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**Montenegro
Ministry of Agriculture and Rural Development**

**PROGRAMME FOR THE DEVELOPMENT OF AGRICULTURE AND RURAL AREAS
IN MONTENEGRO UNDER IPARD II 2014-2020**

Version 1.6.

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LIST OF ABBREVIATIONS

AA - *Audit Authority*
ADA - *Austrian Development Agency*
ANC - *Areas of Natural Constrains*
ATCG - *Accreditation Body of Montenegro*
ATS - *Certificate of Accreditation*
AWU - *Annual Working Units*
CAP - *Common Agricultural Policy*
CARDS - *Community Assistance for Reconstruction, Development and Stabilization*
CEFTA - *Central European Free Trade Agreement*
CPF - *Country Programming Framework*
CRBE - *Central Register of Business Entities*
DG AGRI - *Directorate-General for Agriculture and Rural Development*
DGRV - *German Cooperative and Raiffeisen Confederation*
DRM - *Disaster Risk Management*
EIA - *Environmental Impact Assessment*
EC - *European Commission*
EMERALD- *Ecological Network*
EU - *European Union*
FAO – *Food and Agriculture Organization*
FWA - *Framework Agreement*
GAP- *Code of good agricultural policy*
GEF - *Global Environmental Fund*
GEF - *Global Investment Fund for Environment Facility*
GDP - *Gross Domestic Products*
GMO – *Genetic modified organism*
HACCP - *Hazard Analyses and Critical Control Points*
HDI - *Human Development Index*
IA – *IPARD Agency*
IBRD - *International Bank for Reconstruction and Development*
IDF - *Investment Development Fund*
IHMS – *Institute of Hydrometeorology and Seismology of Montenegro*
IPA - *Instruments for Pre-accession Assistance*
IPA MC - *IPA Monitoring Committee*
IPARD - *Instruments for Pre-accession Assistance for Rural Development*
IPCC – *Inter-governmental Panel on Climate Change*
ISP – *Indicative Strategy Paper*
LAG - *Local Action Group*
LAU - *Local Administrative Unit*
LEADER - *French acronym, standing for- Liaison Entre Actions de Developement de l'Économie Rural – meaning - Links between the rural economy and development actions*
LEE - *List of Eligible Expenditure*
LU- *Livestock Units*
LUCF - *Land Use Change and Forestry*
M&E - *Monitoring and Evaluation*
MA - *Managing Authority*
MARD - *Ministry of Agriculture and Rural Development*
MC - *Monitoring Committee*
MIDAS - *Montenegro Institutional Development and Agriculture Strengthening*
MNE - *Montenegro*
MONSTAT - *Statistics Office of Montenegro*
MRN - *Montenegrin Rural Network*
MSDT – *Ministry of Sustainable Development and Tourism*
NAO - *National Authorizing Officer*
NF - *National Fund*

NGO - Non- governmental organization (s)
NIPAC - National IPA Coordinator
NIS - National Forest Inventory
NMS - National Minimum Standards
NUTS - The Nomenclature of Territorial Units for Statistics
OADP - Organic Agriculture Development Program
OECD - The Organization for Economic Cooperation and Development
OS-Operating Structure
PDO - Protected Designation of Origin
PGI - Protected Geographic Indication
PRAG- Practical Guide to Contract Procedures for EU External Actions
RD-Rural development
RBD- River basin districts
RED - Real Estate Directorate
SA - Sectoral Agreement
SIDA - Swedish International Development Agency
SO - Standard Economic Output
SWG RRD - Regional Rural Development Standing Working Group
SWOT - Strengths, weaknesses, opportunities, threats analysis
TAIEX - Technical Assistance and Information Exchange instrument
UNDP - United Nations Development Programme
UNFCCC - United Nations Framework Convention on Climate Change
USAID - United States Agency for International Development
WBC – Western Balkan Countries
WFD- Water Framework Directive
WTTC - The World Travel and Tourism Council
WWF – World Wide Fund for Nature

1. TITLE OF IPA RURAL DEVELOPMENT PROGRAMME

Programme for the development of Agriculture and Rural areas in Montenegro under IPARD II 2014-2020.

2. BENEFICIARY COUNTRY

Montenegro

2.1 Geographical area covered by the programme

According to the relevant Law on Territorial Organization of Montenegro, the territory of Montenegro is divided into municipalities, Capital city Podgorica, municipality within Capital city and Old Royal capital Cetinje.

According to the Statistics Office of Montenegro – MONSTAT Montenegro is a single statistical region at all three NUTS levels. Further division onto local administrative units: LAU1 (Local Administrative Unit 1) is equivalent to Montenegrin local self-governments (23 in total), and LAU2 to settlements, 1,307 in total.

3. DESCRIPTION OF THE CURRENT SITUATION, SWOT AND IDENTIFICATION OF NEEDS

3.1 The general socio-economic context of the geographical area

Montenegro demographic trends

Montenegro is situated in the southeast of Europe, with a surface area of 13,812 square kilometres, which represents 0.31% of the area of EU-28. The total length of the land borders is 614 km. The neighbouring country to the west and partly to the north is Bosnia and Herzegovina (225 km or 36.6% of total land border), to the north and northeast, Serbia and Kosovo* (203 km or 33.1%), to the southeast, Albania (172 km or 28%) and to the southwest, Croatia (14 km or 2.3%). The Adriatic Sea coastline is 293.5 kilometres long.

According to the last census carried out in 2011, by the Statistical Office of Montenegro – MONSTAT, the population of Montenegro is 620,029. The population density is 45 people per square kilometre on average, making Montenegro one of the most sparsely populated countries in Europe (except for the Nordic countries). According to the Constitution of Montenegro, the capital is Podgorica with a population of 185,937 while the Old Royal Capital is Cetinje with a population of 16,657.

Table 1: Population in Montenegro, total and by regions, 2003-2011¹

Region	Population, Census 2003			Population, Census 2011			Difference (Cen.'11-Cen.'03)	
	Total	Urban, %	Rural, %	Total	Urban, %	Rural, %	In total	Rural, %
Coastal	145,847	59.8	40.2	148,683	58.3	41.7	2,836	1.5
Central	279,419	78.9	21.1	293,509	79.6	20.4	14,090	-0.7
Northern	194,879	39.0	61.0	177,837	40.3	59.7	-17,042	-1.3
Montenegro, total	620,145	61.9	38.1	620,029	63.2	36.8	-116²	-1.3

Source: MONSTAT, Census 2003 and Census 2011

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

¹ Negative population trend for the period 2003-2011 due to different methodology applied during the Census 2011.

² As mentioned the negative population trend is due to the different methodology applied during the Census 2011. Monstat did the calculation in 2012 in order to make a comparison between the two Censuses. MONSTAT applied the same methodology from 2011 to Census 2003 and according to that there was an increase of population between two Censuses by 7,762 persons.

There are two obvious trends according to the data from the last two censuses. The first one is related to the massive migration from the Northern part of Montenegro to the Central and Coastal and the second one is migration from rural to urban areas (see table in Annex II).

Montenegro belongs to the category of countries with a very old population and over the last fifty years, the natural population increase fell by 60%. The number of new-born over the last half of the century fell by 25%, while the average age of the population rose to about 34.

Table 2: Population by age structure, %

Year	Age group		
	Age 0-14	Age 15-64	65 and above
1991	25.5	66.2	8.3
2003	20.7	67.2	12.1
2011	19.0	68.0	13.0

Source: MONSTAT

Concerning the gender structure of Montenegro, the difference is noticeably in favour of women, but that difference is reducing from census to census.

Table 3: Montenegro's population by gender

Census year	Total	Male	Female	Gender ratio (%)	
				Male	Female
2003	620,145	305,225	314,920	49.2	50.8
2011	620,029	306,236	313,793	49.4	50.6

Source: MONSTAT, Census 2003, 2011

Definition of rural area

By the OECD methodology, the entire territory of Montenegro could be considered as rural. However, having in mind the disparity between territorial units at the local level (municipalities) and taking into account other specificities of Montenegro, it is suggested to use the approach described in Annex II - Rural and mountain areas in Montenegro, to define rural areas.

The most frequently used methodology for defining rural areas is OECD methodology, according to which a community is considered rural if its population density is lower than 150 inhabitants per km², while a community is considered urban if population density is above 150 inhabitants per km².

Rural areas are classified further at the regional level as follows:

1. Predominantly rural region – more than 50% of the population lives in rural local communities,
2. Intermediate regions – between 15% and 50% of a region's population lives in rural local communities,
3. Predominantly urban regions – less than 15% of a region's population lives in rural local communities.

Analysing the three regions (Northern, Central and Coastal) of Montenegro according to the OECD methodology, the Northern region, covering 13 municipalities, belongs to predominantly rural regions (59.7% of the population lives in rural local communities), while the Coastal (41.7%) and the Central (20.4%) belong to intermediate regions.

Table 4: Display of urban/rural areas at the regional level, according to the OECD methodology

Region	Number of Inhabitants	Urban population		The rural population	
		Number	%	Number	%
Coastal	148,683	86,707	58.3	61,976	41.7
Central	293,509	233,640	79.6	59,869	20.4
Northern	177,837	71,673	40.3	106,164	59.7
MNE total	620,029	392,020	63.2	228,009	36.8

Source: MONSTAT - Census 2011

Economic and social significance of agriculture

Sectors of tourism, energy and agriculture are playing an important role in the Montenegrin economy. Significance of the agriculture sector is noticeable in its high participation in overall GDP.

Table 5: Share of agriculture, forestry and fisheries in GDP for the period 2007-2013 (In thousand EUR)

Indicator	2007	2008	2009	2010	2011	2012	2013
Agriculture, forestry and fisheries	194,123	230,499	246,812	237,422	256,726	232,012	266,886
Share of agriculture, forestry and fisheries in GDP, %	7.2	7.4	8.3	7.7	7.9	7.4	8.0

Source: MONSTAT

Employment

According to MONSTAT data (Labour Force Survey) for 2013, the total labour force in Montenegro consists of 250,800 of the active population. From that number 201,900 persons were employed while 48,900 were unemployed. The number of persons in employment in comparison with the previous (2012) year has increased by 0.45%.

Employment data for employment in the sector of agriculture is published regularly by MONSTAT. That data refers only to business entities (enterprises, co-operatives, etc.), but not for the family agricultural holdings.

Table 6: Employment in business entities (enterprises, co-operatives, etc.)

Year	2007	2008	2009	2010	2011	2012	2013
Number of employees	2,586	2,651	2,700	2,347	2,292	2,505	2,771

Source: MONSTAT

However, in accordance with the Agricultural Census data on employment in 48,824 family agricultural holdings, there are 98,341 working persons in family agricultural holdings. The total number of business entities according to the Census is 46.

In total, members of the holding (holder and other working members) have 0.47³ AWU (annual working units) of farm work on average (Labour force on family agricultural holdings AWU/Total labour force on the holding).

³ The labour force on the family agricultural holding comprise holder of the holding; other family members working on the holding, and other regularly employed persons (non family members).

Table 7: Labour force at family agricultural holdings by age groups, and annual work units (AWU)

Category	Total employment		AWU	
	Number	%	Number	%
Up to 24 years	6,717	6.8	2,304.9	5.0
Between 24 and 34 years	11,340	11.5	4,838.6	10.4
Between 35 and 44 years	15,675	15.9	7,606.8	16.4
Between 45 and 54 years	21,562	21.9	10,447.9	22.5
Between 55 and 64 years	19,849	20.3	10,001.5	21.4
65 years and over	23,198	23.6	11,273.3	24.3
Montenegro, total	98,341	100.0	46,473.0	100.0

Source: MONSTAT, Agricultural Census 2010

The number of 46,473 annual working units in family agricultural holdings is one of the best proofs how the agriculture is important not only for the economy but for the whole Montenegrin society.

Table 8: Labour force on Family agricultural holdings by gender and age

Category	Total labour force	Holder of the holding			Other member of the family working			Non-family members regularly employed		
		Total	Male	Female	Total	Male	Female	Total	Male	Female
Up to 24 years	6,717	344	307	37	6,356	3,855	2,501	17	10	7
Between 24 and 34 years	11,340	2,387	2,228	159	8,924	4,919	4,005	29	11	18
Between 35 and 44 years	15,675	5,993	5,540	453	9,646	3,725	5,921	36	23	13
Between 45 and 54 years	21,562	11,675	10,769	906	9,857	2,385	7,472	30	20	10
Between 55 and 64 years	19,849	12,197	10,657	1,540	7,633	982	6,651	19	12	7
65 years and over	23,198	16,228	13,037	3,191	6,966	923	6,043	4	2	2
Montenegro total	98,341	48,824	42,538	6,286	49,382	16,789	32,593	135	78	57

Source: MONSTAT, Agricultural census 2010

The structure of total working persons⁴ (98,341) on family agricultural holdings by educational attainment is the following:

- No education 3.89%,
- Unfinished primary education 5.81%,
- Primary education 27.93%,
- Any secondary school finished 53.26%,
- Post-secondary or higher education is 9.09%.

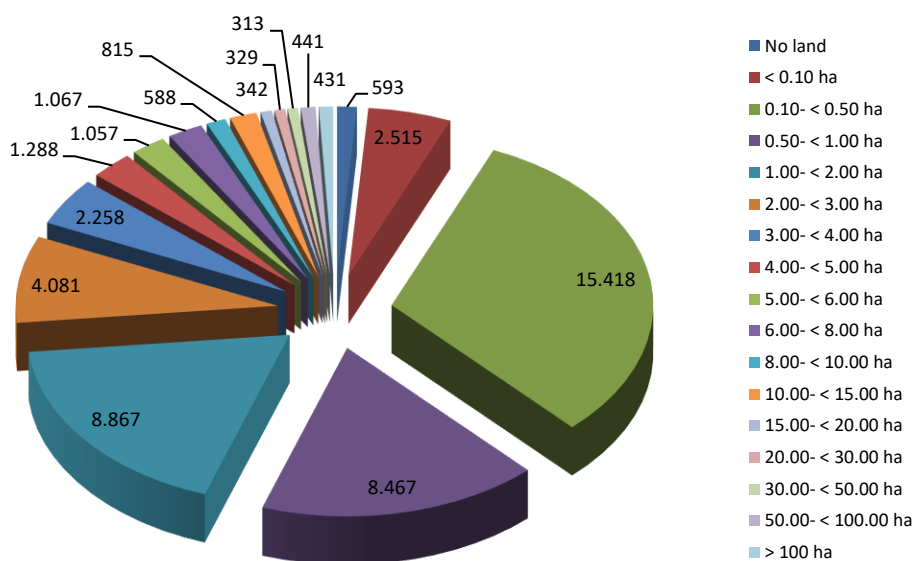
⁴ As described by MONSTAT, full-time engagement was counted by using Annual work unit (AWU) as an employment equivalent. The time spent for the work on the holding is actually spent time for the work in agriculture, excluding the holding work. For full-time employment 1,800 hours are taken to be the minimum for Montenegro (225 working days of eight hours each). The farm work is separated from the additional activities.

3.2 Performance of the agriculture, forestry and food sectors

Agriculture, with tourism and energy are strategic sectors in Montenegro. These sectors are interconnected and are representing potential for further development. For further development of agriculture in Montenegro, in the context of the accession process, it is necessary to analyse the current situation and possibilities.

Structure of agricultural land is unfavourable in terms of the size of agricultural holdings, compared with the size of the land of EU member states. In accordance with the Agricultural Census of 2010 the average size of utilized agricultural land per holding in Montenegro is 4.6 ha. Also, we should take into account the fact that 72% of agricultural holdings possess up to 2 ha of land. In addition, the used agricultural land is divided into small parcels, which makes it more difficult to fully utilize. Graph below shows the number of holdings by size of agricultural land.

Graph 1: Number of holdings by the size of agricultural land



Source: MONSTAT, Agricultural census 2010

The farm structure is dominated by small family farms, which produce mainly for their own consumption. Their market share is limited.

Plant production is characterized by the combined type of production on small family farms mainly for their own consumption. Livestock production is present in the entire territory of Montenegro, also on small family farms without significant market share. There is a potential for further utilization of land available for increase of the production capacities of farms in both plant and livestock production.

When we take the ratio of used agricultural land and the number of livestock units, we can conclude that in Montenegro there is relatively low animal density per ha, only 0.53 LU/ha. The average population density in the EU-27 in 2010 was 1 LU/ha, which is about 2 times higher than in Montenegro.

Remoteness and dispersion of villages is one of the structural disadvantages. According to physiognomic structure, rural settlements in the territory of Montenegro are classified in village's scattered type, characterized by the dispersal of residential buildings. Configuration of fields further complicates the connection between neighbouring villages and even works on the establishment and maintenance of infrastructure require additional attention.

Unused agricultural land, both private and state-owned, and its utilization are representing a significant potential for increase of agricultural production. According to the MONSTAT Statistical Yearbook 2014 the utilized agriculture land in 2013 is at the level of 223,131 ha.

The land market is undeveloped. Parts of the agricultural land have unresolved property relations (land under restitution process, pastures etc.). In a number of cases the user of the land is not the actual owner of the land. One of the disadvantages is that the territory of Montenegro isn't fully covered by Cadastres, which is a reason why it is necessary to complete it and to update regularly.

The low level of organization of agricultural holdings (negative experience with socialist cooperatives), the absence of involving them in the higher forms of organization and other forms of co-operation directly affects negatively the level of competitiveness and market positioning.

The structure of farms, the average farm size and standard economic output (SO)⁵ indicates a low investment potential and hence the low level of technological and technical equipment-which determines further technical and technological modernization in combination with measures of diversification with the aim of raising the level of economic sustainability.

Availability of credits

Financing the investments of farmers is available through the Investment Development Fund (hereinafter: IDF), commercial banks, and microfinance institutions.

The Investment Development Fund of Montenegro was founded in 2009 by the adoption of the Law on Investment and Development Fund of Montenegro, which is still in force. Broadly defined activities and objectives of the Fund allow their concretization in several areas of activity, each of which should be emphasized: support for the small and medium-sized enterprises (credit and warranty support) support in addressing infrastructure and environmental projects, promotion of exports and employment;

The Fund provides support through direct credit arrangements, and credits to recipient loans through commercial banks, with which IDF established cooperation.

Beneficiary of credits are micro, small and medium size enterprises and entrepreneurs, in all forms of organization in accordance with the relevant Companies Law, as well as persons who work in the manner defined by the rules of the activity they are engaged (artisans, agricultural producers, etc.).

Table 9: Direct Crediting

Activity	Fund credit IDF, EUR	Grace period	Repayment (excluded grace period)	Interest rate
Programme supporting Agriculture and food production	10,000 to 1,000,000 (Entrepreneur and farmers to 50,000)	To 4 years	To 8 years	5%

Source: IDF; Financial support 2015

Credit lines through and with the guarantee of banks will be implemented by scheme of cooperation with commercial banks in accordance with IDF rules.

⁵ According to the Agricultural Census the average value of economic size of holding in family agricultural holdings is EUR 2,276.6.

Table 10: Credit line IPARD-like

Activity	Fund credit IDF, EUR	Grace period	Repayment (excluded grace period)	Interest rate
Programme supporting development of Agriculture and food production– IPARD like 2015	Up to 100,000 (micro, small and medium enterprises, which are engaged in agricultural activity)	To 4 year	To 8 year	3.5%
	Up to 80,000 Registered agricultural producers-in accordance with definition of registered agricultural producers from Operational Manual IPARD like project	To 4 year	To 8 year	3.5%

Source: IDF; Financial support 2015

IDF can directly finance up to 50% of the total investment. The amount of the loan intended for investment in working capital can be up to 20% of the total loan amount. As a collateral loan IDF will accept bills of exchange, mortgage, bank guarantees, and guarantees of local self-government units, the Government guarantee and other usual collaterals in the banking business in accordance with the policies of the collateral and the decisions of the competent authorities of the IDF.

Financing through commercial banks is characterized by high interest rates and unfavourable conditions for farmers. The level of collateral depends on the investment required: mortgages without burden and constraints are acceptable under the bank conditions (the value of the mortgage must be at least 1.5 times higher than the amount of the loan). The additional collateral is possible (collateral other legal and natural persons, pledges...) depending on the assessment.

Priority sectors for IPARD II support

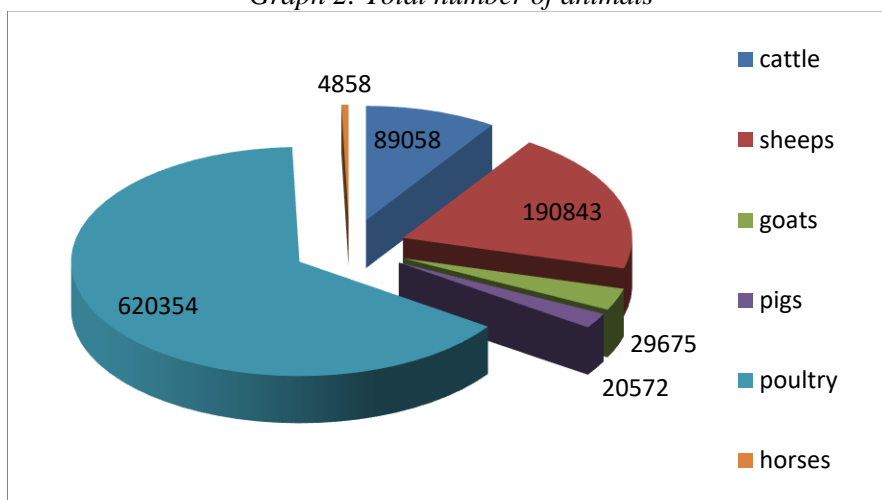
IPA Implementing Regulation No 447/2014 shows that the IPARD II programme should be based on an analysis of the current situation in rural areas and a deeper analysis of the key sectors of agriculture and food processing. Among other components, the IPARD II should include a description of the current situation by showing the differences, gaps and potential for development, as well as quantitative targets.

Therefore, the Ministry of Agriculture and Rural Development through MIDAS project updated the Sectoral analysis for sectors of dairy, meat, fruit and vegetables, olives, viticulture and wine, as well as fisheries.

Livestock production

According to the agricultural Census of 2010, 66.9% or 32,675 agricultural holdings are engaged in livestock production. Farm structure is unfavourable since 82.93% of holdings involved in livestock production possess up to 5 livestock units, while the average number of animals per holding is 3.3 cattle, 37.3 sheep's and 9.8 goats.

Graph 2: Total number of animals



Source: MONSTAT, Statistical Yearbook 2014

Milk sector

According to the data from Livestock Selection Service, average milk yield per cow in a controlled population is 5,077 kg, while the estimate for the total population is around 2,500 kg per cow.⁶ Such modest results are a consequence of inadequate nutrition, poor accommodation, poor technical equipment, as well as the problem with manure management. Directions for future support will focus on solving these problems.

The average annual production of milk in the last ten years is around 170 million litres; of which 95% is cow's milk. Of the total milk produced, during 2013, an average of around 13% or 23.6 million litres was collected and processed in registered milk processing establishments. This data is showing that the sector has good potentials for further growth. One of the reasons for this low level of milk collected is the dispersion of farms and their modest size, which further burden the collection network. The remaining amount is used for feeding calves, or processed on holdings into various types of indigenous dairy products, such as various cheeses, *skorup* and *kajmak* and used for their own use or for sale. Products placed for sale, are subject of control of the Veterinary Administration and Sanitary health Inspection.

The main problems in the milk production/processing are related to the low quality of the raw milk, inadequate equipment for milk storage/processing, remoteness and dispersion of farms, small range of products, and food safety standards.

In order to solve the main problems in this sector support should be given in three directions:

- 1) Expansion and strengthening of milk networks,
- 2) Expanding the range of products, especially the affirmation of cheese and
- 3) Improving the quality and safety of products, in order to achieve EU standards.

Meat sector

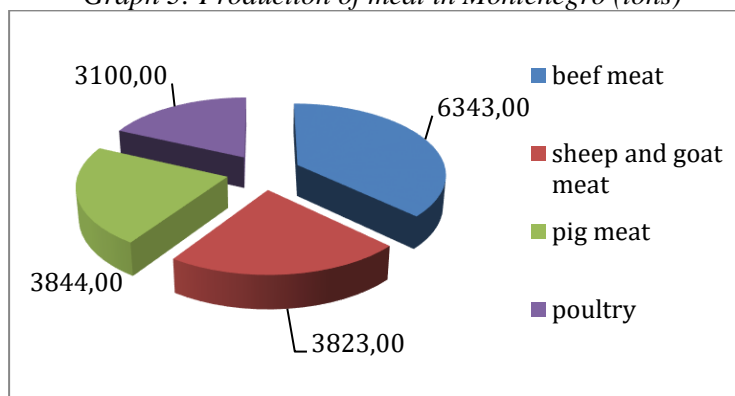
The total domestic meat production is about 17,110 tons, which covers only 36% of total meat consumption in the country.

Approximately 60% of meat produced in Montenegro comes from ruminants, which are predominantly grown in semi-intensive production systems, while pig production is not developed enough.

⁶ The presented data are based on 3251 cows controlled by the Livestock Selection Service.

The poultry sector recorded a positive growth trend, while production of eggs takes place in conventional cages with a production of about 75 million eggs per year. Better production results in this sector can be achieved if there is a continuous production of animal feed, animal housing that meets the standards of animal welfare and the use of specialized breeds for fattening. In order to reduce the harmful impacts on the environment it is necessary to solve the problem of manure disposal.

Graph 3: Production of meat in Montenegro (tons)



Source: Sectoral analysis of meat production 2014

In Montenegro, there are currently about 320 agro-industrial enterprises, of which about 20% are working in the meat industry. Over the past few years, MARD has started providing financial support to Montenegrin companies to introduce HACCP (food safety is an important issue in Montenegro agri-food companies).

According to the analysis of the meat sector, the four largest companies in the meat industry produce about 60% of total domestic production with a production per producer that ranges from 1,000-6,000 tons per year.

These four companies are exporting meat products to Serbia, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia and Kosovo*. In addition, two medium-sized enterprises have a capacity of between 500-1,000 tons of meat per year that have also an integrated system of slaughtering and meat processing, for retail, but don't export to the neighbouring countries.

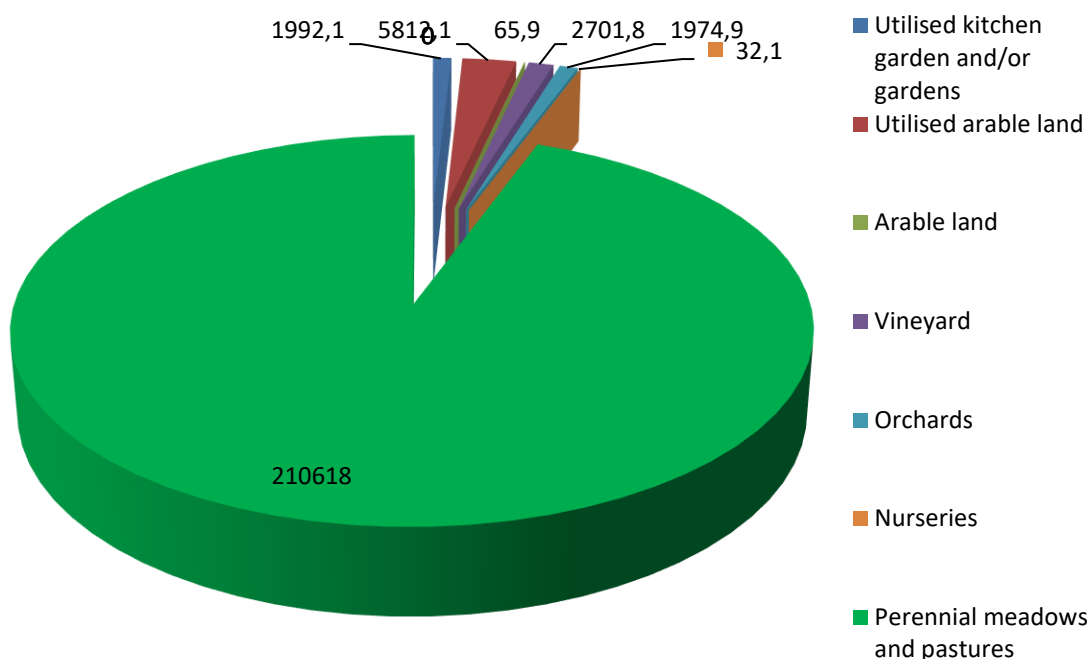
Intervention in meat sector as an objective will be focused mainly on: Support on improving the overall performance of agricultural holdings and an increase in ability of the agri-food sector, through increasing the competitiveness and productivity, through investment in the use of modern equipment and production technology, improving the status of achieving national and EU standards, the introduction of quality management systems, improving the environmental situation in slaughterhouses and plants meat processing, raising awareness, and improving knowledge and skills.

Processing of meat should be directed to: improvement of slaughter capacity in order to improve the hygienic conditions and new technologies and new technologies and waste treatment.

Plant production sector

Fruit and vegetable sector are very fragmented, as shown in the Graph. 4. According to data from the Agricultural census 2010 around 14,000 holdings are involved into production of fruits and vegetables, which represents 32.7% of the total number agricultural holdings. According to MONSTAT data plant production in 2013 cover 12,513 ha.

Graph 4: Usage of the agricultural land by crops culture (ha)



Source: MONSTAT, Statistical Yearbook 2014.

Production of vegetables is not enough specialized. A small number of farms produce vegetables in greenhouses. Sector is characterized by certain common weaknesses: fragmentation, lack of vertical integration, the small-scale production, and low level of technology, uneven quality/price and high production costs per unit and the lack of storage capacity.

Several companies are engaged in the processing of fruits and vegetables, but they have relatively small capacities. Only 5 processing capacities have a significant share of the market, and the rest are with smaller capacity and are not important market players.

Competitiveness in the sector of vegetables could be strengthened by extending the season supply through production in covered areas and improving market infrastructure that enables the storage and preservation of fresh products for the market, thus improving the quality and reducing the seasonal nature of these products. Greater efficiency can be achieved through vertical integration of agricultural production and processing and better horizontal connections among producers for joint investments.

Increasing competitiveness in the fruit sector can be achieved by modernization of agricultural holdings, better use of resources and manpower, introducing new technologies and innovations, with special emphasis on market-oriented producers. This requires the establishment of modern orchards, using quality-controlled planting material and quality seed. This will specialize the production of so-called niche markets.

The necessary investments are needed to improve primary production (greater specialization, better technology, the adoption of quality standards), as well as the distribution and processing (modern practices after harvest, better technology, the adoption of quality standards, etc.).

Viticulture sector

According to the Statistical Yearbook 2014 under vineyards there are 2,702 ha (including JSC "Plantaže"). The total production is dominated by production of wine varieties, primarily of red wines Vranac and Kratošija, and among white varieties are most frequent Krstač and Chardonnay. In recent years there has been a significant trend of increasing area under vineyards with foreign (introduced) varieties such as Cabernet Sauvignon and Merlot for the reds, Chardonnay for white wines.

Large producer JSC Plantaže dominates the sector with the production of an average of 14 million litres of wine and there is an increase in the number of companies starting to do business in this sector (currently 44 small wineries registered with smaller capacities).

On one side, improving the competitiveness of the wine sector requires innovation and better use of resources through the production of new vineyards, using certified planting material. Production should be organized through the support of initiatives for the formation of producer associations and the development of joint activities of production and marketing. On the other hand, focusing on the production of specific and traditional products of high quality would significantly contribute to the development of horizontal integration between sub-sectors of wine and tourism, and make the tourist offer more attractive. This would help in establishing better conditions for the development of the sector and diversification of economic activities in rural areas.

Olive sector

Olive is the oldest subtropical culture on the Montenegrin coast and covers 118.8⁷ ha under plantations. Approximately 70% of the trees are traditional old trees, while less than 10% are juvenile trees. More than 90% of the trees belong to autochthonous varieties (žutica etc.), which ensure the basis for the production of high-quality oil.

Processing industry in Montenegro is not sufficiently modernized in accordance with international standards of olives and olive oil production, which affects the quality of the final product. Olives are processed into oil or preserved for home use. Most of the yield is used for production of oil. Currently in Montenegro, there are 15 registered oil mills, of which 8 with a continuous line for cold squeezing of oil (capacity of 250-500 kg of fruit per hour), and the rest are traditional mills with stone presses.

Beekeeping sector

The importance of beekeeping lies not only in the production of honey and other bee products, increasing the role of bees in pollinating plants, thereby directly affecting the increase in the yield of agricultural plants. According to the Agricultural Census there are 2,533 family holdings that are engaged in breeding bees to the Agricultural Census 2010, while the total number of beehives in Montenegro was 50,024.

The presence of several climatic zones, large areas of meadows and pastures and spacious karstic area with rich flora and plenty of honey plants, provide very favourable natural conditions for the development of beekeeping in the entire territory of Montenegro. In Montenegro, most of the bees are *Apis mellifera var rafter*, the indigenous race of bees that has very good biological and production characteristics. On the other hand, botanical and ecological research in Montenegro identified over 500 important honey plants. Climatic conditions for the development of beekeeping ranging from Mediterranean to alpine climate, affects the potential of bee pastures as the basis of the development of beekeeping.

