.

Efficient implementation of the Directive 91/692/EEC (SRD) in practice will depend on the measures for strengthening the administrative capacities of the institutions that are responsible for reporting about the implementation of individual pieces of legislation harmonized with the EU environmental *acquis*.

TABLE XXVII: IMPLEMENTATION PLAN - HORIZONTAL LEGISLATION

PLAN OF PRIORITY MEASURES FOR IMPLEMENTATION OF LEGISLATION							
HORIZONTAL LEGISLATION							
No.	EU legislation	Measure		Institution	Time limit for implementation	Technical Assistance	Note
1	Directive 2001/42/EC (SEA)	1	Preparation and implementation of the plan for further training of human resources on the national and local level	MSDT	2016 - 2017		
2	Directive 2011/92/EU (EIA)	2	Preparation and implementation of the plan for further training of human resources on the national and local level	MSDT	2016 - 2017		
3	Directive 2003/4/EC (access to environmental information)			MSDT EPA LGU			Fully implemented
4	Directive 2003/35/EC (public participation)			MSDT EPA LGU			Fully implemented
5	Directive 2004/35/EC (environmental liability)			MSDT EPA LGU			Fully implemented

6	Directive 2008/99/EC (protection of the environment through criminal law)	3	Preparation and implementation of the plan for raising the level of knowledge (awareness) of all stakeholders in the criminal-law protection of the environment and public through training and workshops of the representatives of all institutions responsible for these issues MJ, MSDT, AIA, State Prosecution Service, court experts, courts.	MSDT	2016-2017	Necessary	
7	Directive 2007/2/EC (INSPIRE)	4	Prepare INSPIRE transposition and implementation plan (INSPIRE Plan)	MSDT	2016-2017	Necessary	Not transposed yet
8	Commission Regulation (EC) 1205/2008 (Metadata)	5	Prepare INSPIRE Plan	MSDT	2016-2017	Necessary	There is still no legal basis in Montenegro
9	Commission Regulation (EC) 976/2009 (Metadata - Definition of elements)	6	Prepare INSPIRE Plan	MSDT	2016-2017	Necessary	There is still no legal basis in Montenegro
10	Commission Regulation (EU) 268/2010 (access to spatial data)	7	Prepare INSPIRE Plan	MSDT	2016-2017	Necessary	There is still no legal basis in Montenegro
11	Commission Regulation (EC) 1089/2010 (Interoperability)	8	Prepare INSPIRE Plan	MSDT	2016-2017	Necessary	There is still no legal basis in Montenegro
12	Commission Decision 2009/442/EC (Monitoring and reporting)	9	Prepare INSPIRE Plan	MSDT	2016-2017	Necessary	There is still no legal basis in Montenegro
13	Council Directive 91/692/EEC (SRD)	10	Align reporting procedure	MSDT	2017		

14	Regulation (EC) 401/2009 (EEA & EIONET)	11	Establish national EIONET - Environment Information and Observation Network and ensure a adequate expert-technical support to EPA and National Referential Centres (NRC) so that it can function in line with the rules of the European EIONET network	EPA	1 st Quarter 2018	Necessary - IPA project	
15	Recommendations 2001/331/EC (Inspection)	12	Preparation and implementation of the plan for further training of inspectors in the Administration for Inspection Affairs	MSDT AIA	2016-2017	Necessary	

5.1.3 Plan for Upgrading of Administrative Capacities

As for the upgrading of the administrative capacities in the institutions that are responsible for the transposition and implementation of the horizontal legislation, the activities listed below will be started already in 2016:

- Improved organization of MSDT and EPA will be achieved through a reallocation of the available human resources and their further specific training as needed;
- As for the higher quality implementation of legislation harmonized with the Directive 2001/92/EU on the assessment of the effects of certain public and private projects on the environment and Directive 2001/42/EC on the strategic assessment of the effects of certain plans and programmes on the environment, further strengthening of the administrative capacities is to be done on the local level;
- In order to achieve successful implementation of legislation harmonized with the Directive 2008/99/EC on protection of the environment through criminal law and of legislation harmonized with the Directive 2007/2/EC establishing an Infrastructure for Spatial Information in the European Community (INSPIRE) Montenegro will strengthen the administrative capacities in other public institutions that will participate in the implementation of these pieces of legislation. It means that MSDT will develop a Plan for building of administrative capacities that will cover the governmental (all relevant institutions) and local level for all horizontal directives. After its development and adoption a special attention shall be given to trainings and awareness and Montenegrin participation in the EU environmental bodies and networks;
- Improve capacity and methods of work of the inspection body responsible for supervision of the implementation of horizontal legislation in line with the Recommendation 2001/331/EC of the European Parliament and of the Council of 4 April 2001 providing for minimum criteria for environmental inspections in the Member States.

TABLE XXVIII: PLAN OF ADMINISTRATIVE CAPACITIES - HORIZONTAL LEGISLATION

PLAN FOR UPGRADING ADMINISTRATIVE CAPACITIES							
HORIZONTAL LEGISLATION							
Institution	EU legislation	No. of employees (posts according to the job classification rulebook)					
		2015	2016	2017	2018	2019	2020
MSDT	Directive 2001/42/EC (SEA)						
	Directive 2011/92/EU (EIA)						
	Directive 2003/4/EC (Public access to environmental information)						
	Directive 2003/35/EC (Public participation and access to justice)						
	Directive 2004/35 (Environmental liability for environmental damage)	3	6	6	8	8	8
	Directive 2008/99/EC ("Eco-crime")						
	Directive 2007/2/EC (INSPIRE)						
Directive 91/692/EEC (SRD) - Standardisation of Reporting Regulation (EC) 401/2009 (EEA & EIONET)							
EPA	Directive 2001/42/EC (SEA)	2	4	4	6	6	6
	Directive 2011/92/EU (EIA)	4	4	6	6	6	6
	Directive 2003/4/EC (Public access to environmental information)	3	3	4	4	4	4
	Directive 2003/35/EC (Public participation and access to justice)						
	Directive 2004/35 (Environmental liability for environmental damage)	1	2	2	2	2	2
	Directive 2007/2/EC (INSPIRE)						
	Regulation (EC) 401/2009 (EEA & EIONET)	12	12	16	20	20	20
Directive 91/692/EEC (SRD) - Standardisation of Reporting							
EPA – TOTAL	22	25	32	38	38	38	
MJ	Directive 2008/99/EC ("Eco-crime")	1	2	2	2	2	2
UN	Directive 2007/2/EC (INSPIRE)	3	3	5	6	6	6
TOTAL		29	36	45	54	54	54

AIA was not included into this part of the Plan for upgrading of administrative capacities. There are currently six environmental inspectors currently working in the AIA. They cover the supervision of implementation of the entire legislation in the sector of environment protection and climate change in Montenegro. Montenegro plans to further strengthen the administrative capacities of AIA and will explore the best solutions in this respect.

Current projection of the strengthening of administrative capacities of AIA needed for the full and efficient implementation of the EU requirements in the environment sector and the climate change is presented in separate tables at the end of Chapter V (5.11).

In 23 local government units (LGU) there are currently 27 civil servants employed to work on the implementation of legislation in the field of environment protection. This Plan for Upgrading of Administrative Capacities does not take into account the insufficient capacities of LGU either, particularly those for the implementation of legislation on SEA and EIA harmonized with the requirements of the Directive 2001/42/EC (SEA) and Directive 2001/92/EC (EIA). It is to expect that the majority of local government units will not be able to strengthen their capacities to improve the quality of implementation. Therefore, Montenegro plans to explore other possible solutions for the improvement of the quality of the implementation of these pieces of legislation on the local level.

5.2 AIR QUALITY

5.2.1 Plan of Activities for Transposition of Legislation in the Field of Ambient Air Quality

Transposition of the air quality EU legislation has been largely completed. Therefore, only three measures have been envisaged and presented in TABLE XXIX - adoption of implementing acts that will ensure full harmonization of Montenegrin legislation with the EU legislation in this sub-sector.

TABLE XXIX: TRANSPOSITION PLAN - AIR QUALITY

PLAN OF MEASURES FOR ACHIEVING FULL TRANSPOSITION							
AIR QUALITY							
No.	EU legislation	Measure		Institution	Time limit for transposition	Technical Assistance	Notes
1	Directive 2008/50/EC (AAQ)						Fully transposed
2	Directive 2004/107/EC («4 th Daughter Directive»)						Fully transposed
3	Commission Directive (EU) 2015/1480 (reference methods, data validation and location of sampling points)	13	Adoption of implementing act	MSDT	End of 2017		There is a legal basis for the adoption of implementing act for transposition of provisions related to locations of sampling points (provisions on reference methods and data validation are already transposed)
	Action step 1	Revision of AQ monitoring network in accordance with Article 5 of Directive 2008/50/EC within IPA Project - IPA/2014/032-803.09/ME/Air Quality)					2017
	Action step 2	Amendment of the Regulation on establishment of Air Quality Monitoring Network					2018
4	Directive 2001/81/EC (national emission ceilings - NEC)						Fully transposed
5	Directive 94/63/EC (Volatile organic compound (VOC) emissions resulting from the storage of petrol and its distribution from terminals to service stations - VOC "Petrol Storage")						Fully transposed
6	Directive 2009/126/EC (Stage II petrol vapour recovery during refuelling of motor vehicles at service stations - VOC "Petrol Stage II")	14	Adoption of implementing act		2018		Directive has been fully transposed, except for the amendments that have to be done in line with the Directive 2014/99/EU
	Directive 1999/32/EC (Sulphur content in certain liquid fuels)						Fully transposed

7	Directive (EU) 2016/802 (codification) repealing Directive 2012/33/EU (marine fuels) and 1999/32/EC (Sulphur content in certain liquid fuels),	15	Adoption of implementing act	MSDT	End of 2016	Commission Implementing Decision (EU) 2015/253 has been adopted	
	Proposed Directive on reduction of national emissions of certain atmospheric pollutants 2013/0443(COD)	16					
	Action step 1 – Analysis of the new Directive						
	Action step 2 – Improvement and update of emission inventory data						2017
	Action step 3 – Developing emission projections and setting-up of national emission ceilings						2018
	Action step 4 – Proposing national emission ceilings to CLRTAP secretariat						2018
	Action step 5 – Gaining full membership status at Getheborg Protocol						To be defined*
	Action step 6 – Amendments to the Regulation on national emission ceilings						upon completion of step 5

*depending on CLRTAP procedures

5.2.2 Plan of Activities for Implementation of Legislation in the field of Air Quality

Provisions of the Directive 2008/50/EC on air quality and cleaner air for Europe and Directive 2004/107/EC relating to arsenic, cadmium, mercury, nickel and polycyclic aromatic hydrocarbons in air are fully implemented through the law and implementing acts that are already harmonized with the above directives. An improved level of implementation will be achieved within the project for the improvement of air quality monitoring (IPA/2014/032-803.09/ME/Air Quality)) the existing network of seven measuring stations for air quality will be extended to 10 automatic stations. Immediate re-allocation of the existing measuring stations will be done, EMEP station for monitoring of the influence of cross-border transport of air pollution will be operational, while additional analytical equipment for the laboratory will be procured.

The key challenge in the implementation of the Directive 2008/50/EC is to achieve good air quality in all areas through the implementation of the National Strategy for Air Quality Management and air quality plans for the municipalities of Pljevlja and Nikšić and the capital of Podgorica where there is an increased concentration of pollutants, primarily PM10 particles, which often exceed the limit values. Implementation requires high financial investments in infrastructure for remote controlled heating, improvement of public transport in towns, implementation of energy-efficiency measures, preservation and upgrading of green areas etc. The second Action Plan for implementation of the National Strategy for Air Quality Management for the period 2017-2030 shall be adopted by 31st January 2017.

Further steps related to the implementation of NEC Directive are as follows: after Energy community decision which is expected in October 2016, it will be known if the existing TPP Pljevlja (which is the major source of SO₂ and NO_x national emissions, accounting for some 90%) will be allowed to work additional 20.000 working hours without investment in abatement technology between 2018-2024. If the decision is positive, emissions of TPP will be reduced for 50% in that 6-year period, due to reduction of working hours. In a few years TPP will have to be closed down or undergo major reconstruction in order to meet environmental requirements. However, realistic emission projections would be possible to develop during 2017. These projections will serve for setting-up national emission ceilings by 2030 and development of National Programme for progressive reduction of emissions in accordance with NEC Directive. Another important event expected by the end of 2016 is adoption of

the new NEC Directive which extends the number of pollutants and level of reduction. It will also require additional efforts regarding development of the National Programme which should be completed in 2018. New national emission ceilings with the summary of the National Programme for progressive reduction of emissions shall be presented to the Secretariat of CLRTAP in order to gain full membership in Gothenburg Protocol (Montenegro is already a party to the Protocol on Heavy Metals and the protocol on POPs) . Depending on CLRTAP procedures, national emission ceilings for Montenegro could be accepted by 2019, while the deadline for achievement of projected reductions will remain 2030. However, it assumes full implementation of the new NEC Directive as of 2019.

Provisions of the Directive 1999/32/EC relating to the Sulphur content in marine fuels have been implemented in Montenegro since 2011. Sampling and analysis of fuel is done by accredited laboratories in line with the methods required in Article 6 of the Directive. Full implementation of the provisions of the Directive 2012/33/EU amending the Directive 1999/32/EC on the sulphur content in marine fuels is planned for the end of 2017. By then the Directive will be fully transposed (Codified version of the Directive (EU) 2016/802 will be used for transposition), and the training for port authorities in the field of control of marine fuels and ship abatement equipment will be completed.

Full implementation of the legislation transposing the provisions of the Directive 94/63/EC on the control of volatile organic compound (VOC) emissions resulting from the storage of petrol and its distribution from terminals to service stations and Directive 2009/126/EC on the stage II petrol vapour recovery during refuelling of motor vehicles at service stations is planned for the period by 2020. By that time adequate equipment for prevention of emissions and recovery of volatile organic compounds (VOC) will be installed in all fuel storages, all fuel distribution tanks, vehicle tanks and pumps of the service stations in Montenegro covered by the requirements of these directives. Distributors are well aware of their obligation since they were actively involved in drafting the legislation transposing VOC Directives through cooperation with Montenegrin Chamber of Commerce. Taking into account requirements of mentioned directives (e.g. throughput is greater than 500 m³/year) it will be limited number of distributors affected by these requirements.

TABLE XXX: IMPLEMENTATION PLAN - AIR QUALITY

PLAN OF PRIORITY MEASURES FOR IMPLEMENTATION OF LEGISLATION						
AIR QUALITY						
No.	EU legislation	Measure	Institution	Time limit for implementation	Technical Assistance	Note
1	Directive 2008/50/EC (on ambient air quality and cleaner air for Europe - AAQ)	13 Extension of the network of measuring stations for monitoring air quality and reallocation of the existing measuring posts, reconstruction of the EMEP station and purchase of the additional analytical equipment for laboratory.	EPA IHS CETI	2017	EU/IPA funds already committed under IPA/2014/032 -803.09/ME/ Air Quality	
2	Directive 2004/107/EC (As, Hg, Ni, and PAH – «4th Daughter Directive»)					

3			Adoption of the second Action Plan for the implementation of the National Strategy for Air Quality management with measures to achieve compliance with limit values throughout national territory				
4	Directive (EU) 2015/1480 (reference methods, data validation and location of sampling points)	14	Specific training of human resources in the, data validation, modelling and defining locations of the measuring stations for air quality control	EPA IHS	2018	Necessary	
5	Directive 2001/81/EC (national emission ceilings - NEC)	15	Updating and upgrading of the inventory of acidification and eutrophication pollutants and ozone precursors	EPA	2017	Necessary	
		16	Producing projections of emissions and setting-up of the national emission ceilings	MSDT EPA	2017		
		17	Development of the National Programme for progressive reduction of emissions	MSDT	2018		
5	Directive 94/63/EC (Volatile organic compound (VOC) emissions resulting from the storage of petrol and its distribution from terminals to service stations - VOC "Petrol Storage")	17	Installing the equipment for the recovery of VOC in storage, transport and distribution of fuel to service stations	Fuel distributors	2020		
6	Directive 2009/126/EC (Petrol vapour recovery during refuelling of motor vehicles at service stations - VOC "Petrol Stage II")	18	Installing the equipment for the VOC recovery during refuelling of motor vehicles at service stations	Fuel distributors	2020		
7	Directive 1999/32/EC (Sulphur content in certain liquid fuels), amended by the Directive 2012/33/EU (marine fuels)	19	Training of port authorities for control of quality of marine fuels	MSDT MTMA - Port authorities	2017	Necessary Europe Aid/132799/C /SER/ME	

5.2.3 Plan for Upgrading of Administrative Capacities

The activities envisaged for the period 2016-2017 aimed at achieving the efficient transposition and implementation of the EU acquis in the sub-sector air quality include:

- Eventual reallocation of competences and available human resources in the MSDT, EPA and IHS and planning their further training, depending on the Institutional Adjustment and Capacity Building Plan planned to be developed by the end of the I quarter of 2017;
- Preparing a detailed plan for training of human resources in EPA in the field of mathematic modelling according to the legislation that is harmonized with the Directive 2008/50/EC on the ambient air quality and developing projections, particularly for the implementation of legislation transposing the Directive 2001/81/EC (NEC).
- Preparing a plan for awareness rising among stakeholders, in order to enhance their knowledge about their rights and obligations stemming from air quality acquis, as well as to promote better public participation in decision making related to air quality.

Table XXXI: ADMINISTRATIVE CAPACITIES PLAN - AIR QUALITY

PLAN FOR UPGRADING OF ADMINISTRATIVE CAPACITIES							
AIR QUALITY							
Institution	EU legislation	No. of employees (posts according to the job classification rulebook)					
		2015	2016	2017	2018	2019	2020
MSDT	Directive 2008/50/EC (on ambient air quality and cleaner air for Europe - AAQ)						
	Directive 2004/107/EC (As, Hg, Ni, and PAH – «4th Daughter Directive»)						
	Directive (EU) 2015/1480 (reference methods, data validation and location of sampling points)						
	Directive 2001/81/EC (national emission ceilings - NEC)						
	Directive 94/63/EC (Volatile organic compound (VOC) emissions resulting from the storage of petrol and its distribution from terminals to service stations - VOC "Petrol Storage")	1	2	3	3	3	3
	Directive 2009/126/EC (Petrol vapour recovery during refuelling of motor vehicles at service stations - VOC "Petrol Stage II")						
	Directive 1999/32/EC and Directive 2012/33/EU (Sulphur content in marine fuels)						
EPA	Directive 2008/50/EC (on ambient air quality and cleaner air for Europe - AAQ)						
	Directive 2004/107/EC (As, Hg, Ni, and PAH – «4th Daughter Directive»)						
	Directive (EU) 2015/1480 (reference methods, data validation and location of sampling points)						
	Directive 2001/81/EC (national emission ceilings - NEC)						
	Directive 94/63/EC (Volatile organic compound (VOC) emissions resulting from the storage of petrol and its distribution from terminals to service stations - VOC "Petrol Storage")	1	3	4	4	4	4
	Directive 2009/126/EC (Petrol vapour recovery during						

refuelling of motor vehicles at service stations - VOC "Petrol Stage II")						
Directive 1999/32/EC (Sulphur content in certain liquid fuels), and Directive 2012/33/EU (marine fuels quality)						
Directive 2001/81/EC (national emission ceilings - NEC)	2	3	3	3	3	3
EPA – TOTAL	3	6	7	7	7	7
TOTAL	4	8	10	10	10	10

In addition to the institutions and human resources listed in the table, the Plan for Upgrading of Administrative Capacities also takes into account another seven persons employed in IHS who work on the issues of air quality in addition to other tasks they perform (water quality).