⁷ Statistical Yearbook 2014.

Fishery sector and aquaculture

Fishery is of particular importance for the economic development of coastal areas in Montenegro, which has valuable but unused resources in this sector. Sector of Marine Fisheries and Aquaculture in the coming period has to be strengthened in many areas in order to be more competitive on the domestic market. Montenegro has significant resources of fish and other marine and freshwater organisms as confirmed by scientific research conducted in Montenegro. In order to place fish, shellfish and other marine and freshwater organisms on the market it is necessary to fulfil the health hygiene requirements, in accordance with the relevant Law on Food Safety.

In terms of freshwater aquaculture, water resources in Montenegro are of excellent quality and are a good potential for fish farming, which has so far not been sufficiently exploited. The most cultivated species is rainbow trout (*Oncorhynchus mykiss*), and a small amount of brown trout (*Salmo trutta m. Fario*), which is mainly used for restocking. There is a total of 32 farms, while the total annual production of trout is estimated at about 550 tons, with about 100 employees, mostly members of the agricultural holdings.

Mari-culture is now done exclusively within the framework of Boka Kotor Bay. Currently mussels (*Mytilus galloprovincialis*), sea bass (*Dicentrarchus labrax*), sea bream (*Sparus aurata*) and oysters (*Ostrea edulis*) are grown in a total of 17 locations. Annually production is about 200 tons, 16,000 mussels and oysters, as well as 120 tons of sea bream and sea bass.

Forest

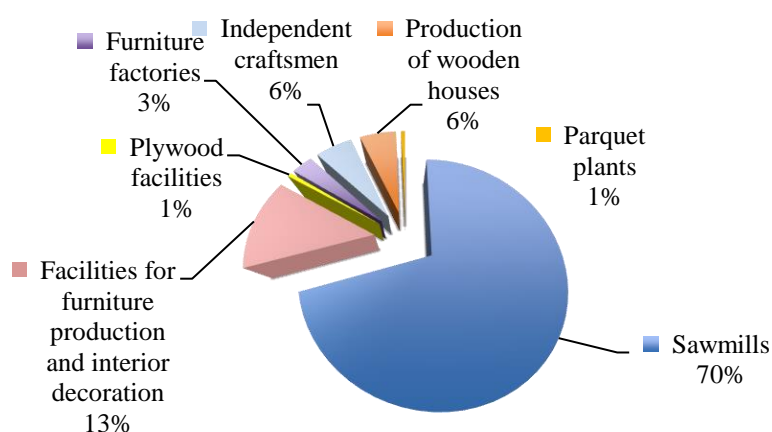
Together with mountains and water, forests form a substantial part of the brand of Montenegro in the area of sustainable and green tourism. Forests are of vital economic significance to population in rural areas where forests are one of the main sources of income and of heating energy. In addition, forestry has always been one of the main industries that employed a large part of the rural population.

According to the National Forest Inventory (NIS) 2010, the forests were covering 60% of the territory of Montenegro, and barren forestland additional 9.7%. The total standing volume of all of the forests is 133 million m³ of wood; of which 104 million m³ belong to the forests available for wood supply (they are accessible and outside protected areas or other regimes of protection).

According to the share in the area beech tree is dominated with 19.8%, followed by spruce 8.5%, firs with 4.1%, 2.0% of sessile oak and black pine with 1.6%. The share in the mass (volume) of the dominant species is as follows: 42.6% beech tree, spruce 20%, fir 12.5%, constituting 75.1% of the felled timber. They are followed by black pine and Turkey oak with a share of 2.8 and 3.9%, respectively. Balkan endemics *Pinus heldreichii* and *Pinus peuce* have a significant share to the area 1.1% (*Pinus heldreichii*) and 0.6% (*Pinus peuce*) in volume.

In the wood processing industry, 152 companies were active mid 2012 (including companies and entrepreneurs producing furniture). The common activity of these companies, in terms of their number, was sawmilling, followed by furniture manufacture (mainly particle board furniture from imported material), equipping interiors and manufacturing of wooden houses. The structure of wood processing enterprises is dominated by small enterprises. Six large enterprises processed a total of 97,380 m³ of technical round woods in 2011, which constituted 29.8% of total technical round wood processed in Montenegro.

Graph 5: Proportion of companies per some of the production types in the total number of wood processing and furniture manufacturing companies in Montenegro



Source: National Forestry Strategy

Out of the 107 active sawmills, most are situated in the municipality of Rožaje (51, of which 9 are producing sawn timber and wooden houses), followed by Berane (14), Bijelo Polje (8) and Pljevlja (7).

Results of the conducted research show that most of the raw material (technical round wood) is used for production of sawn timber and plywood. These two products are dominant in primary wood processing in Montenegro.

Around half of the forests in Montenegro are state owned, and another half are in private ownership.

Table 11: Area, growing stock and increment in state and private forests available for wood supply

Owners hip	Area of forests for utilization (ha)	P %	Wood stock (m ³)	V %	Growing stock per hectare (m ³ /ha)	Annual increment (m ³)	Increment per hectare (m ³ /ha)
State	334,781	49.6	75,162,069	73.2	224,5	1,762,223.3	5.3
Private	340,608	50.4	29,812,676	26.8	87,5	763,027.7	2.2
Total	675,389	100.0	104,974,746	100.0	155,4	2,525,251.0	3.7

Source: National Forestry Strategy

Climate change will negatively affect the distribution of most major tree species in Montenegro. It is reasonable to expect that climate change will have a negative impact on the distribution of these species over large areas, primarily in the far eastern part of Montenegro, in all the mountains north of Berane and Rožaje. Also, the vulnerability of these species can be expected in all regions of the lower position's mountains around Pljevlja.

Potential threat to forest ecosystems represents epidemic pests and diseases, which are particularly expressed in the last few decades due to increasing anthropogenic pressures and inappropriate silvicultural measures. Increasing the potential abundance and number of species of harmful insects has caused significant economic losses and accumulation of combustible materials (dead biomass) in the forest, especially in the coniferous forests. Therefore, it is important to improve the monitoring system disorders caused by biotic pests and provide adequate sanitation (periodic removal of infected trees) and general oversight. Another significant threat to forest ecosystems, forest fires, and the risk of forest fires is increasing due to the increase in temperature, which is already evident, especially in the summer months, which requires preventive action by increasing capacities for the protection of forests against fire.

3.3 Environment and land management

The diversity of geological base, regions, climate and soil, as well as the very good position of Montenegro in the Balkans and the Mediterranean has created ideal conditions for the emergence of biodiversity with very high values, which puts Montenegro in the so-called diversity "Hot-spot" areas of European and World importance. The S/A index related to the number of species per area in Montenegro are 0.837, which is the highest recorded in all European countries⁸.

In order to determine and reflect on pressures on the biodiversity, Montenegro in 2010 adopted a National Biodiversity Strategy and Action Plan for the period of 2010-2015. As it is presented in the Strategy and Action Plan, the anthropogenic activities that are carried out every day have different effects on the environment. The use of land/area and its modification for the needs of the population, beside the impact on the natural balance, also affects the human health. In order to be able to assess these impacts and predict their consequences, sectors that make constant pressure on the environment should be singled out and identified. As it is stated, some of these sectors, such as energy, transport and industry, exert direct pressure on the nature while others, such as agriculture, forestry and fisheries are in a different position, and they directly depend on the state of the environment.

Tourism and construction are determined as main contributors to decrease of the biodiversity in Montenegro. It is stated that the agriculture is not the main polluter but the further actions are needed in order to prevent the negative effects.⁹

Also, the pressure of agriculture on land degradation has been identified with proposed measures to be implemented.¹⁰

Main determined pressures are related urbanization in some areas and changes of the land usage (from agriculture to construction), erosion in certain areas (some also includes agriculture areas), inadequate usage of pesticides that can bring to water pollution. Low level of awareness of the importance of biodiversity is also representing a pressure on biodiversity.

Even though there is a lack of available data and the monitoring of the biodiversity is not implemented to the full extent, the Ministry of Agriculture and Rural Development so far has supported agricultural producers through several measures, in order to reduce pressure of agriculture on environment in Montenegro.

Important support was provided through grant component of the *Montenegro Institutional Development and Agriculture Strengthening* (MIDAS) project. This project also included component financed by Global Environment Fund (GEF). Through MIDAS five (5) public calls have been realized. Three of them (1, 2 and 5) supported the investments in management of manure and erosion prevention, which are aimed at reducing the risk of pollution by nitrates, surface water and ground water, reducing soil erosion by retaining and maintaining terraces, preservation and improvement of the agricultural landscape, as well as meeting of the national standards in these areas.

A certain number of measures are implemented through the national agro-budget in order to reduce the pressure and extraction of natural resources available in a sustainable way, such as:

- Support for organic production (reducing the negative impact of agriculture on the environment, conservation of biodiversity, increasing the quality of agricultural products and contribution to the affirmation of Montenegro as an ecological state);
- Support for use of mountain pastures (conservation and rational use of natural resources, sustainable management of agricultural land, environmental protection, preservation of biodiversity, maintenance of cultural and natural heritage, preventing the conversion of agricultural land into forest land); and

⁸ First Report on the implementation of the National Strategy of Biodiversity with Action Plan, November 2011.

⁹ Fifth National Report of Montenegro towards the UN Convention on biological diversity, March 2014.

¹⁰ Action plan for fighting land degradation and mitigation of the consequences of drought in Montenegro.

- Support for preserving autochthonous genetic resources in agriculture (preservation and sustainable use of endangered autochthonous and local breeds of livestock, plant species that are threatened by genetic erosion, as well as contribution to the preservation of total biodiversity).

In 2013 MARD adopted the Code of Good Agricultural Practice (GAP) which gives advice on how to produce food in a way that takes into account the preservation of the environment. Its recommendations will enable the Montenegrin agricultural producers to protect agricultural land in Montenegro, keep rivers, lakes and shallow water clean and healthy, avoiding pollution by nitrates, to protect the health and well-being of animals, protecting thus Montenegro from serious diseases that could threaten the livelihoods of farmers, safe use of pesticides, to protect themselves, consumers, animals and the environment. The GAP code is addressing all of the issues listed as pressures in the Action plan for fighting land degradation and mitigation of the consequences of drought in Montenegro. In order to address the pressures, the MARD conducted the public campaign on GAP promotions. Presentations were held according to the previously established schedule, in municipalities: Ulcinj, Podgorica, Kolašin, Berane, Bijelo Polje, Nikšić and Pljevlja. Advisory services also participated in the presentation since they are in charge of the implementation. In addition to the authorities, the response of agricultural producers in Montenegro on these promotions was significant, which served for their closer acquaintance with the recommendations of the Code as well as to prepare for future demands and requirements that will have to fulfil, in the interest of environmental protection and health and welfare of people and animals, which in order to respect the rules and the use of various forms of support from national and international support programs.

The National Action Plan, which is planned for adoption by the end of year 2016 with aim to show how, Montenegro will ensure that the general principles of integrated pest management will be implemented.

In general, increase of agriculture production and food processing, more intensified agricultural production and diversification and development of economic activities in rural areas can lead to additional pressures and negative impact on nature and environment.

IPARD II programme and its implementation will have a positive impact on addressing the pressure to the environment. Enforcement and compliance with National Minimum Standards and EU standards will have a very important positive impact, and it is expected that the overall state of the environment will improve, which will have an indirect positive impact on nature, biodiversity and the landscape. Through measures and investments proposed in the Programme above mentioned pressures are addressed. Also, the pressures will be addressed with usage of the national funds through Agro budget measures.

A direct positive impact on soil, water, air and climate could be expected through the construction and/or reconstruction of manure storage capacities, including equipment for its handling and use, and through the application of good agricultural and environmental practices. Investment in stonewalls, fences etc. can also positively contribute to above mentioned pressures.

There will be a direct positive impact on water through the construction and/or reconstruction of facilities for wastewater treatment, water purification and utilization of waste products and investment in the modernization and construction of food processing facilities and slaughterhouses.

Overall, IPARD II programme jointly with the national funds and other programs will have a very positive impact on the environment.

Biodiversity

By richness of flora and fauna and diversity of eco-systems, Montenegro is among the leading countries of Europe. Based on the data available, it has been established that of the total of about 3,250 species of vascular flora, about 20% are endangered.

The special values of biodiversity are endemic and relict species and ecosystems, which are dispersed only in the territory of Montenegro, or their complex slightly favours the territories of neighbouring states. Out of a total of 526 European bird species, 297 (or 57%) can be regularly found in Montenegro. A major contribution to the high level of biodiversity provides freshwater and marine ecosystems.

Diversity of geological structure, landscape, climate and soils as well as the very position of Montenegro on the Balkan Peninsula and the Adriatic Sea provided the conditions for development of a biological diversity of a very high value, which places Montenegro together with biological “hot-spots” of the European and world biodiversity. Two main bio-geographic regions exist in Montenegro: the Mediterranean and the Alpine, with very diverse types of eco-systems and habitats in a very small area.

Protected areas

A great number of natural assets in Montenegro have been placed under protection. The National network of the protected areas currently covers 124,964.24 ha, or around 9% of the territory of Montenegro of which the largest share (101,900 ha or 7.37%) is comprised of five national parks: *Durmitor*, *Skadarsko jezero*, *Lovćen*, *Biogradska gora* and newly established *Prokletije*. The remaining part includes 40 protected areas within the following categories: monument of nature, region of special natural character, and (general and special) reservations.¹¹



Picture 1. Protected Area Network in Montenegro

Source: Results of the initial evaluation of Protected Area Management in Montenegro using RAPPAM Methodology; Porej, D. & Stanišić, N.

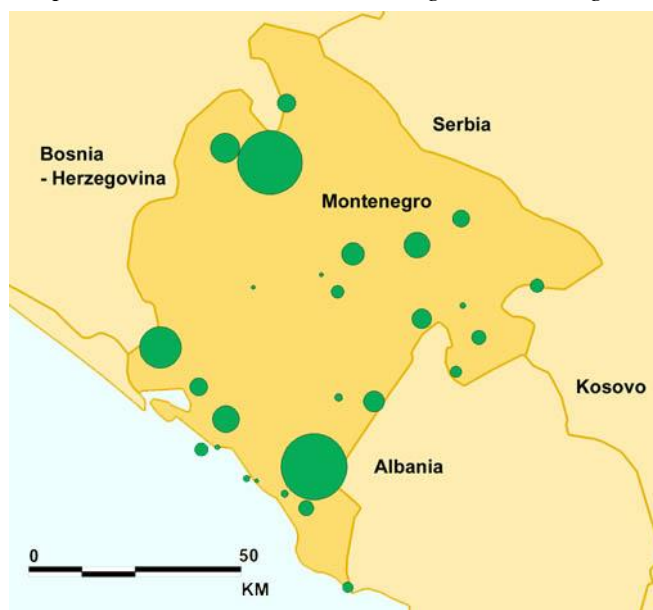
According to the data in the Fifth National Report of Montenegro to the convention on biological diversity from 2014, the total area in Montenegro placed under protection - nationally (124,964.24 ha) which is 9.04% of the State territory, and internationally (143,594 ha) which is 10.39% of the State territory.

Montenegro has 27 IPA's, covering 708,606 hectares. There is good relation between the Montenegrin IPA network and the Emerald Network (designated under the Bern Convention) and 11 IPA's are protected either fully or partially. This, however, leaves nearly 60% of Montenegro's IPA's unprotected.

Most IPA's in Montenegro are owned part by the state and part by private land owners. Tourism and recreation are the dominant land uses at 81% of sites and thus, unsurprisingly, development threatens 78%, with over half of the sites threatened specifically by tourist development. This is a particular problem on the coast. Forestry and mixed agriculture take place on almost half of Montenegrin IPA's and low-level wild plant harvesting on one third. One third of sites are also threatened by deforestation and burning of vegetation.

¹¹ See Fifth National report of Montenegro on the Convention on Biological Diversity, March 2014.

Picture 2: Important Plant Areas in Montenegro - IPA Programme



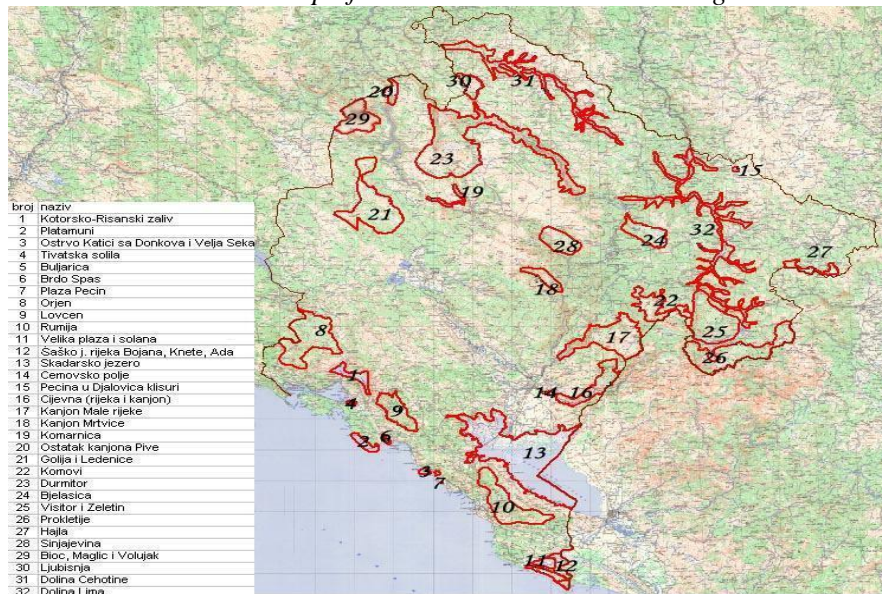
Source: Important Plant Areas in Montenegro – IPA Programme

The activities on establishing Ecological Network NATURA 2000 in Montenegro have started in 2009, through the cooperation with WWF. The project titled “Montenegro and Natura 2000: Strengthening the Capacity of Government and civil sector to adapt to EU Nature Protection Acquis “was focused on EU Habitat Directive and completed in June 2012. A list of Natura 2000 species and habitats present in Montenegro has been prepared using previous knowledge from the EMERALD Network project but updated and modified to the requirements from the EU Habitat Directive Annexes. After that, the Draft reference list for relevant sources of information regarding species and habitats listed in Annexes has also been prepared. Following this, Desktop Inventory for these species and habitats has been carried out in the central database (GIS) in the Institute for Nature Protection. Meanwhile, the draft version of the Catalogue of NATURA 2000 habitats, which exist in Montenegro, has been prepared and used for first Fieldwork inventory training of previously identified NATURA 2000 habitats in Montenegro. In spite of the activities overtaken, the results are still scattered and there is a need for systematic handling of the data.

In the Natura 2000 areas breeding of the animals and agricultural activities, particularly agro-environmental measures (organic farming and sustainable use of mountain pastures) will improve the area. The existence of these areas depends also on the continuation of their use but they are affected due to changes in agricultural practices and the depopulation of these areas. Therefore, these support measures can contribute to its improvement.

Ministry of Sustainable Development and Tourism recently started with the implementation of the project „Strengthening the environmental protection system in Montenegro “. The objectives of this projects are to prepare the National Environmental Approximation Strategy, a strategic document needed for planning of further approximation of Montenegrin legislation to the EU environmental acquis and to carry out all necessary activities to start with laying foundations, including extensive field mapping and data gathering, of future Natura 2000 network in Montenegro, in full agreement with the requirements of the EU Birds and Habitats Directives.

Picture 3: Map of Emerald Network in Montenegro



Source: <http://natura2000infocentar.wordpress.com/>

Montenegro is conducting monitoring of biodiversity. A result of the monitoring programme of the biological diversity in Montenegro confirmed the estimates, which were previously reported in the scientific literature, the endangerment of many components of biological diversity. The causes of threats to biodiversity must in future be carefully analysed in order to be able to propose measures to improve the state of biodiversity, through their integration into sectorial plans and strategies.

Genetic resources in agriculture

According to the National Biodiversity Strategy of Montenegro, although small in area this country is characterized by a great diversity of agro-ecological conditions, and therefore a wide variety of plant species. The Biotechnical Faculty works on gathering, making of collections and research of plant genetic resources in the field of agriculture of Montenegro and it has a rich collection of domestic, domesticated and introduced varieties of grape wine on the Balkans (408 genotype-varieties). Furthermore, the Biotechnical Faculty monitors 6 fruit species in different locations, with about 35 accessions. So far, inventory has been made in several locations as well as an herbarium. The Centre for Sub-tropical fruit in the Municipality of Bar monitors different varieties of fig and pomegranate.

Over more than 20 years, the Biotechnical Faculty has formed a collection of 200 cultivated and wild wheat species. A significant part are autochthonous populations from Montenegro (113 samples), 47 were collected in other parts of former Yugoslavia, while 40 samples were received from Italy. Unfortunately, due to the irregular regeneration of 20 accessions were lost so that the collection now has 180 of them. In addition to wheat, at the same time 68 local populations of maize, rye 5, 10 barley, 5 oats and buckwheat 6 were collected. So far, collections of 52 genotypes of potato, 2 accessions of tobacco, 11 samples of wild populations of wormwood and 13 species or 45 samples of different vegetables have been collected. Regarding forage plants, a collection of 7 genotypes of Medicago species, 23 wild population of red clover and 11 populations of cocksfoot have been made; activities will spread to other forage species.

In a relatively small area, Montenegro has a significant number of populations of almost all livestock species reared in the Balkans. All those populations are, by their essential genetic and phenotypic features, quite specific and small in numbers. Some of them are so few, that there is a real risk of their disappearance. One of them is *Buša*, a small bovine breed, accustomed to rough conditions.

The greatest diversity of autochthonous breeds is presented in sheep production, which is dominated by the races that belong to the pramenka group, as follows: Zetska žuja which is well adapted to the conditions in arid areas, Bardoka, reared in areas bordering Kosovo* and Albania, pivska or jezero-pivska sheep reared in the broader region of the Durmitor and Sinjajevina, Ljaba which had originally been reared in the area of Ulcinj, Krajina, Bar and Malesija and sora reared in the north-eastern part of Montenegro.

Domaća balkanska koza (Domestic Balkan goat) is reared in the southern and central region, primarily in the area of karst, where there are less favourable conditions for rearing of other ruminants. Variety of red pelage is considered representative for this type of Montenegro.

Domaći brdski konj (Domestic hilly horse) is mainly kept in the hilly-mountainous region of the central and northern part of Montenegro, while donkeys, although small in number, can be found in the southern parts of Montenegro, although their population is drastically decreasing.

MARD is implementing a measure through Agrobudget to support the preservation of autochthonous genetic resources in agriculture.

Land

Land is one of the most important natural resources. The prevailing soil modest fertility, acid reaction, lighter texture, often skeletal and shallow, which results in low absorptive complex, and therefore a small retention capacity for moisture and nutrients. The most quality lands are located in river valleys, karst valleys and plateaus.

In general, in accordance with Action programme for preventing land degradation and drought mitigation for 2014 the total territory of Montenegro is classified in 5 Classes as follows:

1. High fertility(1.5%)
2. Medium fertility(4.3%)
3. Limited fertility(25.3%)
4. Low fertility(46.2%) and
5. Unfertilized soil(22.7%)

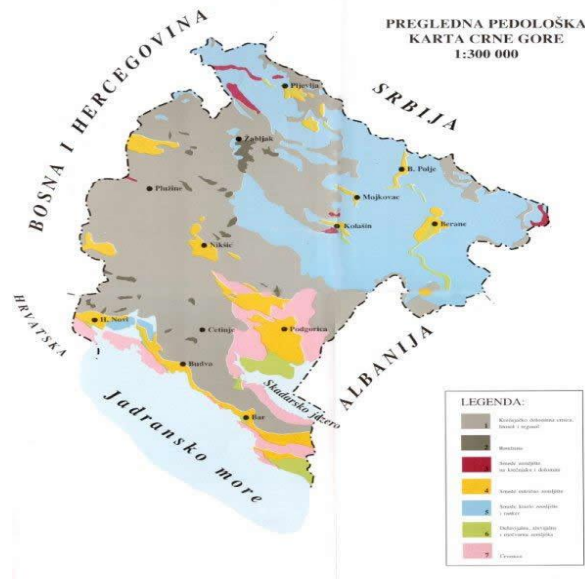
About 6% of the total soil in Montenegro has high and medium fertility, while over 90% of the soil has limited or low fertility.

Summing up the results of soil fertility control: some 3,000 samples for the period 2004 - 2010, noticed the following problems: trend sudden increase in the content of phosphorus, potassium in soils in the production of vegetables in greenhouses and to a lesser extent in the open field, low content of biogenic micro-elements in terms of enhanced carbonate status on sandy and skeletal soils, organic matter content, on average, not decreased, on average, varying from 2.8% to 3.8%. The 95% of total territory soil in Montenegro is naturally acidic.

Data from Monitoring Centre for Toxicological Research targeted at selected locations, indicating that the state of the ground in terms of hazardous and harmful substances are well. Increased concentrations of toxicants (organic and inorganic) are mainly the result of improper disposal of municipal and industrial wastes and emissions near major roads.

According to Report of the Agency for Environmental Protection on the state of the environment in Montenegro for 2013 through physical-chemical analysis of triazine, dithiocarbonates, carbamates, chlorphenoxy and organochlorine pesticides samples of agricultural land is seen as possible soil pollution caused by the inappropriate use of pesticides. In none of the analysed samples presence of the aforementioned group of chemicals is not exceeded the limits of detection for this type of sample.

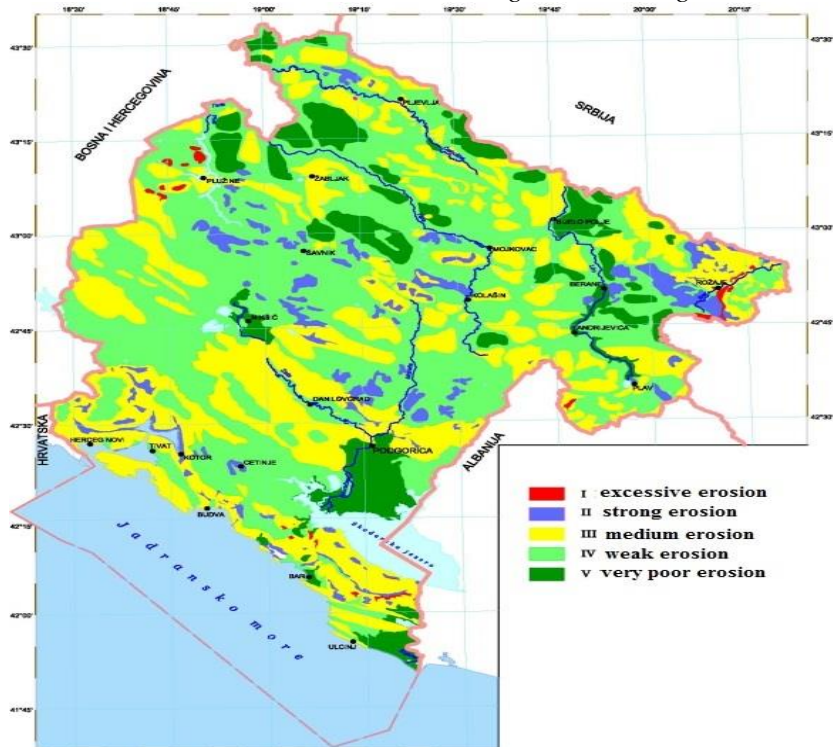
Picture 4: Pedology map of Montenegro



Source: Spatial plan of Montenegro until 2020

Characteristics of Montenegrin terrain are such that dominating the terrain slopes above 10° (65%), while gradient between 5-10° make 28%. Only 7% of the territory has a slope of less than 5° where it is possible to intensively use land in agriculture without the significant consequence of erosion processes, while on the part of the bigger slopes are meadows and pastures, which are used in the extensive manner, and where the threat of erosion also is not present to a large extent.

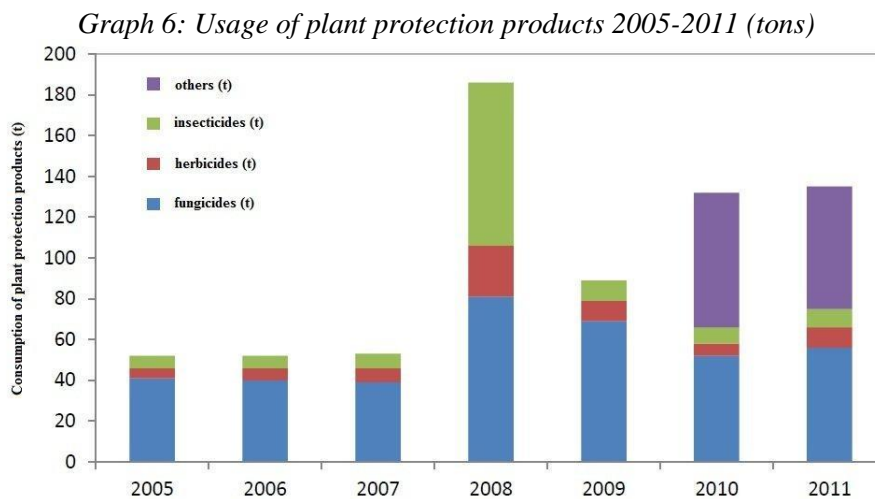
Picture 5: Erosion in current stage in Montenegro



Source: Spatial plan of Montenegro until 2020

Erosion processes attacked 300 registered torrential basins, where the amount of transported sediment is more than 2 million m³ per year. To large occurrences of barren land, there are significant areas of rocky, significantly disrupt the hydrological conditions and the resulting floods. Erosion and devastation of vegetation cover results in land losses, not only in terms of physical area of origin, but also nutrients and soil fertility, which is its most important feature.

In the following graph we can see the level of usage of plant protection products in Montenegro in the period 2005-2011.



Source: Agency for Environmental Protection

Through physical and chemical analysis of pesticides samples farmland consideration to the possible pollution of the soil caused by the inappropriate use of pesticides. In none of the analysed samples presence of the following group of chemicals have not exceeded the limits of detection for this type of sample.

Usage of pesticides in Montenegro is relatively stable, and it's used only on arable land and permanent crops (5.6% of total UAA). The only exception is year 2008 when the usage of pesticides tripled. The reason for this was an outbreak of harmful organism White grubs (*Melolontha melolontha L.*). One of the official measures to fight this outbreak was incorporation of soil insecticides because of big damage caused by harmful organism.

Insecticides were used with all prescribed rules in accordance with good agriculture practice for pesticide uses.

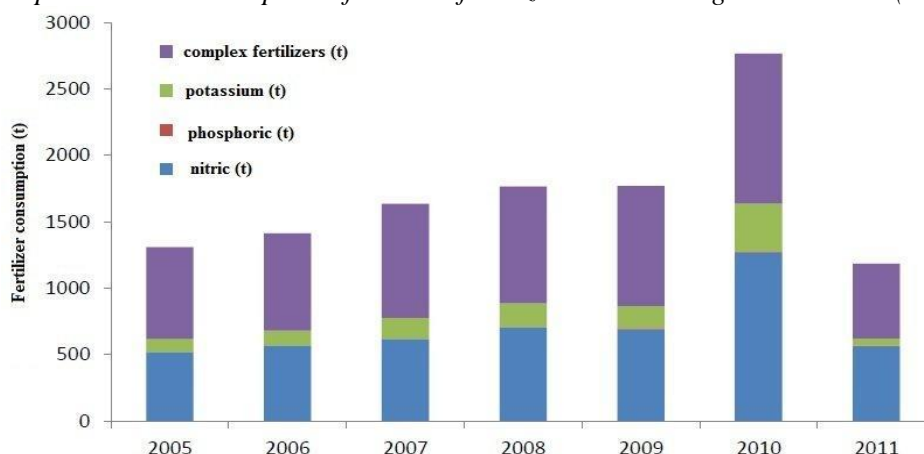
The data on plant protection products usage for 2010 and 2011 show sharp increase of other products. This is due to preventive measures concerning swine fever (usage of disinfections).

In 2014 Montenegro amended the existing Law on Plant Protection Products. Through these amendments EU Directive 2009/128/EC on Sustainable Use of Pesticides has been transposed into national legislation.

Following the changes in EU legislation Montenegro also implements a number of activities such as organization of trainings for administration and management of Phytosanitary Directorate and publication of brochures on the sustainable use of pesticides.

The following graph is showing the total consumption of mineral fertilizers in Montenegro in the period 2005-2011. The declining trend of usage of mineral fertilizers is visible.

Graph 7: Total consumption of mineral fertilizers in Montenegro 2005-2011 (tons)



Source: Agency for Environmental Protection

Irrigation

Only 5.65% of agriculture land in Montenegro is used for plant production (fruit, vegetables and vineyards). Currently, the total irrigated area of 2,364 ha is mainly related to vineyards, fruits and vegetables, which are located around Podgorica mostly in the area of Ćemovsko Polje. Other areas include the Zetsko-Bjelopavlička valley and Nikšićko polje (around cities Nikšić and Danilovgrad). Further investments are needed in order to increase the area under the irrigation systems in Montenegro in order to cover additional areas (mostly vineyards, fruit and vegetables).

The plantations are located in places that have abundant underground or surface waters. Having this limited amount of land use for plant production, and water at disposal for irrigation the intention is to increase the areas with irrigation systems. By implementing these systems, the rational usage of water for irrigation is secured. In order to avoid scarcity of water, the holdings have to issue a permit or a concession for use water depending of the daily use.

Table 12: Irrigation

	2008	2009	2010	2011	2012
Used volume of water (000 m ³):	1,676	1,722	1,703	1,721	1,971
Underground water	1,633	1,645	1,641	1,662	1,910
Surface water	43	77	62	59	61
Consumed water (000 m ³)	1,513	1,558	1,539	1,557	1,599
Total irrigated area (ha)	2,211	2,414	2,412	2,445	2,364
Superficial irrigation	2	4	4	4	3
Sprinkler irrigation	805	905	904	793	616
Drop irrigation	1,404	1,505	1,504	1,648	1,745
Arable land and gardens	7	10	9	31	35
Orchards	94	103	102	113	98
Vineyards	2,110	2,301	2,301	2,301	2,231
Pump aggregate	25	30	30	41	39
Pipelines (km)	210	223	223	252	252
Main	102	112	112	138	138
Lateral	108	111	111	114	114

Source: MONSTAT, 2013

Renewable energy sources

Renewable energy production in Montenegro, in addition to production from the hydropower plants, is not yet developed. However, the renewable energy sources have been included as a priority sector in the Energy Development Strategy until 2030, adopted by the Government of Montenegro in July 2014. Montenegro has adopted the National Action Plan for the use of energy from renewable sources by 2020 (December 2014) and assumed the obligation of fulfilling the national target for 2020 in the amount of 33% of the total share of energy from renewable sources in gross final energy consumption in Montenegro.

Potentials for use of the renewable energy sources are important in all sectors of consumption, including the agricultural sector. For this sector particularly interesting is use of biomass and its processing using various technologies in some of commercially suitable forms (pellets, briquettes, wood, coal, etc.) and continue into heat or electricity to end-use. Also, there is the possibility of obtaining biogas in the process of aerobic decomposition of organic matter (manure storage, manure digestion). Insufficient production of fertilizers on small farms limits the production of biogas. Increasing livestock production and expansion of farms to create opportunities for greater production of this type of energy that can still be used for the production of electricity or heating energy respectively.

Solar energy: This potential is very significant and can be compared to the ones of Greece and Italy; coastal and central areas are the most attractive for utilization of solar energy due to the high number of sunny hours 2,000-2,500 per annum respectively expressed in the energy of about 1,600 kWh/m² per year;

Biomass: Estimated wood increment is between 850,000 and 1,060,000 m³/per year, which represent a good potential for the use of biomass for energy production. In that case, forest owners should ensure that there is sufficient amount of waste left in forests for natural fertilization purposes, and they should also address other issues that refer to maintaining and managing forests. Renewable energy potential of biomass is based on the forestry, wood waste and agriculture.

Wind energy: There is good potential for using wind energy on the farm, especially in mountainous areas.

Water

With a total outflow of 604 m³/s, and an average outflow of 44 litres/s/km², or 19.5 km³ in volume per annum, Montenegro belongs to the 4% of the world with the highest average outflow.

The administrative management over the waters and water resources is within the Water directorate; which is under the jurisdiction of MARD. The inspectorial supervision with regard to implementation of the relevant Law on Waters is within the Inspection Directorate, through the Main Water Management Inspector. The Main Environmental Protection Inspector performs quality inspection, while the Main Sanitary Inspector performs sanitary inspection. According to the relevant Law on Waters, the systematic monitoring of water quality is done by the IHSM, which is in charge of hydro-meteorological activities and development of an annual report on the status and changes in water quality. This relevant Law on Waters lays down the procedures and actions in case of emergency situations of water pollution, accidents and hazards.

Taking and use of surface and ground waters for irrigation of agricultural or other land takes place in accordance with the conditions laid down by the water permit. Owners or users of irrigation facilities and systems have to bear the cost for their management and maintenance commensurate to their utilization. The concession in a public water resource may be issued for taking waters for irrigation of agricultural land in a quantity above 175 m³ per day. Any taking of waters for irrigation of agricultural land in a quantity less than 175 m³ per day is subject to a permit issued by local self-governances.

Regarding to implementation of the Water Framework Directive so far, the following activities have been implemented: Identification of river basin districts (RBD) and designation of the competent authorities.

Within the process of implementation of the Nitrate directive implemented activities include the adoption of the Code of Good Agricultural Practice (GAP) and putting on limits for fertilizer application.

Systematic examination of the quantity and quality of surface and ground waters is done on the basis of programs adopted by the Ministry of Agriculture and Rural Development and implemented by the Hydrometeorological Institute according to Article 30 of the relevant Law on Waters. The program data network station includes 13 streams with 66 measuring profiles, 3 lakes with 11 measuring profiles, coastal sea at 19 measuring profiles and groundwater Zeta plain in 8 villages.

Based on the reduced program of water examination in Montenegro, it is very difficult to conclude on the general state of their quality. So, based on the monitored parameters evaluation of the current state is not complete. Besides the indicators which show individual deviation compared to the requested classes A1, A2 and A3, it can be concluded that the waters in Montenegro are of good quality. Only around Podgorica (location Vranj) has noticed an increased nitrate content, due to the usage of mineral fertilizers. However, based on the results of testing the quality of surface and groundwater can be concluded that the measured values of nitrate are in the limits allowed.

Climatic changes and air quality

Montenegro has ratified the United Nations Framework Convention on Climate Change (UNFCCC) by succession in 2006, and became a member of the Convention as a non-Annex 1 country on January 27, 2007. The Kyoto Protocol was ratified on March 27, 2007 with relevant Law on ratification, and Montenegro became a member on September 2, 2007. With ratification of the UNFCCC and the Kyoto Protocol, Montenegro joined the countries that share concerns and play an active role in international efforts in solving climate change problems.

The greenhouse gases inventory for Montenegro includes five sectors in accordance with the revised IPCC Reference Manual, as follows: energy, industrial processes, agriculture, waste and land use change and forestry (LUCF). The emissions of main greenhouse gases were calculated for each inventory sector: carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O) from the sources and removal by sinks.

The main emission sources of this gas are thermal power plants and combustion of fuel in industry, as well as livestock (methane emission due to internal fermentation of animals' amount to 36% of total emissions of methane into the atmosphere) and organic waste (anaerobic decomposition of organic waste from methanogen bacteria). Methane and nitrous oxide emissions in Montenegro are mainly associated with the agricultural sector as a result of the use of manure and mineral fertilizers with high nitrogen content (75%, which corresponds to 20.19 Gg) and waste sector (18% or 4.97 Gg).

Agriculture is one of the sectors most vulnerable to the impacts of climate change, because agricultural products are directly dependent on climatic factors. Agriculture has a big challenge to adapt to the expected effects of climate change.

Montenegro belongs to one of the regions of the world where pronounced negative effects of climatic changes are expected in terms of population health, economic development and availability of natural resources, food production, etc. although, being a developing country, its share in global pollution of atmosphere by greenhouse gasses is not significant. On the contrary, as a result of a relatively high share of area under forests and area covered by vegetation, it contributes to stabilization of the carbon dioxide content in the atmosphere.

The impact of climate change may negatively affect the fertility of the land, as the increased vulnerability of organic matter in the soil and the risk of soil erosion due to higher temperatures and droughts that are more frequent and rainfall.

Most of the impacts of climate change on agriculture will come from water. Because climate change will lead to lessening the annual amount of water available to agriculture in many parts due to the expected reduction in summer rainfall - especially in the southern parts of Europe.

Organic farming

Organic farming is a holistic system of agriculture and food production that combines best environmental practices, a high level of biodiversity, conservation of natural resources, the application of high standards of animal welfare and production methods that meet the needs of those consumers who prefer products produced with the use of natural substances and processes. Therefore, organic farming has a dual role in society, because on the one hand it satisfies consumer demand for organic products; and on the other hand, it provides public goods that contribute to environmental protection and animal welfare. In addition, organic production is of great importance for the development of rural areas, because it gives a chance for the development of family farms and small producers, contributes to the income of the agricultural holding, and the exploitation of resources in tourism.

In December 2013 was adopted the new Law on Organic Production, which is still in force. This Law regulates the issues related to the general objectives and principles of organic production, production rules, on-farm production, labelling, control systems, inspection and penalty provisions. The following Regulations (EU) No 834/2007, No 889/2008, and No 1235/2008 were introduced in this law. On the basis of this relevant law in the coming period is the development of bylaws for further harmonization of EU legislation.

So far there is one legal entity (2005) "Monteorganica" which was authorized by the Ministry of Agriculture, Forestry and Water Management, 2006, and it is under the accreditation process (standards MEST EN 45011:2004 and ISO/IEC 65:1996) by the Accreditation Body of Montenegro.

The agricultural inspectors conduct supervision of the implementation of the relevant Law on organic production, as well as oversight of the implementation of programs to support organic agriculture.

According to Monteorganica for 2014, the total number of registered producers is 172, of which 26 have received a certificate.

Table 13: Number of organic and certified manufacturers, production and capacity

Total number of registered producers	Number of certified producers	Area of production	Area, head, number of bee colonies
172	26	Plant production	408.65 ha
		Livestock	972 head
		Beekeeping	1,057 bee colonies
		Poultry	760 hens
		Area from which the wild plants and forest plants are collected	143,400 ha
		Meadows and pastures	2,624.78 ha

Source: Ministry of Agriculture and Rural Development, 2014

In addition to national support measures, international assistance through two programs contributes to a growing interest in organic farming in Montenegro. Through the programs - Organic agriculture in Montenegro - joint support small producers in organic agriculture (FAO) and e Program of development of organic agriculture in Montenegro (Government of Denmark - DANIDA), the Ministry of Agriculture and Rural Development in association with the Government of Denmark supported 53 investments by organic producers to the value of EUR 1,721,442.79.

3.4 Rural economy and quality of life, incomes and education

With further examination of the current situation in Montenegro it is becoming apparent that the present and significant regional disparities are a problem in terms of overall economic development. The Development index presents the average of the indicators of economic development, structural changes and the demographic situation at a municipality level. The Development index is calculated based on the following indicators:

- 1) Unemployment rates,
- 2) Income per capita,
- 3) Budget revenues (own and legally transferred) of municipality per capita,
- 4) The growth rate of the municipality, and
- 5) Rates of education in the municipality.

Table 14: Development level of municipalities in Montenegro, the average for the period 2010-2012

Municipality	Development index (Montenegro = 100)	Development level of municipality	Groups (by % of deviation from the average value of the index development level in Montenegro)
Budva	331.73	1	Above 125%
Tivat	173.09	2	
Herceg Novi	160.17	3	
Kotor	143.21	4	
Podgorica	141.13	5	
Bar	133.86	6	
Plužine	131.30	7	
Danilovgrad	100.94	8	From 100% to 125%
Nikšić	95.03	9	From 75% to 100%
Žabljak	77.51	10	
Ulcinj	75.44	11	
Cetinje	74.95	12	From 50% to 75%
Pljevlja	70.74	13	
Kolašin	64.41	14	
Mojkovac	63.38	15	
Berane	60.08	16	
Šavnik	49.40	17	
Rožaje	39.64	18	From 30% to 50%
Bijelo Polje	38.06	19	
Plav	38.00	20	
Andrijevica	37.92	21	

Source: Ministry of Economy, Regional Development, 2013

Key objectives in the rural areas are:

- increasing and diversifying income, and
- reduction of the nominal and hidden unemployment within holdings.

Activities to be undertaken include:

- building local institutions,
- development of the rural financial sector,
- development of a non-farm economy,
- agricultural development,
- revitalization of rural infrastructure, etc.

In the EU there are common and generally accepted parameters on the basis of which a personal living quality assessment can be made, from which the following can be singled out: satisfaction with health, energy needed for everyday life, satisfaction with money etc. According to the surveys from the United Nations Development Programme (UNDP) report, Montenegro ranks 51st by living quality in the list of 187 countries for the year 2013, which is the best result among states of the region. According to the Report, the human development index (HDI) in Montenegro amounts to 0.789, with expected life expectancy of 74.8 years and average duration of education of 15.2 years.

Infrastructure

Montenegro's road network is 6,352.8 km long of which 931.9 km are main roads, 850.9 km regional roads, and local roads 4,570 km. Within the total road network of state roads there are 312 bridges and 136 tunnels, which consequently, in terms of traffic, is very unfavourable.

The underdeveloped road network in Montenegro is a consequence of limiting factors that hinder or limit the functional connectivity within Montenegro, as well as its connection with the surrounding environment. The unfavourable topography and geological structure of the relief, mountain ridges with difficult transitions, significant seasonal cycles in the use of road infrastructure, limited budget, complicated construction and maintenance of transport infrastructure.

From 2006, in maintenance, renovation and construction of state roads more than EUR 300 million was invested (in 2012 - EUR 36 million, in 2013 EUR 30.4 million, in 2014 EUR 40.5 million). During that period over 100 projects were realized (rehabilitation of bridges and tunnels, rehabilitation of asphalt, repairing slopes, construction of third slow lanes, intersection reconstruction, construction of protective Gallery, installation of equipment for traffic safety etc.).

The Global Competitiveness Report 2013–2014 (World Economic Forum), according to the Global Competitiveness Index, Montenegro is ranked in 95th place out of 148, ahead of countries in the region (Serbia, Bosnia and Herzegovina and the former Yugoslav Republic of Macedonia), by the quality of road infrastructure.

The Railway network of Montenegro covers 250 km of a single-track railway. Almost 2/3 of the railway includes 121 tunnels, 22 bridges and 9 galleries. Railway density in Montenegro is lower than in other similar EU Member States and candidate countries.

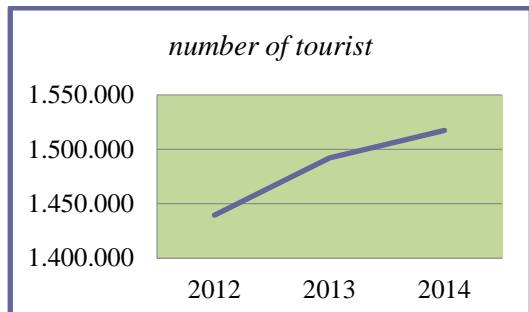
Good infrastructure contributes to a better quality of life, reducing migration and depopulation. Road infrastructure is one of the key prerequisites for the development of rural areas, because it improves a better relationship with the market, product placement, and thus providing additional opportunities for income generation. It is also one of the most important prerequisites for the development of rural tourism. There are a lot of rural areas with poorly developed transport, and social and economic infrastructure. For example, the distance food shops and elementary schools, on average, 3-4 km, and secondary schools and banks 10 km. Distance to a bus station is 2.5 km, a post office, on average, about 7.5 km. In addition, the bad and the physical condition of the water network, and electricity are prevalent in many of the villages, and there is no developed telecommunications network including the possibility of using the Internet. Consequently, it is expected that there will be further economic decline and depopulation of remote rural areas, where these areas and national policies do not provide favourable conditions for life and economic environment.

Tourism in rural areas

Montenegro has good conditions for the development of all types of tourism, and has beautiful beaches, a mountainous region in the north, a rich cultural heritage and a well-preserved natural environment. This is corroborated by the fact that it is estimated that the revenue from tourism in 2014 amounts to 728.8 million EUR which is 1.8% more than in 2013. The World Travel and Tourism Council (WTTC) forecasts that revenues from tourism in the next period of growth will have a real annual rate of 8.6%, while employment that directly and indirectly generates tourism will grow at an average real rate of 5.8%.

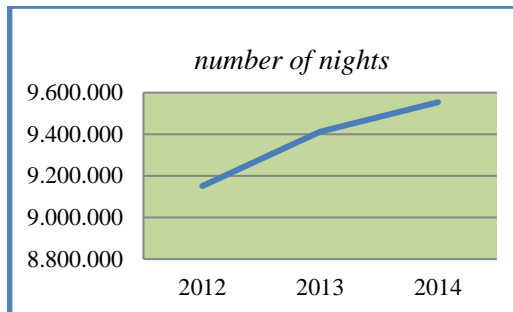
In 2014 1,517,376 foreign tourists visited Montenegro, which is 1.7% more than the year before. The increasing number of tourists has also influenced the increase in the number of nights. The increased number of tourists has also influenced the increase in the number of nights, where in 2014 the number of recorded overnight stays was 9,553,783, which is 1.51% more than in 2013.

Graph 8: Trends in the number of tourists 2012 – 2014.



Source: Ministry of Tourism and Sustainable Development, 2014

Graph 9: Trends in number of nights 2012 – 2014



Source: Ministry of Tourism and Sustainable Development, 2014

Table 15: The share of nights on various tourist areas

Type of resort	Nights (in 000)	The share of the total number (in %)	Rate of change 14/13 (In %)
Seaside resorts*	9,258	96.9	1.5
Mountain resorts**	90	1.0	-15.9
Other tourist places***	75	0.8	30.8
Capital city	128	1.3	9.9
Other places****	2	0.0	-26.2
TOTAL	9,553	100.0	1.5

*Ulcinj, Bar, Budva, Tivat, Kotor and Herceg Novi

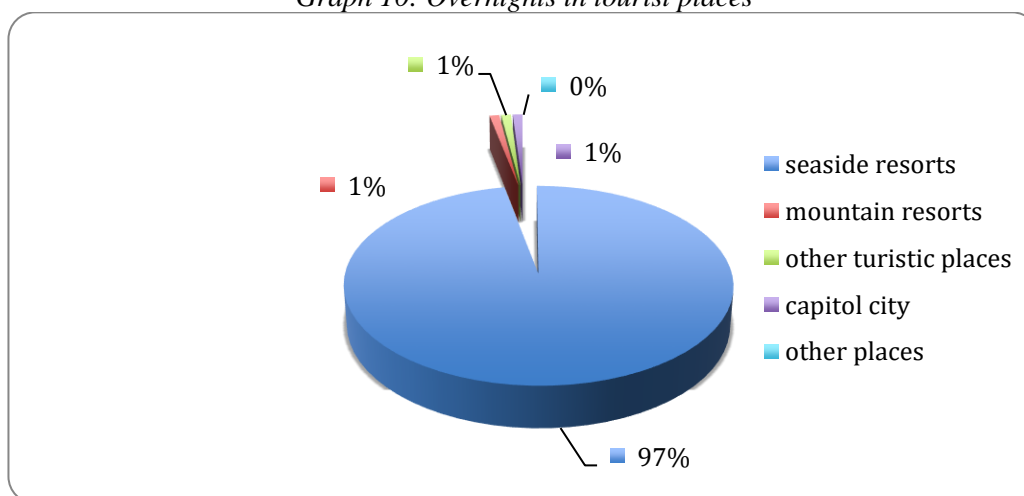
** Žabljak, Kolašin, Plav, Plužine, Rožaje and Andrijevisa

*** Bijelo Polje, Berane, Mojkovac, Nikšić, Šavnik, Pljevlja and Cetinje

**** Danilovgrad

Source: MONSTAT, 2014

Graph 10: Overnights in tourist places



Source: Ministry of Tourism and Sustainable Development, 2013

The results of research conducted during the implementation of the Master plan for development of tourism showed that the tourist offer in the central region and the mountains is still insufficient. Hotels, apart from a few exceptions, in addition to basic food and accommodation are not providing other services. However, potential for the development of tourism and related infrastructure in Northern Montenegro are not still utilized.

An important segment of tourism is rural tourism, which includes tourist valorisation of agricultural areas, natural resources, cultural heritage, religious monuments, traditional local customs etc. Rural tourism makes up the identity of the area and meets the needs of guests in terms of accommodation, food, drink, recreation, sports activities and events.

Rural tourism is the interaction of agricultural production, presentation of tradition, traditional cuisine and tourist services, in a word, using the existing resources. Therefore, the development of rural tourism is based on principles of sustainable development, through the revitalization of existing, traditional buildings or heritage, which gives a new purpose - the tourist one. Rural tourism, particularly on farm tourism, is therefore an essential part of overall sustainable development.

3.5 Preparation of Local Development Strategies-LEADER

The LEADER approach can contribute to the improvement of the work of local government, in terms of transparency, increased participation of stakeholders, horizontal and vertical integration, legitimacy, high-quality communication and high-quality learning mechanisms.

Current Situation

In Montenegro the following activities have been started:

- UNDP has a project that includes two regional parks in the territory of four municipalities, with a total area of 50,000 hectares. Throughout this project it is planned to establish a management plan that stimulate a local rural development strategy for the four municipalities (Plužine, Podgorica, Kolašin and Andrijevica). The first Regional Park is the area around Lake Piva or area Plužine, with around 30,000 ha. The second is a Regional Park on Komovi Mountain, in the area of the municipalities of Podgorica, Kolašin and Andrijevica. The main objective of the project is to use the LAG approach, and to establish a structure that most closely resembles the model of the LAG. The project was started mid 2013. MARD gave a positive opinion on the Act of Proclamation of Regional Park Piva. It has a prepared management plan and it is on the right course according to the opinion of MSDT. Regarding the second Regional Park on Komovi Mountain, it is divided into three parts as following: 1) Part 1 Podgorica; 2) Part 2 Andrijevica; and 3) Part 3 Kolašin, which in total includes 20,000 ha. Part 1 - Podgorica is proclaimed by the Municipality of Podgorica, and MARD and MSDT gave a positive opinion on it. The two other parts of the Regional Park on Komovi Mountain are on course.
- In the National Forestry strategy there is a recognized need for the establishment of LAGs by the users themselves.

Local Rural Development Strategy

In Montenegro, for now there is the Rural Development Strategy of the municipality Pljevlja 2011-2015 which presents a picture of the local community, planned use of its resources and progress of the community based on the maximum use of the capacity that it owns. The aim is to provide the conditions for the implementation of priorities to be primarily related to the creation of jobs in rural areas, sustainable growth in production and income, biodiversity protection, and preservation of cultural resources and traditions. The strategy is implemented through national funding through the municipal budget. It documents planned rural community development and sets out development based on an analysis of the situation, and the problems and needs of the community.

This strategy can serve as a basis for the development of other local strategies coherent with national and European principles of rural development (LEADER Programme), as well as comprehensive policy priorities at the national level.

In addition to the municipality of Pljevlja, the final draft of the local development strategy of the Municipality of Budva and Tivat has been prepared. In addition, the Municipality of Nikšić is in preparation of a Local Development Strategy.

3.6 Table of context indicators Socio-economic and rural situation

The Table of indicators is provided in Annex IV of the IPARD II programme.

4. SWOT – SUMMARY OF THE ANALYSES BELOW

<i>(Strengths)</i>	<i>(Weaknesses)</i>
<ul style="list-style-type: none"> • Rich biodiversity, presence of autochthonous species and varieties in different sectors (olives, wine, livestock breeding), • High quality, preservation and fertility of the soil, • Favourable climate for many types of production, • Part of products has price competitiveness (wine, lamb, prosciutto, cheeses), • Good conditions for organic production, • Tradition in agricultural production, • Evident changes in the institutional framework in the last period, • Evident positive changes in production process. 	<ul style="list-style-type: none"> • Large part of production non-competitive in price • Poor mechanization, • Low level of technology and specialization applied in production, • Small and fragmented holdings, • Low level of production per holding unit, • Relatively high prices of inputs that influence the price of final products, • Low level of market sale, • Lack of organization and solid forms of connection of all actors in production chain, • Insufficient level of quality standards (hygiene and environmental), • Inefficiency and non-competitiveness of processing industry (low level of production, technological obsolescence, lack of investments, market inefficiency), • Unfavourable age and social structure in rural areas, • Poor infrastructure in major part of rural areas, • Insufficiently developed IT system, statistics and analytics in agriculture, • Weak promotion and marketing, • Lack of storage capacities, • Weak connection with tourism sector, • Low level of education and lack of knowledge of farmers, • Low level of application of good agricultural and environmental practice, • Seasonal production.
<i>(Opportunities)</i>	<i>(Threats)</i>
<ul style="list-style-type: none"> • Strengthening agriculture through tourism - additional food demand, • Availability of state and EU support, particularly for rural development, • Increasing market for organic production, • Strengthening local production and market, • Increase of exports of competitive products, • Positive international market tendencies, including Middle East market, • Efficient use of budget support, • Faster technological development, strengthening professional skills and institutions supporting agricultural development, • Growing demand for high-quality products, • Development of cooperatives, • Availability of support from EU IPARD II. 	<ul style="list-style-type: none"> • Opening of the market will bring to competitiveness increase, which may endanger major part of commercial production, • Due to low level of production and quality, as well as preference to foreign goods, penetration of large trade systems will further endanger economic position of certain sectors, • Concentrated development of other economy branches in certain parts of the country, without agricultural development, may affect further depopulation and under-utilization of natural resources, • Huge import dependence, • Lack of public awareness of benefits of domestic products, • Difficult access to finance for farmers (high interest rate of loans).

4.1 SWOT milk

Strengths (S)	Weaknesses (W)
<ul style="list-style-type: none"> • Available natural resources, pastures, meadows, • Non-polluted environment, non-polluted land for feed production, • Family farms with tradition in production, • Healthy cattle population, • The level of subsidies, • Demand from local residents and tourists for local cheeses and cream (kajmak). 	<ul style="list-style-type: none"> • Small farm size, prevails existential agriculture thus in-professional management, • Timely investment in infrastructure - depopulation of villages especially on the north, regardless on state intervention, • Unfavourable credit conditions (high interest rates), • Poor infrastructure in the remote villages, and poor infrastructure on farms, especially in remote holdings, • Insufficient feed production on farm, • Poor quality of raw milk, • Expensive purchase system of milk, • Weak breed structure, • Inadequate facilities for livestock keeping and mechanization on house holdings.
Opportunities (O)	Threats (T)
<ul style="list-style-type: none"> • Farms consolidation, introducing of high production breeds of cattle, better equipping of farms-in terms of production improvement and quality of milk, • Associating of producers in dairy sector in terms of efficiency of production, processing and marketing, • Infrastructure improvement (village roads) in terms of milk collection improvement, • Organized cheese production in rural area which are not covered by milk collection, • Support of milk processing in house holdings, production of traditionally high-quality cheese products, • Whey processing and new type of cheese production, • Support on branding traditional cheese and other autochthonous species. 	<ul style="list-style-type: none"> • Depopulation of villages, • Decrease of livestock number, • Non readiness to EU accession due to non-existing inadequate agriculture associations; unorganized and inefficiency production, • Obsolescence of laboratories equipment for milk (impossible purchase of spare parts), • High level of import.

4.2 SWOT meat

Strengths (S)	Weaknesses (W)
<ul style="list-style-type: none"> • Increasing demand for meat and meat products, • The upward trend of tourism development, • Strong links between the meat industry and retail sale, • Competitive price of meat and meat products, • Growing potential of the domestic and regional markets, • The dynamic development of the meat-processing industry, • Expanding the market without trade barriers. 	<ul style="list-style-type: none"> • Small volume of production (not covering the national meat consumption), • Use of raw materials mainly from import, • Insufficient implementation of hygiene and environmental protection standards, • Insufficient quality of livestock for slaughter from domestic production, • A small number of production facilities has met the requirements for high-quality, technologically appropriate and cost-effective production, • Lack of compliance with veterinary and hygienic standards, • The absence of a system for carcasses classification on the slaughter line, • Competence and the level of recognition of the needs for education among processors, • Lack of knowledge of the EU standards, • Lack of operational laboratories for internal quality control.
Opportunities (O)	Threats (T)
<ul style="list-style-type: none"> • Cultural and historical heritage and habits in production and consumption, • The expected increase of the market, including EU market, • Potential for increased competitiveness in terms of quality and safety of meat and meat products, • Potential for export to third countries, • Autochthonous traditional products, • Increase in tourist demand for domestic products. 	<ul style="list-style-type: none"> • The steady increase in production costs and downward trend of prices of agricultural products, • High cost of imported concentrate feed for livestock, • High costs, necessary for the reconstruction and modernization of production facilities in order to fulfil the required standards, • Difficulty and long duration of procedures for obtaining available funding (high interest rates), • Lack of training in safety and quality, • Weak links between primary production and markets, • Exposure to competitive market, • Poor competitiveness and insufficient capacity to go out to a larger market.

4.3 SWOT eggs production

Strengths (S)	Weaknesses (W)
<ul style="list-style-type: none"> • Growth in consumer purchasing power, • The growth of urban consumer population, • High quality products. 	<ul style="list-style-type: none"> • Out-dated technology, • Lack of cooperation among producers, • Lack of specialized laboratories, • Lack of parental flocks, • Inability for production of light and heavy hybrids, • Lack of incubator station, • Low productivity.
Opportunities (O)	Threats (T)
<ul style="list-style-type: none"> • Unused resources for the development of production, • Education of producers and consumers, • Increased demand for organic products, • High-quality and inexpensive product. 	<ul style="list-style-type: none"> • Import of eggs, • Insufficient production of concentrated feed, • Small scale production.

4.4 SWOT fruit and vegetables

Strengths (S)	Weaknesses (W)
<ul style="list-style-type: none"> • Favourable natural conditions (climate, low land contamination, water resources) for production of quality fruit and vegetables, • Richness of biodiversity and genetic resources, • High rate of agricultural holdings involved in fruit and vegetables production, • Tradition in production, • Readiness for adoption of the new knowledge. • Agricultural pharmacies available in almost all municipalities, • Advisory services for plant production cover entire country, • Good equipped laboratories (phyto, seed and seed material), • Support through Biotechnical Faculty (University of Montenegro) and Faculty for food technology, food safety and ecology (UDG); growing interest for agriculture education. 	<ul style="list-style-type: none"> • Fragmented land, • Lack of specialization (production of more varieties), • Lack of commercial production, • Unplanned production, especially in crop production, • Unfavourable age structure of agricultural producers, • Low level of productivity, • Old production technology in use (a partly in planting, harvesting, after harvest), • Lack of technical equipment (lack of greenhouse and plantation production), • Inadequate storage capacities, • Limited application of quality programs and food safety in production, • Inadequate packaging for F&V selling, • Limited financial capacities of agricultural producers, • Inadequate approach and inadaptability to the market; absence of marketing activities (consequence: no competitiveness, surpluses, lack of export), • Lack of producers' connectivity into functional associations, • Low connectivity between producers and processing with market chains, • Insufficiently equipped and hygienic conditions on almost wholesale markets out of Podgorica, • Lack of logistic centres and accompanying technologies after harvesting (cooling chambers, packaging equipment...).
Opportunities (O)	Threats (T)
<ul style="list-style-type: none"> • The establishment of the association of producers and exploiting advantages of associations (organize selling, using joint mechanization and post-harvest infrastructure), • Quality schemes implementation and production traceability, • Increasing production of domestic standardized products and implementation of market standards, • Tourism development and possible connection with agriculture, • Readiness of processing industry and market chains to collect domestic raw materials (continuity, quality, quantity, prices), • Significant absorption power of domestic market, • Growing trend in organic production, • Export opportunities. 	<ul style="list-style-type: none"> • Import of cheap products, • Seasonality in production of fruit and vegetables, • Difficult access to bank loans for investments in agriculture, • Presence of the grey economy in this sector.

4.5 SWOT vine and wine

Strengths (S)	Weaknesses (W)
<ul style="list-style-type: none"> • Favourable environmental conditions and geographic location for growing grapes, • Very high-quality autochthonous sort and germplasm rich vine, • The low level of use of fertilizers and pesticides, • Production of wines from autochthonous sorts, • The presence of short and direct supply channels in the domestic market, • Good position in the wine market (domestic and export), a high proportion of Montenegrin wines at local supermarkets, • Quality grape production, • Programs of support viticulture and enology, • Membership in international organizations (OIV and CEVI). 	<ul style="list-style-type: none"> • The limited scope of the domestic production and fragmentation, • Insufficient area of irrigated land, • Outdated machinery, lack of equipment and the availability of supplies at affordable prices, • The level of investment far below the needs, • Production for own use or exclusively oriented to the local market, • Difficulties in delivering consistent quality and quantity of wines from small producers, • Lack of promotion on domestic and international markets.
Opportunities (O)	Threats (T)
<ul style="list-style-type: none"> • Development of cooperatives, • Linking tourism and wine production for more efficient sales, • Strengthen recognition in the international market and the branding of small wine producers, • Free trade area (EU, CEFTA, bilateral free trade agreements, etc.) provide additional opportunities for export, • Opportunities for development cooperation at the international level. 	<ul style="list-style-type: none"> • Strong pressure through import, • Lack of investment capital and difficult access to bank for finance investment, • Preferences market/other types of wine, • Unregulated state of land ownership.