In Montenegrin coast there are eight branch offices of the MTMA - Harbour Master's Offices for the control of quality of marine fuel and at least a number of persons employed in each of the branch offices will be trained for the control of use of marine fuels and equipment for prevention of emission of pollutants into the air. The training does not include sampling and analysis of fuel that will be done by accredited laboratories, but only control of the ship log books and technical documentation.

Six inspectors for the environment who cover inspection supervision of the implementation of legislation in all sub-sectors of the field of environment are not included in the Plan for Upgrading of Administrative Capacities for the sub-sector of ambient air quality because the issue of strengthening of the capacities of the inspection body will be solved in general for all sub-sectors of the environment. Current projection of the strengthening of administrative capacities of AIA needed for the full and efficient implementation of Chapter 27: Environment and Climate Change is presented in separate tables at the end of Chapter V (5.11).

5.3 WASTE MANAGEMENT

5.3.1 Plan of Activities for Transposition of Legislation in the Field of Waste Management

The Regulations defining waste management in Montenegro have been aligned with the EU regulations for a long time. However, in order to achieve full alignment, Montenegro will implement 35 measures presented in TABLE XXXII. The majority of these measures will be enacted within the maximum period of 24 months, via amendments to the Law on Waste Management and the adoption of appropriate secondary legislation. The deadline of four years is envisaged only for one measure (related to the regulation of the issue of ship recycling), considering the fact that, during the preparation of this AP, there was no expressed interest for carrying out such recycling activity in Montenegro.

Since it has been noticed that this subsector lacks professional human resources, it will be possible to implement projected measures within envisaged deadlines only if external expert support is timely ensured to MSDT (as EU technical support).

Special attention will be paid to the transposition and implementation of the so-called special waste streams and through the creation of the planned Study on special waste flows to find the best model for the establishment of extended producer responsibility.

TABLE XXXII: TRANSPOSITION PLAN-WASTE MANAGEMENT

PLAN OF MEASURES FOR ACHIEVING FULL TRANSPOSITION							
WASTE MANAGEMENT							
No.	EU legislation	Measure		Institution	Time limit for transposition	Technical Assistance	Notes
1	Directive 2008/98/EC (Waste Framework Directive)	83	Amendments to the Law	MSDT	Before the expiry of a short-term period (1.5 years)	Necessary	High level of transposition. Amendments to the Law when needed. Technical assistance necessary for the creation of the program for the prevention of waste generation identifies the objectives and measures for the prevention of waste, as well as indicators for monitoring and evaluating progress achieved by applying these measures.
		84	Amendments to/ adoption of an implementing act	MSDT	Up to 180 days		
2	Commission Regulation (EU) No. 1357/2014 replacing Annex III to Directive 2008/98/EC of the European Parliament and of the Council on waste and repealing certain Directives (Waste Framework Directive)	85	Amendments to the Law	MSDT	Before the expiry of a short-term period (1.5 years)		Amendments to the Law when needed
		86	Amendments to / adoption of an implementing act	MSDT	Up to 180 days		
3	Commission Decision 2000/532/EC (Waste Framework Directive)			MSDT			Fully transposed
				MSDT			
4	Commission Decision 2014/955/EU (Waste Framework Directive)	87	Amendments to the Law	MSDT	Before the expiry of a short-term period (1.5 years)		Amendments to the Law when needed
		88	Amendments to the implementing act	MSDT	Up to 180 days		
5	Council Directive 1999/31/EC (Landfill of waste)	89	Amendments to the Law	MSDT	Before the expiry of a short-term period (1.5 years)		High level of transposition

		90	Amendments to the implementing act	MSDT	Up to 180 days		
6	Council Decision 2003/33/EC (Landfill of waste)	91	Amendments to the implementing act	MSDT	Up to 180 days		High level of transposition. Deadline is calculated from the day when this Action plan enters into force
7	Regulation (EC) No. 2150/2002 (Waste statistics)			MONSTAT (MSDT, Agency)			Fully transposed (cooperation with a view to aligning regulations on collection of information)
8	European Parliament and Council Directive 94/62/EC (Packaging and packaging waste)	92	Amendments to the Law	MSDT	Before the expiry of a short-term period (1.5 years)	Necessary	Partially transposed. Technical assistance necessary for the creation of the Study on special waste flows.
		93	Amendments to / adoption of an implementing act	MSDT	Up to 120 days		

9	Directive 2006/66/EC (Batteries and accumulators)	94	Amendments to the Law	MSDT	Before the expiry of a short-term period (1.5 years)	Necessary	Highly transposed. Technical assistance necessary for the creation of the Study on special waste flows
		95	Amendments to / adoption of an implementing act	MSDT	Up to 180 days		
10	Commission Regulation (EU) No. 493/2012 (Calculation of recycling efficiencies of the recycling processes - waste batteries and accumulators)	96	Amendments to the Law	MSDT	Before the expiry of a short-term period (1.5 years)	Necessary	Technical assistance necessary for the creation of the Study on special waste flows
		97	Amendments to / adoption of an implementing act	MSDT	Up to 180 days		
11	Commission Directive 93/86/EEC (Labelling of Batteries)	98	Amendments to the Law	MSDT	Before the expiry of a short-term period (1.5 years)		Not transposed
		99	Amendments to / adoption of an implementing act	MSDT	Up to 180 days		
12	Directive 2012/19/EU (WEEE)	100	Amendments to the Law	MSDT	Before the expiry of a short-term period (1.5 years)	Necessary	Partially transposed. Technical assistance necessary for the creation of the Study on special waste flows
		101	Amendments to / adoption of an implementing act	MSDT	Up to 180 days		
13	Directive 2011/65/EU (RoHS)	102	Amendments to the Law	MSDT	Before the expiry of a short-term period (1.5 years)		Not transposed
		103	Amendments to / adoption of an implementing act	MSDT	Up to 180 days		
14	Directive 2000/53/EC (end-of-life vehicles)	104	Amendments to the Law	MSDT	Before the expiry of a short-term period (1.5 years)	Necessary	Partially transposed. Amendments to the Law when needed. If there are no amendments, the deadline is calculated from the day when this Action plan enters into force.
		105	Amendments to / adoption of an implementing act	MSDT	Up to 180 days		

15	Council Directive 96/59/EC (PCB/PCT)	106	Amendments to / adoption of an implementing act	MSDT	Up to 180 days		Highly transposed.
16	Directive 2006/21/EC (mining waste)	107	Amendments to the Law	MSDT	Before the expiry of a short-term period (1.5 years)	Necessary	Poorly transposed. Technical assistance necessary for the creation of the Study on special waste flows.
		108	Amendments to / adoption of an implementing act	MSDT	Up to 180 days		
17	Council Directive 86/278/EEC (sewage sludge)	109	Amendments to the Law	MSDT	Before the expiry of a short-term period (1.5 years)	Necessary	Highly transposed. Technical assistance necessary for the creation of the Study on special waste flows.
		110	Amendments to / adoption of an implementing act	MSDT	Up to 180 days		
18	Regulation (EC) No. 1013/2006 (shipments of waste)	111	Amendments to the Law	MSDT	Before the expiry of a short-term period (1.5 years)	Necessary	Most of the provisions of this Regulation have been implemented since the Montenegro is a signatory Basel Convention. National procedures prescribed by the Waste Management Law and secondary legislation on waste shipments were further harmonized with Regulation 1013/2006 / EC and other relevant EU acquis. Technical assistance necessary for the further harmonization.
		112	Amendments to / adoption of an implementing act	MSDT	Up to 180 days		
19	Commission Regulation (EC) No. 1418/2007 (shipments of waste)	113	Amendments to the Law	MSDT	Before the expiry of a short-term period (1.5 years)		

		114	Amendments to / adoption of an implementing act	MSDT	Up to 180 days		
20	Directive 2000/59/EC (on port reception facilities for ship-generated waste and cargo residues)	115	Amendments to the Law	MSDT, MTMA (Port Authority)	Before the expiry of a short-term period (1,5 year)	Necessary	The existing competences are not clearly defined. Montenegro plans to define the competences by the end of 2017. Cooperation among competent authorities is necessary.
		116	Amendments to / adoption of an implementing act	MSDT, MTMA (Port Authority)	Up to 180 days		
21	Regulation (EU) No. 1257/2013 (ship recycling)	117	Amendments to the Law and adoption of implementing acts	MSDT	4 years	Necessary	Competence not defined. Montenegro will determine the competent authority by the end of 2017.

5.3.2 Plan of Activities for Implementation of Legislation in the field of Waste Management

Planning documents for the implementation of regulations on waste management will envisage the measures for implementing re-use and recycling and separated collection of waste material, such as: paper, metal, plastics and glass from households, and the implementation of the principle “polluter pays” according to which the producer of waste is responsible for covering the costs of waste management, preventive action and repairing measures due to the negative impact of their plant or activities on environment and human health. Date for full implementation of Waste Framework Directive 2008/98/EC has been defined (see TABLE XXXIII: Implementation plan-Waste management), according to the macroeconomic analysis presented in the second part of this document, and it exceeds the timeframe of the National Waste Management Plan (2015-2020). Therefore, Montenegro will address implementation of this Directive in two phases. First phase will be the implementation of all the measures planned until 2020 by NWPM. Deadlines for implementation of the rest of the measures aimed at achieving full implementation of the Directive will be determined after the development of the planned DSIPs for specific directives (see TABLE XXXIII: Implementation plan-waste management). According to the macroeconomic analysis and cost of alignment (chapter 3.3.2.4. of the Economic part of the Strategy) full implementation of the EU acquis for waste management will be achieved by 2035. Principle explained in 3.2.2. Establishing a timeframe is applied and minimum 20-year period (2015-2035) is determined for the full implementation of the WFD.

With regard to the implementation of Montenegrin regulations aligned with Directive 1999/31/EC on landfill of waste, Montenegro will take into account goals related to the reduction of amounts of disposed biodegradable waste on landfills, and re-use and recycling and prevention of waste generation. Waste management principles have been applied, especially the hierarchy principle which ensures the adherence to the priority order in waste management as follows: prevention of waste generation, preparation for the re-use, recycling and other ways of processing (waste to energy) and waste disposal. Regarding the above-mentioned, additional education of citizens has also been planned related to waste separation, price incentives for citizens (pay as you throw) of municipal

services for such activities and finding adequate market for the recycled raw materials. The date for full implementation of Directive 1999/31/EC on Landfill of Waste has not been defined yet and it exceeds the timeframe of the National Waste Management Plan (2015-2020), primarily due to simultaneous remediation of unorganized waste dumps and in order to achieve the amount of biodegradable municipal waste which is disposed to landfill referred to in Waste management Law (35% of the total mass of biodegradable waste produced in 2010 shall be reached not later than by 2025) as an indicative year for the implementation of this directive is proposed 2025. Local governments are, according to National Waste Management Plan, required to produce a local waste management plan, within six months from the adoption of this plan, which must have clear responsibilities and instructions for selective waste collection at the municipal level, as well as information about uncontrolled dumpsite and measures for their rehabilitation with clear mile stones. Therefore, Montenegro will achieve full implementation of this Directive also in two phases. The first phase until 2025, taking into account measures from the NWMP until 2020, and objectives envisaged by the Waste Management Law regarding the biodegradable waste. Taking into account the macroeconomic analysis and cost of alignment (chapter 3.3.2.4. of the Economic part of the Strategy) with the EU acquis for waste management, second phase of implementation of the Directive 1999/31/EC will last until 2035, when the full implementation will be achieved.

Former implementation of the provisions of current legislation in Montenegro related to the requirements of the Directive 2006/66/EC on waste batteries and accumulators has come down to the collection and export of this type of waste, but it is also necessary to have other solutions in future in case of incapability to export. As a consequence of this, in the forthcoming period Montenegro will implement activities aimed at improvement of the system for undertaking, collecting and processing of waste batteries and accumulators, primarily through implementation of the Regulation on detailed criteria, amount and manner of paying a special fee for waste management, in order to start implementing financial responsibility of producers and importers as payment of a fee for the management of this type of waste.

Directive 2000/53/EC on end-of-life vehicles has been highly transposed in the legal system of Montenegro.

Regarding Directive 94/62/EC on packaging and packaging waste and Directive 2000/53/EC on waste electrical and electronic equipment (*WEEE*), Montenegro will plan activities for the establishment of the system for undertaking (take over waste equipment from the end user), collecting and processing of waste.

Only after appropriate implementing acts are adopted it will be possible to plan and undertake the measures for the implementation of legislation transposing Directive 2011/65/EU on the restriction of the use of certain hazardous substances in electrical and electronic equipment, as well as the measures for the implementation of legislation transposing Directive 2006/21/EC on mining waste.

Development of the Programme of soil analyses and Manual on the possibilities and manner of use of processed sewage sludge has been planned with a view to implementing Montenegrin legislation transposing Directive 86/278/EEC on the use of sewage sludge in agriculture. The organization of trainings aimed at educating persons interested in the use of processed sewage sludge has been conditioned by the consent of MARD for the use of processed sewage sludge in agriculture.

With a view to implementing the legislation transposing Directive 96/59/EC on disposal of polychlorinated biphenyls (PCBs) and polychlorinated terphenyls (PCTs), the development of National Plan for Disposal/Decontamination of Equipment containing *PCB / PCT* and *PCB / PCT* waste, has been

planned as well as the creation of a manual for identification and safe handling of equipment containing *PCB/PCT* for persons who carry out control and cancel from use *PCB/PCT* and *PCB/PCT* waste, and training of inspectors for the improvement of system of inspector supervision in this regard.

The division of competences for transposition and implementation of regulations aligned with Directive 2000/59/EC (Ship-generated waste) and Regulations (EU) No. 1257/2013, as well as for Directive 2009/16/EC (Waste ship recycling) has not been precisely defined yet. MSDT will initiate the division of competences regarding the mentioned legislation. The Government of Montenegro will take the decision based on the initiative of MSDT by the end of 2017.

TABLE XXXIII: IMPLEMENTATION PLAN – WASTE MANAGEMENT
PLAN OF PRIORITY MEASURES FOR IMPLEMENTATION OF LEGISLATION

WASTE MANAGEMENT							
No.	EU legislation		Measure	Institution	Time limit for implementation	Technical assistance	Notes
1	Directive 2008/98/EC (Waste Framework Directive)	50	I phase: implement the measures defined by the National Waste Management Plan until 2020 II phase: achieving the full implementation until 2035	MSDT LGU	2035	Necessary	National Waste Management Plan of Montenegro 2015-2020 Revision needed
2	Directive 1999/31/EC (Directive on landfill of waste)	51	I phase: implement the measures defined by the National Waste Management Plan until 2025 II phase: achieving the full implementation until 2035	MSDT LGU	2035	Necessary	National Waste Management Plan of Montenegro 2015-2020 Revision needed
3	Regulation (EC) No. 2150/2002 (waste statistics)	52	Establish a single system of data collection on types and amounts of waste	MONSTAT EPA	2018		
4	Directive 94/62/EC (Packaging and packaging waste)	53	Develop Directive Specific Implementation Plan (DSIP) Implement the measures defined by the National Waste Management Plan	MSDT LGU	2018	Necessary	National Waste Management Plan of Montenegro 2015-2020

5	Directive 2006/66/EC, Regulation (EU) No. 493/2012 and Directive 93/86/EEC (batteries and accumulators)	54	Develop Directive Specific Implementation Plan (DSIP) Improve the system for undertaking, collecting and processing of waste batteries and accumulators and implement financial responsibility of producers and importers as paying the fee for management of this type of waste in compliance with adopted Regulation	MSDT EPA AIA	2018	Necessary	National Waste Management Plan of Montenegro 2015-2020
6	Directive 2012/19/EU (waste electrical and electronic equipment - WEEE)	55	Develop Directive Specific Implementation Plan (DSIP) Establish an appropriate system for undertaking, collecting and processing of waste batteries and accumulators and implement financial responsibility of producers and importers as paying the fee for management of this type of waste in compliance with adopted Regulation	MSDT EPA AIA	2018	Necessary	National Waste Management Plan of Montenegro 2015-2020
7	Directive 2011/65/EU (hazardous substances in electrical and electronic equipment - RoHS)	56	Develop Directive Specific Implementation Plan (DSIP)	MSDT	2018	Necessary	Directive has not been transposed yet

8	Directive 2000/53/EC (V end-of-life vehicles - ELV)	57	Develop Directive Specific Implementation Plan (DSIP)	MSDT	2017	Necessary	
		58	In agreement with producers and importers, establish appropriate system for undertaking, collecting and processing this specific type of waste	MSDT EPA AIA	2018	Necessary	
9	Directive 96/59/EC (PCB/PCT)	59	Development of national plan for disposal/decontamination of equipment comprising PCB and PCB waste (NIP)	MSDT EPA	2016-2017	Necessary	Project "Sustainable Ecological PCB Management in Montenegro", activities related to the implementation of the Regulation (EC) No. 850/2004 o POPs
		60	Creation of a manual for identification and safe handling of PCB equipment in line with NIP	MSDT EPA	2017	Necessary	
10	Directive 2006/21/EC (Mining waste)	61	Develop Directive Specific Implementation Plan (DSIP)	MSDT ME	2018	Necessary	Directive is not transposed.
11	Directive 86/278/EEC, Directive 91/692/EEC (Sewage sludge)	62	Reach common agreement on conditions for the use of processed sewage sludge	MSDT MARD	2018		Implementation of regulations is ongoing.
12	Regulation (EC) No. 1013/2006 and Regulation (EC) No. 1418/2007 Regulation (EU) No. 660/2014 (Shipment of waste)	63	Improve the issuance of permits for import, export and transit of waste	EPA			Implementation of regulations is ongoing.
13	Directive 2000/59/EC (ship-generated waste)	64	Develop Directive Specific Implementation Plan (DSIP)	MTMA & MSDT Port Authority	2018	Necessary	Directive is not transposed. Competence will be defined by the end of 2017.
14	Regulation (EU) No. 1257/2013 AND Regulation (EC) No. 1013/2006 and Directive 2009/16/EC (Waste ship recycling)	65	Define competences of the institutions. Develop Directive Specific Implementation Plan (DSIP)	MSDT MTMA	2018		EU regulations have not been transposed yet. Competence will be defined by the end of 2017.