4.6 SWOT olive growing

Strengths (S)	Weaknesses (W)
<ul style="list-style-type: none"> • Long tradition for olive growing and olive oil production, • Organized olive growers and producers through associations, • Favourable tourist-geographical position of agriculture lands, • Relatively preserved olives complexes (Valdanos, Lustica), • Outstanding examples of olive trees, • Reduced use of pesticides and preserved biological balance. 	<ul style="list-style-type: none"> • The limited scope of the domestic production and fragmentation, • Inadequate technical and technological equipment, • Undeveloped market channel sales, • Inadequate promotion on domestic and international market, • Inadequate implementation of standards.
Opportunities (O)	Threats (T)
<ul style="list-style-type: none"> • Connection between tourism and olive growing (eco-tourism), • Establishment of new intensive olive plantations on uncultivated lands, • Strengthening identity of Montenegrin olive industry in international frames, • Development of assortment of olive products (cosmetics, furniture, souvenirs...), • Energy production (bio fuel, briquette, pellets), • Increasing of export and decreasing trade deficit, • Protected geographically indication, protected designation of origin, • Refinery development, • Improvement of domestic “know-how” through development of scientific research. 	<ul style="list-style-type: none"> • Urbanization of coastal and other areas which are favourable for olive growing, • International competition, • Olive groves devastation due to unplanned and uncontrolled construction, • Underdevelopment and poverty in rural areas, • Climatic changes, • Reinforced attacks of pests and diseases.

4.7 SWOT beekeeping

Strengths (S)	Weaknesses (W)
<ul style="list-style-type: none"> • Favourable climate conditions, • Well-preserved natural environment, • Variety of honey plants (over 500 species), • Well organized bee-keeper producers in the associations, • Small market where it is easier to perform distribution, • Good transport infrastructure in the coastal and central region. 	<ul style="list-style-type: none"> • Poor availability of facilities for the processing and storage of honey, • Lack of an adequate transport means for the migration of hives, • Lack of adequately trained veterinarians, • Use of illicit drugs for bees, • Dominant sale "on the doorstep", • Failure to meet the requirements for placement in supermarkets, hotels and foreign markets (registration, licenses, certificates).
Opportunities (O)	Threats (T)
<ul style="list-style-type: none"> • Development of the sector through construction of Honey House, • Uniformed distribution of bee colonies in order to preserve and restoring biodiversity, • Increase the number of hives and honey processing equipment, • Monitoring of technological innovation in continuity, • Organizing beekeeping school, seminars, training, • Formation of clusters, • Creating conditions for export, • Improvement of marketing activities, • Creation of brand Montenegrin honey. 	<ul style="list-style-type: none"> • Decline number of bee colonies worldwide, • Unfavourable conditions and credit arrangements for honey producers, • Lower price of imported honey as a competitive advantage, • Import of uncertified honey and wax, • Poor marketing of domestic products through illegal sales of imported honey as Montenegrin products.

4.8 SWOT fishery and aquaculture

Strengths (S)	Weaknesses (W)
<ul style="list-style-type: none"> • Good geography, climate and water quality, • Almost no disease, • Family run farms (freshwater), • Strong tourist demand for good quality local products, • Short distribution chain, • Closeness of the EU market for high quality fish products. 	<ul style="list-style-type: none"> • Small unit production capacity with high production costs, • Limited opportunity to diversify the market base by targeting export markets, • High interest rate of credits, • No production planning and weak sector organization, • Limited technical staff and no training or expert assistance to support innovations, • Limited application of HACCP, • Low and inconsistent supply from domestic suppliers, • The high cost of "first-hand" sales, • Limited investment in value-added production, • Competition from other established competitors in other Balkan countries, • Gap between production and demand, • High prices of domestic products, • Limit retail stores and shopping opportunities, • Lack of traceability.
Opportunities (O)	Threats (T)
<ul style="list-style-type: none"> • Strong interest in developing the capacity for processing, • Growing domestic demand for fish, • New production systems and species and opportunities for cage culture, • Zoning of the coastal zone allows implementation of long-term strategy for development of mariculture, • EU membership will expand potential markets, • Increasing demand from tourism and the potential to integrate through services, • Further development of the cold and chill chain, • Strengthening of association and producer groups, in order to strengthen market access. 	<ul style="list-style-type: none"> • Negative impacts of other activities particularly regarding the environment, • High production input prices, • On-going development in tourism and housing without proper sanitation, • Dependence on imported raw materials for production, • Poor application of regulations on food safety.

4.9 Environment and land management

4.9.1 SWOT – Biodiversity

Strengths (S)	Weaknesses (W)
<ul style="list-style-type: none"> • The great diversity of agro-ecological conditions, and therefore the cultivated plant and animal species, • The presence in addition to edible wild plants, numerous local varieties of agricultural plants, • A significant number of very specific population of livestock, by the genetic and phenotypic characteristics, which are grown in the Balkans, • Important areas for bird conservation, based on specified criteria and international standards (population of one or more globally or regionally threatened, endemic or certain groups of birds or highly representative group of birds), • Using the experience for protecting of nature as the basis for the use of European typology of habitats - EMERALD, Natura 2000. 	<ul style="list-style-type: none"> • Lack of knowledge about biodiversity, lack of inventory for many groups, as well as data on population dynamics, ecology, and the degree of genetic variation for most species, • Disabled design and development of appropriate protection measures, particularly for rare and endangered species, • Limited monitoring of environmental changes, • Lack of awareness about the value and importance of local varieties/subspecies, • The lack of research on the connection of biodiversity and ecosystem services, • Lack of coverage of the territory of Montenegro systematic - taxonomic studies of flora and lack of distribution map of species and vegetation maps, • Decreasing of habitats and individual species, • Lack of zoos and breeding programs for rare and endangered species in isolation or captivity.
Opportunities (O)	Threats (T)
<ul style="list-style-type: none"> • Further establishment of botanical gardens that provide the conditions for the cultivation of a significant number of plants, • Size of forest areas is a good resource for mitigating climate change (binding CO₂), • The wealth of medicinal and edible plants, herbs, ornamental plants, • The development of tourism activities where biodiversity plays an important role, • A large number of lakes, mountains, salt pans, and national parks as well as the potential for bird watching. 	<ul style="list-style-type: none"> • Change of use of agricultural land, which leads to loss of agro-biodiversity, local varieties and breeds, • Unsustainable and uncontrolled use of natural resources due to: (i) cutting of natural forests, (ii) collection of edible and medicinal plants, fungi and invertebrates (iii) hunting and (iv) fishing, • The introduction of new invasive species, mostly for commercial reasons, which have not yet been explored, • Pollution primarily freshwater and marine ecosystems with wastewater and solid waste, intoxication organisms, eutrophication of ecosystems, • Assessing the impact of climate change, due to the small amplitude variations especially in the temperature and water regime, • Unfulfilled of legal obligations in relation to the assessment of environmental impact and assessment of the acceptability of certain actions, activities within the protected areas.

4.9.2 SWOT land management

Strengths (S)	Weaknesses (W)
<ul style="list-style-type: none"> • Unpolluted land, • Preserved areas for agricultural production, • Good climatic conditions with diverse opportunities for agriculture production, • Ownership is mainly to private farmers. 	<ul style="list-style-type: none"> • Lack of administrative capacities for land management, • Lack of experience in land consolidation, • Land fragmentation, • Majority part of the land is with natural constrains.
Opportunities (O)	Threats (T)
<ul style="list-style-type: none"> • Unused agricultural land resources, • Providing long term rent for state owned land, • Better use of meadows and pastures, as an important factor of development of agriculture and rural areas while preserving and protecting the environment, • Development of land markets in order to better utilize land resources (e.g., land consolidation). 	<ul style="list-style-type: none"> • Transformation of agricultural land into construction land, • Urbanization, • Lack of interest in the use of agricultural land for agricultural activities, • The lack of a strategic approach to problem solving inheritance, • Climate change (droughts, fires, floods).

4.10 SWOT rural economy and quality of life

Socio-economic situation in rural areas	
Strengths (S)	Weaknesses (W)
<ul style="list-style-type: none"> • Rich and diverse landscape with preserved natural environment (lakes, mountains, protected areas), • Diversity in culture, customs and tradition, • Availability of raw materials (timber, region specific products, local traditional agriculture), • Forest areas with high potential for hunting tourism and wood processing, • Natural resources for the production of niche food products, renewable energy (biomass), • Large number of traditional houses/architectures as tourism assets exist (but not renovated), • Demand for quality products exists - high number of foreign tourists as buyers, • Acknowledgement of traditional skills and products - highly motivated and experienced entrepreneurs. 	<ul style="list-style-type: none"> • Poor rural infrastructure (rural roads, water supply, sewage, telephone, internet, waste disposal, etc.), • High share of areas with natural constrains, • High unemployment rate and lack of alternative income opportunities, • Weak capacity of local authorities in local planning, raising new ideas and projects for support and cooperation and public-private partnership, • Low level of rehabilitation of existing rural tourism assets.
Opportunities (O)	Threats (T)
<ul style="list-style-type: none"> • Increased government's awareness of disparities between rural and urban areas and among regions, • Growing demand for well-established tourist destinations, including rural tourism destinations, • Increased interest for production and sale of traditional and typical products of high quality, • Creation of new entrepreneurs, family businesses and additional jobs in rural areas, • Good economic relation and exchange with neighbouring-region markets. 	<ul style="list-style-type: none"> • Rural depopulation and ageing trends in predominantly rural areas (out-migration of young, women and economically active population), • Weak interest of the general public for the rural areas, • Slow structural reforms process, • High unemployment rates, • Uncontrolled destruction of agricultural land and deforestation.

5. MAIN RESULTS OF PREVIOUS INTERVENTION

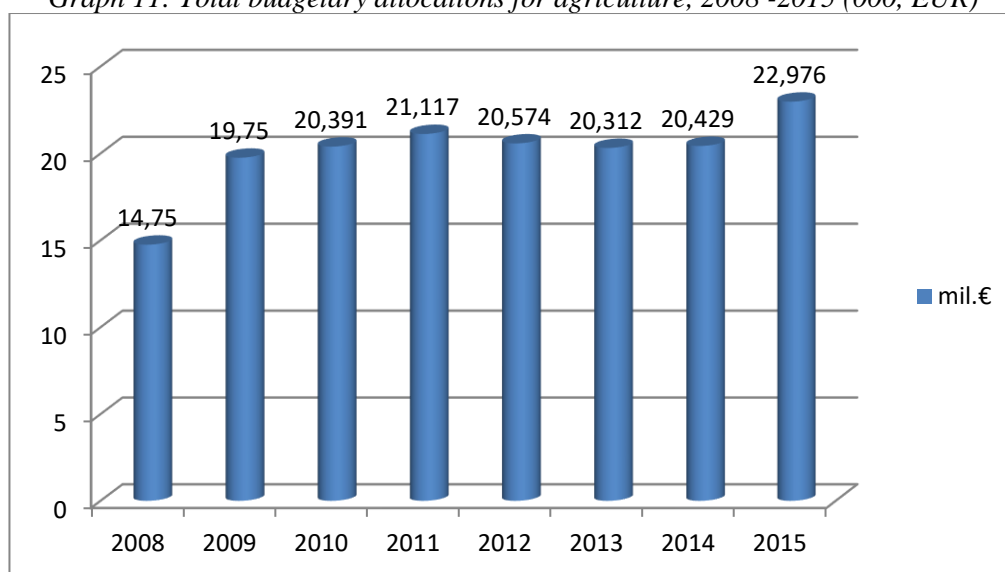
5.1 Main results of previous national intervention; amounts deployed, summary of evaluations or lessons learnt

The most important form of state support to agriculture development is provided through the agricultural budget. Agrobudget is a set of incentives in the form of grants, given from Montenegro's total budget for the development of agriculture and rural areas. The Agrobudget includes detailed budgetary lines (programmes) with the elements necessary (reasons for support, objectives, description and eligibility criteria, beneficiaries, procedures, financial plan, supervision, etc.)

Overview of the budgets per years shows changes in the amount and structure of the budget, i.e. in the purpose of support. Before, most of these funds used to be spent for milk premiums, reimbursements for plant and livestock production, etc. Following the adoption of the Strategy (2006), Agrobudget has been defined in line with the main pillars of the agricultural policy (market-price policy measures, rural development policy, technical and other services in agriculture.

The data presented in Graph 11 refer to the planned budgetary funds. As a result of very precise planning of budgetary funds over the past few years, there are very small discrepancies in execution of certain measures compared to what had been planned by the budget. For that reason, reliable conclusions can be made on the basis of the overview of budgetary funds planned.

Graph 11: Total budgetary allocations for agriculture, 2008 -2015 (000, EUR)



Source: Ministry of Agriculture and Rural Development

Distribution of agricultural budget by specific pillars of agricultural policy and by purpose under the pillars is presented in the table below.

Table 16: Budgetary allocations for agriculture by measure groups in the period 2008-2015 (Agrobudget of Montenegro)

	Budgetary allocations (national budget; 000 EUR)							
	2008	2009	2010	2011	2012	2013	2014	2015
Market price policy measures	3,709	5,304	5,082	5,710	6,520	6,183	5,448	6,130
- Direct payments schemes	2,734	4,309	4,312	4,688	5,553	5,333	4,951	5,630
- Beekeeping support	40	235	230	182	182	200	147	148
- Market stabilization measures	935	760	540	840	785	650	350	350
Rural development policy measures	6,053	5,946	4,743	6,615	5,838	5,615	6,581	8,013
- Axis 1: Measures for strengthening the competitiveness of agriculture	4,222	4,241	3,210	4,070	4,090	4,815	5,631	6,980
- Axis 2: Measures for support to sustainable natural resources management	432	625	853	929	800	340	378	440
- Axis 3: Measures for improving the quality of life and diversification of economic activities in rural areas	1,399	1,080	680	1,616	948	460	572	593
General services and social transfers in agriculture	4,684	6,002	7,722	6,951	6,708	6,760	6,728	7,143
Fishery	¹²	315	1,124	171	171	214	250	300
Vet. & Phyto program	221	2,150	1,720	1,670	1,337	1,540	1,422	1,390
TOTAL	14,750	19,750	20,391	21,117	20,574	20,312	20,429	22,976

Source: Ministry of Agriculture and Rural Development

Direct payments in 2014 by far play a main role in Market-price policy support, representing 90.87% of budgetary allocations in this pillar. Market intervention program and the risk management share is 9.13% in Market price budgetary support.

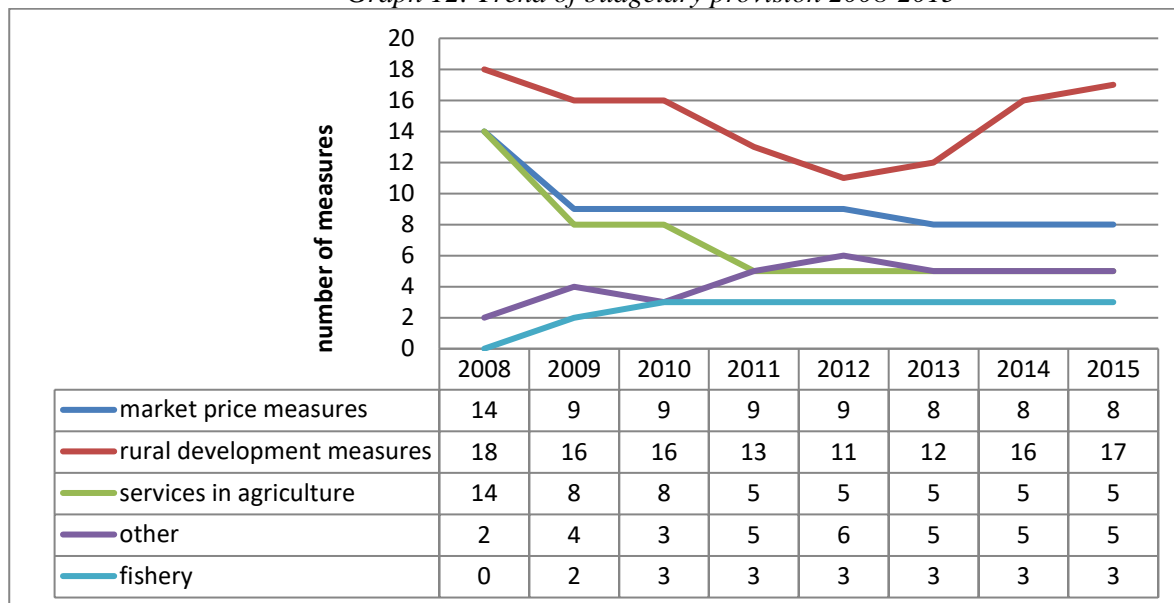
Total direct payments include five measures out of a total 42 measures under the Agro budget. One is designed to support crop production, and an additional one, still output based, is for tobacco production.

Livestock sector through direct payment schemes is supported by three schemes:

- a) direct support to livestock production (which consist of premiums per head for cows and breeding heifers; premiums per head for sheep and goats; and premiums for organized fattening of young bulls, bulls and oxen,
- b) Support to the development of commercial production of milk, and
- c) Support to strengthening the milk collection network.

¹² In 2008 fishery support was through rural development measures.

Graph 12: Trend of budgetary provision 2008-2015



Source: Ministry of Agriculture and Rural Development

Beekeeping is supported by one measure - Programme for improving the beekeeping, and market stabilization measures through two measures, as follows:

- Programme of interventions in the market, and
- Risk management in agriculture.

Rural development policy instruments and measures

Rural development policy plays a very important role in the new Montenegrin agricultural policy. This is primarily because of the specificities of the agricultural sector and rural areas. The absence of commercial production of cereals and very low competitiveness of agriculture from the one side, and the vast majority of mountain areas in the northern part of the country threatened by abandonment of vital labour force from the other side, resulted in an agricultural policy to be focused on rural development and to provide different services to the agricultural sector.

Since gradual harmonization of the agricultural policy with CAP is one of the priorities, Strategy for development of Agriculture and Rural Areas designed Rural development policy in accordance to the new Rural development policy in the EU (programming period 2014-2020), meaning that measures grouped in the so-called axes. It should be mentioned that the Strategy foresaw the fourth axis – LEADER projects; however, implementation has not been started yet. Also, one of the main measures in axis 2 will be to support Areas facing Natural Constraint (ANC).

The first group (axis) has the biggest number of measures (11 out of a total of 16) and participates by the highest amount (81.4%) in the total budget for rural development policy, or by 27.5% in the total Agrobudget for 2014. The axis is directed to strengthening the competitiveness of food producers through support to investments in primary production and processing industries, support for introduction of international standards and organization of the producers.

The second group (axis) refers to the sustainable management of resources, where three measures are implemented. The measure of Sustainable use of mountain pastures has the biggest share, more than 51.6% while the remaining 48.4% is directed to support preservation of genetic resources and organic farming. This axis has a small share in RD policy, only 5.7% or 1.8% of the total Agrobudget. This is due to the fact that ANC has not been implemented yet and the other measures are in the developmental phase.

The third group (axis) consists of two measures: Diversification on farms and business development; and Revitalization and development of rural areas and construction of rural infrastructure. The first one, referring to supporting new employment in non-agricultural activities, has just been introduced; that is why the amount for it is very modest (0.9%). The second measure is related to co-financing of the projects in rural areas: local roads, water management, facilities of common importance; it has been implemented for many years with significant participation in RD policy with 7.7% or within axis 3 by 85.2%.

Other (general) agriculture support measures, that are under the third, four and fifth component or pillar of the Agricultural policy refers to financial support for general services and social transfers in agriculture that are of public interest. These measures support programmes on education, research and development, analytical activities, extension services, fishery, a programme on veterinary and phytosanitary measures, and activities and programmes related to the control of product quality.

In order to avoid overlapping during the implementation of IPARD II measures and rural development measures that are supported through the agricultural budget, clear demarcation will be made between the measures financed from the national budget and donor projects.

These programmes and activities chiefly contribute: to providing the production of safe food; to increase the education level and qualifications of the producers; introduction of new technologies etc. The measures relate to programmes and activities that, because of public interest, cannot rely solely on private initiative.

5.2 Main results of EU assistance, amounts deployed, summary of evaluations or lessons learnt

Montenegrin agriculture has been continuously receiving support from EU funds since 1999, first under the OBNOVA program, followed by CARDS and as of late as a part of the IPA support.

Most of the projects related to support to building the institutions necessary for implementation of the legislation harmonized with the *acquis communautaire*. Investments were also made into equipping and reconstruction of laboratory facilities monitoring and controlling the safety and quality of agricultural products, with particular emphasis on strengthening of veterinary and phytosanitary sectors. Taking into account the challenge of implementation of the Stabilization and Association Agreement with the EU and membership in the World Trade Organization, the competent institutions are building further their respective capacities. Also, in the field of agricultural policy, support is being adjusted to CAP reforms, particularly the rural development policy.

Support of the EU to Montenegrin agriculture and rural areas is on-going. European experts are providing support to Montenegro's agriculture in further development of agricultural policy and legislation. Projects of integrated food safety system, animal disease control and support to rural development are on-going. The system of animal identification (cattle, sheep and goats) has been put in place recently.

EU institutions support training of inspection services. Employees at the Ministry and related institutions attend numerous specialist-training programmes. Certain training is carried out under the TAIEX and other programs of support by the European Commission, as well as through bilateral cooperation with the EU members.

Inspection services and laboratories are equipped with assistance from numerous international projects, as well as with the support of national budgetary funds.

Projects financed under the "OBNOVA "programme 1998-2000

The OBNOVA programme was established in 1996 (Council Regulation EC 1628/96; EC 851/98, EC 2454/99) as support to the revival and economic development of the Western Balkan countries. Montenegro received, under this instrument, support for the sector of agriculture to the amount of approximately EUR 3.3 million.

Table 17: Projects financed under OBNOVA

Project of delivery of in-calf heifers	1,026,674
Project “Modernization of dairy sector of Montenegro”	2,300,000

Source: Ministry of Agriculture and Rural Development

Projects financed by CARDS funds 2001-2006

The CARDS Program (Community Assistance for Reconstruction, Development and Stabilisation) was introduced by the European Commission Regulation 2666/2000 on 5th of December 2000. This assistance instrument was established by the European Commission to support the economic development of the Western Balkan countries through efficient protection and implementation of intellectual property rights. This instrument with around EUR 11 million supported the Agriculture sector.

Strengthening of veterinary and phytosanitary services (CARDS 2003). The project, worth **EUR 1.5 million** was focused on strengthening of veterinary and phytosanitary services. Under the veterinary component, the activities were aimed at improving the control of quality of food of animal origin and control of zoonosis, as well as support to construction of the building of the Veterinary Diagnostic Laboratory. The second component improved the activities of the Phytosanitary Inspectorate; equipment was delivered to the phytosanitary laboratory at the Biotechnical Faculty, with the objective of prevention or reduction of damage caused by harmful organisms.

Development of the Montenegrin Agriculture Development Strategy (CARDS 2004). In order to prepare a platform for further integration processes and set the framework for further development of agriculture, the Ministry of Agriculture, Forestry and Water Management prepared, with assistance of the EU, the Agriculture and Rural Development Strategy. The Strategy is one of the most important projects carried out in the Montenegrin agriculture sector so far. In addition to experts from Slovenia, a large number of domestic experts and representatives of Montenegrin institutions took part in development of the Strategy.

Implementation of the animal identification system - phase I (CARDS 2005). Under the project worth **EUR 1.7 million** (of which technical assistance of about EUR 1 million and equipment EUR 0.7 million) support was provided for setting up of a unit for animal identification under the Veterinary Directorate, development of the Law on Animal Identification in June 2007. In the course of further project implementation, IT equipment was supplied, ear tags and with support from the field veterinary service, tagging and registration of the whole cattle population in Montenegro took place (82,000 animals on 25,200 holdings). Cattle tagging was successfully continued after the completion of the project.

Support to fisheries sector (CARDS 2005). The project, worth more than **EUR 1 million**, provided support to the public and private sector in preparation and implementation of the National Fisheries Strategy. The Project worked on preparation of a legal basis for fisheries and food safety, strengthening the institutional capacities for implementation of hygiene regulations and food safety, sustainable resource management was promoted, including efficient monitoring and control of catch activities. Services for implementation of structural and marketing policies were strengthened in line with the Common Fisheries Policy, and support was provided to the private sector for modernisation and development of its production capacities. Equipment worth over EUR 1 million was supplied.

Refurbishment of food safety laboratories (CARDS 2005). Financial means from European funds were also allocated for improvement of infrastructure in the sector, through building of new or refurbishment of the existing food safety laboratories. Biotechnical Faculty (BF) laboratories were completely reconstructed. Capacities of all the BF laboratories were improved, and now, with better technical performances, they enter the accreditation process.

Project finances under IPA funds 2007-2013

As of 2007, both candidate countries and potential candidate countries receive EU support through one channel – the Instrument for Pre-Accession Assistance - IPA.

IPA represents continuation of previous support programmes (OBNOVA and CARDS) intended for states aspiring to become EU members.

Table 18: Projects financed under IPA (in EUR)

Project “Animal Identification and Registration – phase II” (IPA 2007)	1,400,000
Project “Legal harmonization - twinning program with Slovenia” (IPA 2007)	1,000,000
Eradication of rabies and classical swine fever (IPA 2008)	1,700,000
Development of the food safety services in Montenegro (IPA 2008)	2,200,000
Support to establish the IPARD system in Montenegro (IPA 2008)	1,800,000
Sustainable management of marine fisheries (IPA 2009)	1,800,000
Support to network of rural roads in the north of Montenegro (IPA 2009)	1,500,000
Strengthening the capacity of the Phytosanitary Directorate of Montenegro (IPA 2010)	770,000
Support to capacity building in forestry sector (IPA 2010)	1,000,000
Strengthening Veterinary Service (IPA 2011)	770,000
Strengthening rural development Programme under IPARD (IPA 2011)	3,274,000
IPA 2012 – Trust fund I	3,200,000
IPA 2013 – Trust fund II	7,300,000

Source: Ministry of Agriculture and Rural Development

The support to Montenegro under the various projects and programmes referred to in the above table has contributed to the build-up of legal basis, institutions and capacities of staff of the ministry and of other relevant technical bodies and directorates. This counts for the support to the livestock sector, to the veterinary and food safety sectors, to forestry and fishery and for MARD. The support has been a precondition for the current effort of the MARD preparing for accreditation. The experiences and the lessons learned from the implementation of grant schemes have been useful for the agricultural sector as well as for MARD and all technical bodies.

MARD is still facing big challenges in its effort towards EU accession and a continued strengthening of capacities and competences regarding procedures and practices for data collection and analysis, policy formulation and implementation is needed in order to proceed on the path towards EU accession.

5.3 Main results of multilateral assistance conducted, amounts deployed, evaluations or lessons learnt

Support of the World Bank to Montenegrin agriculture

In the period June 2009 - June 2015, the World Bank is providing support to Montenegrin agriculture by implementation of the project MIDAS (Montenegro Institutional Development and Agriculture Strengthening). Support is provided through an IBRD credit (EUR 11 million) and GEF (Global Environmental Fund) grant (EUR 4 million).

The project prepares the Ministry of Agriculture and Rural Development in cooperation with public institutions involved in provision of institutional support to agriculture and fishery.

The project consists of three (3) components:

Strengthening of the rural development programme of MARD, by provision of support to the introduction and implementation of rural development measures which are in line with IPARD, and which were established within the National Rural Development Programme. This is implemented through:

- Strengthening of rural development funds for target measures and areas;
- Strengthening of field and extension services,
- Administration of the programme of support to agriculture and rural development compatible with IPARD, through:
 - Ensuring of technical assistance, training and goods and provision of construction works for establishment of the Rural Development Unit, the Paying Agency compatible with the EU IPARD, as well as preparation and implementation of the plan of systematization of MARD as well as its Administrations and bodies,
 - Modernization of the agricultural information management system, including the Agricultural Census as well as development of the farm register and preparation of related cadastral maps for wine, olive and/or fruit, further strengthening of the food safety system.

The MIDAS project served as a good opportunity to prepare both the agricultural producers and administration for usage of EU funds. Through five (5) calls around 700 contracts were signed. The support was given for the measures regarding the investment in physical assets (including purchase of livestock), and some agro environment measures (mostly manure management). From the other side the MIDAS project helped capacity building within MARD, Veterinary authority, Institute for marine biology etc. Important effects of MIDAS call were the established procedures that are similar to IPARD calls.

Based on the partnership between the MARD and World Bank, and the World Bank's experience in implementing the on-going MIDAS Project, the EU has requested the Bank to establish a Trust Fund (TF) financed by the EU. The EU-funded Project/IPARD like (Trust fund I and II) will support an additional round of the grants programme, aiming to further introduce IPARD principles first and further IPARD rules continuing to strengthen the capacity of all involved institutions. The grant scheme to be funded under this Project will benefit from the lessons learned and progress made in the implementation of MIDAS grants. Support would be provided also to strengthen the monitoring role of the Directorate for Rural Development, which will make one step closer to IPARD II.

The total project cost is EUR 10.5 million (Trust fund I EUR 3.2 million and Trust fund II EUR 7.3 million). Through Trust fund II only EUR 5.3 million is planned to implement through grant schemes and EUR 2 million for the LPIS project. Montenegro's Government contribution is EUR 2,125,000.

The project/IPARD like would help to implement a grant scheme based on the measures envisaged under the proposal of the IPARD II programme (investments in physical assets in agricultural holdings and the investments in physical assets concerning processing and marketing of agricultural and fishery products in key priority sectors) and accompanying Technical Assistance.

Support of the UN through FAO

FAO assistance in Montenegro is shaped by the 2013-2015 Country Programming Framework (CPF), which sets out five priority areas:

- Preparation of the National Strategy for Agriculture and Rural Development 2014-2020 – a key strategic document providing the basis for the EU Instrument for Pre-Accession (IPA II),
- Capacity development of the Ministry of Agriculture and Rural Development in the use of management tools for policy making,
- The alignment of agriculture and rural development policies with European Union standards,
- Promotion of good practices to reduce climate change effects on agriculture (DRM) – including measures to increase the resilience of rural communities and to adapt production systems so that they are less affected by droughts and floods.
- Promotion of pilot projects on rural development – including increased technical assistance to producer groups and agrarian structures for complementary activities such as forestry and livestock.

Jointly developed with the Government and major development partners the CPF is closely aligned with the Integrated UN Programme (2010–2015) as well as Montenegro's national development priorities.

Other international support

Other international support to Montenegrin agriculture has been carried out through bilateral cooperation of the EU Member States with the institutions of Montenegrin agriculture.

The most important donors in the previous period have been:

- Grand Duchy of Luxembourg, through their developmental agency Lux-development) (most of its support to the dairy sector),
- Kingdom of Denmark (Organic Agriculture Development Program in Montenegro - OADP),
- Germany through GTZ (several projects) and German Cooperative and Raiffeisen Confederation (DGRV),
- Government of Austria, through cooperation with the Austrian Development Agency (ADA),
- Italy – several smaller projects,
- USA – several USAID projects (technical support to development of economic analyses and farm management, setting up of a market information system, various infrastructure projects, etc.),
- Sweden, through Swedish International Development Agency (SIDA) support to preservation of plant genetic resources.

A brief assessment of international projects and lessons learned

In the course of implementation of donor projects, certain limitations have been noted in rural areas of Montenegro:

- Low competitiveness of key economy sectors in rural areas (agriculture, forestry, fishery, food sector, rural tourism, services),
- Underdeveloped elementary infrastructure in rural areas, making access of the population and business entities to public institutions (telecommunications, transport, education and health institutions, etc.) difficult,
- Depopulation of rural areas and unfavourable age and gender structure of the rural population,
- Low level of education of rural population,
- Inactivity or absence of regional and local institutions in charge of rural development,
- Inadequate coordination between public institutions and local communities in rural areas, resulting in inadequate involvement of local self-governance and local communities in initiation, adoption and implementation of rural development policy.

The Ministry of Agriculture and Rural Development plays a key role in implementation of the rural development policy. However, in setting the priorities and rural development measures, and in particular in implementation thereof, other ministries, too, play an important role: the Ministry of Economy, the Ministry of Sustainable Development and Tourism, the Ministry of Education, the Ministry of Science, the Ministry of Transport and Maritime Affairs, the Ministry of Culture, as well as other governmental bodies (directorates, administrations, etc.)

6. DESCRIPTION OF THE STRATEGY

6.1 Description of the existing national rural development strategy 2015-2020

The Strategy defines the framework and the path for the development of the agricultural sector and rural areas in the context of the overall priority of Montenegro to pursue the process of integration of EU policies during the period 2015 – 2020. Although Montenegro may not have the physical and structural capacity to compete in the markets for mainstream agricultural products, it has the potential to develop high quality agricultural and food products based on innovative and traditional production processes.

Montenegro has a rich natural and cultural heritage providing an important potential for development of tourism in rural areas. Rural tourism and increased production of high-quality products will be the economic drivers in the creation of new economic activities and job opportunities in rural areas.

Based on these assumptions, the vision for Montenegrin agriculture and rural areas in 2020 is:

- An agricultural sector set on a stable path to become a competitive sector producing high quality products, providing a stable source of income for agricultural producers. It is a driving force in the creation of new job opportunities in rural areas based on knowledge, utilization of best practices, innovation and preservation of natural resources;
- Viable rural areas providing economic activities and employment opportunities, social inclusion and quality of life to rural residents.

To fulfil the vision, the goals of the Strategy for the development of agriculture and rural areas in Montenegro for the period 2015-2020 are to:

- Ensure a safety-net and stabilize the income of agricultural producers;
- Enable smooth functioning of the market in agricultural products;
- Enhance the competitiveness of agriculture and the food-processing industry;
- Produce safe food of high quality;
- Manage natural resources sustainably; and
- Develop rural areas and preserve rural communities.

These goals will be achieved through the implementation of various measures, which will, at the same time, be gradually aligned with those within the framework of the EU Common Agricultural Policy.

6.2 Identification of the needs and summary of overall strategy

Based on the analysis of the structure and trends in the agricultural sector, taking into account the available natural resources and political framework (analysed in the present SWOT analysis), major needs have been identified for further development of this sector:

1. Improving competitiveness:

- Increase the competitiveness of agriculture and agro-processing on the national, regional and global markets;
- Increase the average size and reduce the fragmentation of holdings through a comprehensive land consolidation effort, adequate land policy and producers' groups;
- Improve the transfer of technology and innovation system through an enhanced extension service and technology transfer system, including supporting competences and qualification of the farmers with professionalism, experience and trust in the modern economy;
- Improve the organization of the value chains from farmer to consumer, making the farmer meet the market.

2. Improving food safety and food quality:

- Increase food safety standards at affordable consumer prices;
 - Increase the quality of products (quality standards, organic products, PDO/PGI).

3. Improving sustainable resource management:

- Continue the effort regarding preservation of the eco-systems;
- Ensure sustainable management and utilization of natural resources (land, water, forests, plant and animal resources) in order to guarantee preservation of the environment in the broadest sense;
- Mitigate and adapt to climate changes;
- Improve the infrastructure in agriculture (roads, water supply, irrigation, waste water treatment).

4. Improving quality of life and development of rural areas:

- Improve living standards in rural areas;
- Through improvements of basic services (road, water and energy supply infrastructure; health, social, cultural facilities and others);
- Through the diversification of income generating activities and possibilities ensuring the economic and social cohesion between rural and urban areas;
- Through the provision of possibilities for employment and a lasting source of income for a significant part of the population, and contribute to fighting poverty and depopulation;
- Through the increasingly important integration of tourism development and agricultural development, taking advantage of the wide range of domestic products through promotion of national cuisine;
- Through the preservation of the tradition and cultural heritage of the countryside.

5. Improving administrative capacities:

- Enhance the institutional development and ensure regulatory development and enforcement;
- Improve inter-ministerial cooperation in addressing identified challenges and enhance collaboration with local self-governments.

Table 19: Summary showing main rural development needs and measures operating

Need identified	IPARD II	IPA II	Other donor – multilateral assistance	National
1.Improving competitiveness	Investments in agricultural holdings	x	x	x
2. Improving food safety and food quality	Improving products quality	x	x	x
3. Improving sustainable resource management	Preservation of indigenous genetic resources in agriculture Organic production Sustainable use of mountain pastures	x		x
4. Improving quality of life and development of rural areas	Diversification of economic activities in rural areas Renovation and development of villages and the rural infrastructure Agro-environmental measures Implementation of Local Development Strategies - Leader approach	x		x
5.Improving administrative capacities	Implementation of Local Development Strategies - Leader approach Technical assistance measure	x		

Source: Ministry of Agriculture and Rural Development

In order to avoid overlapping during the implementation of the IPARD II measures and rural development measures that are supported through the agricultural budget, clear demarcation will be made between the measures financed from the national budget and donor projects.

6.3 Consistency between proposed IPARD intervention and Indicative Strategy Paper (ISP)

The IPARD II programme and the measures selected within the programme are in line with what is described within the Indicative Strategy Paper (ISP). Planned type of actions presented within the Indicative Strategic paper and the key objectives of IPA II assistance are set to promote the alignment of the Montenegrin agricultural policy with the Common Agricultural Policy (CAP); to contribute to a competitive, sustainable and efficient agriculture sector while maintaining vibrant rural communities; and to improve fisheries, food safety, veterinary and phytosanitary policies. To achieve these goals, IPA II assistance will be provided in two strands: institutional capacity building and rural development measures.

These objectives are in accordance with proposed IPARD intervention and the selected measures. With intervention in investment in physical assets of agricultural holdings support will be provided in achieving sustainability and improving efficiency of the agricultural sector. Investment in physical assets concerning processing and marketing of agricultural and fishery products apart from the increase of competitiveness and effectiveness will influence on further implementation and alignment with EU standards regarding veterinary and food safety.

Since the ISP sets out the necessity for diversification of agricultural production through selected measures the product range will be increased and potentials for further export will be broader. Also farm diversification and business development through support of rural tourism will contribute to further diversification of agricultural producers.

ISP recognizes that the IPARD II programme is providing investment support to increase the ability of the agri-food sector to cope with competitive pressure and market forces, as well as to progressively align with the Union rules and standards, while pursuing economic, social and environmental goals in balanced territorial development of rural areas. Furthermore, it will contribute to the security and safety of food supply and the maintenance of diversified and viable farming systems in vibrant rural communities and the countryside. The measures, rural infrastructure, agri-environmental schemes and local initiatives will be supported through the IPARD II programme. The IPARD II programme will also reinforce the capacity of relevant EU funds management structures to be able to efficiently manage and implement the programme in line with EU requirements.

Overall there is a full complementarity and consistency between the selected intervention measures through IPARD II programme and the Indicative Strategy Paper (ISP).

6.4 A summary table of the intervention logic showing the measures selected for IPARD, the quantified targets

Table 20: A summary table of the intervention logic showing the measures selected

Measure	Indicator	Target
Investments in physical assets of agricultural holdings	Number of projects supported	670
	Number of holdings performing modernization projects	670
	Number of holdings progressive upgrading towards EU standards	670
	Number of holdings investing in renewable energy production	42
	Number of holdings investing in livestock management in view of reducing the N ₂ O and methane emissions (manure storage)	183
	Total investment in physical capital by holdings supported (EUR)	43,263,553.20
Investments in physical assets concerning processing and marketing of agricultural and fishery products	Number of projects supported	68
	Number of enterprises performing modernization projects	68
	Number of enterprises progressively upgrading towards EU standards	68
	Number of enterprises investing in renewable energy production	
	Total investment in physical capital by enterprises supported	19
	Number of jobs created (gross)	43,855,481.89
Farm diversification and business development	Total number of projects supported	45
	Total number of facilities:	23
	1. constructed	9
	2. reconstructed	14
	Number of recipients – registered agricultural holdings	28
	Number of investments in renewable source of energy (photovoltaic system)	5
	Number of investments for waste and waste water treatment	7
	Number of new created jobs	10
Total amount of investments	2,666,666.67	
Technical assistance	Number of promotion material for general information of all interested parties (leaflets, brochures, etc.)	30,000
	Number of publicity campaigns	100
	Number of expert assignments supported	2
	Number of workshops, conferences, seminars	100
	Number of meetings of the Monitoring Committee	14
	Number of studies on elaboration and implementation of Programme measures	4
	Number of rural networking actions supported	2
	Number of potential LAGs supported	2

7. AN OVERALL FINANCIAL TABLE

Maximum EU contribution for IPARD II funds in EUR by year, 2014-2020

The financial allocations may be reviewed during the course of the implementation of this Programme taking into account, inter alia, the conclusions of the IPA II midterm review and the performance of Montenegro in reaching the Programme objectives.

Table 21: EU contribution by year, 2014-2020, mil. EUR

YEAR	2014	2015	2016	2017	2018	2019	2020	2014-2020
IPARD II	-	5.0	5.0	5.24	6.02	8.0	8.0	37.26
TOTAL	-	5.0	5.0	5.24	6.02	8.0	8.0	37.26

The EU contribution for the policy area agriculture and rural development can be found in Commission Implementing Decision C (2014) 5771 of 18 August 2014 adopting an Indicative Strategy Paper for Montenegro for the period 2014-2020.

7.1 Maximum EU contribution for IPARD II funds in EUR by year, 2014-2020

Table 22: EU contribution for IPARD II funds by year, 2014-2020

Measure	Total Public Aid (%)	Total Public aid (value)	Value of EU contribution	EU contribution rate	National contribution	National contribution rate
Investments in physical assets of agricultural holdings	60%	25,958,131.92	19,468,598.94	75%	6,489,532.98	25%
Investments in physical assets concerning processing and marketing of agricultural and fishery products	50%	21,927,740.95	16,445,805.71	75%	5,481,935.24	25%
Farm diversification and business development	65%	1,733,333.33	1,300,000.00	75%	433,333.33	25%
Technical assistance	100%	58,823.53	50,000.00	85%	8,823.53	15%
TOTAL		49,678,029.73	37,264,404.65		12,413,625.08	

7.2 Indicative budget breakdown by measures 2014-2020

Table 23: Indicative budget breakdown by measures, 2014-2020

Measure	Total public aid	Private contribution	Total expenditure
	EUR	EUR	EUR
Investments in physical assets of agricultural holdings	25,958,131.92	17,305,421.28	43,263,553.20
Investments in physical assets concerning processing and marketing of agricultural and fishery products	21,927,740.95	21,927,740.95	43,855,481.89
Farm diversification and business development	1,733,333.33	933,333.33	2,666,666.67
Technical assistance	58,823.53		58,823.53
TOTAL	49,678,029.73	40,166,495.56	89,844,525.29

7.3 Indicative budget of EU contribution by measures 2014-2020 in 000 EUR for monitoring

Table 24: Indicative budget of EU contribution by measures for monitoring, in 000 EUR, 2014-2020

MEASURE/ YEAR	EU contribution (000 EUR)							
	2014	2015	2016	2017	2018	2019	2020	2014-2020 EUR
Investments in physical assets of agricultural holdings	-	2,00	2,10	2,52	3,31	2,90	6,64	19,47
Investments in physical assets concerning processing and marketing of agricultural and fishery products	-	3,00	2,90	2,72	2,71	5,0	0,11	16,44
Farm diversification and business development	-	-	-	-	-	010	1,20	1,3
Technical assistance	-	-	-	-	-	0,00	0,05	0,05
TOTAL	-	5,00	5,00	5,24	6,02	8,00	8,00	37,26

7.4 Percentage allocation of EU contribution by measures 2014-2020

Table 25: Percentage allocation of EU contribution by measure, 2014-2020

Measures/Year	EU contribution							
	2014	2015	2016	2017	2018	2019	2020	
	%	%	%	%	%	%	%	%
Investments in physical assets of agricultural holdings	-	40	42	48	55	36.25	83	
Investments in physical assets concerning processing and marketing of agricultural and fishery products	-	60	58	52	45	62.50	1.37	
Farm diversification and business development	-	-	-	-	-	1.25	15	
Technical assistance	-	-	-	-	-	-	0.63	
TOTAL	-	100	100	100	100	100	100	

8. DESCRIPTION OF EACH OF THE MEASURES SELECTED

The selected measures as defined in the IPARD II programme are selected on the basis of the results of Sectoral analyses that have been updated (Sectoral analysis of meat, milk, fruits and vegetables) and produced (olive growing and viticulture) during 2014. The aim of the selected measures is to improve competitiveness, increase added value of products, creating new jobs, improve living conditions in rural areas, as well as connecting with the tourism sector. The reason why exactly these measures have so far been selected is their implementation through national funds, MIDAS grants and IPARD like project. In this way, farmers were able to prepare their farms for the use of EU funds for the programming period 2014-2020.

Reason of financial allocation and percentages (%) per measures refers to MIDAS and IPARD like grants experience; absorption capacities, administrative capacities; plans for alignment with EU legislation etc.

The measures are designed in order to prevent deadweight. This is done by focusing on the needs of small farmers and processors and to prioritize investments with focus on public goods such as nature conservation and environment protection. It is the experience from the accession countries that deadweight is observed primarily among investment projects of large scale and it is connected with bigger recipients.

In order to minimize the risk of deadweight Montenegro shall ensure that in the selection procedures the recipients are required to clearly demonstrate their need for IPA assistance.

Projects, which have experimental, renewing and innovative elements, are often impossible to implement in the planned scope without the external funding.

The first Code of Good Agricultural Practice is more of an advisory than binding document, and it provides an opportunity for all stakeholders – farmers, Government, scientists and NGOs to find out what really functions in Montenegro: what are the standards that are practical and realistic in Montenegrin agriculture and which bring most benefit when it comes to environmental protection. Once Montenegro becomes an EU Member State, many of these advisory recommendations would become mandatory. Thus, the experience gained through the implementation of the first Code would be an invaluable experience, making possible transposition of true standards into the legislation.

For the implementation of the IPARD II programme, the Managing Authority in close co-operation with the IPARD Agency will prepare the National Rulebooks for the implementation of each measure, which will incorporate the provision of the measures set in the IPARD II programme as well as the requirements of the Sectoral Agreement. The IPARD Agency, in close co-operation with the Managing Authority, will develop templates of Application Forms and Business Plans and will provide instructions/guide for applicants for their preparation.

During the preparation of the program constant communication was established between the Managing Authority and the IPARD Agency. This communication resulted in the large number of meetings organized between the bodies in order to ensure that the measures can be verified and controlled during the implementation of the IPARD II programme. This led to constant communication and all of the measures selected were controlled by the IPARD Agency.

During the November 2022 modification of the IPARD II programme the national authorities are initiating additional action to speed-up the implementation of the IPARD II programme. The action, in preparation, may start by the end of 2022 and/or at the beginning of 2023.

8.1 INVESTMENTS IN PHYSICAL ASSETS OF AGRICULTURAL HOLDINGS

8.1.1 Legal basis

Article 27 of Sectoral Agreement.

8.1.2 Rationale

The main weaknesses of the agricultural sector in Montenegro are linked with the unfavourable structure of agricultural holdings (farms); a high share of small farms, a high extent of fragmented agricultural arable plots, low level of modernization of agricultural holdings and lack of capital for investments.

Currently, there is a general lack of large quantities of raw materials of adequate quality, especially meat, for covering domestic needs.

Milk sector

This sector is characterized by the low level of collected milk by the registered dairies and cheese producers, which in the last five years ranges between 11-16% of the total milk produced in Montenegro. Majority of the remaining milk is processed into various types of agricultural holdings in autochthones dairy products (cheese, cream, sour cream, etc.) for their own use and/or for sale.

In order to improve the general situation in the milk sector, and to increase its competitiveness, the sector needs support in terms of: accommodation capacities for animals, the development of technology of fodder production and animal nutrition, hygiene of milking and milk, manure management and manure storage.

Meat sector

This Sector is still underdeveloped both due to the lack of working capital and due to the low productivity. A faster development of the livestock sector in Montenegro is not possible without a stronger support through investments into reconstruction of existing and construction of new main and auxiliary facilities on agricultural holdings.

The objectives of the implementation of the measure will be focused towards reducing deficiencies in that sector i.e. market oriented production, increase resource utilization, increase productivity, protection of the environment, which will also affect the efficiency and economic viability of the agricultural holdings.

Eggs sector

Introduction of modern technologies has led to the expansion of this sector but it still does not meet the needs of the domestic market. The sector faces significant problems in the implementation of standards in terms of animal welfare, environmental protection and food safety.

Significant investments and support are required in order to achieve compliance with EU standards, especially for the handling, storage and treatment of manure and to improve animal welfare.

Fruit, vegetable and arable sectors (including cereals, fungi, mushrooms, aromatic and medical herbs)

Favourable natural conditions in some parts of Montenegro allow the cultivation of continental, southern, subtropical and tropical fruits, as well as almost all types of vegetables. Production of aromatic and medicinal plants in recent years has gained in importance and there is a noticeable increase in the area under these plantations. There is a growing interest for producing fungi and mushrooms.

Deficiencies in the sector are: fragmented holdings, low yields per area, insufficient use of agro-technical measures (agricultural/farm technology), inadequate choice of varieties and hybrids, lack of connection with retail chains, as well as the lack of modern storage facilities.

In order to increase the competitiveness of the sector it is necessary to invest in the setup of new and the expansion of existing plantations, in modern equipment, tools and machinery for production.

Viticulture sector

Montenegro has a rich tradition in grape production, thanks to favourable agro-ecological and climatic conditions.

This sector needs to invest in new plantations, the restructuring of existing plantations, in modern equipment and machinery, in order to increase the competitiveness of the sector.

Olive sector

This Sector is not sufficiently developed, despite the favourable climatic conditions and existing potential. Existing olive groves have unfavourable age structure, with a large proportion of old trees, resulting in difficulty of agricultural/farm technology and adversely affecting the product quality and yield per tree.

The olive sector needs investments for planting olive trees, rehabilitation of existing, as well as investment in machinery and equipment. These investments will contribute to the modernization and better use of resources.

Beekeeping sector

The Beekeeping sector needs investments in the construction of dedicated facilities for the storage of honey, as well as bee hives and equipment for the production of honey and preservation of the quality and the health and safety of honey and other bee products, equipment for reproduction breeding centres nuts, as well as equipment for the production of bee hives.

Fishery and aquaculture sector

This Sector is not efficient enough, due to the lack of investment capital and partly due to inefficient ways of cultivation. Also, this sector is characterized by problems relating to the recovery of the parent stock, better production planning, improving feed efficiency of the fish, the water shortage in certain periods of the year, the lack of environmental protection measures, training programs and improving the safety of these products. Faster development of this sector in Montenegro is not possible without stronger support to reduce production costs of cultivation, modernization of production, improvement of breeding and placement of these products on the market.

8.1.3. General objectives

- To support recipients in progressive alignment to Union rules, standards, policies and practices with a view to Union membership;
- To support economic, social and territorial development, with a view to a smart, sustainable and inclusive growth, through the development of physical capital;
- To address the challenges of climate change by promoting resource efficiency and renewable energy.

8.1.3.1 Specific objectives

- The investment when concluded must respect the relevant Union standards as regards environmental protection and/or animal welfare;
- To improve the overall performance of agricultural holdings in the production of primary agricultural products.

8.1.4. Linkage to other IPARD II measures in the programme and to national measures

The measure relates to measure (3) 'investments in physical assets concerning processing and marketing of agricultural and fishery products' to restructure those activities and to upgrade them to Community standards. The Measure will support investments in viable agricultural holdings, which should lead to improving the quality and food safety of raw materials needed for the processing industry and align with Community environmental, animal welfare and occupational safety and health standards.

This measure is also linked with measure (7) 'farm diversification and business development', through on farm processing and rural tourism.

8.1.5. Recipients

The Recipients are:

- Agricultural holding in accordance with the relevant Law on Agriculture and Rural Development, and/or
 - Legal person or entrepreneur registered for the fishery and aquaculture activity in the Central Register of Business Entities (CRBE),
- registered no later than the day of the publishing of the public call.

8.1.6. Common eligibility criteria

8.1.6.1. Type of eligible holdings

Recipients that comply with specific eligibility criteria described in 8.1.7 are eligible for support.

8.1.6.2. National standards to be respected

No later than before final payment of the investment, recipients must comply with the appropriate national minimum standards in force (see list of NMS in Annex III of IPARD II programme), regarding environmental protection and animal welfare. If the national standards are similar to the Union standards, in duly justified cases, derogation from this rule may be approved by the Commission.

For projects for the 'Fruit, vegetable and arable sectors', the 'Viticulture sector' and the 'Olive sector' a derogation of the above rule is applicable. For these projects, the fulfilment of appropriate national minimum standards for agricultural holdings will be checked only within the sector for which the recipient submits the request, and not on the entire agricultural holding.

For this purpose, the technical bodies shall issue a proof document, which will confirm that all relevant national minimum standards regarding environment protection and animal welfare are respected by the recipient.

8.1.6.3. Economic viability of the holding

The recipient shall be demonstrated economic viability with the business plan. The recipient has to prove the economic viability in line with the form, which the IPARD Agency shall prepare. For investments over EUR 50,000 a complete and detailed business plan is needed, and for investments below EUR 50,000 the simplified form of business plan is required.

8.1.6.4. EU standards

No later than before final payment of the investment, the investment must comply with relevant EU standards regarding environmental protection and animal welfare.

For the purpose, the Technical bodies have to assess whether the investment met EU standards. In this case, the responsible (Technical) body issue a proof document confirming the above.

8.1.6.5. Other common eligibility criteria

- The investment must concern the production of agricultural products listed in Annex I of the EU Treaty, including fishery products;
- The authorised representative of the agriculture holding shall prove minimum secondary school education or higher education by diploma/certificate or a minimum 3 years' experience in dealing with agriculture production, processing or services related to agriculture (proven by records of MARD and relevant institutions). A recipient that fails to meet the above skills and competences shall commit in writing that he/she will follow a training course with a minimum duration of at least 50 teaching hours in the relevant sector before the final payment. The recipient shall provide a training certificate issued by relevant vocational training institutions, educational and research institutions or public advisory services including the list of attended training modules with relevance to the investment;
- No payment shall be made by the IPARD Agency and the aid will be cancelled if the recipient fails to submit the required documents in due time;
- Recipients within the IPARD framework can obtain support for only one tractor, with a maximum power (not exceeding 100 KW). Out of the total amount of allocated EU funds, for measure investments in physical assets of agriculture holdings, a maximum of 20% of the funds can be spent on tractors, assessed at a IPARD II + IPARD III scale.;
- In accordance with Article 10 of the "Regulation of the European Parliament and of the Council establishing common rules and procedures for the implementation of the Union's instruments for external action";
 1. Co-financed goods, supplies and equipment from the following countries shall be eligible for funding under the IPA:
 - (a) Member States, beneficiary countries covered by the IPA, members of the European Economic Area and partner countries benefiting from the "European Neighbourhood and Partnership Instrument", and
 - (b) Donor countries for which reciprocal access to external assistance is established by the Commission under the conditions laid down in Article 9(1) (e) of this Regulation.
 2. Goods from non-eligible origin may be considered as eligible by the Commission in duly substantiated cases,
 - (a) if the eligibility rules would make the realisation of an action impossible or exceedingly difficult on the basis of the unavailability of products and services in the markets of the countries concerned, or extreme urgency, or
 - (b) for implementing triangular cooperation arrangements with third countries.
- All supplies purchased under this measure shall originate from eligible countries. However, they may originate from any country when the quantity of goods to be purchased (contract, proforma invoice and invoice) is under EUR 100,000¹³. For the purposes of this measure, the term "origin" is defined in Article 60 and 61 of Council Regulation (EC) No 952/2013, which is governing non-preferential origin.
- An investment in the construction and reconstruction of buildings is acceptable for support if the subject of the investment is owned by the recipient, no later than before final payment.
- Recipient may receive the payment, only if at the time of the final payment he is the sole owner of the investment objects. However, the recipient can receive the payment if the investment is related to the procurement of equipment, greenhouses and glass houses, the planting of perennial plants in leased buildings and/or on parcels, provided that the lease agreement is concluded for a period longer than 10 years from the day of the submission of application for grant support.
- Support funds cannot be used if the share of public ownership exceeds 25% of the company's capital.

Investments in renewable energy plants:

The investment in a renewable energy plant on a farm can be supported if the energy produced is for self-consumption under the aid intensity rates applicable to this measure. Support is given for investments in renewable energy such as photovoltaic system.

In the event that the investment is carried out by the beginners or in the case where the beneficiary of the support significantly changes the size of its business in relation to the last three years, the expected consumption will be estimated by the IPARD Agency.

¹³ Without VAT.

8.1.7. Specific eligibility criteria

In the event that the land that is leased, the lease agreement must be completed for a period of at least 10 years from the day of submitting the application.

In the event that the land is used under another right of use, consent must be given for a period of at least 10 years from the day of submitting the application.

Exception in cases of mariculture, where the lease agreement is concluded for a maximum 5 years with the relevant institution/body. Beneficiary are obliged to regularly renew their contracts with the relevant institution/body, which will be the subject of control before payment phase and ex-post control.

Agricultural holdings, which at the day of the publishing of the public call, depending on the sector and type of production for which the application is submitted, must have:

Milk sector, types of production:

Minimum 5 cows/heifers (reproductive animals) older than one year at the day of the publishing of the public call, or;

Minimum 50 sheep or;

Minimum 50 goats.

Meat sector (per turnus), types of production

Type cattle rearing - Minimum 30 beef cattle in fattening or;

Type sheep rearing - Minimum 50 sheep or 100 lambs in fattening;

Type pig rearing - Minimum 20 sows or 100 finishing pigs or;

Type poultry rearing - Minimum 1,000 broilers (chicken) or;

Minimum 100 broilers (turkey).

Eggs production sector

Minimum 1,500 laying hens.

Fruit, Vegetables and arable sectors (including cereals, fungi, mushrooms, aromatic and medicinal herbs), types of production

Type of production of fruits - area of plantation minimum 0.5 ha or,

- Type of production of vegetables (open field) - area of plantation minimum 0.5 ha or,
(covered area) - area of plantation minimum 0.1 ha,

- Type of production of crops - area of plantation minimum 1 ha or,

- Type of production of aromatic and medical herbs-area of plantation minimum 0.3 ha or,

- Type of production of fungi and mushrooms – production surface minimum 0.01 ha.

Viticulture sector

Area of vineyards minimum 0.5 ha.

Olive sector

Olive growing plantation minimum 0.5 ha.

Beekeeping sector

Minimum 30 bee colonies.

Fishery sector and aquaculture

Minimum annual capacity 10 tons of fish or shellfish.

Land (production areas) and animals must be registered in the Register of agricultural holdings not later than the day of the publishing of the public call.

8.1.8. Eligible expenditure

Eligible expenditure shall be limited to:

- The construction and/or improvement of immovable property, (e.g. the acquisition of property is excluded).
- The purchase of new machinery and equipment, including computer hardware and software up to the market value of the asset,
- General costs linked to investment-related expenditure, such as architects', engineers' and other consultation fees, feasibility studies, shall be eligible up to a ceiling of 12% of the investment costs. Specific lower ceilings on specific items may be established namely for business plans referred to under 8.1.6.3 (according to the type of investment),
- General costs, although eligible retroactively (since they may occur before contract conclusion), can only be considered eligible if the project to which they relate is actually selected and contracted by the IPARD Agency.
- The minimum and maximum of total eligible expenditure are given in table 26.

Table 26: Minimum and maximum of total eligible expenditure for the measure (1)

Minimum of total eligible expenditure (EUR)	Maximum of total eligible expenditure (EUR)
10,000	500,000

- Total number of supported projects per holding, per public call, is limited to one.
- The total number of supported projects for this programming period, per holding, for this measure is limited to three projects.
- Applicant can apply for new support only after the final decision for payment, rejection or termination of a previously contracted project within this measure.

8.1.8.1. Eligible investments

- Investments in construction and/or reconstruction of facilities on the holding,
- Supply of equipment and machinery appropriate for the type of production,
- Investments in energy saving, environmental protection, equipment and facilities for reprocessing of raw materials, treatment and disposal of waste,
- The construction and/or reconstruction of fences,
- The construction and/or reconstruction and/or renovation of facilities and/or purchase of equipment for renewable energy (photovoltaic system),
- Construction of water supply and irrigation systems,
- Investments in hail protection and protection from birds or other technologies ment for protection against predators,
- Activities and materials for establishing a new perennial plantation,
- Investments in improvement of land for new and existing plantings (for example: anti-erosion operations, drainage, terraces and preparing the land for agriculture purpose).

8.1.9. Selection criteria

Table 27: Selection criteria for the measure (1)

Criteria		Points
1.	Investments in manure handling and waste water treatment	15
2.	For agricultural holdings in mountain areas	10
3.	Investments by young farmer	10
4.	Investments by certified organic producer	5
5.	Investments by women	5
6.	Investments linked to renewable energy (photovoltaic system)	10
7.	Recipient is a cooperative or a member of cooperative	5
8.	Properly submitted documentation without the need for additional documentation	15
9.	Agricultural land owned (1 point per hectare – max 10 points)	10
10.	Agricultural land leased and/or with a permit to use (0,5 points per hectare – max 5 points)	5
11.	Investments in the construction of new barns for animal housing and a protected space for growing plant	10
TOTAL		100

8.1.10. Aid intensity and EU contribution rate

Public aid under this measure can amount up to a maximum of 60% of the total eligible expenditures of the investment, except:

- up to 65% of the total eligible expenditures if investments are made by young farmers¹⁴,
- up to 70% of the total eligible expenditures for investments on agricultural holdings in mountain areas,
- additional 10% can be given for investments related to effluent and waste management.

EU co-financing rate is 75% of public aid.

8.1.11. Indicative budget

Table 28: Financial allocation of funds for the measure (1)

Year	Total eligible expenditures EUR	Total EUR %		Public expenditures				Private contribution EUR %	
				EU contribution		National contribution			
				EUR	%	EUR	%		
2014	-	-	-	-	-	-	-	-	-
2015	4,444,444.44	2,666,666.67	60%	2,000,000.00	75%	666,666.67	25%	1,777,777.78	40%
2016	4,666,666.67	2,800,000.00	60%	2,100,000.00	75%	700,000.00	25%	1,866,666.67	40%
2017	5,589,693.22	3,353,815.93	60%	2,515,361.95	75%	838,453.98	25%	2,235,877.29	40%
2018	7,362,748.87	4,417,649.32	60%	3,313,236.99	75%	1,104,412.33	25%	2,945,099.55	40%
2019	6,444,444.44	3,866,666.67	60%	2,900,000.00	75%	966,666.67	25%	2,577,777.78	40%

¹⁴ young farmers (Executive Director) means a farmer under 40 years of age at the time of submitting the application, possessing adequate occupational skills and competence.

2020	14,755,555.5 6	8,853,333.3 3	60%	6,640,000. 00	75%	2,213,333. 33	25%	5,902,222. 22	40%
Total	43,263,553.2 0	25,958,131. 92	60%	19,468,598 .94	75%	6,489,532. 98	25%	17,305,421. 28	40%

8.1.12. Indicators and targets

Table 29: Indicators and targets

Indicator	Target
Number of projects supported	670
Number of holdings performing modernisation projects	670
Number of holdings progressive upgrading towards EU standards	670
Number of holdings investing in renewable energy production (photovoltaic system)	42
Number of holdings investing in livestock management in view of reducing the N ₂ O and methane emissions (manure storage)	183
Total investment in physical capital by holdings supported (EUR)	43,263,553.20

8.1.13. Administrative procedure

The administrative procedure for the implementation of this measure will include the following phases: check of completeness's and eligibility of the application; allocation of funds; implementation of activity; accounting and payments of support. The administrative procedure will respect the requirements of the IPARD II regulatory framework and will be reflected in the respective manuals and procedures.

8.1.14. Geographic scope of the measure

This measure shall be implemented in the whole territory of Montenegro.

8.2. INVESTMENTS IN PHYSICAL ASSETS CONCERNING PROCESSING AND MARKETING OF AGRICULTURAL AND FISHERY PRODUCTS

8.2.1. Legal basis

Article 27 of Sectoral Agreement

8.2.2. Rationale

In addition to high-quality products, competitiveness in the market requires improvement of food quality by the implementation of quality and food safety standards. The leading companies, particularly in the meat-processing sector, have already made investments for the purpose of compliance with Community standards, but there is still lack of capacity for collecting by-products of animal origin, solid and liquid waste treatment, in order to protect the environment.

The selection of the eligible sectors to be supported under this measure is based on a sector analysis involving external expertise. Identification of the type of beneficiaries and specific investments needed/eligible under each sector use the same approach and prioritise developing the weakest links identified in the agricultural production chain by relevant sector analysis.

Milk sector

Currently there are 26 registered dairies and cheese producers operating in Montenegro. About 63% of total collected milk is processed into four facilities that are working with 66% of the total number of farmers delivering milk to dairy processing plants. In 2013, comparing to 2012 milk collection increased by 8.6% and was at its highest level over the last 10-year period. However, this makes only around 13% of the entire milk production in Montenegro.

Investments in the milk sector is in order to increase the added value and competitiveness of Montenegrin dairies and cheese plants. This goal will be achieved through the support of a significant number of small and medium sized milk processing companies to ensure the long-term sustainability, introducing new products, improving technology and meeting required standards and to implement quality hygiene controls across all processing lines.

Meat sector

During 2013 an increase in production of meat and meat products of approximately 3.5% compared to the previous year was recorded. So far, over 300 agribusiness companies are registered in Montenegro, of which about 20% are for the production and processing of meat and meat products.

Of the total number, four companies are covering over 60 % of the total domestic production, with an effective capacity range from 1,000 to 6,000 tons of meat annually. About 30 smaller companies are involved in slaughtering, production of raw meat with a limited level of processing. The production of these facilities covers only 36% of total meat consumption in the country.

Development of the meat processing industry is one of the main preconditions for development of livestock farming, as the most important branch in Montenegro's agriculture. The sector would benefit from an increase in investments in modern equipment and technologies, in order to achieve faster sector development, higher productivity and transfer of knowledge in management and marketing.

Fruit, vegetable and arable sectors (including cereals, fungi, mushrooms, aromatic and medical herbs)

According to the Sector analyses for fruit and vegetable processing this sector is not sufficiently developed.

Sector analyses have identified five most important factors involved in the processing of fruits and vegetables, but their capacity is quite small. As far as the assortment of products is represented, they are as follows: jams, pasteurized vegetables and mushrooms, fruit juice, fruit syrup, spirit vinegar, brandy, etc.