5.3.3 Plan for Upgrading of Administrative Capacities

Insufficient human resources on all levels present a constraint in the process of establishing relations in this area in the manner in which it functions in the EU member states. Administrative capacities will be upgraded in all responsible institutions in the field of waste management. Particular attention will be paid to the lack of professional human resources in the field of law and economics in MSDT and EPA.

TABLE XXXIV: ADMINISTRATIVE CAPACITIES PLAN-WASTE MANAGEMENT

PLAN FOR UPGRADING OF ADMINISTRATIVE CAPACITIES							
WASTE MANAGEMENT							
Institution	EU legislation	No. of employees (posts according to job classification rulebook)					
		2015	2016	2017	2018	2019	2020
MSDT	Directive 2008/98/EC (Waste Framework Directive) Directive 1999/31/EC (Directive on the landfill of waste) Directive 94/62/EC (packaging and packaging waste) Directive 2006/66/EC, Regulation (EU) No. 493/2012 and Directive 93/86/EEC (batteries and accumulators) Directive 2012/19/EU (waste electrical and electronic equipment - WEEE) Directive 2011/65/EU (hazardous substances in electrical and electronic equipment - RoHS) Directive 2000/53/EC (end-of life vehicles -ELV) Directive 96/59/EC (PCB/PCT) Directive 86/278/EEC, Directive 91/692/EEC (sewage sludge) Regulation (EC) No. 1013/2006 and Regulation (EC) No. 1418/2007 (shipments of waste)	4	5	6	6	8	8
EPA	Directive 2008/98/EC (Waste Framework Directive) Directive 1999/31/EC (Directive on the landfill of waste) Regulation (EC) No. 2150/2002 (waste statistics) Directive 94/62/EC (Packaging and packaging waste) Directive 2006/66/EC, Regulation (EU) No. 493/2012 and Directive 93/86/EEC (batteries and accumulators) Directive 2012/19/EU (waste electrical and electronic equipment - WEEE) Directive 2011/65/EU (hazardous substances in electrical and electronic equipment - RoHS) Directive 2000/53/EC (end-of life vehicles -ELV) Directive 96/59/EC (PCB/PCT) Directive 86/278/EEC, Directive 91/692/EEC (sewage sludge) Regulation (EC) No. 1013/2006 and Regulation (EC) No. 1418/2007 (shipments of waste) Directive 2000/59/EC (ship-generated waste) Regulation (EU) No. 2257/2013 and Regulation (EC) No. 1013/2006 and Directive 2009/16/EC (Waste ship recycling)	4	4	6	8	8	8
MARD	Directive 2008/98/EC (Waste Framework Directive; animal waste) Directive 86/278/EEC, Directive 91/692/EEC (sewage sludge)	1	1	1	1	1	1
ME	Directive 2006/21/EC (mining waste)	1	1	1	1	1	1
MH	Directive 2008/98/EC (Waste Framework Directive; on medical waste)	1	1	1	1	1	1
MONSTAT	Regulation (EC) No. 2150/2002 (on waste statistics)	1	2	2	2	2	2

The table does not include the upgrading of administrative capacities of AIA, which should be implemented in compliance with Recommendation 2001/331/EC of the European Parliament and Council. Current projection of upgrading of AIA administrative capacities needed for thorough and efficient implementation of Chapter 27: Environment and Climate Change is presented in separate tables at the end of Chapter V (5.11).

5.4 WATER QUALITY

5.4.1 Plan of Activities for Transposition of Legislation in the Field of Water Quality

Following the adoption of remaining subordinate legal regulations by the end of 2018, Montenegrin legislation will be fully harmonized with the Water Framework Directive and other EU Water Directives (Table XXXV: Transposition plan – Water Quality). Also, by the 2nd quarter of 2017 (see Table XXXV), following the adoption of the Law on Urban Waste Water Management and subordinate legal regulations pursuant to the Law (Regulation on agglomerations which will be adopted 6 months after adoption of this Law and Regulations on establishment of sensitive areas) UWWT Directive will be fully transposed into Montenegrin legal framework.

The first step in achieving a good inter-sector cooperation as far as full harmonization of national legislation with EU legal regulations is concerned, is to have a more intense work in working groups made of members from sectors in charge of relevant EU regulations.

Ministry of Agriculture and Rural Development will be the responsible focus point and it will coordinate with all activities for EU Water Directives transposition, with full support of all competent institutions, on first place of MSTD, which are in charge or dealing with some parts of EU Water Directives. Organisational structure of coordination will be done two months after adoption of Strategy.

The second step will be to use expert assistance through TAIEX program for provision of assistance in drafting of intricate acts and documents (these acts documents will be within the ownership of Montenegrin administration) such as the Program of Monitoring of surface and groundwater status and protected areas, Law on Urban Waste Water Management and subordinate legal regulations pursuant to the Law. Restructuring of ideas in field of EU Water Directives harmonisation will be done with help of experts from ICPDR, ISRBC, and neighbouring countries.

TABLE XXXV: TRANSPOSITION PLAN – WATER QUALITY
PLAN OF MEASURES FOR ACHIEVING FULL TRANSPOSITION

WATER QUALITY							
No.	EU legislation	Measure		Institution	Time limit for transposition	Technical Assistance	Notes
1	Directive 2000/60/EC (Water Framework Directive -WFD)	67	Amendments to the Law on Waters	MARD	2nd quarter of 2018	Necessary	Amendments to the Law on Waters as needed
		68	Adoption of implementing acts (Plan of Protection of Waters against Pollution, Rulebook of Water	MARD	3 rd quarter of 2018		

				Quality Standards and Criteria for Establishment of Water Status including list of Priority Substances)				
2	Commission Directive 2009/90/EC (technical analyses and monitoring of water status)	67		Amendments to the Law on Waters	MARD	2nd quarter of 2018	Necessary	
			69	Adoption of implementing acts (Amendments and Supplements to the Rulebook of Detailed Conditions for Legal Persons who carry out Water Quality Testing)		3rd quarter of 2018		
3	Directive 91/271/EEC (urban wastewater treatment - UWWT)		70	Adoption of the Law on Urban Waste Waters Management	MSDT & MARD	4th quarter of 2016	Necessary	
			71	Adoption of implementing acts (Rulebook of Establishment of Sensitive Areas)		2nd quarter of 2017		
4	Commission Decision 2014/431/EU (Formats of reporting - UWWT)		72	Adoption of the Law on Urban Waste Waters Management	MSDT	4th quarter of 2016	Necessary	
			73	Adoption of implementing acts	MARD & MSDT	2nd quarter of 2017		
5	Council Directive 98/83/EC (Drinking water)	67		Adoption of the Law	MH	1st quarter of 2017		
			74	Adoption of implementing acts (Program of Water Quality Testing for Water Supply in Water Intake Plants, Rulebook of Manner and Scope of Testing of Quality of Drinking Water, Sanitary and Technological Water, Irrigation and Bottled Water, Rulebook of Amendments and Supplements to the Rulebook of Detailed Safety Requirements for Drinking Water)	MH & MARD/W A	3rd quarter of 2018		
6	Directive 2006/7/EC (Bathing waters)	67		Amendments to the Law on Waters	MARD	2nd quarter of 2018	Necessary	
			75	Adoption of implementing acts (Rulebook of Detailed Content of the List of Bathing Waters and Participation of Public in	MARD	3rd quarter of 2018		

				the Preparation of the List, List of Bathing Waters)				
7	Directive 2006/118/EC (Ground waters)	67		Amendments to the Law on Waters	MARD	2nd quarter of 2018	Necessary	
			76	Adoption of implementing acts (Rulebook of Water Quality Standards and Criteria for Establishment of Water Status)	MARD	4 th quarter of 2018		
8	Council Directive 91/676/EEC (Nitrates)	67		Amendments to the Law on Waters	MARD	2nd quarter of 2018	Necessary	Amendments to the Law on Waters as needed
			77	Adoption of implementing acts (Decision on Establishment of Vulnerable Areas, Rulebook of Criteria for Establishment of Vulnerable Areas, Implementation of Monitoring of Nitrate Concentration from Agricultural Sources)	MARD	4 th quarter of 2018		
9	Directive 2008/105/EC (environmental quality standards in the field of water policy - EQS)	67		Amendments to the Law on Waters	MARD	2nd quarter of 2018	Necessary	
			78	Adoption of implementing acts	MARD	4 th quarter of 2018		
10	Directive 2007/60/EC (Flood risks)	67		Amendments to the Law on Waters	MARD & MI	2nd quarter of 2018	Necessary	
			79	Adoption of implementing acts	MARD & MI	3 rd quarter of 2018		
11	Directive 2008/56/EC (marine framework strategy, MSD)		80	Drafting and adoption of legal norms	MSDT	2nd quarter of 2018	Necessary	Not transposed
			81	Drafting and adoption of implementing act	MSDT	3 rd quarter of 2018		
12	Commission Decision 92/446/EEC (Questionnaires)		82	Drafting and adoption of implementing act	MARD	2018	Necessary	Amendment to the Law as needed

5.4.2 Plan of Activities for Implementation of Legislation in the Field of Water Quality

Improvement of the monitoring of surface, underground and coastal (including transitional) waters on the territory of Montenegro, together with the establishment of a Program of measures, is the basis for all further activities in the area of water resources management and preservation of their quality. The drafting of RBMPs will be completed by the end of 2019. Within one year from their adoption, planning, implementation and evaluation of a Program of measures for each individual river basin will take place. The planning, implementation and evaluation of the programme of measures is an iterative

process that will probably include the river basin management plan of the first, second (2027) and further cycles and it is connected with UWWTD implementation period (Table XXXVI). Basic measures will include control of pollution at source through the setting of emission limit values as well as through the setting of environmental quality standards. The use of economic instruments, such as water pricing, is part of the basic measures. Here, in particular, the 'polluter pays' principle will be taken into account and it will be implemented until 2020. A very important document in the sense of sustainable water management is the Water Management Strategy, which will be drafted by the end of 2017. This document will establish long-term directions and objectives of water management and quality preservation.

Implementation of environmental information system (EIS) which was launched in 2015 by EPA, which will integrate all information from the sector and make them available for reference to all sectors, represents another step towards ensuring sustainable environment and water resources management in Montenegro, and it will be connected to the Water Information System (WIS) implemented by the DW by the end of 2020.

In order to ensure full implementation of Directive 91/271/EEC related to urban waste water treatment, the following will be done:

- The construction of infrastructure, previously envisaged by Strategic master plans (construction of plants for waste water treatment, new sewage network, repairing of the existing sewage system and the like) will be continued. The plan is to increase the current number of 4 plants for waste water treatment and the portion of 67% of population connected to sewage network in urban settlements to 14 plants by 2022 with fulfilling of UWWTD standards, and 75–80% of the population. All planned plants for waste water treatment (of full capacity) in the settlements with 2000 EI (EI – equivalent inhabitants) will be constructed by 2029, while percentage of population connected to sewage network will be higher than 90% (the parts which will remain unconnected will be only those which do not have technical capability or where connection is not financially feasible in compliance with the Directive). The implementation of this goal will be achieved in phases, while greater agglomeration and vulnerable recipient agglomeration are prioritized and they will be implemented by 2022;
- The plan for implementing Directive 91/271/EEC related to urban waste water treatment will be drafted by MSDT in cooperation with LGUs, following full transposition of this Directive into the legal system of Montenegro, i.e. the adoption of enactments on agglomerations and vulnerable areas, taking into account former implemented activities and previously adopted strategic documents, completed project documentation and analysis of the situation and needs on site. In this regard, it is necessary to update the calendar of works and investments in defined agglomerations, as well as to consider the need to update master plans in the field of waste waters at the end of the second implementation phase (2019).

For the preparation of the River Basin Management Plan (RBMP) for Danube River Basin in Montenegro Danube and Sava River Basin Management Plans prepared in accordance with WFD, and under the coordination of ICPDR and ISRBC will be used to ensure consistency with the methodologies and modalities of the project outputs as much as possible. Adriatic River Basin Management Plan will be prepared with the same approach and in line with developed RBMPs of neighboring countries (Croatia, Bosnia & Herzegovina).

Improvement of the existing monitoring of surface, underground and coastal (including transitional) waters on the territory of Montenegro, will be done in accordance with WFD until the end of 2019, and establishment of a Program of measures will be done one year after adoption of River Basin Management Plans.

Making of Hazards Maps and Flood Risk Maps, defining of areas significantly jeopardized by floods and making of Flood Risk Management Plans for the Adriatic Sea Basin, and for the Danube Basin in Montenegro will be done until the 2020. For Danube and Sava River Basin in Montenegro Flood Risk Management Plans are done through ICPDR and Sava River Basin Commission, but they will need update on national level.

Directive 2006/7/EC on bathing waters will be fully implemented by the improvement of monitoring (identification of bathing waters, the length of bathing season, the establishment of monitoring calendar), the assessment of quality of bathing waters and establishment of the profile of bathing waters by the 2019.

The basis for the protection from water pollution caused by nitrates lies in the adherence to the Code of Good Agricultural Practice adopted by MARD in 2013 prepared with the support of the World Bank. Significant step is defining vulnerable zones and establishing the monitoring of surface and ground waters. Montenegro should establish the network for monitoring of measures of concentration of nitrates in surface and ground waters. Based on monitoring results, waters polluted by nitrates should be identified or waters exposed to risk of pollution by nitrates from agricultural sources, while vulnerable areas from which waters polluted by nitrates swell or filtrate into surface and ground waters, should be determined. All activities for implementation will be in accordance with Nitrate Directive, as well as C.GAP will be updated and enforced until the 2020, in coordination with Agriculture Sector within MARD.

The improvement of monitoring of drinking water and reporting, as well as the control of water in small water supply systems are significant for the implementation of regulations on the quality of drinking water, aligned with the Directive on drinking water quality will be done until the end of 2017.

RBMPs geodatabase model will be established in Water Directorate until 2019. Database model, in a form of geodatabase will be relevant for the storing of River Basin Management Plans data, and it will be designed and structured in accordance to Water Framework Directive (WFD) Reporting Guidance 2016 v4.9, INSPIRE Directive and professional requirements, SavaGIS database model, DanubeGIS database model. Geo dBase model will have open data exchange software, and reporting to EU Commission, ICPDR, Sava Commission, providing data to EIS will be much more efficient.

Close link of the Directive on Marine Strategy Development and Water Framework Directive conditions the cooperation of the sectors responsible for the implementation of these Directives. By 2020, Montenegro will conduct the initial assessment of the current state of marine ecosystem and define environmental goals and related indicators in order to achieve good environmental status. In addition to this, the definition of the programme of measures for achievement or preservation of good ecological status and monitoring programme will be carried out in order to satisfy all criteria and to prevent overlapping of certain activities, which will be elaborated in detail via the projects to be implemented. Implementation of these activities requires prior implementation of a monitoring programme, on the basis of national regulations adopted in compliance with Article 11 of the Directive, as well as the adoption of the Marine Strategy of Montenegro in compliance with requirements of Article 5 of the Directive and establishment of regional cooperation in compliance with Articles 5 and 6 of the Directive.

According by Law on Water Ministry of Agriculture is in charge for implementation of WFD and relative water directives except UWWT, Marine Directive and Drinking Water Directive. Ministry of Agriculture and Rural Development as a responsible focus point will coordinate with all activities related to implementation of EU Water Directives, with full support of all competent institutions, in aim to implement all directives by predicted periods in table below.

TABLE XXXVI: IMPLEMENTATION PLAN – WATER QUALITY

PLAN OF PRIORITY MEASURES FOR IMPLEMENTATION OF LEGISLATION							
WATER QUALITY							
No.	EU legislation	Measure		Institution	Time limit for implementation	Technical assistance	Note
1	Directive 2000/60/EC (Water Framework Directive - WFD)	29	Development of river basin management plans	WA	2019	IPA funds already programmed	
		30	Programme of measures	WA	Implementation will start one year after adoption of RBMP and basic measures will be implemented until 2020 (implementation of POM is an iterative process and POM full implementation will be in line with planned period of UWWTD implementation)		
		31	Development of Water Management Strategy	MARD WA	2017		
		32	Establishment of water information system	WA IHS	2020	IPA funds already programmed	
		33	Establishment of monitoring of surface, ground and coastal (including transitional) waters	IHS WA EPA	2019	IPA funds already programmed	
		34	Establishment of measuring stations for surface and ground waters	IHS	2019	IPA funds already programmed	

2	Commission Directive 2009/90/EC (technical analyses and monitoring of water status)	35	Providing quality assurance / quality control for the monitoring of water quality (QA / QC)	IHS EPA	2018		
3	Directive 91/271/EEC (urban wastewater treatment - UWWT) and Decision 2014/431/EU (Formats of reporting - UWWT)	36	Revision of Strategic Master Plan and development of Directive Specific Implementation Plan (DSIP) with the definition of agglomerations and vulnerable areas	MSDT LGU	2017	IPA necessary	Project application is under preparation for financing from Operational Programme 2012-2013.
		37	Follow-up of construction of urban infrastructure	MSDT LGU	Activities by revised Strategic Master Plan - 2035	IPA necessary	
		38	Preparation of reports	MSDT	Annual reports		
4	Council Directive 98/83/EC (Drinking water)	39	Improvement of the control of drinking water quality (control of small village water supply systems)	MH PHI	2017		
		40	Follow-up of construction of urban infrastructure for the supply of drinking water	MSDT LGU	Activities by Master Plan	IPA necessary	
5	Directive 2006/7/EC (Bathing waters)	41	Establishment of the monitoring of bathing waters in compliance with the Directive	HIS CZMC	2019	IPA necessary	
		42	Strengthening of laboratory capacities for monitoring and reporting	IHS EPA CZMC	2019	IPA necessary	
6	Directive 2006/118/EC (Ground waters)	43	Definition of ground water bodies	WA	2017		
		44	Establishment of the network of measuring station and monitoring of ground waters	WA IHS	2019	IPA funds already programmed	
7	Council Directive 91/676/EEC (Nitrates)	45	Determination of vulnerable zones	WA	2020		
		46	Development (preparation, definition and implementation) of action plans for all determined vulnerable zones, Identification of water polluted, or at risk of pollution, Establishment of action programmes, National monitoring and reporting	Directorate for Agriculture, WD-MARD	2020		

8	Directive 2008/105/EC (environmental quality standards in the field of water policy - EQS)	47	Improvement of monitoring and reporting system	WA IHS EPA	2020		IPA funds already programmed		
9	Directive 2007/60/EC (Flood risks)	48	Development of preliminary flood risk assessment	WA	2018	IPA necessary			
		49	Determination of areas of potential significant flood risks	MARD	2019				
		50	Preparation of flood hazard maps and flood risks maps	WA	2020				
		51	Development of flood risk management plans	WA	2020				
10	Directive 2008/56/EC (marine framework strategy, MSD)	49	Development of the Marine Strategy	1. Initial assessment of the status of marine ecosystem 2. Determination of the GES characteristics 3. Determination of the goals to achieve GES 4. Development of the monitoring programme of marine environment 5. Development of the Programme of Measures	MSDT EPA	2017 - 2020	1. 2017-2018 2. 2018 3. 2018-2019 4. 2019 5. 2020	necessary	
11	Directive 2008/56/EC (marine framework strategy, MSD)	80	Drafting and adoption of legal norms	MSDT	2nd quarter of 2018	Necessary	Not transposed		
		81	Drafting and adoption of implementing act	MSDT	3rd quarter of 2018				
12	Commission Decision 92/446/EEC (Questionnaires)	82	Drafting and adoption of implementing act	MARD	2018	Necessary	Amendment to the Law as needed		

5.4.3 Plan for Upgrading Administrative Capacities

The field of water quality in Montenegro lacks adequate administrative capacities for carrying out the duties of transposition and implementation of Montenegrin legislation aligned with EU *acquis*. The text

that follows provides a presentation of the plan for upgrading of administrative capacities within the existing institutions and they will be responsible for full and correct transposition and implementation of EU water *acquis*.

The plan for upgrading administrative capacities has been prepared based on the existing organization of water sector in Montenegro as to respond to the needs for transposition which are identified in 4.1 and implementation which are identified in 4.2 of this document.

TABLE XXXVII: PLAN FOR UPGRADING OF ADMINISTRATIVE CAPACITIES-WATER QUALITY

PLAN FOR UPGRADING OF ADMINISTRATIVE CAPACITIES							
WATER QUALITY							
Institution	EU legislation	No. of employees (posts according to job classification rulebook)					
		2015	2016	2017	2018	2019	2020
MARD	Water Framework Directive 2000/60/EC Directive 2009/90/EC on technical specifications for chemical analyses and monitoring of water status Directive 91/271/EEC related urban wastewater treatment Directive 2006/7/EC on bathing waters management Directive 2006/118/EC for the protection of ground waters from pollution Directive 91/676/EEC on the protection of waters from the pollution by nitrates from agricultural sources Directive 2008/105/EC environmental quality standards in the field of water policy Directive 2007/60/ on the assessment and management of flood risks	5	9	9	9	9	9
WA	Water Framework Directive 2000/60/EC Directive 2008/105/EC on environmental quality standards in the field of water policy Directive 2006/118/EC for the protection of ground waters from pollution Directive 2007/60/ on the assessment and management of flood risks Directive 2009/90/EC on technical specifications for chemical analyses and monitoring of water status Directive 2006/7/EC on bathing waters management Directive 91/676/EEC on the protection of waters from the pollution by nitrates from agricultural sources	2	6	8	9	10	13
MSDT	Directive 91/271/EEC (UWWTD – urban water services) Directive 2008/56/EC on Marine Strategy Water Framework Directive 2000/60/EC (WFD - urban water services)	3	5	5	5	5	5
EPA	Water Framework Directive 2000/60/EC	1	2	2	2	2	2
MH	Directive 98/83/EC on drinking water	2	3	3	3	3	3
PHI*	Directive 98/83/EC on drinking water	16	16	16	16	16	16
IMB Institute for Marine Biology	Water Framework Directive 2000/60/EC Directive 2008/105/EC on environmental quality standards in the field of water policy Directive 2009/90/EC on technical specifications for	2	3	4	4	4	4

	chemical analyses and monitoring of water status Directive 2008/56/EC on Marine Strategy						
Coastal Management Zone	Directive 2006/7/EC on bathing waters management Directive 2008/56/EC on Marine Strategy	2	2	2	2	2	2
IHS	Water Framework Directive 2000/60/EC Directive 2008/105/EC on environmental quality standards in the field of water policy Directive 2006/118/EC for the protection of ground waters from pollution Directive 2007/60/ on the assessment and management of flood risks Directive 2009/90/EC on technical specifications for chemical analyses and monitoring of water status	4	6	7	8	9	10
AIA – Directorate for Water Inspection	Water Framework Directive 2000/60/EC Directive 2009/90/EC on technical specifications for chemical analyses and monitoring of water status Directive 91/271/EEC related to urban waste water treatment Directive 2006/7/EC on bathing waters management Directive 2006/118/EC for the protection of ground waters from pollution Directive 91/676/EEC on the protection of waters from the pollution by nitrates from agricultural sources Directive 2008/105/EC on environmental quality standards in the field of water policy Directive 2007/60/ on the assessment and management of flood risks	2	3	4	5	6	7
AIA - Sanitary Inspection**	Directive 98/83/EC on drinking water	13	20	28	30	32	34
TOTAL***		23	39	43	46	49	52

*PHI – the employees of the Institute, besides other tasks, perform the analysis of the quality of drinking water.

**Planned number of employees according to job classification rulebook, but it is important to note that within AIA - Sanitary Inspection, no employee is exclusively responsible for the field of drinking water quality, but they also cover many other areas.

***Without PHI – Public Health Institute and AIA – Sanitary Inspection

The Plan for upgrading of administrative capacities presents also the current number of increase of capacities of inspectors for water in AIA – Directorate for Water Inspection, by 2020. Current projection of the strengthening of administrative capacities of AIA needed for the full and efficient implementation of Chapter 27: Environment Climate Change is presented in separate tables at the end of Chapter V (5.11).

Ministry of Agriculture and Rural Development will establish the Working Expert Group on Water in a month upon this Strategy adoption in order to ensure implementation of this Strategy and Action Plan. It will be permanent technical body for which regular meetings will be convened on weekly basis and which will be constantly active in meantime by relaying on on-line forms of communications. Important impetus to the improvement of coordination competent authorities will be generated by regular monitoring and evaluation of the results in fulfilling their obligations which are defined in this Strategy and Action Plan. Those problems which will not be possible to resolve at expert level Working Expert Group will submit for consideration to the Minister level of responsible Ministry of Agriculture and Rural Development.

5.5 NATURE PROTECTION

5.5.1 Plan of Activities for Transposition of Legislation in the Field of Nature Protection

In the nature protection subsector total of 32 measures have been identified to achieve full alignment of Montenegrin regulations with the EU *acquis*, as indicated in Table XXXVIII. Those measures will be implemented within maximum 42 months (from the date of entering into force of the Strategy and AP). However, significant number of measures will be implemented within the first 18 months of the implementation period. The implementation of several measures envisages a deadline of 30 months, whereas a period of 42 months has been envisaged only for implementation of two measures. Detailed explanation of the plan for achieving full transposition of EU *acquis* in sub-sector of nature protection is given in the text below the Table XXXVIII.

TABLE XXXVIII: TRANSPOSITION PLAN – NATURE PROTECTION

PLAN OF MEASURES FOR ACHIEVING FULL TRANSPOSITION						
NATURE PROTECTION						
No.	EU regulation	Measure	Institution	Time limit for transposition	Technical assistance	Note
1	Council Directive 92/43/EEC (Habitats)	153	Adoption of appropriate law provisions	MSDT & MARD	2 nd quarter of 2017	The goal is to achieve full transposition; Application of a general measure for improved inter-institutional cooperation
		154	Adoption of implementing acts	MSDT & MARD	2017	
2	Directive 2009/147/EC (Wild birds)	155	Adoption of appropriate law provisions	MSDT & MARD	2 nd quarter of 2017	The goal is to achieve full transposition; Application of a general measure for inter-institutional cooperation
		156	Adoption of implementing acts	MSDT & MARD	2017	
3	Council Directive 1999/22/EC (Zoo)	157	Adoption of appropriate law provisions	MARD & MSDT	2019	The goal is to achieve full transposition; Application of a general measure for inter-institutional cooperation
		158	Adoption of implementing acts	MARD & MSDT	2019	
4	Council Regulation (EC) No 338/97 (CITES)	159	Adoption of appropriate law provisions	MSDT & CA	2 nd quarter of 2017	The goal is to achieve full alignment; Application of a general measure for inter-institutional cooperation
		160	Adoption of implementing acts	MSDT & CA	2017	
5	Commission Regulation (EC) No 865/2006 (CITES)	161	Adoption of appropriate law provisions	MSDT & CA	2 nd quarter of 2017	The goal is to achieve full alignment; Application of a general measure for inter-institutional cooperation
		162	Adoption of implementing acts	MSDT & CA	2017	
6	Commission Implementing Regulation (EU) No 792/2012	163	Adoption of appropriate law provisions	MSDT & CA	2 nd quarter of 2017	The goal is to achieve full alignment; Application of a general measure for inter-

	(CITES)	164	Adoption of implementing acts	MSDT & CA	2017		institutional cooperation
7	Commission Regulation (EU) No 791/2012 (CITES)	165	Adoption of appropriate law provisions	MSDT & CA	2nd quarter of 2017		The goal is to achieve full alignment; Application of a general measure for inter – institutional cooperation
		166	Adoption of implementing acts	MSDT & CA	2017		
8	Regulation (EU) 1143/2014 (Invasive alien species)	167	Adoption of appropriate law provisions	MSDT, MARD & MTMA	2nd quarter 2018		The goal is to achieve full alignment; Application of a general measure for inter – institutional cooperation
		168	Adoption of implementing acts	MSDT, MARD & MTMA	2018		
9	Council Directive 83/129/EEC (imports of skins of certain seal pups and products derived therefrom)	169	Adoption of appropriate law provisions	MSDT, CA	2nd quarter of 2017		The goal is to achieve full alignment; Application of a general measure for inter – institutional cooperation
		170	Adoption of implementing acts	MSDT, CA	2017		
10	Regulation (EC) No 1007/2009 (trade in seal products)	171	Adoption of appropriate law provisions	MSDT, CA	2nd quarter of 2017		The goal is to achieve full alignment; Application of a general measure for inter – institutional cooperation
		172	Adoption of implementing acts	MSDT, CA	2017		
11	Council Regulation (EEC) No 3254/91 (prohibiting the use of leghold traps)	173	Adoption of appropriate law provisions	MARD & MSDT	2nd quarter 2018		The goal is to achieve full alignment; Application of a general measure for inter – institutional cooperation
		174	Adoption of implementing acts	MARD & MSDT	2018		
12	Council Regulation (EC) No 2173/2005 (FLEGT, establishment)	175	Adoption of appropriate law provisions	MARD & MSDT	2nd quarter 2018		The goal is to achieve full alignment; Application of a general measure for inter – institutional cooperation
		176	Adoption of implementing acts	MARD & MSDT	2018		
13	Commission Regulation (EC) No 1024/2008 (FLEGT, implementation)	177	Adoption of appropriate law provisions	MARD & MSDT	2nd quarter 2018		The goal is to achieve full alignment; Application of a general measure for inter – institutional cooperation
		178	Adoption of implementing acts	MARD & MSDT	2018		
14	Regulation (EU) No 995/2010 (Timber, obligations of operators)	179	Adoption of appropriate law provisions	MARD & MSDT	2nd quarter 2018		The goal is to achieve full alignment; Application of a general measure for inter – institutional cooperation
		180	Adoption of implementing acts	MARD & MSDT	2018		
15	Commission Delegated Regulation (EU)	181	Adoption of appropriate law provisions	MARD & MSDT	2nd quarter 2018		The goal is to achieve full alignment; Application of a general

	No 363/2012 (Timber, monitoring organizations)	182	Adoption of implementing acts	MARD & MSDT	2018		measure for inter – institutional cooperation
16	Commission Implementing Regulation (EU) No 607/2012 (Timber, <i>due diligence</i> system)	183	Adoption of appropriate law provisions	MARD & MSDT	2nd quarter 2019		The goal is to achieve full alignment; Application of a general measure for inter – institutional cooperation
		184	Adoption of implementing acts	MARD & MSDT	2019		

The explanation of the plan for achieving full transposition of EU acquis in sub-sector of nature protection is given below:

- **Measures 153 and 155** – These measures will be realized by adoption of new Law on Nature Protection. The Proposal of this Law was adopted by Government in December 2015. Now it is in the procedure of adoption by the Parliament of Montenegro.
- **Measures 154 and 156** - As to enforce implementation of the Law on Nature Protection and enable full transposition of the Council Directive 92/43/EEC (Habitats) and Directive 2009/147/EC (Wild birds), a number of implementing acts will be prepared and adopted. Realization of measures 154 and 156 implies adoption of the implementing acts as follows:
 - Rulebook on the criteria for determining the ecological network (2017)
 - Rulebook on the content of studies on appropriate assessment (2017)
 - Rulebook on the manner and conditions of collection, use and transport method, monitoring the state of populations and the list of species of wild animals, plants and fungi, which are used for commercial purposes with quotas (2017)
 - A list of types of habitats and species including bird species, priority habitat types and species for which sites of ecological network should be determinate (2017)
 - The criteria for determining the sites of ecological network (2017)
 - List of wild bird species that can be offered for sale live or dead, transport and hold for sale and offering for sale and their any recognizable parts or derivatives sold if they are killed, captured or acquired in accordance with Law on Nature Protection and the Law on Wildlife and Hunting (2020)
 - The act on ecological network with the borders for each site, information on the targeted species and habitats, manager unit of each site, as well as measures of protection and conservation of the ecological network (2020.)

All above listed implementing acts will be adopted in 6 months after adoption of the Law of Nature Protection except the last two for which timeline for adoption will be determined in the process of negotiation, but until 2020 as the expected date of accession of Montenegro to EU at latest.

It is important to state that full transposition of the Directive 2009/147/EC (Wild birds) requires amendments to the Law on Wildlife and Hunting (“Off. Gazette of MNE”, no. 52/08 and 48/15) and amendments to the Rulebook on hunting seasons (“Off. Gazette of MNE”, no. 60/10), that will be completed in 2018 by MARD.

- **Measures 157 and 158** – The content and form of appropriate law provisions and related implementing acts will be defined one year upon adoption of this Strategy and its Action Plan as to achieve full transposition of the Council Directive 1999/22/EC (Zoo) in 2 years upon its adoption.
- **Measures 159, 160, 161, 162, 163, 164, 165 and 166** – The appropriate legal provisions for transposition of the Council Regulation (EC) No 338/97 (CITES), Commission Regulation (EC) No 865/2006 (CITES), Commission Implementing Regulation (EU) No 792/2012 (CITES) and Commission Regulation (EU) No 791/2012 (CITES) will be established by the Law on Nature Protection which is in the process of adoption, while implementing act will be provided by adoption of the Rulebook on detailed conditions for traffic, transit, trade, way of treatment of animals during transport, species for which the license is issued, the type for which the import or export is banned, suspended or restricted, license forms, content and manner of filing notice on import and license request, the method of keeping of confiscated species, the method of marking of wild species of animals and shipments of mushrooms or plants, the content and manner of keeping the register of issued licenses 6 months upon adoption of the Law on Nature Protection.
- **Measures 167 and 168** – The appropriate legal provisions for transposition of the Regulation (EU) 1143/2014 (Invasive alien species) will be established by development of new Law on Invasive Species in 2 years upon adoption of this Strategy and its Action Plan and 6 months later the implementing act will be adopted as to enable this Law implementation.
- **Measures 169, 170, 171 and 172** – The appropriate legal provisions for transposition of the Council Directive 83/129/EEC (imports of skins of certain seal pups and products derived therefrom) and the Regulation (EC) No 1007/2009 (trade in seal products) will be established by new Law on Nature Protection which is in the process of adoption. The implementing act will be provided by adoption of the Rulebook on detailed conditions for traffic, transit, trade, way of treatment of animals during transport, species for which the license is issued, the type for which the import or export is banned, suspended or restricted, license forms, content and manner of filing notice on import and license request, the method of keeping of confiscated species, the method of marking of wild species of animals and shipments of mushrooms or plants, the content and manner of keeping the register of issued licenses 6 months upon adoption of the Law on Nature Protection.
- **Measures 173 and 174** – The appropriate legal provisions for transposition of the Council Regulation (EEC) No 3254/91 (prohibiting the use of leghold traps) will be established by new Law on Nature Protection. Legal provisions are also provided in the Law on Wildlife and Hunting (“Off. Gazette of MNE”, no. 52/08 and 48/15) which has to be amended as to make its harmonization with Regulation. Full transposition will be provided by adoption of implementing act - Rulebook on detailed conditions for traffic, transit, trade, way of treatment of animals during transport, species for which the license is issued, the type for which the import or export is banned, suspended or restricted, license forms, content and manner of filing notice on import and license request, the method of keeping of confiscated species, the method of marking of wild species of animals and shipments of mushrooms or plants, the content and manner of keeping the register of issued licenses 6 months upon adoption of the Law on Nature Protection.

- **Measures 175 , 176, 177, 178, 179, 180, 181, 182, 183 and 184** – The appropriate legal provisions for transposition of the Council Regulation (EC) No 2173/2005 (FLEGT, establishment), Commission Regulation (EC) No 1024/2008 (FLEGT, implementation), Regulation (EU) No 995/2010 (Timber, obligations of operators), Commission Delegated Regulation (EU) No 363/2012 (Timber, monitoring organizations) will be provided by amendments of the Law on Forests (“Off. Gazette of MNE”, 47/2015) in period of 2-3 years upon this Strategy and its Action Plan adoption. Full transposition of the legal provisions will be provided by adoption of the Licencing Plan as the implementing act 6 months upon adoption of the amendments of the Law on Forests.