According to the companies that are directly involved in the processing, supply of raw materials (domestic fruit and vegetables) is a problem due to the high prices, insufficient and continuity supply of products from primary production, but also poor packaging and low quality of materials for packaging, lack of grading and storing facilities, traceability, food safety, homogeneity and constant supply quality, adequate variety selection, shrinkage, price fluctuation, unreliability of suppliers when it comes to meeting contractual obligations, and limited capital available along the whole supply chain.

Wine sector

The wine sector in Montenegro is dominated by majority state-owned wine producer Plantaže, with a total annual production of around 14 million liters of wine. On the other hand, 44 wine producers, totally produce about 800,000 litres of wine per year.

In order to increase production and improve quality, support will be targeted for investment in facilities and equipment necessary for the production of high-quality wines.

Olive sector

In Montenegro there are 15 registered oil mills, of which 8 with a continuous line for cold squeezing oil and the rest are traditional mills with stone presses. More than 90% of the produced olives are processed into oil, of which only 11.1% are of the category extra virgin. Canned olives are still not produced in Montenegro.

In order to increase the volume and quality of production, necessary investment is needed in equipment and facilities for the production of olive oil and other products made from olives.

Fishery sector and aquaculture

At this time, the processing capacity is limited to only two companies engaged in smoking and canning, or smoking and vacuuming fish and which are not using its production capacity to the full extent.

On the other hand, a few small businesses and family holdings that are active in the market of fish and aquaculture products are thinking about investing in cold storage, packing and processing to take advantage of the added value of domestic products of fish and other aquatic organisms.

8.2.3. General objectives

- This measure will support the development of physical assets; increase the ability of the agri-food sector to cope with competitive pressure and market forces as well as help the sector to progressively align with Union standards.

These measures will also encourage in addressing the challenge of climate change, by promoting renewable energy, through investment in photovoltaic systems.

8.2.3.1. Specific objectives

Milk sector

- Increase the added value and competitiveness of Montenegrin dairies and cheese plants. This goal will be achieved by constructing new and helping a significant number of small and medium sized milk processing establishments to ensure the long-term sustainability, introducing new products, improving technology and meeting required standards and to implement quality hygiene controls across all processing lines,
- Improve efficiency and productivity by introduction of new technologies to increase competitiveness and diversity of the products on the market,
- Improvement in packaging, marketing and promotional activities.

Meat sector

- Increase investments in modern equipment and technologies, in order to achieve higher productivity, sector development and transfer of knowledge in management and marketing,
- Improve efficiency and productivity by the introduction of new technologies to increase competitiveness and diversity of the products on the market,
- Improve environmental protection in slaughterhouses and meat processing facilities, regarding waste disposal and treatment, including treatment of water,
- Improve product quality control by the implementation of quality management systems and food safety standards in order to ensure high quality of products and hygiene requirements,
- Improvement in packaging, marketing and promotional activities.

Fruit, vegetable and arable sectors (including cereals, fungi, mushrooms, aromatic and medicinal herbs)

- Improve efficiency and productivity by introduction of new technologies and equipment to increase competitiveness and diversity of the products on the market,
- Improve added value of the products,
- Improve product quality control by the implementation of quality management systems and food safety standards in order to ensure high quality of products and hygiene requirements,
- Improve packaging, marketing and promotional activities,
- Improve existing and introduce new storage capacities.

Wine sector

- Improve efficiency and productivity by introduction of new technologies to increase competitiveness of the products on the market,
- Improve processing capacities,
- Improve product quality control by the implementation of quality management systems and food safety standards in order to ensure high quality of products and hygiene requirements,
- Improve packaging, marketing and promotional activities.

Olive sector

- Improve efficiency and productivity by introduction of new technologies to increase competitiveness of the products in the market,
- Improve processing capacities,
- Improve product quality control by the implementation of quality management systems and food safety standards in order to ensure high quality of products and hygiene requirements,
- Improve existing and introduce new storage capacities,
- Improve packaging, marketing and promotional activities.

Fishery sector and aquaculture

- Improve efficiency and productivity by introduction of new technologies to increase competitiveness of the products in the market,
- Improve processing capacities,
- Improve product quality control by the implementation of quality management systems and food safety standards in order to ensure high quality of products and hygiene requirements,
- Improve existing and introduce new storage capacities,
- Improve packaging, marketing and promotional activities.

Generally, eligible investments will increase the agri-food sector to be more competitive, through new agricultural holdings, modernisation of existing agricultural holdings, increase production efficiency, to progressively align with EU standards, regarding environmental protection, public health, animal welfare and occupational safety. Also, the investments will adjust to the demand of domestic and foreign markets, technical and technological improvement of the sectors, and address the challenges of climate change, by promoting renewable energy.

8.2.4. Linkage to other IPARD II measures in the programme and to national measures

This measure is particularly linked with measure (1) 'investments in physical assets of agricultural holdings' that ensures the provision of raw materials. Improvement of primary production encourages improvement of processing and marketing as well. Increase in quantity and quality of primary production results in return, in better processing.

This measure is linked with measure (7) 'farm diversification and business development', through on farm processing and rural tourism.

8.2.5. Recipients

Recipients are companies registered in the Central Register of Business Entities (CRBE) in accordance with the relevant Law on Companies, and cooperatives in accordance with relevant Law on cooperatives

8.2.6. Common eligibility criteria

8.2.6.1. Types of recipients supported

Support is intended primarily to micro, small and medium sized companies as defined in the relevant Law on accounting ¹⁵ and which are also registered for the activity of processing and/or production of agricultural products.

Enterprises not covered by the SME definition, but with fewer than 750 employees or an annual turnover not exceeding EUR 200 million can also be eligible, but in this case, support can only be granted for investments specifically intended to make the entire establishment fully compliant with the relevant EU standards.

¹⁵ (Annex I - Classification of legal entities).

Cooperatives which are registered for the activity of processing and/or production of agricultural products in the Central Register of Business Entities (CRBE) are eligible for support.

8.2.6.2. Economic viability of the enterprises

The economic viability of the enterprise shall be demonstrated with a business plan. The Recipient has to prove the economic viability of the enterprise, in line with the form, which IPARD Agency shall prepare. For investments over EUR 50,000 a complete and detailed business plan is needed, and for investments below EUR 50,000 the simplified form of business plan is required.

8.2.6.3. National standards/EU standards

Not later than before final payment of the investment, the entire enterprise must comply with the appropriate national minimum standards in force (see list of NMS in Annex III of IPARD II programme), regarding environmental protection, public health, animal welfare and occupational safety. If the national standards are similar to the Union standards, in duly justified cases, derogation from this rule may be approved by the Commission.

The investment supported must comply with the relevant EU standards regarding protection of the environment, public health, animal welfare and occupational safety, no later than before final payment of support.

Before the payment of support, the technical body must analyse each project on: whether (i) the national relevant main standards by the recipient enterprise and (ii) the relevant EU standards applicable to the investment/ are attained at the end of the project.

8.2.6.4. Other eligibility criteria

Investments supported must concern the processing and/or marketing of products covered by Annex I to the Treaty, including fishery products, and/or the development of new products, processes and technologies linked to products covered by Annex I to the Treaty, including fishery products.

All supplies purchased under this measure shall originate from eligible countries. However, they may originate from any country when the quantity of goods to be purchased (contract, proforma invoice and invoice) is under EUR 100,000¹⁶. For the purposes of this measure, the term "origin" is defined in Article 60 and 61 of Council Regulation (EC) No 952/2013, which is governing non-preferential origin.

The investment in a renewable energy plant on an enterprise can be supported if the energy produced is for self-consumption under the aid intensity rates applicable to this measure. Support is given for investments in renewable energy such as photovoltaic system.

In the event that the investment is carried out by the beginners or in the case where the beneficiary of the support significantly changes the size of its business in relation to the last three years, the expected consumption will be estimated by the IPARD Agency.

Beneficiary may receive the payment, only at the time when he is the sole owner of the investment objects. However, the beneficiary can be payed if the investment relates to the procurement of equipment and machinery in leased facilities and/or parcels, provided that the lease agreement is concluded for a period longer than 10 years from the day the submission of application for grant support.

Support funds cannot be used if the share of public ownership exceeds 25% of the company's capital.

¹⁶ Without VAT.

8.2.7. Specific eligibility criteria

Recipients, which will have an establishment registered in the Central Register of approved or registered facilities according to the relevant Food Safety Law, with the installed capacity before the final payment of support:

Milk sector

- Plants for processing of milk with a minimum daily capacity of 500 litres,

Meat sector

- Slaughterhouses with a minimum capacity of slaughtering per day (8 working hours) as follows: 10 head of cattle or 20 pigs or 30 sheep or 30 goats or 3,000 poultry.
- Processing facilities with a minimum processing capacity of 10 tons per annum.

Fruit, vegetable and arable sectors (including cereals, fungi, mushrooms, aromatic and medicinal herbs)

Establishment needs to be registered in the Register of facilities according to the relevant Food safety Law.

Wine sector

- Wineries with a minimum annual capacity of 2,000 litres of wine.

Olive sector

- Olive processing facilities with a minimum annual processing capacity of 500 kg.

Fishery sector and aquaculture

- Processing plants with a minimum processing capacity of 5 tons per annum.

8.2.8. Eligible expenditure

Eligible expenditure shall be limited to:

- The construction and/or reconstruction of immovable property (e.g. the acquisition of property is excluded),
- The purchase of new machinery and equipment, including hardware and software by the market value of the asset. Other costs connected with the leasing contract, such as lessor's margin, interest on refinancing costs, overheads and insurance charges shall not be eligible expenditure,
- General costs linked to investment-related expenditure, such as architects', engineers' and other consultation fees, feasibility studies, shall be eligible up to a ceiling of 12% of the investment costs. Specific lower ceilings on specific items may be established namely for business plans referred to under 8.2.6.2 (according to the type of investment),
- General costs although eligible retroactively (since they may occur before the contract's conclusion) can only be considered eligible if the project to which they relate is selected and contracted by the IPARD Agency,
- The minimum and maximum of total eligible expenditure are defined in Table 31,
- Investments in capacity expansion needs to be further justified in the business plan, if the existing capacities are not fully utilized for the same product.

8.2.8.1. Eligible investments

Eligible investments in priority sectors are:

- Construction or reconstruction of buildings and other ancillary facilities,
- Procurement of equipment and machinery appropriate for the type of processing,
- Implementation of quality management systems and food safety standards,
- Investments in facilities and equipment for quality control,
- Investments in energy saving, environmental protection, equipment and facilities for reprocessing of raw materials, treatment and disposal of waste.

8.2.9. Selection criteria

Table 30: Selection criteria for the measure (3)

Criteria		Points
1.	Investments in upgrading the whole enterprise/cooperative to EU standards	10
2.	Recipients in mountainous areas (with place of residence above 600 m altitude)	10
3.	Executive Director, up to 40 years of age	10
4.	Investments related to waste handling/water treatment/utilization of waste products	25
5.	Investments made by cooperative	10
6.	Investments into energy saving technology/renewable energy in enterprises (photovoltaic system)	15
7.	Properly submitted documentation without the need for additional documentation	20
TOTAL		100

8.2.10. Aid intensity and EU contribution rate

Aid intensity (public aid) can go up to a maximum of 50% of the total eligible expenditures. For investments relating to the treatment of effluents the maximum aid intensity could be increased by 10% (maximum 60%).

EU co-financing rate is 75% of the public aid.

8.2.11. Indicative budget

Table 31: Minimum and maximum of total eligible expenditure for the measure (3)

Minimum of total eligible expenditure (EUR)	Maximum of total eligible expenditure (EUR)
40,000	1,500,000

- Total number of supported projects per applicant, per public call, is limited to one.
- The total number of supported projects for this programming period, per applicant, for this measure is limited to three projects.
- Applicant can apply for new support only after the final decision for payment, rejection or termination of a previously contracted project within this measure.

8.2.12. Indicators and targets

Table 32: Indicators and targets

Indicator	Target
Number of projects supported	68
Number of enterprises performing modernisation projects	68
Number of enterprises progressively upgrading towards EU standards	68
Number of enterprises investing in renewable energy production	19
Total investment in physical capital by enterprises supported (EUR)	43,855,481.89
Number of jobs created (gross)	58

8.2.13. Administrative procedure

The administrative procedure for the implementation of this measure will include the following phases: check of completeness's and eligibility of the application; allocation of funds; implementation of activity; accounting and payments of support. The administrative procedure will respect the requirements of the IPARD II regulatory framework and will be reflected in the respective manuals and procedures

8.2.14. Geographic scope of the measure

The measure shall be implemented in the whole territory of Montenegro.

8.2.15. Budget

Table 33: Financial allocation of funds for the measure (3)

Year	Total eligible costs	Public expenditure						Private contribution	
		Total		EU contribution		National contribution		EUR	%
		EUR	%	EUR	%	EUR	%		
2014	-	-	-	-	-	-	-	-	-
2015	8,000,000.00	4,000,000.00	50%	3,000,000.00	75%	1,000,000.00	25%	4,000,000.00	50%
2016	7,733,333.33	3,866,666.67	50%	2,900,000.00	75%	966,666.67	25%	3,866,666.67	50%
2017	7,266,601.20	3,633,300.60	50%	2,724,975.45	75%	908,325.15	25%	3,633,300.60	50%
2018	7,228,880.69	3,614,440.35	50%	2,710,830.26	75%	903,610.09	25%	3,614,440.35	50%
2019	13,333,333.33	6,666,666.67	50%	5,000,000.00	75%	1,666,666.67	25%	6,666,666.67	50%
2020	293,333.33	146,666.67	50%	110,000.00	75%	36,666.67	25%	146,666.67	50%
Total	43,855,481.89	21,927,740.95	50%	16,445,805.71	75%	5,481,935.24	25%	21,927,740.95	50%

8.3. FARM DIVERSIFICATION AND BUSINESS DEVELOPMENT

8.3.1. Legal basis

Article 27 of Sectoral Agreement

8.3.2. Rationale

Agriculture is the most important branch of the economy in rural areas. Diversification of agricultural activities and other economic activities, primarily by the state, can alleviate the trend of preventing migration of young people from rural areas and improve the quality of life and work. Residents of rural areas should see their chance for further progress in diversifying activities. In addition, through diversification, it will be possible to maintain existing jobs, because current unemployment is more pronounced in rural areas than in urban areas.

In part of diversification, and due to the characteristics of the territory and natural beauty, tourism is the activity that has the greatest potential. Tourists are already discovering rural areas of Montenegro as an extraordinary destination for holidays in nature.

With development of rural tourism, a new market for local products, processed products and crafts, such as traditional handicrafts, souvenirs, etc. is opening up in rural areas. In the last few years new tourism products have been developed, such as the promotion of specific "tour -offers" and there is a need to continue to develop the offer in these areas.

The interventions under this measure aim at improving job opportunities in the rural areas of Montenegro. They address the major problems of rural areas, identified in the analysis, which are summarised as follows:

- Lack of job opportunities,
- High dependency on agriculture,
- Decline in the quality of living standards as a result of inaccessibility of basic services and infrastructure,
- Depopulation and demographic aging.

Activities in the implementation of this measure are divided into three parts, all with one goal in order to improve current production and diversify activities with a view to further development. The activities that will be supported under this measure are related to:

- rural tourism,
- processing on the farm,
- craft development.

Rural tourism

Natural resources in rural areas of Montenegro and the importance of their development are reflected in the fact that it contributes to the revival of the villages and a more balanced regional development and reduction of unemployment. Also, rural tourism creates conditions for meeting the needs of the growing number of tourists who find peace and contentment in nature, healthy lifestyle, traditional cuisine, hospitality in rural holdings as well as preserved customs and traditions. The largest number of tourists who visited rural areas of Montenegro during the summer tourist season in 2018 comes from Western Europe (37.4%), while almost the same percentage are tourists from the Western Balkans (31.1%), as well as from Central and Eastern Europe (12%). When it comes to tourists from Montenegro, their representation in relation to the total sample was 7.6%¹⁷.

Activities in rural tourism will expand the scope of additional services available to the rural population and thus provide additional income, in addition to the income that the population from rural areas earned exclusively from agricultural production.

On farm processing

Supporting the processing on family farms contributes to increasing the quality and more diverse offer of Montenegrin farmer's products. Rural areas have a long processing tradition of different animal and plant products on holdings, and this measure contributes the level of processed primary products, with the aim that through investments, objects for processing are improved and in line with hygienic standards, national minimum standards, food safety standards and environment standards. Through the improvement and expansion of the volume of processing of primary agricultural products, agricultural holdings will increase the volume of production, generate additional income and enable further development of agricultural holdings.

Crafts

Support to the traditional crafts has the aim to improve the craft products, with the aim to promote the quality services on rural area markets through investments support for construction/reconstruction of facilities, as supply of machines, tools and technical devices.

8.3.3. General objectives

- Fostering employment by creation of new jobs and maintaining existing jobs through the development of business activities, thus raising the economic activity level of rural areas and mitigating the trend of migration from rural areas,
- Sustainable development of rural areas contributes to a better territorial balance, both in economic and social terms. Increasing the scope of service for residents of rural areas as well as improving the quality of service provided.

¹⁷ Rural Tourism Development Program of Montenegro with the Action Plan until 2021.

8.3.3.1. Specific objectives

This measure shall aim at creation, diversification and development of rural activities, through support of investments for:

- Construction, reconstruction and equipping of tourist and catering facilities in rural areas;
- Construction, reconstruction and equipping of processing facilities in accordance with food safety standards;
- Improving product quality control by implementing quality management systems and food safety standards;
- Preservation of traditions and crafts.

8.3.4. Linkage with other IPARD II programme measures

Farm diversification and business development is related to measure (3) 'Investments in physical assets concerning processing and marketing of agricultural and fishery products' and measure (1) 'Investments in physical assets of agricultural holdings'. The improvement of primary production also encourages the improvement of processing and marketing. Increasing the quantity and quality of primary production results in better processing. Also, the measure Farm diversification and business development is related to the measure "Implementation of Local Development Strategies – LEADER approach".

8.3.5. Recipients

Recipients are:

For sub-measure 7.1 - Support of investments for development of rural tourism:

- Natural person, as a holder of family agricultural holding in accordance with relevant Law on Agriculture and Rural Development, registered in the Register of Agricultural Holdings no later than the day of the publishing of the public call, provided that the investment is realized exclusively in rural areas above 600 meters altitude;
- Micro and small enterprise (see Annex I), in accordance with the relevant Law on Accounting established or operating in rural areas, provided that the investment is realized exclusively in rural areas above 600 meters altitude. Micro and small enterprises established outside of rural areas, can be also eligible if supported investment is located in rural areas above 600 meters.

For sub-measure 7.2 - Support of investments for on farm processing:

- Natural person, as a holder of family agricultural holding, in accordance with relevant Law on Agriculture and Rural Development, registered in the Register of Agricultural Holdings no later than the day of the publishing of the public call;
- Micro and small enterprise as a holder of agricultural holding (see Annex I).

Besides registering in the Register of Agricultural Holdings, applicants have to be registered for primary production in some of the relevant registries of the Directorate for Food Safety, Veterinary and Phytosanitary Affairs and/or the Ministry of Agriculture and Rural Development, no later than the day of the publishing of the public call.

For sub-measure 7.3 - Support of investments for improvement of crafts:

- Natural person, with a place of residence in a rural area (above 600 meters altitude), where the investment will be realized.

8.3.6. Common eligibility criteria

- Investments must be in accordance with relevant national minimum standards, no later than the moment of final payment of support funds (see the List of MNS in Annex III of the IPARD II programme);
- The recipients must demonstrate economic viability with the business plan;
- Recipients of support funds for investments, whose total costs for investment realization are equal or over EUR 50,000 complete detailed business plan, while recipients whose total costs are up to EUR 50,000 complete simplified business plan;

- Investment is acceptable for support if the subject of the investment is owned by the user not later than before final payment;
- Investment in equipping the facilities is eligible for support if the facility is owned by the recipient no later than before final payment;
- No payment shall be made by the IPARD Agency and the aid will be cancelled if the recipient fails to submit the required documents in due time;
- The recipient, before the final payment of support funds for sub-measures 7.1 and 7.3 must have a certain level of qualifications and professional competence in accordance with relevant laws relating to the given areas;
- The recipient, for sub-measures 7.2, shall prove minimum secondary school education or higher education by diploma/certificate or a minimum 3 years' experience in dealing with agriculture production, processing or services related to agriculture (proven by records of MARD and relevant institutions). A recipient that fails to meet the above skills and competences shall commit in writing that he/she will follow a training course with a minimum duration of at least 50 teaching hours in the relevant sector before the final payment. The recipient shall provide a training certificate issued by relevant vocational training institutions, educational and research institutions or public advisory services including the list of attended training modules with relevance to the investment.

Support funds cannot be used if the share of public ownership exceeds 25% of the company's capital.

8.3.7. Specific eligible criteria

Sub-measure 7.1- Support of investments for development of rural tourism

- (1) For provision of services of accommodation and preparation of food, drinks and beverages, exclusively complementary hospitality facilities are eligible, whereas they must be registered in accordance with the relevant Law on Tourism and Hospitality, no later than the day of the final payment of support funds:
 - a) For natural persons/agricultural holdings (maximum up to 10 rooms or 20 beds),
 - House,
 - Rural household,
 - Tourist apartment
 For camp up to 15 accommodation units.
 - b) For legal persons (maximum up to 15 rooms or 30 beds)
 - House,
 - Rural household,
 - Tourist apartment block (ten or more tourist apartments within the same building),
 - Tourist apartment,
 - Guesthouse, hostel, ethno village, resort, mountain home.
- (2) Accommodation capacity in registered complementary hospitality facilities is limited to a maximum up to 15 rooms or 30 beds per recipient, in accordance with the relevant Law on Tourism and Hospitality.
- (3) If the investment relates to procurement of equipment/furniture, the facility that is being equipped must be registered as a complementary hospitality facility in accordance with the relevant Law on Tourism and Hospitality, no later than the day of final payment of support funds.
- (4) Exclusively, investments that are realized above 600 meters altitude are eligible.

Sub-measure 7.2 Support of investments for on farm processing

- (1) Eligible sectors within this sub-measure are the following: milk sector, fruit and vegetables sector, cereals sector, wine and olives sector in accordance with the relevant Law on Food Safety and relevant Regulation on hygiene requirements for facilities and rooms where small quantities of primary products for nutrition are produced.
- (2) Support funds in milk sector, fruit and vegetables sector, cereals sector, wine and olives sector can be exercised by recipients whose facilities will be in accordance with relevant Law on Food Safety and relevant Regulation on hygiene requirements for facilities and rooms where small quantities of primary products for nutrition are produced, no later than the final day of payment of support funds.

Sub-measure 7.3 - Support of investments for improvement of crafts

- (1) Recipients must be registered in Register of persons engaged in craft activity, in accordance with relevant Law on Crafts, not later than the day before final payment.
- (2) List of crafts eligible for support is constituent part of IPARD II programme (see Annex VII).

8.3.8. Eligible expenditure

Eligible expenditures for all sub-measures are:

- Construction and/or reconstruction of immovable property,
- The purchase of new equipment, including computer hardware and software, special equipment and furniture for people with special needs and children, up to the market value of the asset. Other costs connected with the leasing contract, such as lessor's margin, interest on refinancing cost, overheads and insurance charges shall not be eligible expenditure,
- Construction and/or reconstruction of internal access roads on property,
- General costs linked to investment-related expenditure, such as architects', engineers' and other consultation fees, feasibility studies, shall be eligible up to a ceiling of 12% of the investment costs. Specific lower ceilings on specific items may be established namely for business plans referred to under 8.3.6 (according to the type of investment),
- All supplies purchased under this measure shall originate from eligible countries. However, they may originate from any country when the quantity of goods to be purchased (contract, proforma invoice and invoice) is under EUR 100,000¹⁸). For the purposes of this measure, the term "origin" is defined in Article 60 and 61 of Council Regulation (EC) No 952/2013, which is governing non-preferential origin.
- The investment in renewable energy sources is considered eligible when the (theoretically) power capacity of the renewable energy plant ("the investment") exceeds the three years-average (self) consumption of the recipient,
- In the case of new farms or in the case of farms which have substantially changed the size of their operations in the last three years the expected energy consumption should be estimated by the IPARD Agency,
- A renewable energy investment can also be an integrated part of a project;
- In case of the latter, the "self-consumption" limit is not relevant and does not need to be checked since the other element of the investment (e.g. rural tourism) already constitutes a farm diversification activity and there is thus no need for further demarcation to agricultural investments under measures 1 and 3.

¹⁸ Without VAT.

8.3.9. Eligible investments

- (1) Support funds for sub-measure 7.1 could be used for investments, for:
- Construction and/or reconstruction and/or equipping of hospitality facilities for providing accommodation services, facilities for preparing food and drinks, arrangement of tourist infrastructure (thematic or amusement parks, tennis courts, swimming pools, entertainment or recreational trails or roads - fitness trails, viewpoints, panoramic roads, cycling and hiking trails);
 - Construction and/or reconstruction and/or equipment supply for renewable source of energy (photovoltaic system);
 - Procurement of equipment and devices for waste and water waste treatment.
- (2) Support funds for sub-measure 7.2 could be used for:
- Construction and/or reconstruction and/or equipping facilities for processing, storage, packaging of products of milk sector, fruit and vegetables sector, cereals sector, wine and olive sector;
 - Construction and/or reconstruction and/or equipment supply for renewable source of energy (photovoltaic system);
 - Procurement of equipment and devices for waste and water waste treatment.
- (3) Support funds for sub-measure 7.3 could be used for:
- Construction and/or reconstruction and/or equipping facilities for performing craft activities;
 - Construction and/or reconstruction and/or equipment supply for renewable source of energy (photovoltaic system);
 - Procurement of equipment and devices for waste and water waste treatment.

8.3.10. Selection criteria

Table 34a: Selection criteria for sub-measure 7.1- Support of investments for development of rural tourism

Selection criteria	Points
Professional qualifications	Up to 30
- Applicant owns higher education from the field of tourism – hospitality	20
- Applicant owns secondary school education from the field of tourism – hospitality	10
Recipient (executive director) is a woman	10
Recipient is under 40 years of age ¹⁹	10
Project involves opening up new working positions based upon business plan	10
Investments in renewable source of energy (photovoltaic system)	10
Investments in treatment of waste and water waste	15
Properly submitted documentation without the need for additional documentation	15
TOTAL	Up to 100

Table 34b: Selection criteria for sub-measure 7.2 – Support of investments for on farm processing

Selection criteria	Points
Professional qualifications	Up to 15
- Applicant owns higher education from the field of agriculture and/or veterinary	10
- Applicant owns secondary school education from the field of agriculture and/or veterinary	5
Size of the holding	Up to 20
- Recipients owns more than 5LU	10
- Recipients owns more than 5 hectares	10
Recipients owns a certificate of organic production	10
For recipients in mountain areas (above 600 meters altitude)	5
Recipient (executive director) is a woman	5
Recipient is under 40 years of age ²⁰	10
Investments in renewable source of energy (photovoltaic system)	10
Investments in treatment of waste and water waste	10
Properly submitted documentation without the need for additional documentation	15
TOTAL	Up to 100

Table 34c: Selection criteria for sub-measure 7.3 – Support of investments for improvement of crafts

Selection criteria	Points
Applicant owns secondary school education from the field of craft activities	20
Recipient is a woman	15
Recipient is under 40 years of age ²¹	15
Investments in renewable source of energy (photovoltaic system)	10
Investments in treatment of waste and water waste	10
Applicant is registered in the Registry of Agricultural Holdings	20
Properly submitted documentation without the need for additional documentation	10
TOTAL	Up to 100

¹⁹ Recipient (executive director) is under 40 years of age at the time of submitting the application, possessing adequate occupational skills and competence.

²⁰ Recipient (executive director) is under 40 years of age at the time of submitting the application, possessing adequate occupational skills and competence.

²¹ Recipient is under 40 years of age at the time of submitting the application, possessing adequate occupational skills and competence.

8.3.11. Aid intensity and EU contribution rate

The intensity support (public aid) can amount up to 65% of the total eligible cost per project. EU co-financing rate is 75 % of the public aid.

Table 35a: Minimum and maximum of total eligible expenditures for the sub-measure 7.1 Support of investments for development of rural tourism

Minimum of total eligible expenditure (EUR)	Maximum of total eligible expenditure (EUR)
10,000	150,000.00

Table 35b: Minimum and maximum of total eligible expenditures for the sub-measure 7.2 Support of investments for on farm processing

Minimum of total eligible expenditure (EUR)	Maximum of total eligible expenditure (EUR)
10,000	30,000

Table 35c: Minimum and maximum of total eligible expenditures for the sub-measure 7.3 Support of investments for improvement of craft

Minimum of total eligible expenditure (EUR)	Maximum of total eligible expenditure (EUR)
5,000	15,000

- The total number of projects per recipient, per public call, for this measure, is limited to one.
- Within this measure, per public call, applicant can apply for only one sub-measure.
- The total number of supported projects per recipient, for this measure, in this programming period, is limited to three projects.
- Applicant can apply for new support only after the final decision on payment, rejection or termination of the contracted project, within this measure.

8.3.12. Budget

Table 36: Financial allocation of funds for measure (7)

Year	Total eligible costs	Public expenditure						Private contribution	
		Total		EU contribution		National contribution		EUR	%
		EUR	%	EUR	%	EUR	%		
2019	205,128.21	133,333.33	65%	100,000.00	75%	33,333.33	25%	71,794.87	35%
2020	2,461,538.46	1,600,000.00	65%	1,200,000.00	75%	400,000.00	25%	861,538.46	35%
Total	2,666,666.67	1,733,333.33	65%	1,300,000.00	75%	433,333.33	25%	933,333.33	35%

8.3.13. Indicators and targets

Table 37: Indicators and targets

Indicators	Target
Total number of projects supported	45
Total number of facilities:	23
1. constructed	9
2. reconstructed	14
Number of recipients-registered agricultural holdings	28
Number of investments in renewable source of energy (photovoltaic system)	5
Number of investments for waste and waste water treatment	7
Number of new created jobs	10
Total amount of investments	2,666,666.67

8.3.14. Administrative procedure

The administrative procedure for the implementation of this measure will include the following phases: Checking of completeness and eligibility of the application; allocation of funds; implementation of activity; accounting and payments. The procedure will respect the requirements of the IPARD II programme defined in the respective manuals and procedures.

8.3.15. Geographic scope of the measure

For sub-measure 7.1 and 7.3 eligible investments shall be located above 600 meters altitude. For sub-measure 7.2 investments are eligible for the whole territory of Montenegro.

8.4. TECHNICAL ASSISTANCE

8.4.1. Legal basis

Article 27 of Sectoral Agreement.

8.4.2. Rationale

Support under this measure is needed to ensure regular and effective monitoring and evaluation of the IPARD II programme, preparation or streamlining of implementation of measures, thus contributing to smooth and effective implementation of the Programme.

The actions under this measure are also needed for implementation and monitoring of activities related to provisions of information, publicity and visibility.

Technical assistance funds shall be used to support the Montenegrin Rural Network (MRN) and to finance its activities in Montenegro as well.

8.4.3. General objectives

The aim of this measure is to assist in particular in implementation, monitoring and evaluation of the programme and its possible subsequent modifications.

8.4.3.1. Specific objectives

The objectives include:

- providing support for monitoring of the Programme;
- ensuring an adequate flow of information and publicity;
- supporting studies, visits and seminars;
- providing support for external expertise;
- providing support for the evaluation of the programme;
- providing support for the future implementation of a national rural development network.

8.4.4. Linkage to other IPARD II measures in the programme and national measures

This measure will provide coverage of technical assistance needs for all the measures of the programme.

8.4.5. Recipients

The recipient of activities under this measure is the Managing Authority.

8.4.6. Common eligibility criteria

Eligible expenditure is based on real costs, which are linked to the implementation of the co-financed operation and must relate to payments effected by the recipient, supported by receipted invoices or accounting documents of equivalent probative value²².

All projects must be procured in accordance with the rules for external aid of the Commission contained in the Financial Regulation. For this purpose the application of PRAG could be adapted to the specificities of the beneficiary country. However, public procurement may be done on behalf of the recipient by a centralized competent public authority.

Eligible expenditure shall be reported on in the context of the Annual Report for implementation of the IPARD II programme. The expenditure may be based also on flat rate amounts (such as per diem), in accordance with the terms and rates applied in the country for similar actions where no Community co-finance is involved. All expenditure as regards experts and other participants will be limited to those from and going to applicant countries and Member States.

Technical assistance to support the setting up of management and control systems is eligible prior to the initial entrustment of budget implementation tasks, for expenditure incurred after 1st of January 2014.