5.5.2 Plan of Activities for Implementation of Legislation in the Field of Nature Protection

As it is presented in 5.1 harmonization of existing legislation in Montenegro with EU acquis in nature protection sub-sector will be significantly increased by adoption of new Law on Nature Protection which is now in the procedure of adoption by the Parliament of Montenegro. Therefore, in this planning phase a detailed Plan of priority actions for implementation of the legislation harmonized with the acquis cannot be presented. However it is possible to provide Action Plan which defines development and implementation of the most important activities as to implement 4 Directives and 12 Regulations in nature protection sub-sector: establishment of Natura 2000 network and preparation and implementation of specific plan for implementation of the directives and regulations. Further Action Plan provides detailed elaboration of these activities through a number of actions which follow structure and content of EU nature protection acquis related requirements. For development of the specific implementation plans the funds will be provided in the budget for 2017 as to enable us to start with their implementation in 2017. The structure and content of actions follow the needs and gaps related to capacities to implement EU acquis in nature protection sub-sector which are presented in 5.2.

TABLE XXXIX: ACTION PLAN – NATURE PROTECTION

PLAN OF PRIORITY MEASURES FOR IMPLEMENTATION OF LEGISLATION

NATURE PROTECTION

No.	EU regulation	Activity	Actions	Institution	Deadline of implementation	Technical assistance	Note
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1	Directive 92/43/EEC (Habitats)	89		<p>Create the basis for field researches in preparatory phase of the process of Natura 2000 establishment (increase knowledge on obligations related to establishment of Natura 2000; finalize habitats and species reference lists; set up the boundaries of biogeographical regions and possible amendments of the Annexes; define the concept of Natura 2000 in Montenegro; confirm national pSCI and SPA selection methodology and criteria)</p>	MSDT EPA		2016-2017		<p>IPA project: Europe Aid 137266/DH/SER/ME has been launched in April 2016 and will provide key technical assistance for realization of the actions listed under activity "Establishment of Natura 2000 network".</p>
2	Directive 2009/147/EC (Wild birds)	90	Establish Natura 2000 network			2016 - 2020		Necessary	<p>MSDT has initiated and realized a number of actions with the aim to support establishment of Natura 2000 network. It is important to mention 2 important project proposals which are in the process of consideration by UNEP as to submit them to GEF for a approval in 2016:</p> <ul style="list-style-type: none"> -Promoting Protected Areas Management through Integrated Marine and Coastal Ecosystems Protection in Coastal Area of Montenegro, -Implementation of Ecosystem Approach in the Adriatic Sea through Marine Spatial Planning (of relevance for MSFD, but also for Habitat Directive).
				<p>Collect data to prepare proposal of pSCI and SPA (prepare inventory of sites -field habitat mapping and field species data gathering);</p>			2016-2020		
				<p>Validate data and make gap analyses</p>			2019		
				<p>Prepare SDF and each pSCI and SPA</p>			2019-2020		
				<p>Define general measures for conservation of proposed pSCI and SPA</p>			2020		
				<p>Adopt national Decision on ecological network (see transposition table XXXVIII, measure 156)</p>	MSDT, EPA, MARD, local authorities, IA, PENP and PECM			2020	<p>The results of MEDMPAnet project and CAMP Montenegro which were realized in cooperation with UNEP/MAP, Regional Centre for</p>

				<p>Prepare for establishment of the system for monitoring the conservation status of habitats and species (develop draft of the monitoring plan)</p>		2019-2020		<p>Special Protection Areas (SPA RAC) and Priority Action Programme Regional Activity Centre are relevant for marine and coastal biodiversity.</p>
				<p>Establish a system to ensure reporting on implementation of Directive</p>		2020		<p>In the framework of bilateral cooperation with the Italian Ministry for the Environment, Land and Sea under the a</p>
				<p>Strengthen administrative capacities (appropriate assessment procedures, trainings and pilot cases, measures of protection, management of sites, enforcement, monitoring and reporting methodologies)</p>		2016-2020		<p>number of coastal and marine biodiversity related projects have been realized, such as "Establishment of protected marine area Katič in Montenegro and a assessment of marine and coastal ecosystems along the coast" (MPA2 project).</p>
				<p>Define measures to ensure that bird populations are maintained at appropriate levels, both inside and outside SPA; define measures to protect the habitats of Annex I species and regularly occurring migratory species;</p>		2019. 2020.		<p>These projects, among other results, enabled identification of the most important and most precious zones for protection of marine ecosystems (7 significant zones have been recommended, GIS database has been created which may serve as the basis for further development and validation, vulnerability assessment have been done, etc.).</p> <p>The Project "Mapping of key marine habitats in the Mediterranean and promoting their conservation through the establishment of Specially Protected Areas of Mediterranean Importance (SPAMI) - (MEDKEYHABITATS project) is in the process of finalization in cooperation with</p>

									SPA/RAC (detailed mapping of habitats in the two selected marine pilot sites). Within the framework of IPA project "Cross Border Marine Natura 2000 Mapping, Monitoring and Management – 4M project" mapping of habitat and species at one additional site will be conducted.
3	Directive 1999/22/EC (keeping of wild animals in zoos)	91	Prepare and implement specific plan for implementation of the directive (DSIP)	<p>Define animals relevant for keeping in zoo and determine derogations for small zoo by using experience from EU and MSs (with assistance of an expert from EU/MS)</p> <p>Establish licensing system for zoo</p> <p>Improve cooperation and coordination between responsible authorities</p> <p>Improve system of keeping records in zoo register</p> <p>Establish the rescue centre for wild animals</p>	MSDT EPA AFSVPA IA Local authorities	2017 - 2018	2017 2017 2017 2018	Necessary	
4	Regulation (EC) no. 338/97, Regulation (EC) no. 865/2006, Regulation (EU) no. 792/2012, Regulation (EU) no. 791/2012, (CITES)	92	Prepare and implement specific implementation plan with staff training plan in Environmental Protection Agency, Ministry of Finance – Customs Administration, Administration for Inspection Affairs	<p>Prepare training plan</p> <p>Implement training plan</p> <p>Provide additional necessary infrastructure (rescue centre, and adequate equipment at borders where confiscated species of wild flora and fauna can be safely preserved)</p>	MSDT MF- Customs Administration, Inspection administration	2017 - 2020	2017. 2017-2020. 2019.-2020.	Necessary	

5	Regulation (EU) 1143/2014 (Invasive alien species)	93	Prepare and implement specific implementation plan.	<p>Define national list of invasive alien species</p> <p>Prepare comprehensive analysis of the pathways of unintentional introduction and spread of invasive alien species in territory of Montenegro</p> <p>Establish and apply effective management measures for invasive alien species</p> <p>Establish a surveillance system of invasive alien species</p>	MSDT MTMA MRAD EPA VA IA CA Phytosanitary administration	2018 - 2020	2018 2019 2019 2020	Necessary	
6	Directive 83/129/EEC (importation of skins of certain seal pups and products derived therefrom)	94	Prepare and implement specific implementation plan	Provide appropriate staffing arrangements of the custom officers and necessary trainings related to inspection of shipments	MSDT EPA CA IA PA	2017 - 2020	2017	Necessary	
7	Regulation (EC) no. 1007/2009 (Trade in seal products)			Strengthen capacities for identification of seal products			2017		
				Establish monitoring system to prohibit import of seal products and to enable application of requisite import procedures by the customs departments			2018		
				Prevent commercial import of products listed in the Annex			2020		

8	Council Regulation (EEC) no. 3254/91 (prohibiting the use of leghold traps)	95	Regulate the implementation more precisely	Prohibit import of pelts and goods from countries other than those listed in the Annex to Decision 98/596 EC	MARD FA MSDT IA CA PA	2017 - 2018	2017	Necessary	
				Strengthen enforcement system			2017		
				Implement certification procedure for imports of pelts and goods (Art. 4)			2018		
				Implement an effective monitoring and enforcement system			2018		
9	Regulation (EC) no. 2173/2005 and Regulation (EC) no. 1024/2008 (FLEGT)	96	Prepare and implement specific implementation plan	Prevent illegal cross-border activities and provide improved coordination of border services	MARD FA IA CA PA	2017 - 2018	2017	Necessary	
				Establish FLEGT licenses shame			2018		
10	Regulation (EU) no. 995/2010, Regulation (EU) no. 363/2012 and Regulation (EU) no. 607/2012 («Timber»)	97	Prepare and implement specific implementation plan	Prevent illegal cross-border activities and provide improved coordination of border services	MARD FA IA CA PA	2017 - 2020	2017	Necessary	
				Define areas that are particularly vulnerable when it comes to illegal logging and other illegal activities			2017		
				Define institution which is responsible for monitoring and issuing of the certificate documents			2018		
				Establish forest information system and monitoring system logs (bar codes)			2020		

5.5.3 Plan for Upgrading Administrative Capacities

Since existing administrative capacities in key institutions for transposition, implementation and monitoring of implementation of legislation in nature protection sub-sector need to be upgraded, Government of Montenegro is committed to address these needs as follows: 1) to recruit new

employees; 2) to reorganize existing institutional organization with the aim to transfer competent employees to foster administrative capacities in nature protection sub-sector, and 3) to use TAIEX assistance. At present, existing administrative capacities cannot ensure the efficient implementation of the current national legislation in the area of nature protection, keeping in mind the fact that significant regulations still have to be harmonized with EU regulations. Following capacity gaps which are presented in 5.1 and 5.2 which are related both to transposition and implementation of EU nature protection acquis the Plan for Upgrading of Administrative Capacities is developed. It is presented below in Table XL. The projected increase in number of employees provides realistic plan to make optimal use of existing capacities and to upgrade them with new employees. Significant improvements may be achieved through reorganization of present institutional set up in the field of environmental protection and its further upgrade by increasing a number of employees where necessary as to fully apply present Classification Rulebook.

Administrative capacities both at national and local level will have to be significantly strengthened in particular those related to application of appropriate assessment, compensatory measures and other specific knowledge related to the proper application of EU Directives and Regulation in nature protection subsector, including the Habitat and the Bird directives with regards to establishment of the NATURA 2000 network. Particular attention will be paid to developing strong inspection network which is capable to enforce the prescribed protection regime in designated nature protected areas. Training activities related to transposition of EU acquis will rely on all available instruments in the process of accession of Montenegro to EU, but having focus on potentials of TAIEX and Twinning programmes (necessary trainings are planned within the support from TAIEX for capacity building and IPA funds). National programs to support the process (conferences, seminars, workshops and round tables) will be financed from the state budget, etc. Special training is needed for CA, PA, AIA etc related to trade in endangered species, in order to ensure the proper enforcement of the regulations.

This Strategy and its Action Plan establish the commitment of MSDT and other authorities with responsibilities in nature protection sub-sector that will be turned into obligation upon their adoption by the Government of Montenegro. Upon full transposition of all relevant EU regulations and relying on the findings of the evaluation of the results of application of this plan for upgrading of administrative capacities, additional analysis of existing administrative capacities will be required as to further concentrate all available capacities for efficient implementation of EU nature protection acquis. The most relevant needs with regard to the capacities for implementation are recognized in the actions that are listed above in Table XXXIX in 5.5.2.

TABLE XL: ADMINISTRATIVE CAPACITIES PLAN – NATURE PROTECTION

PLAN FOR UPGRADING OF ADMINISTRATIVE CAPACITIES							
NATURE PROTECTION							
Institution	EU regulation	Number of employees (posts according to job classification rulebook)					
		2015	2016	2017	2018	2019	2020
MSDT	Directive 92/43/EEC (Habitats) Directive 2009/147/EC (Wild birds) Directive 1999/22/EC (keeping of wild animals in zoos) Regulation (EC) no. 338/97, Regulation (EC) no. 865/2006, Regulation (EU) no. 792/2012, Regulation (EU) no. 791/2012, (CITES) Regulation (EU) 1143/2014 (Invasive alien	1	3	3	4	4	4

	species) Directive 83/129/EEC (importation of skins of certain seal pups and products derived therefrom) Regulation (EC) no. 1007/2009 ()						
EPA*	Directive 92/43/EEC (Habitats) Directive 2009/147/EC (Wild birds) Directive 1999/22/EC (keeping of wild animals in zoos) Regulation (EC) no. 338/97, Regulation (EC) no. 865/2006, Regulation (EU) no. 792/2012, Regulation (EU) no. 791/2012, (CITES) Regulation (EU) 1143/2014 (Invasive alien species) Directive 83/129/EEC (importation of skins of certain seal pups and products derived therefrom) Regulation (EC) no. 1007/2009 (Trade in seal products)	3	5	6	8	8	8
MARD	Directive 92/43/EEC (Habitats) Directive 2009/147/EC (Wild birds) Directive 1999/22/EC (keeping of wild animals in zoos) Regulation (EC) no. 2173/2005 and Regulation (EC) no. 1024/2008 (FLEGT) Regulation (EU) no. 995/2010, Regulation (EU) no. 363/2012 and Regulation (EU) no. 607/2012 («Timber»)	1	1	3	3	3	3
VETERINARY ADMINISTRATION	Directive 1999/22/EC (keeping of wild animals in zoos)	1	1	1	1	1	1
FA	Council Regulation (EEC) no. 3254/91 (prohibiting the use of leghold traps) Regulation (EC) no. 2173/2005 and Regulation (EC) no. 1024/2008 (FLEGT) Regulation (EU) no. 995/2010, Regulation (EU) no. 363/2012 and Regulation (EU) no. 607/2012 («Timber»)	1	1	2	2	2	2
TOTAL		7	11	15	18	18	18

* Within EPA, there are additional 14 jobs and employed state employees who have been specialized for research of certain types of flora and fauna

The responsibilities in the AIA regarding the inspection of implementation of legislation in the field of nature protection have been divided between the Department for Inspection of Forestry, Hunting and Plant Protection and Department for Environment Inspection. Therefore six environment inspectors, which cover the inspection of implementation of legislation in all areas of environment protection, have not been envisaged specifically for nature protection within the Plan for Upgrading of Administrative Capacities. The issue of strengthening the capacities of the inspection authority has to be dealt with in general for all EU *acquis* subsectors of the environment sector, as well as the issue of potential overlapping of responsibilities of environment inspectors for nature protection and inspectors for forestry, hunting and plant protection.

The Plan for administrative capacities does not include the capacities of the Customs Administration, which performs the control of import – export of protected plants and animals (*CITES*), as well as import of skins of marine mammals-seals and products derived therefrom.

Current projection of the strengthening of administrative capacities of AIA needed for the full and efficient implementation of Chapter 27: Environment and Climate Change is presented in separate tables at the end of Chapter V (5.11).

It is not only important to reorganize existing institutional structure and to increase number of employees. Establishment of the coordination mechanism of all institutional capacities in nature protection sub-sector is equally important. Therefore it will be created upon adoption of this Strategy and its Action Plan as the integral part of the overall structure for the process of Montenegro's accession to EU and Montenegro's negotiation on Chapter 27. It will rely on positive experience and practice related to functioning of the most important coordination mechanisms such as the functioning of the National Council for Sustainable Development, Climate Change and Integrated Coastal Zone Management and its expert working bodies in period from 2002 to present. Thus the **Working Expert Group on Nature Protection** will be established in a month upon this Strategy adoption in order to foster implementation of this Strategy and Action Plan. It will be permanent technical body for which regular meetings will be convened on weekly basis and which will be constantly active in meantime by relaying on on-line forms of communications. Important impetus to the improvement of coordination between MSDT and EPA, as the leading authorities for nature protection and MARD, FA, VD, customs authorities, PA, MJ, AIA, National Parks, of Montenegro, Coastal Zone Management Company and research institutions (universities, Marine Biology Institute-MBI, Natural History Museum) which share some of responsibilities with MSDT in the field of nature protection will be generated by regular monitoring and evaluation of the results in fulfilling their obligations which are defined in this Strategy and Action Plan. Those problems which will not be possible to resolve at expert level Working Expert Group will submit for consideration to upper level of coordination structure of Montenegro's negotiation on Chapter 27. The special attention will be attached to collection and smart use of the results of other nature protection related activities which will be realized by stakeholders out of public sector in particular those which will be implemented by non-governmental sector which provides contribution to protection of significant natural values of Montenegro for decades now.

The **Working Expert Group on Nature Protection** will perform the following functions:

- Mitigation and overcoming of the gaps caused by the fact that the articulated institutional organization, rendered even more complicated with fragmented and insufficiently differentiated competences among above listed competent national authorities in field of nature protection, is not followed by the appropriate structures and mechanisms of coordination,
- Application of the mechanisms of institutional coordination and unobstructed flow of information in the process of implementation of this Strategy and Action Plan,
- Functional inter-sectorial horizontal coordination at the national level among MSDT and other above listed governmental authorities with responsibilities in nature protection sub-sector,
- Functional vertical coordination between national administration level and local self-governments contributing also to inter-sectorial horizontal coordination among local self-governments.

Successful fulfilment of the stated functions will enable efficient exert steering over the implementation of the Strategy and Action Plan, providing its advisory support to the Montenegro's negotiation structure on Chapter 27.

5.6 INDUSTRIAL POLLUTION

5.6.1 Plan of Activities for Transposition of Legislation in the Field of Industrial Pollution

The alignment of Montenegrin legislation with the EU legislation on the industrial pollution control is planned through implementation of a total of 14 measures shown in Table XLIII. In view of exceptional

complexity of issues related to industrial pollution and certain experiences gained in the past period, full alignment of Montenegrin legislation with the relevant EU legislation is envisaged by implementation of the abovementioned measures within a period from 15 to 36 months. At the very beginning when the period for transposition of Directive 2010/75/EU (industrial emissions) starts to run Montenegro will prepare detailed analysis of the existing regulatory framework in this subsector, which will enable clear planning of all aspects of transposition of that Directive (which includes, in addition to the adoption of a separate new law, amendments to several existing laws).

As regards regulating matters which are regulated by national legislation on a voluntary basis in accordance with the EU eco-management policy, the time limit of 42 months has been set for taking measures, if any, which would implement that EU policy in Montenegro.

To implement envisaged measures successfully, the MSDT will ask for technical assistance from the EU.

TABLE XLI: TRANSPOSITION PLAN – INDUSTRIAL POLLUTION

PLAN OF MEASURES FOR ACHIEVING FULL TRANSPOSITION							
INDUSTRIAL POLLUTION							
No.	EU legislation	Measure		Institution	Time limit for transposition	Technical assistance	Notes
1	Directive 2010/75/EU (industrial emissions)	118	Drafting and adoption of a Law on Industrial Emissions	MSDT	2 years	Necessary	Prior analysis is necessary (identifying whether it is necessary to amend other laws)
		119	Drafting and adoption of implementing acts	MSDT	180 days		
2	Directive 2001/80/EC (LCP) that is Chapter III of the IED	120	Drafting and adoption of a Law on Industrial Emissions	MSDT	2 years	Necessary	Not transposed
		121	Drafting and adoption of implementing acts	MSDT	180 days		
3	Directive 2012/18/EU (Seveso III)	122	Drafting and adoption of laws	MSDT & DEM (MI)	1 year	Necessary	Not transposed
		123	Drafting and adoption of implementing acts	MSDT & DEM (MI)	90 days		
4	Regulation (EC) No 166/2006 (EPRT)	124	Amendments to the laws	MSDT	1 year	Necessary	Amending the laws as needed (fulfilling commitments under the PRTR Protocol)
		125	Drafting and adoption of implementing act on PRTR of Montenegro	MSDT	180 days		
5	Regulation (EC) No 66/2010 (Ecolabel)	126	Amendments to the laws	MSDT	1 year		Amendments to the laws, as needed, at the most appropriate time as determined by the MSDT,
		127	Drafting and adoption of	MSDT	180 days		

			implementing act				provided that both systems are implemented before expiry of a 4-year time limit
6	Commission Decision 2012/481/EU (Ecolabel)	128	Amendments to the laws	MSDT	1 year		
		129	Drafting and adoption of implementing act	MSDT	180 days		
7	Regulation (EC) No 1221/2009 (EMAS)	130	Amendments to the laws	MSDT	1 year		
		131	Drafting and adoption of implementing act	MSDT	180 days		

5.6.2 Plan of Activities for Implementation of Legislation in the Field of Industrial Pollution

Activity plan for implementation of legislation in the field of industrial pollution in the period up to 2020 envisages key measures relating primarily to the implementation of laws and implementing acts aligned with key directives, Directive 2010/75/EU on industrial emissions (IED) and Directive 2012/18/EU on the control of major-accident hazards involving dangerous substances (SEVESO III). Seveso plants have not been identified yet in Montenegro. Identification will be carried out following the alignment of national legislation with SEVESO III Directive, in cooperation with MSDT, EPA and MI – Directorate for Emergency Management. It has also been planned to set up a register of polluters with data on emissions in accordance with E-PRTR Regulation (EC) No 166/2006 and to initiate the activities for the implementation of EMAS mechanism and Ecolabel.

TABLE XLII: IMPLEMENTATION PLAN - INDUSTRIAL POLLUTION

PLAN OF PRIORITY MEASURES FOR IMPLEMENTATION OF LEGISLATION							
INDUSTRIAL POLLUTION							
No.	EU legislation	Measure		Institution	Time limit for implementation	Technical assistance	Note
1	Directive 2010/75/EU on industrial emissions (IED) and Directive 2001/80/EC on large combustion plants (LCP) that is Chapter III of the IED	66	Develop Directive Specific Implementation Plan (DSIP)	MSDT	2017	Necessary	
		67	Establish and upgrade procedures for granting of permits in accordance with the IED	MSDT EPA	2018		
2	Directive 2012/18/EU on the control of major-accident hazards involving dangerous substances (SEVESO III)	68	Identify SEVESO plants in Montenegro	MSDT in cooperation with MI EPA AIA	2017		Key measures for implementation of legislation relating to SEVESO III Directive, to be planned in DSIP already and implemented following the adoption of legislation
		69	Develop Directive Specific Implementation Plan (DSIP)	MSDT in cooperation with MI	2017	Necessary	

3	Regulation (EC) No 166/2006 on the register of polluters (EPRTR)	70	Set up register of polluters (PRTR) with a database on polluters' emissions	EPA	2017	Necessary	
4	Regulation (EC) No 66/2010 on Ecolabel	71	Designate competent body and product-certification scheme for the award of Ecolabel.	MSDT EPA	2020		Implementation activities to be planned following the adoption of implementing acts
5	Regulation (EC) No 1221/2009 (EMAS)	72	Start preparatory activities for the setting up of EMAS system in Montenegro	MSDT EPA	2020		Implementation activities to be planned following the adoption of implementing acts

5.6.3 Plan for Upgrading Administrative Capacities

The proposed plan for strengthening of the capacities of key institutions (MSDT and EPA) gives an estimate of the minimum human resources needed. Accurate estimates can be made only after detailed analysis of the scope of activities of each civil servant for full implementation of individual pieces of legislation.

TABLE XLIII: ADMINISTRATIVE CAPACITIES PLAN - INDUSTRIAL POLLUTION

PLAN FOR UPGRADING OF ADMINISTRATIVE CAPACITIES							
INDUSTRIAL POLLUTION							
Institution	EU legislation	No. of employees (posts according to job classification rulebook)					
		2015	2016	2017	2018	2019	2020
MSDT	Directive 2010/75/EU on industrial emissions (IED) and Directive 2001/80/EC on large combustion plants (LCP) Directive 2012/18/EU on the control of major-accident hazards involving dangerous substances (SEVESO III) Regulation (EC) No 166/2006 on the register of polluters (EPRTR) Regulation (EC) No 66/2010 on Ecolabel Regulation (EC) No 1221/2009 (EMAS)	1	3	3	4	4	4
EPA	Directive 2010/75/EU on industrial emissions (IED) and Directive 2001/80/EC on large combustion plants (LCP) Directive 2012/18/EU on the control of major-accident hazards involving dangerous substances (SEVESO III) Regulation (EC) No 166/2006 on the register of polluters (EPRTR) Regulation (EC) No 66/2010 on Ecolabel Regulation (EC) No 1221/2009 (EMAS)	4	4	8	8	8	8
MI	Directive 2012/18/EU on the control of major-accident hazards involving dangerous substances (SEVESO III)	1	1	1	1	1	1
TOTAL		6	8	12	13	13	13

The table does not include the upgrading of administrative capacities of AIA, which should be implemented in compliance with Recommendation 2001/331/EC of the European Parliament and Council. With the current number of only six inspectors and two more inspectors for waters it is not possible to carry out effective inspection supervision of the implementation of all legislative acts aligned with the EU environmental *acquis*. Current projection of upgrading of AIA administrative capacities needed for thorough and efficient implementation of Chapter 27: Environment and Climate Change is presented in separate tables at the end of Chapter V (5.11).

5.7 CHEMICALS

5.7.1 Plan of Activities for Transposition of Legislation in the Field of Chemicals

Full alignment of Montenegrin legal framework for chemicals with the EU legislation will be achieved by implementation of a total of 21 measures set out in Table XLV. The period in which full alignment of Montenegrin legislation with the EU requirements is to be achieved is projected at no longer than one year.

TABLE XLIV: TRANSPOSITION PLAN - CHEMICALS

PLAN OF MEASURES FOR ACHIEVING FULL TRANSPOSITION											
CHEMICALS											
No.	EU legislation	Measure		Institution	Time limit for transposition	Technical assistance	Notes				
1	Directive 2004/42/EC (VOCs "Paints")	132	Amendments to / a adoption of implementing act	MSDT	2017		Largely transposed				
2	Regulation (EC) No 1907/2006 (REACH)	133	Amendments to the Law	MSDT	2016	Necessary (ECHA)	Additional regulation needed				
		134	Amendments to / a adoption of implementing act	MSDT	2017						
3	Regulation (EC) No 1272/2008 (CLP)	135	Amendments to the Law	MSDT	2016		Necessary (ECHA)	Additional regulation needed			
		136	Amendments to / a adoption of implementing act	MSDT	2017						
4	Regulation (EC) No 528/2012 (Biocides)	137	Adoption of the Law	MSDT	2016			Necessary (ECHA)	Additional regulation needed		
		138	Adoption of implementing acts	MSDT	2017						
5	Regulation (EU) No 649/2012 (export and import of hazardous chemicals)	139	Amendments to the Law	MSDT	2016				Necessary (ECHA)	Additional regulation needed	
		140	Amendments to / a adoption of implementing act	MSDT	2017						
6	Regulation (EC) No 1102/2008 (export and storage of metallic mercury)	141	Adoption of the Law	MSDT	2016					Necessary (ECHA)	These matters are partially regulated in Montenegro
		142	Amendments to / a adoption of implementing act	MSDT	2017						
7	Regulation (EC) No 648/2004 (detergents)	143	Amendments to the Law	MSDT	2016						Necessary (ECHA)
		144	Amendments to / a adoption of implementing act	MSDT	2017						
8	Regulation (EC) No 850/2004 (POPs)	145	Adoption of the Law	MSDT	2016	Necessary (ECHA)					
		146	Amendments to / a adoption of implementing act	MSDT	2017						
9	Council Directive 87/217/EEC (asbestos)	147	Adoption of the Law	MSDT	2016		Necessary (ECHA)				
		148	Amendments to / a adoption of implementing act	MSDT	2017						
10	Directive 2004/9/EC (Verification - Good laboratory practice)	149	Adoption of the Law	MSDT ME ATCG	2016			Necessary (ECHA)			
		150	Amendments to / a adoption of implementing acts	MSDT ME ATCG	2017						
11	Directive 2010/63/EU (protection of animals used for scientific purposes)	151	Adoption of the Law	MARD	2016				Necessary (ECHA)		
		152	Amendments to / a adoption of implementing acts	MARD AFSVPA	2017						

5.7.2 Plan of Activities for Implementation of Legislation in the Field of Chemicals

Activity plan for implementation of legislation relating to chemicals includes key measures for setting up a register of chemicals and biocides, helpdesk service and poison (control) centre, as well as measures of further training of employees in key institutions. Specific measures have also been planned for setting up records of collection, storage and export of metallic mercury and preparing plan for recording and safe handling of asbestos and asbestos products.

TABLE XLV: IMPLEMENTATION PLAN- CHEMICALS

PLAN OF PRIORITY MEASURES FOR IMPLEMENTATION OF LEGISLATION							
CHEMICALS							
No.	EU legislation	Measure		Institution	Time limit for implementation	Technical assistance	Note
1	Regulation (EC) No 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)	73	Set up a register of chemicals in accordance with REACH Regulation	EPA	2019	Necessary	Setup of register of chemicals (strengthening the professional and technical capacity of EPA) will be implemented through IPA II 2014-2020. (Activity 4.6.)
		74	Set up Helpdesk service to assist users	EPA	2018	Necessary	Setup of helpdesk (strengthening the professional and technical capacity) will be implemented through (IPA II) 2014-2020. (Activity 4.6.)
		75	Prepare and implement a training plan for human resources in EPA	MSDT EPA	2017-2020	Necessary	Technical assistance by ECHA. Within IPA project implemented by ECHA, few study visits will be organised to one of the EU countries with a view to becoming familiar with the operation of Helpdesk and implementation of REACH

2	Regulation (EC) No 1272/2008 on classification, labelling and packaging of substances and mixtures (CLP)	76	Establish "Poison (Control) Centre" - (body responsible for receiving information relating to emergency health response) and implement further training of human resources (toxicology)	MH	2018	Necessary	Chemicals Management Strategy 2015-2018 also provides for establishment of a Poison (Control) Centre in 2018. Conclusion of the Government of Montenegro from 18 May 2016 obliges the Ministry of Health to establish Poison Control Unit with trained doctors and medical toxicology specialists, within the Clinical Centre by 2018.
			Prepare and implement a training plan for human resources in EPA	MSDT EPA	2017-2020	Necessary	Technical assistance by ECHA. Within IPA project implemented by ECHA, few study visits will be organised to one of the EU countries with a view to becoming familiar with the operation of Helpdesk and implementation of CLP
			Reporting on communication on safe use of chemicals	EPA	2016- continuously		EPA in cooperation with professional institutions will continue to organize round tables, workshops as well as continuous informing manufacturers, importers, downstream users and other interested parties for safe management of chemicals

3	Regulation (EC) No 528/2012 (making available on the market and use of biocidal products)	77	Set up and maintain a register of biocidal products that have been placed on the market	EPA	2019		Setup of register of chemicals (strengthening the professional and technical capacity) will be implemented through (IPA II) 2014-2020. (Activity 4.6.)
		78	Prepare and adopt a plan for the implementation of laws and implementing acts	MSDT EPA	2017	Necessary	Technical assistance by ECHA
		79	Prepare (in 2017) and ensure the implementation of a training plan for human resources in EPA (2017-2020)	EPA MSDT	2017 – 2020	Necessary	Technical assistance by ECHA
4	Regulation (EU) No 649/2012 (export and import of chemicals - PIC)	80	conduct PIC procedure in accordance with this Regulation and the Rotterdam Convention	EPA	2016 - continually		
			Building capacity (human resources) to fulfill obligations under the Rotterdam convention in protecting human health and the environment from hazardous chemicals	MSDT, EPA, CA	2017-2020	Necessary	Through technical assistance of Rotterdam convention intended for developing country parties and parties with economies in transition
4	Regulation (EU) No 649/2012 (export and import of chemicals - PIC)	80	Establish and conduct PIC procedure in accordance with this Regulation and the Rotterdam Convention	EPA	2017		
5	Regulation (EC) No 1102/2008 (export and storage of metallic mercury)	81	Ensure control and keep records of collection, storage and export of metallic mercury	EPA AIA	2017-2018		Project on “Preparation for ratification and implementation of the Minamata Convention on Mercury– Initial Assessment for Montenegro” will last for two years (2016-2018).
6	Regulation (EC) No 648/2004 (Detergents)	82	Issuing authorisations for the use of a surfactant (industrial detergent)	EPA AIA	Implemented		Chapter 1 - Free movement of goods

7	Regulation (EC) No 850/2004 (POPs)	83	Establishing release inventory of POPs into water and soil, and upgrading the release inventory of POPs into the air through the Environmental Monitoring Programme	EPA AIA	2017-2021	Necessary	Issues relating to PCBs/PCTs are dealt with under the project on "Sustainable eco-management of PCBs in Montenegro", related to Directive 96/59/EC (PCBs/PCTs)
			Updating the National implementation plan for Stockholm convention	MSDT, EPA, CETI	2016--2018		Updating the NIP will be done through the GEF project; „Review and update of the national implementation plan for the Stockholm Convention on Persistent Organic Pollutants (POPs) in Montenegro. The objectives of the NIP updating are a) to comply with Article 7 of the Stockholm Convention by updating the National Implementation Plans on Persistent Organic Pollutants (POPs); and b) to build capacity in NIPs updating.
8	Directive 87/217/EEC, Directive 91/692/EEC and Regulation (EC) No 807/2003 (Asbestos)	84	Identification of problems and drafting of action plan with measures for the protection against harmful effects of asbestos (Directive Specific Implementation Plan - DSIP)	MSDT EPA	2017		Initiate immediately the activities for the implementation of legislation
		85	Drafting of a manual for handling the materials containing asbestos fibres (loose or bound asbestos)	EPA	2017		

		86	Informing the public on the harmful effects of asbestos and on handling the waste containing asbestos	EPA	2017		
9	Directive 2004/42/EC (VOC – volatile organic compounds in coatings – “paints and varnishes”)	87	Carry out effective inspection supervision over the market (import) of paints, varnishes and other types of coatings, containing volatile organic compounds.	AIA	2017		
10	Directive 2010/63/EU (protection of animals used for scientific purposes)	88	Issuing permits for use of animals for scientific purposes	AFSVPA	2018		

5.7.3 Plan for Upgrading Administrative Capacities

The administrative capacities for effective transposition, implementation and enforcement of most legislative acts related to chemicals are extremely small both in terms of the number of employees in competent institutions and in terms of their qualifications. This especially relates to key competent institutions such as MSDT (one civil servant), EPA (four posts according to the job classification rulebook) and AIA – environmental inspectorate employing only six inspectors for the entire area of environmental protection who do not possess required additional expert knowledge to perform inspection supervision in the area of chemicals. The proposed plan of necessary human resources with chemical, medical (toxicologists) or other related (natural sciences) qualifications contains provisional minimum of human resources required for the effective implementation of legislation. Full transposition and implementation of legislation in the field of chemicals will be achieved through the maximum utilization of existing expert state institutions by entrusting them with expert and technical activities in the area of chemicals management (preparation of expert basis for EP, guides, testing and checking of chemicals, training in chemicals security management, help desk, etc.).

Table XLVI: ADMINISTRATIVE CAPACITIES PLAN- CHEMICALS

PLAN FOR UPGRADING OF ADMINISTRATIVE CAPACITIES							
CHEMICALS							
Institution	EU legislation	No. of employees (posts according to job classification rulebook)					
		2015	2016	2017	2018	2019	2020
MSDT	Regulation (EC) No 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) Regulation (EC) No 1272/2008 on classification, labelling and packaging of substances and mixtures (CLP) Regulation (EC) No 528/2012 (making available on the market and use of biocidal products) Regulation (EU) No 649/2012 (export and import of chemicals - PIC) Regulation (EC) No 1102/2008 (export and	1	1	3	4	4	4

	storage of metallic mercury) Regulation (EC) No 648/2004 (Detergents) Regulation (EC) No 850/2004 (POPs) Directive 87/217/EEC, Directive 91/692/EEC and Regulation (EC) No 807/2003 (Asbestos) Directive 2004/42/EC (VOC – volatile organic compounds in coatings – “paints and varnishes”)						
EPA	Regulation (EC) No 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) Regulation (EC) No 1272/2008 on classification, labelling and packaging of substances and mixtures (CLP) Regulation (EC) No 528/2012 (making available on the market and use of biocidal products) Regulation (EU) No 649/2012 (export and import of chemicals - PIC) Regulation (EC) No 1102/2008 (Export and storage of metallic mercury) Regulation (EC) No 648/2004 (Detergents) Regulation (EC) No 850/2004 (POPs) Directive 87/217/EEC, Directive 91/692/EEC and Regulation (EC) No 807/2003 (Asbestos)	5	5	8	8	8	8
AFSVPA	Directive 2010/63/EU (protection of animals used for scientific purposes)	-	-	1	1	1	1
MH New Chemicals Poison (Control) Centre	Regulation (EC) No 1272/2008 on classification, labelling and packaging of substances and mixtures (CLP)	-	-	7	7	7	7
TOTAL		6	6	19	20	20	20

The Table does not contain the part that would refer to the strengthening of the administrative capacities of AIA that should be done in line with the Recommendation 2001/331/EC of the European Parliament and Council.

With the current number of only six inspectors and two more inspectors for waters it is not possible, either in physical terms or in terms of their qualifications, to carry out effective inspection supervision of the implementation of all legislative acts aligned with the EU environmental *acquis*.

Reorganisation and institutional strengthening of AIA should cover not only environmental inspectorate but also other inspectorates, so as to include market, sanitary or phytosanitary inspectorates in certain inspection affairs related to chemicals on the Montenegrin market.

The current projection for strengthening of the AIA administrative capacities required for full and effective implementation of Chapter 27: Environment and climate change is shown in separate tables at the end of chapter V (5.11).

5.8 NOISE

5.8.1 Plan of Activities for Transposition of Legislation in the Field of Noise

Legislation on noise is fully harmonized with the EU legislation. Transposition of the Directive (EU) 2015/996 (noise assessment methods) will be done by the end of 2016.