8.4.7. Specific eligibility criteria

N/A

8.4.8. Eligible expenditure

1. Expenditures on meetings of the IPARD II monitoring committee;
2. Other expenditure necessary to discharge responsibilities of the IPARD II monitoring committee;
3. Expenditure on information and publicity campaigns, including costs of printing and distribution;
4. Cost of translation and interpretation provided in response to requests by the Commission;
5. Expenditure associated with visits and seminars;
6. Expenditure associated with "acquisition of skills" to prepare potential LAGs for the implementation of the measure "Implementation of local development strategies – Leader approach";
7. Expenditure associated with the preparation, or streamlining of implementation, of measures in the programme to ensure their effectiveness including those measures where application is foreseen at a later stage;
8. Expenditure for evaluations of the programme;
9. Expenditure associated with the establishment and operation of a national network supporting the coordination of activities preparing and implementing local rural development strategies. IPA II beneficiaries and organisations established in the IPA II beneficiaries and administrations of IPA II beneficiaries active in the field of rural development may benefit from the actions of the European Network for Rural Development as foreseen by Article 52(3)(g) of Regulation (EU) No 1305/2013. Relevant detailed provisions shall be agreed with IPA II beneficiaries;
10. A level of salary support which takes into account remuneration levels on the labour market in order to retain staff and build/keep know-how in the operating structure of the IPARD II programme;
11. Expenditure associated with preparing IPARD Programme for the period 2021-2027.

8.4.9. Selection criteria

N/A

²²Accounting document of equivalent probative value' means any document submitted to prove that the book entry gives a true and fair view of the actual transaction in accordance with current accountancy law.

8.4.10. Aid intensity and EU contribution rate

Aid intensity, expressed as the share of public support in the eligible expenditures amounts up to 100%, where the EU contribution rate is 85%.

8.4.11. Indicators and targets

Table 38: Indicators and targets

Indicator	Target
Number of promotion materials for general information of all interested parties (leaflets, brochures etc.)	30,000
Number of publicity campaigns	100
Number of expert assignments supported	2
Number of workshops, conferences, seminars	100
Number of meetings of the Monitoring Committee	14
Number of studies on elaboration and implementation of Programme measures	4
Number of rural networking actions supported	2
Number of potential LAGs supported	2

8.4.12. Administrative procedure

The administrative procedure for the implementation of this measure will include the following phases: completeness and eligibility check of the application; allocation of funds; public procurement; implementation of activity; payment and finally finance and accounting. The administrative procedure will respect the requirements of the IPARD II regulatory framework and will be reflected in the respective manuals and procedures.

The Managing Authority is a recipient for the Technical Assistance measure, and is not to be considered as an implementing body and hence is not part of the accreditation procedure for the implementation of the measure Technical Assistance. The Implementing body is the IPARD Agency and shall be the subject of accreditation for the implementation of the Technical Assistance measure.

Nevertheless the Managing Authority needs to have internal procedures for the following tasks:

- The MA shall, according to Article 52(10) SA, each year draw up an indicative annual action plan for the implementation of technical assistance, which shall be submitted to the IPARD II monitoring Committee for agreement;
- The MA needs to draft the list of eligible expenditure (LEE);
- The contracts should be granted after following the appropriate external aid public procurement procedures and should in that way respect the main Treaty principle such as: transparency, proportionality, equal treatment, and non-discrimination and should ensure sound financial management (value for money). Prior approval for necessary derogations from the PRAG rules should be requested.

8.4.13. Geographical scope of the measure

N/A

8.4.14. Budget

Table 39: Financial allocation of funds for the measure (9)

Year	Total eligible costs	TOTAL		Public expenditure			
				EU contribution		National contribution	
	EUR	EUR	%	EUR	%	EUR	%
2019	-	-	100%	-	85%	-	15%
2020	58,823.53	58,823.53	100%	50,000.00	85%	8,823.53	15%
TOTAL	58,823.53	58,823.53	100%	50,000.00	85%	8,823.53	15%

8.5. AGRI-ENVIRONMENT-CLIMATE AND ORGANIC FARMING MEASURE

The agriculture in Montenegro is still of extensive character, meaning low application of fertilisers, herbicides and similar chemicals, which lead to soil, water and air pollution. Therefore, when speaking of quality and quantity of these three critical factors, it may be said that there was no need for any specific interventions in terms of agri-environment measures on our territory so far. This viewpoint may be justified by the fact that the share of meadows and pastures is high in total agricultural land, which actually indicates high level of preservation of biodiversity and ecosystem.

Nevertheless, Montenegro has recognized the need to support this type of measures through Agro Budget (Agro-budget measures support the following: preservation of the genetic resources, summer pastures, organic production, etc., which both directly and indirectly influences environment protection and preservation of biodiversity and ecosystem).

Agri-environment measures are mandatory for the government, but not for farmers, who apply them voluntarily. Therefore, it is critical to motivate them and make initial steps in terms of criteria and procedures as simple as possible in comparison to IPARD II requirements, and then gradually increase criteria and requirements.

Agro-environment measures are aimed to contribute to the European Strategy 2020 observing rural development objectives in the context of natural resource management and climate change.

In order to implement the Agri-environment-climate and organic production measure Montenegro will continue to support through national budget these type of activities while preparing for the development and full implementation of the measure from 2018. This also includes the capacity building and implementation of the adequate steps as a precondition for the implementation of this measure.

Agro-environment measures to be further developed are related to support for introduction and maintenance of organic agricultural production methods, usage of pastures and conservation of autochthonous genetic resources. Careful planning will be done since the implementation of these measures and appropriate selection of the measures are precondition for the good implementation.

8.6. IMPLEMENTATION OF LOCAL DEVELOPMENT STRATEGIES - LEADER APPROACH

LEADER approach contributes to local acceptance and ownership of local resources, and, based thereon, provides additional value in terms of rural economy, quality of life and living environment, and cultural heritage. In addition to these developmental impacts, LEADER approach contributes to upgrading the local self-governance, and has a considerable potential for building up trust and social capital. The key to LEADER's effectiveness is in a better adjustment of the projects to users' needs, leading also to positive effects in terms of employment.

LEADER, as an integrated tool for territorial development at the 'local' level, will directly contribute to a more balanced territorial development of rural areas in Montenegro, which is one of the general goals of the rural development policy. Rural areas will be encouraged to search for new ways of becoming or remaining competitive, to use their existing funds in the best way, and to overcome relevant challenges. Therefore, this approach plays an important role in finding innovative responses to both old and new problems in rural areas.

The measure is aimed at using developmental potentials of local communities, to set up local partnership of public, private and non-governmental sectors which will have the capacity to act as Local Action Groups (LAGs) in preparing and implementing local development strategies, thus enabling good management through local partnerships and stimulating employment and human capital development.

A key advantage of this approach is in its ability to deal with specific problems at the local level, allowing local partnerships to design and implement projects tailored for local needs.

This is done through a consistent application of the following seven key elements:

1. area-based approach;
2. bottom-up approach;
3. local partnership;
4. multi-sector integrations;
5. innovations;
6. networking; and
7. co-operation.

Recipients of this measure are selected LAGs.

8.7. INVESTMENTS IN RURAL PUBLIC INFRASTRUCTURE

The development of local infrastructure is an essential element of any effort to realise the growth potential and promote the sustainability of rural areas.

Rural areas in Montenegro are facing different problems such as: low level of development, unemployment, poor rural infrastructure, the migration problems, low population densities, scattered settlements etc. Current support for the development of the rural infrastructure is provided both from the national and local level, but due to configuration of the terrain and lack of finances, further support is needed.

Development of the rural infrastructure is a precondition for economic growth. Support to the investments in rural public infrastructure will have a positive impact on economic and social status of rural area population and contribute to a better quality of life and scaling down of depopulation, since this provides farmers with an easier access to the market.

The general objective is to support economic, social and territorial development, with a view to a smart, sustainable and inclusive growth through the development of physical capital, and in cooperation with Municipalities as recipients.

Specific objectives will be achieved through:

- providing infrastructure needed for the development of rural areas;
- contributing towards the improvement of living standards for rural population;
- supporting public investments necessary to achieve development and environmental aims;
- increasing the attractiveness of rural areas for local and outside investors.

The eligible investments projects shall refer to energy supply and energy efficiency, water management, waste management, and village renewal, roads and community services.

With a view to reaching a maximum effectiveness of this support, the activities implemented should be in compliance with the strategy for municipal development, where there is one.

Recipients within this measure are municipalities.

9. NATIONAL RURAL DEVELOPMENT NETWORK

A conference in Niksic "The role of civil society in rural development of the Western Balkans" held on June 6th 2012, has been used to formally establish and promote the Network for Rural Development of Montenegro, in cooperation with the Ministry of Agriculture and Rural Development, Ministry of Tourism and Sustainable Development and the Regional Rural Development Standing Working Group - SWG RRD for South East Europe.

The founders are the 12 non-governmental organizations: *Agrogrupa*, *Dani drenjina*, Agricultural Union of Montenegro, *Viola* - association of collectors of medicinal herbs, *Status* - Women's Network for Rural Development, *Da zaživi selo*, *Agrobiznis Centar*, *ZZ Agrosjever*, Regional Agency for Komovi, Prokletije and Bjelasica, Association of olive producers, Centre for knowledge transfer.

The objectives of the National Network for Rural Development are:

- Support municipalities in developing local strategies for rural development;
- Problem solving in the formation of LAGs (not being a geographical area designed for high-quality formation of LAGs in relation to the criteria of the EU in the framework of LEADER). It is necessary to involve all stakeholders in agriculture and rural development in Montenegro;
- Providing support to LAGs in providing the necessary documentation;
- Providing information on the activities and programs implemented by the Ministry of Agriculture and Rural Development;
- Maximum local involvement;
- Increase support for LAGs by the Ministry of Agriculture and Rural Development;
- Design and promote a web portal - *Rural Portal Montenegro*, which will be regularly updated and contain all information necessary for the field of rural development and agriculture in Montenegro and the region;
- The involvement of the agro industry and its influence on rural areas;

In the meantime the Network for Rural Development of Montenegro is working intensively to achieve the stated goals. Network activities are divided into two groups

- The first action within Montenegro (Network organized several roundtables where they addressed the issues of rural development, agriculture, organic farming, etc.). And other regional activities were very intense (under the Agricultural Policy Forum in Pristina, 07th. October 2013, a meeting was held with prospective new members (Bosnian, Croatian, Kosovo* and Albanian networks).
- The rural portal (<http://mne.ruralportal.me>) was prepared and put into operation, officially on May 1st 2013. The role of the Rural portal - information of the target group about the opportunities for rural development in Montenegro, the region, the EU and worldwide, transfer of good practice, advice and education. The website is publishing news, interviews and analysis of their own production, and transfer current affairs published in other media in Montenegro and the region of the Western Balkans. Portal will be an on - line informant on all current developments in the field of agriculture, rural development and tourism in Montenegro and the region WBC.

The Montenegro network with 6 participants participated in PREPARE GATHERING work on Jahorina, Bosnia and Herzegovina in September 2013.

10. INFORMATION ON COMPLEMENTARITY OF IPARD II WITH THE MEASURES FINANCED BY OTHER (NATIONAL OR INTERNATIONAL) SOURCES

10.1. Demarcation criteria of IPARD with support under other IPA II policy areas

The conditions for the establishment of an operational framework for the further implementation of EU pre-accession programme for agriculture and rural development are created by using IPA II funds.

Demarcation criteria of IPARD with support under other IPA II policy areas are defined under description of the selected measures of IPARD II programme.

The main task of efficient financing for the implementation of the IPARD II programme is to achieve value added of IPARD II funding to priority sectors.

Complementarity is needed between the IPA II policies in terms of building the capacity of state institutions, especially the Managing Authority and the IPARD Agency. Using funds from the policies and within the twinning project, the Ministry of Agriculture and rural development builds institutions and improves administrative capacity.

In view of the above, it takes a strong relationship and coordination between the selected measures of IPARD II measures under IPA II policy areas. The Managing Authority, the IPARD Agency and the National Fund, in cooperation with the NAO office and NIPAC will ensure that there is no "double" funding through a variety of measures available. Also, the IPARD Agency will ensure complete control of double financing of domestic support programs.

In the period of 2007-2013 the agricultural sector in Montenegro was supported through IPA I assistance (components I-IV), with the amount of EUR 11 million. Through these projects, mainly by supporting institutions such as the Ministry of Agriculture and Rural Development, Veterinary Administration, the Phytosanitary Administration, as an end user creates the preconditions to use IPA II for Agriculture and Rural Development policy area (IPARD II).

10.2. Complementarity of IPARD with other forms of financing

From the 2011 measure of the Agrobudget (Investments in agriculture holdings-MIDAS), is being implemented in collaboration with the World Bank. The main objective of this project is the preparation of Montenegrin farmers and administrative capacities for the use of IPARD II funds. One component of the MIDAS project aims to support Montenegrin agriculture by strengthening the competitiveness of Montenegrin farmers and food safety.

Under this component of MIDAS project, the realization of the plan of rural development support primarily:

- a) Providing assistance to agricultural producers and processors;
- b) Capacity building related to environmental protection in agricultural advisory services and raising awareness of the users and the community.

Grants play a dominant role in the financing of this component.

Since the funds foreseen for the year 2012 have not been used, resources has been transferred into the IPA Component I. This funding are available to agricultural producers through the IPARD like project, which is implemented through cooperation between the World Bank and the EU.

According to the relevant Law on Agriculture and Rural Development, Agrobudget will be implemented each year. After IPARD accreditation measures under the rural development policy area of Agrobudget will be clearly separated from the measures of the IPARD II programme. Part of the Agrobudget will be used for co-financing of the IPARD II measures, and other part for national support measures.

The IPARD II programme responds to the priorities of the European Union Strategy for the Adriatic and Ionian Region (EUSAIR), which was adopted in 2014.

The EUSAIR will mobilise and align existing EU and national funding instruments (including IPA) for each of the topics identified under the four pillars.

The IPARD II programme of Montenegro will contribute to the objectives of the Strategy and in particular through support to nature and rural tourism in rural areas.

10.3. Complementarity of IPARD II with national payment schemes

The National budget supports all projects whose criteria are below the minimum criteria specified accredited by IPARD II measures. Measures of the national budget are also designed to enable farmers, who are under the criteria prescribed by the IPARD II programme, reach the level where they are able to apply for pre-accession funds.

Table 40: Complementarity IPARD II with national payment schemes

MEASURE/YEAR	2015	2016	2017	2018 - 2020
Support for investments in physical assets in agricultural holdings ²³ : Milk, meat, eggs, fruits and vegetables (including Horticulture, medicine herbs, aromatic herbs, exotic herbs, industrial herbs and fodder), viticulture, olive growing, beekeeping and fishery and aquaculture.	AGROBUDGET/ IPA I (IPARD LIKE)	AGROBUDGET/IPARD		
Support the establishment of producer groups	AGROBUDGET			
The support for investment in physical assets in processing and marketing of agricultural and fishery products ²⁴	AGROBUDGET IPA I (IPARD LIKE)	AGROBUDGET /IPARD		
Support cooperation	AGROBUDGET			
Support schemes quality	AGROBUDGET			
Support for risk management in agriculture	AGROBUDGET			
Support for the conservation and sustainable use of genetic resources	AGROBUDGET			
Support sustainable use of mountain pastures	AGROBUDGET		IPARD ²⁵	
Support the development of organic production	AGROBUDGET		IPARD	
Support the transfer of knowledge and information activities	AGROBUDGET			
Support advisory services	AGROBUDGET			
Investments in the development of rural infrastructure	AGROBUDGET		IPARD	
Diversification and business development in agricultural holdings	AGROBUDGET		IPARD	
Support for areas with natural constraint	AGROBUDGET			
LEADER approach			IPARD	

²³ This measure will be supported under the National budget with clear distinction of recipients (the level and type of the investments).

²⁴ The recipients from the National budget will be solely farmers that are not eligible under IPARD.

²⁵ It is planned to be a part of the Agri-environment measure.

11. DESCRIPTION OF THE OPERATING STRUCTURE FOR IMPLEMENTATION OF THE PROGRAMME (MANAGING AUTHORITY AND IPARD AGENCY), INCLUDING MONITORING AND EVALUATION

11.1. Description of the operating structure (Managing Authority and IPARD Agency) and their main functions

Framework Agreement between the Government of Montenegro and the EC gives the rules for cooperation concerning EC financial assistance to Montenegro in the framework of the implementation of the assistance under the IPA. ("Official Gazette of Montenegro", International Agreements, No 05/15) signed on 14.05.2015. In Montenegro the Operating Structure designated for IPARD II in accordance with Article 10 and 55 IPA Implementing Regulation (EC) No 447/2014 is a collection of bodies consisting of: Managing Authority – the Directorate for Rural Development and IPARD Agency – Directorate for Payments, both within MARD, subjected directly to the Minister of Agriculture and Rural Development.

11.1.1. Managing Authority functions and responsibilities

The Managing Authority fulfils the functions and responsibilities as mentioned in Article 10 FWA and Article 8 SA as following:

- (1) The Managing Authority shall be responsible for preparing and implementing the IPARD II programme in accordance with Annex 1 of the Sectoral Agreement.
- (2) The Managing Authority shall carry out its functions with a view to the effective implementation of the IPARD II programme. In accordance with Article 10(1)(c) of the FWA, it shall also be responsible for:
 - (a) drafting the IPARD II programme and any amendments to it, including those requested by the Commission;
 - (b) the controllability and verifiability of the measures, to be defined in the IPARD II programme in cooperation with the IPARD Agency;
 - (c) the selection of measures under each call for applications under the IPARD II programme and their timing, the eligibility conditions and the financial allocation per measure, per call. The decisions shall be made in agreement with the IPARD Agency;
 - (d) ensuring that the appropriate national legal basis for IPARD II implementation is in place and updated as necessary;
 - (e) assisting the work of the IPARD II monitoring committee as referred to in Article 52 of this Agreement, notably by providing the documents necessary for monitoring the quality of implementation of the IPARD II programme.
- (3) The Managing Authority shall in accordance with Clause 4(3)(a)(i) of Annex A to the FWA, set up a reporting and information system to gather financial and statistical information on progress of the IPARD II programme, also on the basis of information to be provided by the IPARD Agency, and shall forward this data to the IPARD II monitoring committee, in accordance with arrangements agreed between Montenegro and the Commission, using where possible computerised systems permitting the exchange of data with the Commission and linked to the reporting and information system to be set up by the NAO in accordance with Clause 2(4)(f) of Annex A to the FWA. The reporting and information system should contribute to the annual and final implementation reports referred to in Article 59 of Sectoral Agreement.
- (4) The Managing Authority shall propose amendments of the IPARD II programme to the Commission, with a copy to the National IPA Co-ordinator (hereinafter referred to as "NIPAC"), after consultation with the IPARD Agency, and following agreement by the IPARD II monitoring committee. The Managing Authority shall be responsible for ensuring that the relevant authorities are informed of the need to make appropriate administrative changes when such changes are required following a decision by the Commission to amend the IPARD II programme.
- (5) Each year the Managing Authority shall draw up an action plan for the intended operations under the Technical Assistance measure, which shall be submitted to the IPARD II monitoring committee for agreement.

(6) As referred to in Clause 4(3)(a)(iv) of Annex A of the FWA, the Managing Authority shall draw up an evaluation plan in accordance with Article 56 of Sectoral. It shall be submitted to the IPARD II monitoring committee as referred to in Article 52 of Sectoral Agreement not later than one year after the adoption of the IPARD II programme by the Commission. It shall report to the IPARD II monitoring committee and to the Commission on the progress made in implementing this plan.

(7) The Managing Authority shall draw up a coherent plan of visibility and communication activities in accordance with Article 24 of the FWA and shall consult and inform the Commission, having taken advice from the IPARD II monitoring committee. The plan shall in particular show the initiatives taken and those to be taken, with regard to informing the general public about the role played by the Union in the IPARD II programme and its results.

(8) When a part of its tasks are delegated to another body, the Managing Authority shall retain full responsibility for the management and implementation of those tasks in accordance with the principle of sound financial management.

11.1.2. IPARD Agency - Functions and Responsibilities

The IPARD Agency fulfils the functions and responsibilities as mentioned in Article 10 FWA and Article 9 SA as following:

(1) The IPARD Agency shall be allocated the functions and responsibilities in accordance with Annex 1 of the Sectoral Agreement. In accordance with Article 10(1) of the FWA, it shall also be responsible for:

- (a) providing a confirmation to the Managing Authority on the controllability and verifiability of the measures in the IPARD II programme;
- (b) making calls for applications and publicising terms and conditions for eligibility with prior agreement with the Managing Authority on the issues raised in Article 8 (2) (c) of this Agreement;
- (c) selecting the projects to be implemented;
- (d) laying down contractual obligations in writing between the IPARD Agency and the recipients including information on possible sanctions in the event of non-compliance with those obligations and, where necessary, the issue of approval to commence work. The IPARD Agency may continue to contract or enter into commitments under this Agreement for a specific measure up to the date when Montenegro starts to contract or to enter into commitments for this measure under any successor to the IPARD II programme;
- (e) follow-up action to ensure progress of projects being implemented;
- (f) reporting of progress of measures being implemented against indicators;
- (g) ensuring that the recipient is made aware of the Union's contribution to the project;
- (h) ensuring regularity of reporting at national level;
- (i) ensuring that the NAO, the management structure and the Managing Authority receive all information necessary for them to perform their tasks;
- (j) ensuring compliance with the obligations concerning publicity referred to in Article 23 of the FWA.

(2) In respect of investments in infrastructure projects of a type that would normally be expected to generate substantial net revenue, the IPARD Agency shall assess, prior to entering into contractual arrangements with a potential recipient, whether the project is of this type. Where it can be concluded that it is, the IPARD Agency shall ensure that the public aid from all sources does not exceed 50% of total costs related to the project and considered as eligible for Union co-financing.

(3) The IPARD Agency shall ensure that for any project under the IPARD II programme the accumulation of public aid granted from all sources does not exceed the maximum ceilings for public expenditure set out in Article 32 of SA.

11.2. Description of monitoring and evaluation system, including the envisaged composition of the IPARD II monitoring committee

IPARD II programme monitoring and evaluation will be based on the "Commission's guidance regarding the monitoring arrangements for IPARD II implementation" and will monitor progress against the common indicators relating to the baseline situation as well as the inputs, outputs, results and impact of the IPARD II programme. The monitoring and evaluation system has the objective of providing to the institutions and partners, engaged in the IPARD II programme management; reliable information about programme outputs, results and impacts so as to enable them to take pertinent management decisions.

11.2.1 IPARD II programme monitoring system

In accordance with Annex 1 of the SA, the objective of programme monitoring is to monitor the effectiveness and the quality of the implementation of the IPARD II programme. It shall be carried out by reference to relevant physical, environmental and financial indicators. It shall also ensure that operations are selected for funding in accordance with the criteria and mechanism applicable to the programme, and comply with the relevant Union and national rules.

The Managing Authority and the IPARD II monitoring committee shall monitor the effectiveness, efficiency and the quality of the implementation of the IPARD II programme and report to the IPA II monitoring committee and to the Commission on progress of the programme measures in accordance with Article 53, 54 of the FWA and Article 51, 52, 53 of the SA. The monitoring is a core management responsibility, which involves systematic and regular collection, analysis, communication and use of information for the purposes of management and decision making, concerning the direction of the Programme as a tool to control the overall effectiveness, quality and coherence of the implementation of the Programme and operations towards meeting its objectives.

The IPARD Agency shall collect, validate and provide the data required by the MA for the execution of its monitoring role in a format, prepared by the MA. In addition to the monitoring data as set in the monitoring tables, the IPARD Agency shall provide additional data in the format and timeframe requested by the Managing Authority.

Recipients under the IPARD II programme have to provide monitoring data when completing their application form. For that purpose specific monitoring forms shall be prepared for each measure as part of the application form. The monitoring data, provided by the applicant, shall be keyed in an electronic format and up-dated by the IPARD Agency at the stages of contracting and payment. The data collected by the IPARD Agency shall be transferred in an agreed compatible format to the Monitoring System (Excel spread sheets) at the MA where the data shall be aggregated and monitoring indicator tables will be produced. The detailed obligations and responsibilities of the MA and IPARD Agency in respect to the monitoring, evaluation and reporting will be laid down in the Operational Agreement between the IPARD Agency and MA.

11.2.2 The evaluation of the IPARD II programme

The evaluation of the IPARD II programme will be done in accordance with Article 55 of the FWA and Article 54, 55, 56, 57 and 58 of the SA.

In accordance with Annex 1 of the SA, the objective of programme evaluation is to improve the quality, effectiveness and consistency of assistance from Union funds and the strategy and implementation of the IPARD II programme. The evaluations shall examine the degree of utilisation of resources, the effectiveness and efficiency of the programming and its socio-economic impact on the defined objectives and priorities, and shall, as a general rule, be accompanied by achievement related criteria and indicators.

The IPARD II programme shall be subject to ex-ante and ex-post and, where considered as appropriate by the Commission, interim evaluations carried out by independent evaluators under the responsibility of Montenegro for organizing the evaluations. The evaluation activities will be financed under the technical assistance measure. The MA will be responsible for the proper reporting of the evaluation findings and recommendations submitted to the relevant national authorities and the Commission.

The Managing Authority will be responsible for drawing up an evaluation plan for the period 2014-2020. The evaluation plan will be submitted to the IPARD II monitoring committee not later than one year after the adoption of the IPARD II programme by the Commission. The MA will regularly report to the IPARD II monitoring committee and to the Commission on the progress made in implementing this plan.

11.2.3. Reporting

In accordance with Annex 1 of the SA the objective of programme reporting is to ensure that implementation of the Programme and progress of the individual operations and measures are reported in a way, which helps to ensure the effective and efficient implementation of the measure, using adequate information and communication systems. It will be done in accordance with Article 59 of the SA.

11.2.4. The responsibilities and composition of the IPARD II monitoring committee

The IPARD II monitoring committee will be established not later than 6 months after the entry into force of the first financing agreement. Its functions and responsibilities are in accordance with Article 53 of the FWA and Article 52 of the SA. A senior representative of Montenegro will chair the IPARD II monitoring committee. It will consist of representatives of relevant national authorities and bodies, other stakeholders such as economic, social and environmental partners and, where relevant, international organisations, including international financial institutions and civil society. The Commission shall participate in the work of the committee.

The Commission, the operating structure, the NAO and the NIPAC will participate in the work of the IPARD II monitoring committee without voting rights. The IPARD II monitoring committee shall consider and approve the annual and final implementation reports before they are sent to the NIPAC for submission to the Commission, with copies to the NAO and the Audit Authority.

The IPARD II monitoring committee shall adopt its rules of procedure. The IPARD II monitoring committee shall meet at least twice a year. Ad hoc meetings may also be convened.

The MA will act as Secretariat to the IPARD II monitoring committee and assist its work by providing information and analysis and providing follow-up on its decisions.

12. BRIEF DESCRIPTION OF THE STRUCTURE OF MANAGEMENT AND CONTROL IPARD II PROGRAMME

In accordance with the requirements of Article 10 of the FWA and Article 6 of the SA, the following bodies are responsible for IPA assistance in Montenegro:

Table 41: Bodies responsible for IPA assistance in Montenegro

Authority type	Name of authority/body and department or unit, where appropriate	Head of authority/body (position or post)	Address	Telephone	Email
Coordination function	National IPA Coordinator (NIPAC)	Milena Žižić	Bulevar revolucije 15, 81000 Podgorica, Crna Gora	+382 20 481 301	milena.zizic@mep.gov.me
Certification function	National Authorizing Officer (NAO)	Ana Raičević	Stanka Dragojevića 2, 81000 Podgorica	+382 20 225 910	ana.raicevic@mif.gov.me
Financial function	National Fund (NF)	Anja Amidžić	Bulevar Mihaila Lalića 1, 81000 Podgorica	+382 20 674 648	anja.amidzic@mif.gov.me
The control function	Audit Authority	Ksenija Barjaktarović	Beogradska 24b, 81000 Podgorica	+382 20 513 149	ksenija.barjaktarovic@revizorskotijelo.me
Control functions	Managing Authority	Andrijana Rakočević	Rimski trg 46, 81000 Podgorica	+382 20 482 210	andrijana.rakocevic@mpsv.gov.me
Implementation and executive function	IPARD Agency	Marko Radonjić	Moskovska 101, 81000 Podgorica	+382 20 672 007	marko.radonjic@mpsv.gov.me

12.1. National IPA Coordinator (NIPAC)

NIPACs responsibilities are in accordance with Articles 6, 16, 59 and 75 of the FWA, for the overall coherence and coordination of programs supported under IPA II where budget implementation tasks are entrusted to the IPA II recipient, the NIPAC shall:

- (a) take measures to ensure that the objectives set out in the actions or programmes for which budget implementation tasks have been entrusted are appropriately addressed during the implementation of IPA II assistance.
- (b) In accordance with Article 57 of the FWA, coordinate the drawing up of an evaluation plan in consultation with the Commission presenting the evaluation activities to be carried out in the different phases of implementation as per provisions of Article 55 of the FWA.

The decision of the Government of Montenegro, no. 03-5835 of 24 May 2018, was that the Deputy Chief Negotiator from the Office for European Integration has been appointed as the National IPA Coordinator (NIPAC) for Montenegro.

12.2. National Authorising Officer (NAO)

Functions and responsibilities of the national authorising officer are in accordance with Article 10 and Article 11 of the FWA and Article 7 of the SA.

The NAO shall bear the overall responsibility for the financial management of IPA II assistance in Montenegro and for ensuring the legality and regularity of expenditure. The NAO shall in particular be responsible for:

- (a) the management of IPA II accounts and financial operations;
- (b) the effective functioning of the internal control systems for the implementation of IPA II assistance in accordance with Annex B to this Agreement.

The decision of the Government of Montenegro, no. 03-5835 of 22 September 2011 was that the Deputy Minister of Finance has been appointed as the National Authorising Officer (NAO) of Montenegro.

A Memorandum of Understanding (Implementing agreement) between the NAO and IPARD OS (IPARD Agency and MA) shall reflect the institutional, procedural, reporting and communication arrangements and will be signed in due time.

12.3. Management Structure (National Fund (NF) - NAO support office)

The management structure shall be composed of a National Fund and a support office for the NAO. The functions and responsibilities of the NF are given in the Rules of the Internal Organisation and Systematization of the Ministry of Finance in June 2017.

The NF is in charge of organizing bank accounts, requesting funds from the EC, authorizing the transfer of funds from the Commission to the operating structure or the final recipients and the financial statements to the EC. The NF is the body that acts as a central treasury and it shall support the NAO in fulfilling his tasks, which is in accordance with Article 11 of the FWA.

12.4. Audit Authority (AA)

Activities and responsibilities of the Audit Authority (AA) are in accordance with Article 11 of the FWA.

The IPA II recipient shall provide for an external audit authority which shall be independent from the NIPAC, the NAO, the management structure and the operating structure(s) and will ensure necessary financial autonomy. The audit authority shall carry out audits on the management and control system(s), on actions, transactions and on the annual accounts in line with internationally accepted auditing standards and in accordance with an audit strategy. Further guidance and definitions from the Commission may complement those standards.

Montenegro assumed responsibility for the establishment of a decentralized implementation system (DIS) of EU funds and the establishment of a body that will carry out the audit of the management and utilization of resources and the EU IPA funds.

In accordance with these requirements (as a temporary solution) 13 January 2009, an agreement was signed between the Government of Montenegro and the State Audit Institution of the establishment of the AA within the DIS for the Instrument for Pre-Accession Assistance (IPA). In accordance with this agreement, the Audit Office issued a decision to form a special audit body responsible for the control of effective and proper functioning of the IPA Management and Control System (“Official Gazette of MNE”, No 09/10).

13. RESULTS OF CONSULTATIONS ON PROGRAMMING AND PROVISIONS TO INVOLVE RELEVANT AUTHORITIES AND BODIES AS WELL AS APPROPRIATE ECONOMIC, SOCIAL AND ENVIRONMENTAL PARTNERS

13.1. Provision adopted for associating the relevant authorities, bodies and partners

In line with the Specific provisions on rural development programmes, laid down in Article 55 of the Commission Implementing Regulation (EU) No 447/2014, the IPARD II programme has been prepared in consultation with the appropriate interested stakeholders applying partnership principle.

The preparation of the Sector Analysis for meat, milk, fruit and vegetable, olive and wine, took place in parallel with programme development and measure preparation process. The measure design of the IPARD II programme was organised in a way to take the view of sector experts working on the Sector Analysis. Identified strength, weaknesses and investment needs have been discussed with the technical experts involved in the Sector Analysis. In the frame of the work on the Sector Analysis and the Programme preparation several workshops have been organized to discuss the results, conclusions and recommendations with relevant public authorities, bodies and partners concerned with these Sector Analysis. The Managing Authority in its position as being responsible for the IPARD II programme preparation, used the opportunity to gather the views of the representatives of the sectors on actual needs as well as their comments on proposed activities under particular measures.

A consultation process has accompanied the IPARD II programme preparation with all relevant parties, which took different forms, depending on the stage of programming. In the beginning of the programming, the Managing Authority established mechanisms for efficient intra-ministerial coordination and consultation as well as provisions taken to associate the relevant other public authorities, bodies and socio economic and environmental partners. On March 10th the working groups were established to develop the IPARD II programme. Members of the working group were representatives of the following institutions: Ministry of Agriculture and Rural Development, Ministry of Tourism and Sustainable Development, Agency for Environmental Protection, Ministry of Transport and Maritime Affairs, Association of Municipalities, National Parks, National Tourism Organization, Network for Rural Development of Montenegro, the National Association of Beekeepers, an Association of olive producers Bar, the National Association of Winegrowers, Biotechnical Faculty, Extension Service in plant Production, service for Livestock Breeding, Authority for Food safety, Veterinary and Phytosanitary affairs.