TABLE XLVII: TRANSPOSITION PLAN –NOISE

PLAN OF MEASURES FOR ACHIEVING FULL TRANSPOSITION							
A NOISE							
No.	EU regulation		Measure	Institution	Time limit for transposition	Technical assistance	Notes
1	Directive 2002/49/EC (Environmental noise - END)			MSDT			Fully transposed
2	Directive (EU) 2015/996 (noise assessment methods)	185	Adoption of a implementing acts	MSDT	IV quarter 2016		There is legal basis for adoption

5.8.2 Plan of Activities for Implementation of Legislation in the Field of Noise

In line with requirements provided in the Law on Protection from Environmental Noise,⁹⁰ harmonized with Directive 2002/49/EC (END), Montenegro defined competent bodies, as well as areas for which strategic noise maps need to be drafted. Main implementation activities refer to drafting strategic noise maps and action plans. Strategic noise maps for agglomeration and main roads will be drafted at latest by 30 June 2017. Therefore, in 2016, EPA plans to prepare a project which would enable drafting of a strategic noise map for the main road Radanovići-Tivat. Drafting of a strategic map for the capital of Podgorica will also comprise the main road Cetinje – Podgorica – Gornji Kokoti. An accredited institution (company) will be in charge of drafting strategic noise maps for main roads and agglomeration. EPA is in charge of issuing permits for measuring environmental noise levels (four permits have been issued so far), as well as permits for drafting strategic maps and calculating noise levels (one permit has been issued so far).

In 2017, Montenegro will establish a unique information system, which shall include data on noise. Data provided within strategic noise maps will be entered into the system after 2017, once drafted.

Strategic noise maps for main roads and agglomeration will form the basis for the drafting of action plans. Action Plans will be adopted by 2019. Action plans for the main roads are adopted by the Government, whereas the Ministry of Transportation and Maritime Affairs, together with the Ministry of Sustainable Development and Tourism is in charge of its adoption. Action plan for the capital of Podgorica is adopted by the local government unit.

In line with the above, the date determined for full implementation of regulations aligned with END is 30 June 2019 (upon drafting of Action plans).

⁹⁰ Official Gazette of Montenegro 28/11, 28/12, 01/14

TABLE XLVIII: IMPLEMENTATION PLAN –NOISE

PLAN OF PRIORITY MEASURES FOR IMPLEMENTATION OF THE ACQUIS							
NOISE							
No	EU regulation	Measure	Institution	Deadline for implementation	Technical assistance	Note	
	1 Directive 2002/49/EC (Environmental noise - END)	98	Organizing training for all relevant institution regarding the preparation strategic noise maps	EPA LGU MTMA MSDT	Beginning of 2017	Necessary	Technical assistance in training the staff (TAIEX)
		99	Preparing of strategic noise maps for main roads	EPA	30/06/2017	Necessary	EPA plans the preparation of project in 2016
		100	Preparing of strategic noise maps for agglomerations	EPA The Capital of Podgorica	30/06/2017	Necessary	
		101	Organizing national and local campaign for raising public awareness	EPA LGU	30/09/2018		
		102	Organizing training for all relevant institution regarding the preparation Action plans	EPA LGU MTMA MSDT	Beginning of 2019	Necessary	Technical assistance in training the staff (TAIEX)
		103	Preparing an Action Plan for noise for the main road Radanovići Tivat	MTMA In cooperation with MSDT	31/12/2019	Necessary	Technical assistance in training the staff (TAIEX)
		104	Preparing an Action Plan for noise for the capital of Podgorica and main road Cetinje-Podgorica-Gornji Kokoti	LGU Podgorica In cooperation with MTMA	31/12/2019	Necessary	Technical assistance in training the staff (TAIEX)
		105	Establishing central information system, which would comprise the data on noise	EPA	31/12/2017	Necessary	Through Europe AID/135477/C/SE R/ME project
		106	Drafting a report on the level of environmental noise	EPA	30/06/2019	Necessary	Staff training (TAIEX)

2	Commission Directive (EU) 2015/996 (noise assessment methods)	107	Apply the methods in drafting strategic noise maps	EPA	31/12/2016	Necessary	Staff training (TAIEX)
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5.8.3 Plan for Upgrading Administrative Capacities

Besides the employment of an additional inspector, no considerable increase in administrative capacities of the authorities competent for assessment and management of environmental noise are envisaged for the following years. However, additional training for existing human resources has been planned.

TABLE XLIX: ADMINISTRATIVE CAPACITIES PLAN –NOISE

PLAN FOR UPGRADING OF ADMINISTRATIVE CAPACITIES							
NOISE							
Institution	EU regulation	Number of employees (posts according to job classification rulebook)					
		2015	2016	2017	2018	2019	2020
MSDT	Directive 2002/49/EC (Environmental noise - END)	1	1	1	1	1	1
	Directive (EU) 2015/996 (Noise assessment methods)						
EPA	Directive 2002/49/EC (Environmental noise - END)	2	2	2	2	2	2
	Directive (EU) 2015/996 (Noise assessment methods)						
MTMA	Directive 2002/49/EC (Environmental noise - END)	1	1	1	1	1	1
	Directive (EU) 2015/996 (Noise assessment methods)						
LGU Podgorica	Directive 2002/49/EC (Environmental noise - END)	1	1	1	1	1	1
	Directive (EU) 2015/996 (Noise assessment methods)						
TOTAL		5	5	5	5	5	5

The total of six environment inspectors, which should cover the inspection of implementation of legislation in all areas of environment protection, have not been envisaged within the Plan for Upgrading of Administrative Capacities for assessment and management of environmental noise only, since the issue of strengthening the capacities of the inspection authority has to be dealt with in general for all EU *acquis* subsections of the environment section.

Current projection of the strengthening of administrative capacities of AIA needed for the full and efficient implementation of the EU requirements in the environment sector and the climate change is presented in separate tables at the end of Chapter V (5.11). This estimation envisages the employment of an additional inspector for noise in 2017 within AIA department for ecological inspection.

5.9 CIVIL PROTECTION

5.9.1 Plan of Activities for Transposition of Legislation in the Field of Civil Protection

The sector of civil protection envisages the implementation of the total of six measures, whose application would provide for the full alignment of this subsector with appropriate EU requirements and for inclusion of state bodies, organizations and Montenegrin citizens into the activities which are implemented on the EU level in terms of civil protection. Implementation of the measures shown in Table L will lead to the achievement of a timely inclusion of the bodies responsible for civil protection into the activities (on transposition and subsequent implementation of the transposing legislation), the implementation of which has been planned within the competences of other Montenegrin state

bodies. All activities to be implemented within envisaged measures will be completed in accordance with a transposition plan (TABLE L).

Table L: TRANSPOSITION PLAN – CIVIL PROTECTION

TRANSPOSITION PLAN							
CIVIL PROTECTION							
No.	EU regulation	Measure		Institution	Time limit for transposition	Technical assistance	Notes
1	Decision 1313/2013/EU (Civil protection mechanism)	186	Adoption of proper legislation	DEM (MI)	I quarter 2019	Necessary	Defining the issues of implementing the MoU concluded between Montenegro and EU on Civil Protection Mechanism
		187	Adoption of implementing acts		III quarter 2019		
2	Decision 2014/762/EU on implementing decision 1313/2013/EU	188	Adoption of proper legislation	DEM (MI)	I quarter 2019	Necessary	Defining the issues of implementing the MoU concluded between Montenegro and EU on Civil Protection Mechanism
		189	Adoption of implementing acts	DEM (MI)	III quarter 2019.		
3	Directive 2007/60/EC (on the assessment and management of flood risks)	190	Cooperation in drafting the drafts and proposals of legislation, implementing acts and executive texts	MARD DEM (MI)			Connection to measures no. 67 and 78, including deadline
4	Directive 2012/18/EU (Seveso III)	191	Cooperation in drafting the drafts and proposals of legislation, implementing acts and executive texts	MSDT &MPRR DEM (MI)			Connection to measures no. 122 and 123, including deadlines

5.9.2 Plan of Activities for Implementation of Legislation in the Field of Civil Protection

Implementation of the EU *acquis* in the civil protection subsector is mainly related to meeting the requirements arising from the signed Agreement of the Accession to the EU Civil Protection Mechanism. Alignment with European standards in this area is planned to be defined through the Disaster Risk Reduction Strategy, planned to be adopted in IV quarter 2017. Actual steps for implementation of the activities arising from the obligations of the EU Civil Protection Mechanisms will be defined within five – year action plan. Establishment of CECIS and sTESTA will be possible after the development of the Disaster Risk Reduction Strategy.

TABLE LI: IMPLEMENTATION PLAN – CIVIL PROTECTION

PLAN OF PRIORITY MEASURES FOR IMPLEMENTATION OF THE ACQUIS						
CIVIL PROTECTION						
No.	EU regulation	Measure	Institution	Deadline for implementation	Technical assistance	Notes
1	Decision 1313/2013/EU (Civil Protection Mechanism)	106 Prepare and draft Disaster Risk Reduction Strategy with Action Plan	DEM (MI)	31/12/2017	Necessary	Technical assistance of the mechanism
2	Commission Decision 2014/762/EU on laying down the rules for the implementation of the Decision no. 1313/2013/EU on a Union Civil Protection Mechanism	107 Prepare and draft Disaster Risk Reduction Strategy with Action Plan	DEM (MI)	31.12.2020	Necessary	Technical assistance of the mechanism

5.9.3 Plan for Upgrading Administrative Capacities

The issue of the administrative capacities is characterized by the fact that in the MI –Directorate for Emergency Management – implementation of the EU *acquis* in the area of civil protection is delegated to the officers from the Directorate for civil protection and humanitarian aid (seven officers).

TABLE LII: ADMINISTRATIVE CAPACITIES PLAN – CIVIL PROTECTION

PLAN FOR UPGRADING ADMINISTRATIVE CAPACITIES							
CIVIL PROTECTION							
Institution	EU regulation	No. of employees (posts according to job classification rulebook)					
		2015	2016	2017	2018	2019	2020
MI –Directorate for Emergency Management	Decision 1313/2013/EU (Civil Protection Mechanism)						
	Commission Decision 2014/762/EU on laying down the rules for implementation of the Decision no. 1313/2013/EU on a Union Civil Protection Mechanism	7	7	7	7	7	7
TOTAL		7	7	7	7	7	7

Disaster Risk Reduction Strategy and the Action Plan, planned to be adopted in IV quarter of 2017, will define precise tasks and obligations, based on which a new plan for upgrading administrative capacities will be prepared.

5.10 CLIMATE CHANGE

5.10.1 Plan of Activities for Transposition of Legislation in the Field of Climate Change

There is a clearly expressed political will of Montenegro to join the efforts of the international community and the EU in undertaking the appropriate measures aimed at reducing the GHG emissions. However, the political commitment is still not accompanied by the adequate development of the legal framework, so that the requirements defined in the provisions of the 27 pieces of the EU legislation related to the climate change can be incorporated into the legal system of Montenegro. Given that, and naturally, the legal duty of Montenegro to harmonize its legislation in this sector with the EU legislation, that stems from the SAA, the Table LIII presents the projection of undertaking the total of 51 measures in the period of maximum 42 months with a view to achieving that goal.

Montenegro is aware that human resources in this sector are not at a satisfactory level. There is a lack of technical capacity, whereas climate awareness and coordination between the line ministries should be further improved, due to their direct impact on the abilities to implement the defined measures. Therefore, in parallel with the measures envisaged for the strengthening of the authorities responsible for the climate change issues, Montenegro has to ensure external expert assistance for development and preparation, as well as for adoption of numerous national legislation pieces (that used to be within the sole competence of MSDT or within the split competence of MSDT and other authorities).

TABLE LIII: TRANSPOSITION PLAN - CLIMATE CHANGE

PLAN OF MEASURES FOR ACHIEVING FULL TRANSPOSITION							
CLIMATE CHANGE							
No.	EU legislation	Measure		Institution	Time limit for transposition	Technical Assistance	Notes
1	Directive 2003/87/EC (EU ETS)	16	Adoption of the Law	MSDT DCC	2 years	Necessary	Not transposed
		17	Adoption of implementing acts	MSDT DCC	120 days		
2	Commission Regulation (EU) 601/2012 (Reporting of greenhouse gas emissions)	18	Adoption of law provisions	MSDT DCC	2 years	Necessary	These matters are not regulated in Montenegro
		19	Adoption of implementing acts	MSDT DCC	120 days		
3	Commission Regulation (EU) 600/2012 (Verification of greenhouse gas emission reports)	20	Adoption of law provisions	MSDT DCC	2 years	Necessary	These matters are not regulated in Montenegro
		21	Adoption of implementing acts	MSDT DCC	120 days		
4	Commission Decision 2011/278/EU (Allocation of emission allowances)	22	Adoption of law provisions	MSDT DCC	2 years	Necessary	These matters are not regulated in Montenegro
		23	Adoption of implementing acts	MSDT DCC	120 days		
5	Commission Regulation (EC) 1031/2010 (Auctioning of greenhouse gas emission allowances)	24	Adoption of law provisions	MSDT DCC	2 years	Necessary	These matters are not regulated in Montenegro
		25	Adoption of implementing acts	MSDT DCC	120 days		
6	Commission Regulation (EU) No 1143/2013 (Auctioning of greenhouse gas emission allowances)	26	Adoption of law provisions	MSDT DCC	120 days	Necessary	These matters are not regulated in Montenegro

7	Commission Regulation (EC) 176/2014 (Auctioning of greenhouse gas emission allowances)	27	Adoption of law provisions	MSDT DCC	2 years	Necessary	These matters are not regulated in Montenegro
		28	Adoption of implementing acts	MSDT DCC	120 days		
8	Regulation (EU) No 517/2014 (F-gases)	29	Adoption of law provisions	MSDT DCC	2 years	Necessary	These matters are to a large extent regulated in Montenegro.
		30	Adoption of implementing acts	MSDT DCC	120 days		
9	Commission Regulation (EU) No 389/2013 (Registry)	31	Adoption of law provisions	MSDT DCC	2 years	Necessary	These matters are not regulated in Montenegro
		32	Adoption of implementing acts	MSDT DCC	120 days		
10	Commission Decision 2006/780/EC (Double Counting)	33	Adoption of law provisions	MSDT DCC	2 years	Necessary	These matters are not regulated in Montenegro
		34	Adoption of implementing acts	MSDT DCC	120 days		
11	Directive 2008/101/EC (ETS aviation)	35	Adoption of law provisions	MSDT (DCC)	2 years	Necessary	Not transposed
		36	Adoption of implementing acts		120 days		
12	Commission Decision 2009/450/EC (Aviation I)	37	Adoption of law provisions	MSDT (DCC)	2 years	Necessary	Not transposed
		38	Adoption of implementing acts		120 days		
13	Commission Decision 2010/2/EU (Risks of carbon leakage)	39	Adoption of law provisions	MSDT DCC	2 years	Necessary	These matters are not regulated in Montenegro
		40	Adoption of implementing acts	MSDT DCC	120 days		
14	Commission Decision 2014/746/EU (Sectors exposed to a risk of carbon leakage)	41	Adoption of law provisions	MSDT DCC	2 years	Necessary	These matters are not regulated in Montenegro
		42	Adoption of implementing acts	MSDT DCC	120 days		
15	Regulation (EC) No 1005/2009 (Substances that deplete the ozone layer - ODS)	43	Adoption of law provisions	MSDT DCC	2 years	Necessary	These matters are to a large extent regulated in Montenegro.
		44	Adoption of implementing acts	MSDT DCC	120 days		
16	Regulation (EU) No 525/2013 (Monitoring Mechanism)	45	Adoption of law provisions	MSDT DCC	2 years	Necessary	These matters are partly regulated in Montenegro
		46	Adoption of implementing acts	MSDT DCC	120 days		
17	Decision No 406/2009/EC (Distribution of Efforts)	47	Amendments to the Law	MSDT	3 years	Necessary	Not transposed Cooperation with ME, MTMA, MARD required
		48	Adoption of implementing act	MSDT	120 days		
18	Directive 98/70/EC (Fuel Quality)			MSDT (DCC)			Fully transposed
19	Directive 2009/30/EC (Fuel Quality)	49	Adoption of law provisions	ME MSDT (DCC)	1,5 years	Necessary	Not transposed Participation of MSDT (DCC) required through cooperation with ME
		50	Adoption of implementing act	ME MSDT (DCC)	60 days		

20	Directive 1999/94/EC (Consumer Information)	51	Development and adoption of law provisions	MSDT (DCC)	1,5 years	Necessary	Not transposed
		52	Adoption of implementing act	MSDT (DCC)	30 days		
21	Regulation (EU) 510/2011 (Standards for CO2 emissions from light-duty vehicles)	53	Development and adoption of law provisions	MTMA/MI MSDT (DCC)	2,5 years	Necessary	These matters are not regulated in Montenegro Cooperation of listed institutions required
		54	Adoption of implementing act	MTMA/MI MSDT (DCC)	60 days		
22	Regulation (EC)443/2009 (Standards for CO2 emissions from new passenger vehicles)	55	Development and adoption of law provisions	MTMA/MI MSDT (DCC)	2,5 years	Necessary	These matters are not regulated in Montenegro Cooperation of listed institutions required
		56	Adoption of implementing act	MTMA/MI MSDT (DCC)	60 days		
23	Commission Regulation (EU) No 1014/2010 (Monitoring and reporting of data on the registration of new passenger cars)	57	Development and adoption of law provisions	MI/MTMA MSDT DCC	2,5 years	Necessary	These matters are not regulated in Montenegro Cooperation of listed institutions required
		58	Adoption of implementing act	MI/MTMA MSDT DCC	60 days		
24	Commission Regulation (EU) No 63/2011 (Derogation from the specific CO2 emission targets)	59	Development and adoption of law provisions	MI/MTMA MSDT DCC	2,5 years	Necessary	These matters are not regulated in Montenegro Cooperation of listed institutions required
		60	Adoption of implementing act	MI/MTMA MSDT DCC	60 days		
25	Commission Regulation (EU) No 725/2011 (Approval and certification of innovative technologies)	61	Development and adoption of law provisions	MTMA	2,5 years	Necessary	These matters are not regulated in Montenegro MSDT (DCC) cooperates with MTMA
		62	Adoption of implementing act	MTMA	60 days		
26	Decision No 1753/2000/EC (Scheme to monitor the specific emissions)	63	Development and adoption of law provisions	MSDT DCC	2,5 years	Necessary	These matters are not regulated in Montenegro These matters are not regulated in Montenegro MSDT (DCC) cooperates with MTMA
		64	Adoption of implementing act	MSDT DCC	60 days		
27	Directive 2009/31/EC (Geological storage of carbon dioxide)	65	Development and adoption of law provisions	ME MSDT (DCC)	3 years	Necessary	Not transposed
		66	Adoption of implementing act	ME MSDT (DCC)	180 days		

5.10.2 Plan of Activities for Implementation of Legislation in the Field of Climate Change

Plan of activities for the implementation of legislation in the sector of climate change by 2030 was defined when the National Climate Strategy was adopted. Priority measures are classified in groups of legislation that refer to the monitoring and reporting of greenhouse gases, trading in the greenhouse

gasses emissions, distribution of efforts, protection of the ozone layer (ODS), emission of F-greenhouse gases and use of fuel in transport.

Legislation that is fully harmonized with the EU *acquis* is implemented in Montenegro only in the field of ozone layer protection and F-greenhouse gases emissions. Harmonization of Montenegrin legal framework with other parts of the EU *acquis* on climate change is still at the outset.

5.10.2.1 Monitoring and Reporting Mechanism

Following pieces of EU legislation were taken into account in the process of planning the measures for the implementation of the mechanisms for monitoring and reporting (MMR):

- Regulation (EU) No 525/2013 (Monitoring and Reporting Mechanism)
- Regulation (EU) No 749/2014 (Structure, format, submission processes and review of information reported).
- C(2014) 1539 - Commission delegated regulation (EU) establishing substantive requirements for a Union inventory system and taking into account changes in the global warming potentials and internationally agreed inventory guidelines pursuant to Regulation (EU) No 525/2013 of the European Parliament and of the Council

TABLE LIV: IMPLEMENTATION PLAN - CLIMATE CHANGE MMR

No.	EU legislation	Measure	Institution	Time limit for implementation	Technical Assistance	Note	
1	Regulation (EU) No 525/2013 (Monitoring and Reporting Mechanism)	20	Establishing national system for GHG inventory	MSDT EPA	2018	Necessarily	Ensure continuous training of civil servants
2	Regulation (EU) No 749/2014 (Structure, format, submission processes and review of information reported). C(2014) 1539 - Commission delegated regulation (EU) establishing substantive requirements for a Union inventory system and taking into account changes in the global warming potentials and internationally agreed inventory guidelines pursuant to Regulation (EU) No 525/2013 of the European Parliament and of the Council.	21	Ensure structure and format of the reports as well as submission processes and review of information reported in MMR.	MSDT EPA	2018	Necessarily	Ensure continuous training of civil servants

5.10.2.2 Emission trading scheme (EU ETS)

Measures for implementation of the European Emissions Trading Scheme (EU ETS) for the GHG are elaborated in the National Climate Strategy for Montenegro. Since Montenegro does not have the legal framework to be harmonised with the EU legislation in that field, it is planned that in the period 2016-2020 most of the measures will be related to the establishment of the monitoring, reporting and verification legislative framework, organisation of the system, training of human resources and strengthening of capacities. The National Climate Change Strategy represents basic precondition for implementation of the EU ETS. In order for EU ETS to be established, the Climate Change Law shall be

adopted which will provide for legal basis for its full implementation. However, while working towards this goal, Ministry of Sustainable Development and Tourism will address awareness raising especially on the monitoring, reporting and verification requirements among potential operators which will fall under this system in order to prepare them ahead and enable seamless implementation once the necessary legal groundwork will be finished.

Timeline for this activity is indicated in the Table LIII, by which the Climate Change Law will be adopted by the end of 2018. This legislative act will transpose all requirements stipulated in the ETS Directive (2003/87/EC) and related legislation in this field. The process of transposition will start with TAIEX mission in second half of 2016, which will analyze the structure and outline of the Climate Change Law with a specific focus on establishment and regulation of EU ETS in Montenegro. By the end of 2017, at least 6 TAIEX assistance missions will be conducted in order to define in more details key elements of the EU ETS to be included in the draft Climate Change Law. By the end of 2017 IPA II project will be developed with the aim to assist finalization of the transposition of the ETS Directive (2003/87/EC) and ensure necessary capacity building of the potential operators, state administration, including issuance of permits and inspection, and other relevant stakeholders. The Climate Change Law, once adopted by the Government in 2018, will take into account the transitional period until the date of accession to the EU, during which potential operators will have only voluntary obligations in line with the ETS Directive (2003/87/EC) and related EU legislation in this field. After the date of accession to EU, the European Emissions Trading Scheme will be fully operational in Montenegro..

5.10.2.3 Ozone depleting substances (ODS) and emissions of Fluorinated gases

Requirements of the Regulation (EC) No 1005/2009 (amended by Regulations (EC) No 596/2009, 744/2010, 1087/2013, 1088/2013) on the protection of ozone layer and Regulation EU (No 517/2014) on F-gases are implemented to a higher extent through the implementation of the Law on Air Protection and Decree on substances that deplete the ozone layer and alternative substances that establish the bodies responsible for implementation, necessary prohibition of use, import and export of such substances as well as penalty measures. It is worth noting that use, import and export of ODS, if done contrary to the law, are defined as criminal offences in the Criminal Code of Montenegro.⁹¹

Montenegro has eliminated the use of all ODS except for HCFC substances out of which it imports only the cooling fluid R22 in the amount of 13.9 t annually. The consumption is kept on the level from 2013. Montenegro implements the Montreal Protocol in line with Article 5, which actually means that Montenegro is entitled to financial support in the implementation of the Protocol and to longer deadlines for the full elimination of the ODS than the EU. Given the negligible quantity of ODS used in Montenegro and the fact that these substances are not produced in Montenegro, harmonization of the time limits with the EU should not be a problem. Montenegro is often mentioned as the regional role model of good implementation of the Regulations of this kind.

In this sector the Directive 2006/40/EC (MAC Directive) relating to emissions from air-conditioning systems in motor vehicles has not been implemented in Montenegro yet, and it is negotiated about in the Chapter 14 (on automotive homologation).

Companies and repair services that handle the equipment containing ODS and F gases in Montenegro are trained and certified. However, there is no system of mutual recognition of certificates with the EU

⁹¹Official Gazette of RMNE 70/03, 13/04, 47/06, Official Gazette of MNE 40/08, 25/10, 32/11, 64/11, 40/13, 56/13, 42/15, 58/15.

member states. This system is being developed in parallel with the system of mutual recognition of certificates for other occupations (Chapter 1).

TABLE LV: IMPLEMENTATION PLAN - CLIMATE CHANGE - ODS & F-GASES

No.	EU legislation	Measure	Institution	Time limit for implementation	Technical Assistance	Note
1	Regulation (EC) No 1005/2009 ("recast"), with amendments of the Regulations (EC) No. 596/2009, 744/2010, 1087/2013, 1088/2013 (ODS)	22 Continue with implementation	MSDT EPA	In implementation		Implementation in line with the Regulation
2	Regulation (EU) No 517/2014 (F-gases)	23 Continue with implementation	MTM A EPA	In implementation		Implementation in line with the Regulation

5.10.2.4 Transport and fuels

Quality of liquid fuels used in transport in Montenegro is controlled regularly. Implementation of regulations includes the plan to establish the system of providing information about the consumption of fuel and CO₂ emissions to persons purchasing new vehicles, as well as collection, control, verification and transfer of aggregate and detailed data about newly registered vehicles.

TABLE LVI: IMPLEMENTATION PLAN - CLIMATE CHANGE - TRANSPORT AND FUELS

No.	EU legislation	Measure	Institution	Time limit for implementation	Technical Assistance	Note
1	Directive 98/70/EC	24 Continue with the fuel quality control	EPA	In implementation		Fully implemented
2	Directive 2009/30/EC on fuel quality and a mechanism to monitor and reduce greenhouse gas emissions and Directive 2009/28/EC on the promotion of the use of energy from renewable sources	25 Establish control and calculate greenhouse gases emission	ME MSDT EPA	2018		
3	Directive 1999/94/EC on consumer information on fuel economy and CO ₂ emissions in respect of the marketing of new passenger cars	26 Establish the system for provision of information on fuel economy and CO ₂ emissions in respect of the marketing of new passenger cars	MSDT	2018		
4	Regulation (EU) No 510/2011 and 443/2009 on emissions from new light-duty and passenger vehicles	27 Establish the system for calculation and reporting on CO ₂ emissions in respect of the marketing of new passenger cars	MTMA	2019		

5	Regulation (EU) No 1014/2010 (Monitoring and reporting of data on the registration of new passenger cars)	28	Ensure keeping, collection, control, verification and transfer of aggregate and detailed data about newly registered vehicles.	MI	2019		
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5.10.3 Plan for Upgrading Administrative Capacities

Organization of institutions and the current administrative capacities still do not ensure efficient transposition and implementation of legislation in the sector of climate change in Montenegro that would be harmonized with the EU *acquis*. Adoption of the National Climate Strategy and establishment of the Directorate for Climate Change in MSDT laid the first foundations of the institutional setup that will be upgraded in the future and its human resources strengthened. Following activities will be continued to achieve that:

- Establish an adequate institutional structure and inter-sectorial cooperation for the efficient implementation of the policy in Montenegro in the field of climate change;
- Ensure an adequate administrative capacities of the institutions responsible for these issues on the national level;
- Strengthen human resources of the Directorate for Climate Change in MSDT;
- Strengthen human resources and ensure further training of human resources in EPA;
- Establish an adequate organization, capacity and methods of work of the inspection body responsible for supervision of the implementation of horizontal legislation in line with the Recommendation 2001/331/EC of the European Parliament and of the Council of 4 April 2001 providing for minimum criteria for environmental inspections in the Member States.

TABLE LVII: PLAN OF ADMINISTRATIVE CAPACITIES - CLIMATE CHANGE

PLAN FOR UPGRADING OF ADMINISTRATIVE CAPACITIES							
CLIMATE CHANGE							
Institution	EU legislation	No. of employees (posts according to the job classification rulebook)					
		2015	2016	2017	2018	2019	2020
MSDT	Regulation (EU) No 525/2013 (Mechanism for monitoring and reporting) Directive 2003/87/EC on trading in emissions (EU ETS) Regulation (EU) 601/2012 (Reporting of greenhouse gas emissions) Regulation (EU) No 600/2012 (Verification of greenhouse gas emission reports) Decision 2011/278/EU (Allocation of EA) Regulation (EU) No 1031/2010, Regulation (EU) No 1143/2013, Regulation (EC) 176/2014 (Auctioning of greenhouse gas emission allowances) Regulation (EC) 176/2014 (Auctioning of greenhouse gas emission allowances) Regulation (EU) No 389/2013 (EU ETS Registry) Decision 2006/780/EC (Double Counting) Decision 2010/2/EU (Risks of carbon leakage) Decision 2014/746/EU (sectors exposed to a significant	2	4	4	4	6	8

	risk of carbon leakage) Directive 1999/94/EC on consumer information on fuel economy and CO2 emissions in respect of the marketing of new passenger cars						
EPA	Regulation (EU) No 525/2013 (Mechanism for monitoring and reporting) Regulation (EU) No 749/2014 (Structure, format, submission processes and review of information reported). Directive 2003/87/EC on trading in emissions (EU ETS) Regulation (EC) No 1005/2009 ("recast"), with amendments to the Regulations (EC) No. 596/2009, 744/2010, 1087/2013, 1088/2013 (ODS) Regulation (EU) No 517/2014 (Fluorinated GHG) Directive 98/70/EC, 2009/30/EC (Fuel Quality) Directive 98/70/EC on fuel quality	9	10	11	11	11	11
ME	Directive 2009/30/EC on mechanism to monitor and reduce greenhouse gas emissions Directive 2009/28/EC on the promotion of the use of energy from renewable sources Directive 2009/31/EC on geological storage of carbon dioxide	2	2	2	3	3	4
MTMA	Directive 1999/94/EC on consumer information on fuel economy and CO2 emissions in respect of the marketing of new passenger cars Regulation (EU) No 510/2011 and 443/2009 on emissions from new light-duty and passenger vehicles Directive 2008/101/EC (EU ETS aviation) Decision 2009/450/EC (Aviation I)	2	2	2	2	2	2

MI	Regulation (EU) No 1014/2010 (Monitoring and reporting of data on the registration of new passenger cars) Directive 1999/94/EC on consumer information on fuel economy and CO2 emissions in respect of the marketing of new passenger cars Regulation (EU) No 510/2011 and 443/2009 on emissions from new light-duty and passenger vehicles Regulation on CO2 emissions from new passenger and light-duty vehicles - CO2 emissions from vehicles	1	1	2	2	2	2
TOTAL		16	19	21	22	24	27

The Table does not contain the part that would refer to the strengthening of the administrative capacities of AIA that should be done in line with the Recommendation 2001/331/EC of the European Parliament and Council. Current projection of the strengthening of administrative capacities of AIA needed for the full and efficient implementation of Chapter 27: Environment Climate Change is presented in separate tables at the end of Chapter V (5.11).

5.11 UPGRADING ADMINISTRATIVE CAPACITIES OF THE ADMINISTRATION FOR INSPECTION AFFAIRS IN THE AREA OF ENVIRONMENT AND CLIMATE CHANGE

Inspection bodies responsible for inspection of implementation of legislation aligned with the EU legislation in the area of environment and climate change should be organized and trained in line with the Recommendation 2001/331/EC of the European Parliament and the Council.

The current number of only six ecology inspectors neither in physical nor in professional sense is sufficient for efficient inspection over the implementation of all the regulations in the area of environment and climate change aligned with the EU *acquis* from Chapter 27.

Current estimate of the necessities for strengthening administrative capacities of the Administration for Inspection Affairs has been prepared based on already undertaken obligations of the inspection over the implementation of existing national regulations, even though total legal framework has not still been aligned with the EU regulations within chapter 27. Upon the complete transposition of the entire EU legislation, the obligations of the inspection body will increase significantly. Therefore, in the following years, the need for additional reorganization and institutional strengthening of the AIA will arise. The reorganization and strengthening shall comprise not only environmental inspection, but also all other inspection issues within the competences of the Administration, in order to be able to share certain inspection tasks for environment and climate change with other inspections (e.g. Market inspection, sanitary and phytosanitary inspection, etc.), thus strengthening inter – sectorial cooperation and enhance the integration of environmental and climate change policy into other sections. Also, Montenegro will use the guidance documents and methodological tools for planning and targeting of inspections developed by IMPEL and will actively participate in the activities of this network.

TABLE LVIII: ADMINISTRATIVE CAPACITIES PLAN- AIA- ECOLOGY INSPECTION

UPGRADING OF ADMINISTRATIVE CAPACITIES								
ADMINISTRATION FOR INSPECTION AFFAIRS – Department for Ecology Inspection								
No.	Chapter 27 Name of subsection	Montenegro legislation	Employed in 2015	Plan for additional employment per years				
				2016	2017	2018	2019	2020
1	Horizontal legislation	Environmental Law Law on Responsibility for Damage Caused to Environment Law on Strategic Evaluation of the Influence on Environment	6	1	3	4	4	4
2	Control of industrial pollution	Law on Integrated Prevention and Control of Pollution of Environment		1	1	1	1	1
3	Air quality Climate change	Law on Protection of Air		1	1	2	2	2
4	Environmental noise	Law on Protection of Environmental Noise			1	1	1	1
5	Nature protection	Law on Nature Protection Law on National Parks		1	2	3	3	3
6	Waste management	Law on Waste Management		2	3	4	4	4
7	Chemicals	Law on Chemicals Law on Biocides		1	2	3	3	3
TOTAL OF ADDITIONAL EMPLOYEES PER YEARS				7	13	18	18	18
TOTAL			6	13	19	24	24	24

In 2015, six inspectors account for administrative capacities for Chapter 27 (for all subsectors of environment). In order to improve inspection over the implementation of existing Legislation, it is necessary to employ more inspectors, which would comprise the total of 24 inspectors, with existing 6 ones, in the Department for Ecology Inspection.

TABLE LIX: ADMINISTRATIVE CAPACITIES PLAN – AIA – FORESTRY AND HUNTING

UPGRADING OF ADMINISTRATIVE CAPACITIES								
ADMINISTRATION FOR INSPECTION AFFAIRS – Department for inspection of forestry, hunting and plants protection								
No.	Chapter 27 The name of subsection	Montenegro legislation	Employed in 2015	Plan for additional employment per years				
				2016	2017	2018	2019	2020
1	Nature protection	Law on Forests Law on Game and Hunting	11	1	2	3	3	3
TOTAL			11	12	13	14	14	14

In 2015, 11 inspectors for forestry, hunting and plants protection account for existing administrative capacities. In order to improve inspection over the implementation of the regulations in the area of nature protection, in 2016 the capacities need to be strengthened by employing an additional inspector, i.e. with 3 inspectors by the end of 2020, which would comprise the total of 14 inspectors, with existing 11 ones in the Department for forestry, hunting and plants protection.

TABLE LX: ADMINISTRATIVE CAPACITIES PLAN – AIA – WATER INSPECTION

UPGRADING ADMINISTRATIVE CAPACITIES								
ADMINISTRATION FOR INSPECTION AFFAIRS – Department for Water Inspection								
No.	Chapter 27 Name of subsection	Montenegro legislation	Employed in 2015	Plan for additional employment per years				
				2016	2017	2018	2019	2020
1	Waters' quality	All existing regulations in the area of waters	2	3	4	5	6	7
TOTAL			2	5	6	7	8	9

In 2015, two inspectors for waters account for the existing administrative capacities. In order to improve the inspection over the implementation of regulations in the subsector of water management, in 2016 the capacities need to be strengthened with three inspectors, i.e. with seven inspectors by the end of 2020, which would comprise the total of nine inspectors for waters, together with existing two.

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4.2.1 Table of Concordance

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⁹² Inputs from the first draft of the National Strategy of Harmonization and Implementation for Chapter 27 with Action plan 2016-2020 were used for preparation of the Strategy.

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4.2.1.5 Nature protection

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VI. ANNEXES

- 1. EUROPEAN UNION LEGISLATION IN THE AREA OF ENVIRONMENT AND CLIMATE CHANGE (*EU ACQUIS*)**
- 2. EU REQUIREMENTS FOR INSTITUTIONAL ALIGNMENT**
- 3. INTERNATIONAL TREATIES ON ENVIRONMENT**
- 4. MONTENEGRIN LEGISLATION ON ENVIRONMENT**
- 5. RECOMMENDATION OF THE EUROPEAN COUNCIL AND PARLIAMENT ON MINIMUM CRITERIA FOR INSPECTION OF ENVIRONMENT**