During the measures drafting process, a series of working meetings were held from March 2014, for consultation on the IPARD II programme and the development of selected measures. After the official approval of the IPARD II programme, institutions and partners from working meetings will form the basis for the sub-working group of the IPARD II monitoring committee.

Strategy for Development of Agriculture and Rural Areas 2015-2020, which lay down the long-term perspective of the development of agriculture and Rural Development of Montenegro according to the relevant Law of Agriculture and Rural Development, was already prepared by applying the partnership approach. A consultation process with relevant stakeholders like relevant sector associations, NGOs, public authorities at the national and local level, took place in the frame of the Strategy development.

The Ministry of Agriculture and Rural Development conducted the process of preparing and drafting the Strategy. In the period from 20 October to 20 November 2014, a public hearing was conducted, where all stakeholders were involved (citizens, professional and scientific institutions, the Capital City, Royal Capital and municipalities, political parties, trade unions, NGOs, the media and other interested bodies and institutions, organizations, associations and individuals (interested public) who have had an opportunity to send their suggestions and comments submitted to the Minister of Agriculture and Rural Development. During the public hearings, presentations of the Strategy were organized in Bijelo Polje (11/07/2014), Bar (11/14/2014) and Podgorica (11/18/2014), while at the same time the website of MARD set up a strategy draft, so the general public had access to the text and could provide their comments and suggestions.

During the preparation of the IPARD II programme meetings, workshops, presentations and round table discussions were held with agricultural producers, producer groups and representatives of the agricultural associations, which were presented to the Programme, with emphasis on measures that are defined through the Programme. Representatives of the agricultural sector in this way expressed their views and comments on the measures of the IPARD II programme and were directly involved in defining priority needs and further steps to enhance the development of rural areas of Montenegro. Frequently asked questions and comments were sent to the account of the complicated procedures and the necessary documentation to apply for support the public calls, greater engagement on the issue of building up of the processing capacity in the sector of fruit and vegetables, as well as interest and the mutual association of farmers and functioning of producer organizations by the standards of the EU.

Representatives of the Directorate for Rural Development presented the draft measures of the IPARD II programme to agricultural producers in February 2015. Presentations were held in Bijelo Polje (02/11/2015), Niksic (02/13/2015), Herceg Novi (02/14/2015) and Podgorica (02/16/2015). In this way all regions of Montenegro were covered, and the farmers had the opportunity to provide their comments and suggestions on the proposed measures.

13.2. Designation of the partners consulted – summary

The detailed table of the partners consulted is in Annex V.

13.3. Results of consultations – summary

The detailed table with results of consultations is in Annex VI.

14. THE RESULTS AND RECOMMENDATIONS OF THE EX-ANTE EVALUATION OF THE PROGRAMME

14.1. Description of the process

The ex-ante Evaluation of the Programme for development of Agriculture and Rural Areas of Montenegro under IPARD II 2014-2020 has been carried out in the period February - April 2015 by the Agrotec spa - consulting company.

The ex-ante evaluation is prepared to the draft guidelines for ex-ante evaluations of Instrument for Pre-accession Assistance Component for Rural Development II (IPARD II) programmes, prepared by the Directorate General for Agriculture and Rural Development (DG Agri), February 2014, and to the ex-ante guidelines for rural development programmes (RDPs) under the Common Agricultural Policy (CAP) prepared by DG Agri in 2013. The draft IPARD II guidelines also determine the objectives of the ex-ante evaluation and the indicative outline of the report.

The evaluation process has seven phases:

1. Desk research
2. Data collection mission to Montenegro (23 to 27 February)
3. Analyses and draft reporting of main recommendations
4. Mission to MNE to discuss main recommendations with DG Agri (23 – 25 March)
5. Final reporting
6. Mission - Presentation of conclusions and recommendations and discussion of the implementation of recommendations with the Ministry of Agriculture and Rural Development (13 – 17 April)
7. Finalization of the ex-ante evaluation report

The main sources used for evaluation process were: IPARD II programme 2014-2020, Final draft (MARD, 15 February 2014); Sector analyses of the Meat, Milk, Fruit and Vegetables (F&V), Viticulture and Wine, Olives (all studies updated by MARD during 2014); Strategy for Agricultural and Rural Development, draft (MARD, 2014); EU regulations related to IPA and Rural Development; Sectoral agreement, draft; Draft guidelines for Ex-ante Evaluation, DG Agri, February 2014; MONSTAT data; Eurostat data; Interviews with stakeholders from agriculture, horticulture and from the food industry and staff of the EU Delegation (EUD), MIDAS-project, MARD, National Veterinary Services, National plant phytosanitary Services, Extension services, MA and PA; Interview with the Ministry of Sustainable Development and Tourism and Environmental Protection Agency.

The overall objective of the ex-ante evaluation is to optimize the allocation of budgetary resources under the IPARD II programme and improve programming quality as well as contributing to capacity building for future monitoring and evaluation activities.

14.2. Overview of the recommendations

Title of the recommendation: Data

Date: 20/03/2015

Topic: Data and documentation

Description of the recommendation: Strengthen the justification of intervention with the help of better data documentation. Use the up-dated sector analyses to enhance the documentation.

Title of the recommendation: Needs assessment

Date: 20/03/2015

Topic: Economic significance of agricultural sector

Description of the recommendation: How is the economic contribution of agriculture to GDP calculated when only a small share of the family holdings produce to the market and mainly produce for self subsistence? Is the contribution to GDP only the market-oriented share or also an estimate of the subsistence share? Please clarify.

Title of the recommendation: Needs assessment

Date: 20/03/2015

Topic: Analyses of agricultural sub-sectors and food processing

Description of the recommendation: No comprehensive economic analysis of the situation in agriculture and in food processing in particular is presented in the draft programme. No data on economic importance of food processing is provided. No data on trade, even though that solid export and import data are available in value and volume. MONSTAT data weaknesses are recognized by the evaluation team (ET), but the sector analyses include data, which can be used and which can contribute to a stronger analysis in the draft programme. See the wine sub-sector example provided in the main text of the evaluation report, and also presented briefly for MA staff on the ET mission in February.

Title of the recommendation: Needs assessment

Date: 20/03/2015

Topic: Environment and land management

Description of the recommendation: Improve, correct and clarify text and, if available, provide more detailed and precise data (e.g. nutrients in waters, per ha usage of plant protection products and mineral and organic fertilizers, grazing pressure, eventual abandonment, agriculture in nature protected areas, high-nature-value (HNV) grasslands, collection of medicinal and aromatic plants and wild fruits, population trends of domestic breeds, status of the implementation of the Nitrates and Water Framework Directives and Natura 2000)

Title of the recommendation: Construction of the Intervention logic

Date: 20/03/2015

Topic: Intervention logic

Description of the recommendation: Consider introducing all (or some of) the relevant measures in the draft programme now. Physical Assets in Agri Holdings, Physical Assets in Processing and Diversification are ready to be implemented as soon as the programme is opened, while the rest can be included in the programme and described as so-called dormant (or sleeping) measures to be opened at a later stage, when institutional capacity is developed and the implementing procedures are ready for them. These measures can be Extension service, Producer groups, Agro-Environment, LEADER, Rural infrastructure.

Title of the recommendation: Establishment of targets and distribution of financial allocations

Date: 20/03/2015

Topic: Financial plan

Description of the recommendation: Describe the rationale behind the prioritization and distribution of funds among measures and ensure that justifications are transparent. The text includes no explanation of how the balance is achieved in the financial plan or how the distribution of funds relates to needs and targets. A multi-criteria model for analysing objective criteria for the distribution of funds on sectors and measures may be relevant, and is very briefly demonstrated in the main ex-ante evaluation report. The principles are also previously presented to MA staff.

Title of the recommendation: Programme implementation, monitoring, evaluation and financial arrangements

Date: 20/03/2015

Topic: National Minimum Standards

Description of the recommendation: Compare all relevant national legislation with the EU standards in order to map the gaps between NMS and EU standards. Check which existing NMS are already in compliance with EU standards. If deemed necessary, prepare request to EC for derogation from the relevant EU regulation.

Title of the recommendation: Programme implementation, monitoring, evaluation and financial arrangements

Date: 20/03/2015

Topic: Managing Authority (MA)

Description of the recommendation: The role of the MA is important to both programming and programme implementation, including M&E. There is an urgent need to strengthen the MA at MARD and the capacity of staff (in terms of both numbers and competences).

Title of the recommendation: Programme implementation, monitoring, evaluation and financial arrangements

Date: 20/03/2015

Topic: Paying Agency (PA)

Description of the recommendation: Prepare a Workload Analysis for PA in the light of the experiences from MIDAS and IPARD Like.

Title of the recommendation: Programme implementation, monitoring, evaluation and financial arrangements
 Date: 20/03/2015
 Topic: Paying Agency (PA)
 Description of the recommendation: Reconsider to what extent IT systems are needed for PA and MA in order to ensure a) an appropriate management of projects and of resources, b) appropriate M&E and c) in order for MARD to get accreditation.

Title of the recommendation: Programme implementation, monitoring, evaluation and financial arrangements
 Date: 20/03/2015
 Topic: Environmental measures
 Description of the recommendation: Consider establishing a common technical working group to: a) Coordinate and enhance the enforcement of existing regulations through controls, inspections etc., and b) Prepare for the development and implementation of agri-environment-climate measures to be implemented under IPARD II in a later stage

Title of the recommendation: Programme implementation, monitoring, evaluation and financial arrangements
 Date: 20/03/2015
 Topic: GAEP
 Description of the recommendation: Cross-check existing Codes of Good Agricultural and Environmental Practice and ensure that these meet the needs and reality of farming situation in Montenegro (e.g. requirements related to manure storage).

Table 42: Overview of the recommendation

Date	Topic	Recommendation	How recommendation has been addressed, or justification as to why not taken into account
<i>SWOT analysis and needs assessment</i>			
18/03/2015	Data	Strengthen the justification of intervention with the help of better data documentation. Use the updated sector analyses to enhance the documentation.	Recommendation has been followed up and modifications in the final version of the Programme are introduced.
18/03/2015	Economic significance of agricultural sector	How the economic contribution of agriculture to GDP is calculated, when only small shares of the family holdings produces to the market and mainly produce for self-subsistence? Is the contribution to GDP only the market-oriented share OR also an estimate of the subsistence share? Please clarify.	Recommendation has been followed up. Text has been clarified.
18/03/2015	Analysis of agricultural sub-sectors	Documentation of challenges and needs in the sub-sectors is weak and production data from sector analyses could be used better. Data are missing and some are wrong. The analysis is not providing a clear and coherent picture of the sub-sectors. See draft programme with TC for detailed comments.	Recommendation has been followed up. Text has been changed.
18/03/2015	Analysis of agricultural sub-	No real economic analysis of the situation in agriculture and in food processing in particular. No data on	Available official data have been used.

Date	Topic	Recommendation	How recommendation has been addressed, or justification as to why not taken into account
	sectors and food processing	economic importance of food processing is provided. No data on trade, even though that solid export and import data are available in value and volume. MONSTAT data weaknesses are recognized, but the sector analyses include data, which can be used.	
18/03/2015	Environment and land management	Improve, correct and clarify text and, if available, provide more detailed and precise data.	Recommendation has been followed up. Text has been changed.
<i>Construction of the intervention logic</i>			
18/03/2015	Intervention logic	Consider introducing all relevant measures in the draft programme now, some of them ready to be launched now, some of them dormant measures to be opened at a later stage, when institutional capacity is developed (Extension service, Producer groups, Agro-Environment, LEADER, Rural infrastructure).	Recommendation has been followed up. Dormant measures introduced.
<i>Establishment of targets and distribution of financial allocations</i>			
18/03/2015	Financial plan	Describe the rationale behind the distribution of funds among measures and ensure that justifications are transparent.	Recommendation has been followed up.
<i>Programme implementation, monitoring, evaluation and financial arrangements</i>			
18/03/2015	National Minimum Standards	Compare all relevant national legislation with the EU standards in order to map the gaps between NMS and EU standards. Check which existing NMS are already in compliance with EU standards. If deemed necessary prepare request to EC for a derogation from the relevant EU regulation.	Recommendation has been followed up.
18/03/2015	MA	Strengthen the MA at MARD and the capacity of staff (in terms of both number and competence).	This recommendation will be taken into account.
18/03/2015	PA	Prepare a Workload Analysis for PA in the light of the experiences from MIDAS and IPARD Like.	Recommendation has been followed up.

15. PUBLICITY, VISIBILITY AND TRANSPARENCY IN ACCORDANCE WITH IPA LEGISLATION

Information on the IPARD II programme, its operations and the Community contribution shall be provided and publicized in line with the obligations set out in Article 23 and Article 24 of the FWA and in Article 29 and Article 30 of the SA.

All information, publicity and visibility actions will be planned, implemented, monitored and evaluated within the framework of the Plan of visibility and communication activities for the period 2014-2020. The Managing Authority shall draw up a coherent plan of visibility and communication activities consult and inform the Commission, having taken advice from the IPARD II monitoring committee. The plan shall in particular show the initiatives taken and those to be taken, with regard to informing the general public about the role played by the European Union in the IPARD II programme and its results. Activities from the Plan of visibility and communication activities will be financed under the Technical assistance measure.

The Managing Authority is responsible for the overall monitoring and implementation of the Plan of visibility and communication activities and prepares reports on progress in implementing the information and publicity activities. The Chairperson shall report the results of the visibility and communication actions at the meetings of the IPARD II monitoring committee and provide the Committee members with examples of such activities.

In order to ensure transparency concerning support under this Programme, the IPARD Agency shall be responsible for the publication of the list of the operations and recipients of IPA II assistance in accordance with the conditions established by Article 29 of the SA.

The IPARD Agency is also responsible for undertaking publicity actions in particular preparing to inform the recipients of IPARD II assistance of the EU contribution, publishing announcements for Calls under this Programme prepare and publicise Guidelines for recipients. In addition, the IPARD Agency shall regularly publicise a list of most “frequently asked questions and answers” and “most common mistakes during application”. The IPARD Agency maintains its own data base of visibility and communication actions. For all undertaken actions under the Plan for visibility and communication, the IPARD Agency shall report periodically to the Managing Authority.

15.1. Actions foreseen to inform potential recipients, professional organisations, economic, social and environmental partners and bodies involved in promoting equality between men and women and ngo`s about possibilities offered by the programme and rules of gaining access to funding

The MA and IPARD Agency will be responsible for informing potential recipients as follows:

Phase 1: IPARD II programme preparation phase – adoption of the Programme – introducing the Programme to potential recipients and the general public; there will be organised one big event to publicise the launch of the Programme, and other activities defined by the Plan of visibility and communication activities.

Phase 2: IPARD II programme implementation – keeping recipients abreast with measure requirements and the public informed about progress in Programme implementation. The focal point during this phase will be to keep recipients informed about the funding opportunities and the launching of application calls; the eligibility of expenditure conditions to be met in order to qualify for support under the IPARD II programme; a description of procedures for examining applications for funding and of the time period involved; the criteria for selecting the operations to be supported; the contacts at national, regional or local level that are able to provide information on the Programme; the responsibility of potential recipients to inform the public about the aim of the operation and support from the Funds to the operations in accordance with point 2.2. of Annex 8 of the SA. Best practice and practical lessons learned from the measure implementation process will be studied and publicized.

Phase 3: IPARD II programme final phase – summing up experience. This phase will summarize positive and negative experiences from implementation of the IPARD II programme and draw lessons for planning for the next programming period. Conclusions can be drawn as to what measures/activities should be given priority and reinforced in the future programming period, as well as how Programme implementation can be further improved. The communication means will include seminars, press releases, radio and television broadcasts in national and local media and information websites.

15.2. Actions foreseen to inform the recipients of the EU contribution

MA, with IPARD Agency will ensure that the general public and potential users are informed about the IPARD II programme and meet with him and the EU contribution in support of the assigned.

The recipients have to fulfil all requirements from the SA, ANNEX 8.

The recipients who have been contracted under the IPARD II programme measures will be provided with detailed written guidelines on project implementation, including instructions for the preparation of payment claims and guidelines on visibility. The MA and IPARD Agency will ensure that the grant recipients strictly fulfil the visibility rules set out in the Guide for Applicants and in the Standard Contract.

15.3. Actions foreseen to inform general public

The MA shall provide information to the general public on and publicize the IPARD II programme after its adoption by the Commission. The MA shall publicize regularly the IPARD II programme updates, main achievements in the implementation process and results, using all media at appropriate national and territorial level. A special emphasis will be placed on information about the contribution of the EU to the IPARD II programme. The MA shall highlight the role of the Community and ensure transparency of Community assistance. The MA will plan and implement in the framework of the Plan of visibility and communication activities a range of publicity measures using different tools – press conferences, media, information seminars, promotion of successful projects, and press conferences after each Monitoring Committee meeting regular publications on the MARD website. The transparency of operations will also be ensured by publication of the list of recipients and Community and national contribution to their projects on the Programme/MARD web sites.

16. EQUALITY BETWEEN MEN AND WOMEN AND NON- DISCRIMINATION

In terms of the IPA Regulation No. 231/2013 and No. 236/2013 and of the IPA Implementing Regulation (Regulation (EC) No 447/2014), MARD will appreciate that EU assistance is used for the promotion and protection of human rights and fundamental freedoms and enhanced respect for minority rights and promotion of gender equality and non-discrimination. The principles of equality of men and women and non-discrimination are followed in the preparation, implementation, monitoring and evaluation of the IPARD II programme. All steps in the Programme will be open to all members equally, regardless of their race, ethnic origin, religious beliefs or creed, disability, age or sexual orientation.

16.1. Equality of men and women

The Constitution of Montenegro in the Chapter of Human Rights and Freedoms (Article 6) provides that the state guarantees gender equality and develops a policy of equal opportunity. Montenegro has so far established two institutional mechanisms for gender equality: The Gender Equality Committee of Parliament was founded on the 11th. July 2001. And the Office for Gender Equality was established on the 27th. March 2003. Support Program of the World Bank (the period June 2009 - June 2013) for the project of institutional development and strengthening of agriculture in Montenegro - MIDAS, investments are realized, women are among the key priorities of the ranking of the submitted requests for funding. Women in rural areas are encouraged to participate in the program and receive financial assistance for the improvement of production conditions on their farms. Through this program, a total of 11.47 % of the applicants were women and the total number of approved projects in 10.93 % are headed by women.

During the design phase of the IPARD II programme several activities were undertaken and some are planned, that will ensure respect for the principle of equal opportunity for men and women, and provisions on non-discrimination. The IPARD II programme will be submitted to the Committee for Gender Equality of the Office for Gender Equality. Developed measures of the Programme took into account the situation of men and women in the supported sectors, and proposed criteria in ranking the measures (1), (3) and (7) give priority to projects implemented by women. To gender issues adequately included in the Programme, working meetings were held with representatives of the Ministry of Human and Minority Rights, as well as with NGOs dealing with gender equality, so there could be discussions on the priorities of the Programme and the specific situation of women and minorities in rural areas. Equal opportunities for men and women will be fully respected in the preparation of the IPARD II monitoring committee and other expert committees in the implementation, monitoring, evaluation and communication of the IPARD II programme. Monitoring and evaluation of the Programme will be in accordance with a common framework for EC monitoring and evaluation, and will provide data by gender so that the MA and IPARD II monitoring committee will be able to monitor the implementation of the Programme and see absorption funds granted to agricultural holdings and enterprises run by women. In terms of implementation of the IPARD II programme, the Ministry for Human and Minority Rights, as well as representatives of NGOs dealing with gender equality, have been proposed as members of the IPARD II monitoring committee with voting rights. Planned activities for information and publicity shall take into account the equal participation of women and men in the publications and events. The MA will ensure that the printed material, place and date of the event do not represent a barrier to women's participation. In order to promote gender equality, MA will select and publish best practice examples of successful projects implemented in holdings and enterprises run by women.

16.2. Non-discrimination in IPARD II programme

The implementation of the IPARD II programme will not tolerate any discrimination against potential recipients on the basis of religion, ethnicity, gender or disability. Equal opportunities for men and women, as well as human and minority rights will be fully respected within the sectoral monitoring committee and elsewhere, where it is needed.

The principle of equality is taken into account in the preparation of the IPARD II programme in accordance with the provisions arising from the Constitution, where the basic freedoms and rights cannot be discriminated against on grounds of sex, race, colour, language, religion, national or social origin, material or social status.

17. ADVISORY SERVICES AND TECHNICAL BODIES

17.1 Advisory services

Advisory services are available to farmers through municipal advisory services and State advisory services. The obligation to establish a system of agricultural advisory reform is one of the main elements of the reform of the Common Agricultural Policy. Harmonization action and organization of advisory services required in accordance Council Regulation (EC) No 1305/2013.

The Agricultural Advisory Service carries out its activity on the basis of public authority through regional centres (Bar, Berane, Cetinje, Nikšić, Bijelo Polje, Herceg Novi i Podgorica, through Advisory service in plant production, respectively Podgorica, Pljevlja, Bar, Nikšić, Berane, Bijelo Polje through Livestock Selection Service).

The Advisory Service lacks a certain number of employees, who could meet the needs of service users; despite they're on going professional development and profiling in the profession. It is also necessary to strengthen the competence of advisers to acquire experience in the preparation and development of projects for the use of EU funds for the users, but also for advisory services.

Of great importance is the need for professional development of advisory services when it comes to the implementation of agro-environmental measures.

The Agricultural Advisory Service is a specialized public institution for the performance of the agro-advisory activities in agriculture, rural development and fisheries. Jobs and activities that make up the core business of agro-advisory services are:

- Technical and technological improvement of farms and providing technical assistance to farmers in order to increase profit from farming and supplementary activities on farms;
- Providing expert advice, instructions and practical advice from the fields of agriculture, transfer of technical knowledge and skills required for developing and maintaining the value of the rural environment and sustainable development;
- Participation in the preparation of development plans for farms and rural environments
- Encourage the establishment of various associations;
- Information and publishing activities for the development of agriculture and rural areas.

17.2 Technical bodies

No later than before final payment of the investment, the entire holding must comply with appropriate national minimum standards in force regarding environmental protection and animal welfare, and has to be in force at the time of the beginning of the investment.

Authority for Food safety, Veterinary and Phytosanitary affairs

Food safety sector

Performs sector tasks relating to: the safety of food of animal origin, food safety, animal safety of food of non-animal origin, by-products of animal origin, the preparation of professional basis, implements, coordinates and monitors the terms and conditions in these areas; issue expert instructions, brochures, manuals, instructions and measures; establishes and monitors the fulfilment of conditions for performing his duties; establish and maintain a central register of approved and registered establishments for food and feed; participates in the work of international institutions in this field; planning, financing, preparation of planning documents, strategies, reports, analyzes, information and other materials, provides expert opinions and perform other tasks that are specific to the jurisdiction.

Veterinary sector

Performs sector tasks relating to: the provision of permanent and preventive health care animals on the epizootical territory of Montenegro, animal welfare, veterinary practices, animal identification and registration, transfer of the execution of public works in the field of veterinary medicine in line with the mandatory protection of animal health and other programs for the control of animal diseases and zoonoses, the eligibility for the performance of veterinary services, transport of animals and other activities in accordance with the laws, preparation of expert basis for regulations, planning documents, programs and plans, monitoring and control of implementation of measures for the protection of health, identification and registration, animal welfare and assessing the effectiveness of measures and controls in this area, planning official controls, cooperation with relevant EU institutions and international organizations, veterinary services of other countries, NGOs and other institutions, perform other tasks specified by law in order to safeguard animal health and ensuring the production of healthy animals and safe and healthy products of animal origin; prepare expert basis, implements, coordinates and monitors the terms and conditions in these areas; issue expert instructions, brochures, manuals, instructions and measures; establishes, manages and is registered in the registers and records; establishes and monitors the fulfilment of conditions for performing tasks in the field of veterinary activities; participate in the work of international institutions in this field; Planning financing, planning documents, strategies, reports, analyzes, information and other materials, provides expert opinions and perform other tasks that are specific to the jurisdiction.

Sector for Phytosanitary affairs

Performs sector tasks pertaining to the laws in the field of plant health protection, plant protection products, plant nutrition products, narcotics, seed material of agricultural plants, planting materials, GMO, plant variety protection, plant genetic resources and other regulations in the jurisdiction.

Environmental Protection Agency

The Environmental Protection Agency is an independent public administration body. The Ministry of Sustainable Development and Tourism carry out the supervision over the legality and purposefulness of the Agency's work. The Agency carries out tasks related to: the organisation, planning and participation in monitoring of the environment; ensuring the implementation and enforcement of environmental legislation; development of a technical basis for development of environmental legislation; co-operation, communication and co-ordination with national and international organisations and institutions; management of the Environmental Information System; keeping the cadastre of polluters; first instance proceedings in the following fields: protection of air against pollution, climatic changes, ozone layer protection, protection against ionising radiation and security of radioactive sources, protection against non-ionising radiation, chemicals, protection against noise, genetically modified organisms, protection against accidents involving hazardous substances, waste management, strategic environmental impact assessments and environmental impact assessments; issuing of integrated work permits for plants for which the separate regulation prescribes the requirement of having an integrated permit; issuing of permits for collecting, use, farming, keeping and trade in wild animal species; issuing of permits for collecting, use, cultivation, keeping and trade in wild plant and mushroom species; issuing of permits for import and export of ozone depleting substances, issuing of permits for cross-border movement of waste; issuing of permits for scientific-education research on natural resources under protection; nature protection; development of studies on natural resources protection; development of plans and programs of protection and development of objects under protection; keeping of the Central Register of objects under protection on the territory of Montenegro; development of the protection of nature in Montenegro; development and publication of technical publications in which the issue of nature protection is addressed as well as publication of results of various papers; as well as other activities falling within its scope of authority.

Ministry of Sustainable Development and Tourism

The Ministry of Spatial Planning and Tourism carries out administrative activities with regard to: integrated planning, management and valorisation of the space; sustainable development; implementation of sustainable development programs and projects falling within the scope of the authority of this Ministry; provision of technical, organisational and administrative support to the work of the National Council for Sustainable Development; strategic spatial and environmental planning; development of public planning documents; giving opinions and approvals for local planning documents; coastal management; development and adoption of plans for temporary facilities in the coastal zone and national parks; maintenance of documentation basis on space for the purpose of monitoring the status of space and development of planning documents; writing reports on the physical planning status; development of physical development programs; setting up and maintenance of the Spatial Information System in co-operation with the public administration body in charge of information society; development of offprints and issuing of zoning and technical requirements; issuing of construction permits; issuing of certificates of occupancy; issuing of approvals and zoning and technical requirements for placing temporary facilities; licences for carrying out the activities of development of planning documents, development of technical documentation and building; pursuing the developmental and strategic policy in the civil engineering field; energy efficiency through the system of planning and construction of facilities; development of tourism, hospitality industry, tourism supply, conditions of doing business in the tourism industry, selective tourism forms; creating links between coastal and continental tourism; development of the private sector in tourism; development of tourism resorts and areas; categorisation and classification of tourism facilities; tourism trends in the domestic and foreign market; co-operation with tourism associations in Montenegro and abroad; sustainable valorisation of potentials and environmental advantages of national parks and protected areas from the viewpoint of tourism development; implementation of investment programs of interest for sustainable tourism development; monitoring of infrastructure projects supporting tourism development; monitoring and promotion of investments in the tourism sector; co-ordination of activities for preparation and monitoring of tourism seasons; organisation, mediation, supply level in tourism areas and structure of consumption in tourism; keeping records on the number of tourists, accommodation facilities, financial effects and business results in the tourism industry; organisation of activities related to provision of information and advertising in tourism; development of co-operation between the tourism sector and complementary sectors; co-operation with the National Tourism Organization and organization of tourism representative offices in other countries; collective housing; housing relations; management and maintenance of housing resources; transformation of separate and joint parts of collective housing into business premises; housing co-operatives; the policy of improving the housing fund; private-public partnership in the housing field; system of integrated environmental protection and sustainable use of

natural resources; the field of environmental impact assessment and strategic environmental impact assessment, integrated pollution prevention and control; nature protection; air quality; climatic change and approval and monitoring of projects implemented with the objective of alleviating the climatic change effects; protection of the ozone layer; protection against noise and vibration; chemicals; protection against radiation (radioactive substances and ionising radiation); non-ionising radiation; protection of soil against pollution; integrated coastal zone management; integrated protection of the sea against pollution; industrial pollution control and risk management; use of new and clean production technologies; waste and wastewater management; system of public services and utilities; co-ordination of regional water-supply systems; genetically modified organisms within this Ministry's scope of authority; hydrographical activities; development of environmental protection standards; monitoring of the environment; monitoring of investments falling within the scope of the Ministry; co-operation with international financial institutions and the EU funds with regard to the implementation of environmental protection and public services and utilities projects; co-operation with non-governmental organisations; proposing measures for the current and developmental policy measures and analysis of their impact on the economic status of companies and entrepreneurs; promotional activities falling within the scope of the Ministry; international co-operation and international agreements falling within the scope of the Ministry; harmonisation of national legislation within its scope of authority with the EU Acquis; administrative supervision in areas for which the Ministry has been established, as well as other activities falling within its scope of authority.

The Ministry of Economy performs administrative tasks related to: determination of the proposal and implementation of the development strategy of Montenegro; establishing proposals and implementing the strategy and policy of regional development of Montenegro; preparation and evaluation of development investment projects of interest to Montenegro, which are within the competence of this ministry, coordination of activities in implementing the regional development policy of Montenegro, cooperation with local self-government units and other policy makers in the preparation and implementation of development programs, and projects; participation in the preparation of strategic and operational documents for the use of the funds of the pre-accession funds of the European Union and other international sources of funding for regional development; creating conditions for sustainable and balanced growth and development of the Montenegrin economy and its competitiveness; policy aimed at supporting the development of economy and entrepreneurship, small and medium enterprises and crafts; defining the strategy of development of small and medium enterprises, preparation and implementation of programs and projects for the development of small and medium enterprises, coordination of programs, measures and activities related to the development of small and medium enterprises; investigating the impact of legal and other acts on the development of small and medium-sized enterprises; preparation of entrepreneurship education programs, development of projects and care for the organization of regional and local centers for supporting the development of small and medium-sized enterprises, proposing and providing realization of special programs for stimulating the development of small and medium enterprises (incentives for franchising, leasing, technology parks, incubators, etc.) ; the transition of the economy; structural adjustment of the economy; initiating, establishing and evaluating the transformation program and the company's valuation report with the assessment methodology and giving or denying approval to this process; monitoring of arbitration procedures in areas within the competence of the ministry with hired advisers; new production and business technologies; industrial production in the following sectors and subsectors: production of electricity and gas, mining and quarrying (exploitation of energy raw materials, exploitation of other raw materials and materials) and manufacturing (manufacture of basic metals and metal products, manufacture of machinery and equipment, production of textiles and textile products , production of leather and leather products, paper production, publishing and printing, production of rubber and plastic products, manufacture of products from other non-metal minerals); energy policy; implementation of policies and coordination of implementation of projects in the field of energy efficiency, performing expert and administrative tasks in the field of energy efficiency, determining the directions and dynamics of energy development; preparing the energy balance of Montenegro; turnover of petroleum products; the system of concessions and the award of concessions from the jurisdiction of this ministry; exploitation of mineral and other raw materials; geological research; research and production of hydrocarbons; monitoring of the situation and development of domestic and foreign trade; preparation and updating of the interventional procurement plan; consumer protection; national brand; competition policy; monitoring, analyzing and forecasting of the market conjunction in the area of competence of the ministry; review of commodity flows and market supply in the part of the ministry's competence; international economic relations; monitoring the impact of economic policy and relevant legislation on economic relations with foreign countries; systematic and other incentive measures for the improvement of economic relations with foreign countries; investment policy; proposing,

negotiating, concluding and monitoring the implementation of international economic, trade and contractual agreements on mutual incentives and investment protection; participation in the work of mixed committees and commissions on economic and trade cooperation; regime and control of foreign trade in armaments, military equipment and goods of double purpose (controlled goods), as well as supervision of foreign trade in controlled goods; monitoring and proposing measures for the liberalization of cross-border trade in goods and services; cooperation with regional and international economic organizations and institutions, in particular with the World Trade Organization (WTO) and others, as well as with other multilateral initiatives; participation in the implementation of the Central European Free Trade Agreement (CEFTA), the European Free Trade Agreement (EFTA) and other free trade agreements; quality infrastructure (standardization, accreditation, metrology, system of control of objects from precious metals, system of conformity assessment, technical regulations within the competence of the ministry); industrial property; copyright and related rights; production, commercial duplication and traffic of optical discs; monitoring and studying the conditions of business and the economic position of business entities within the competence of the Ministry; international cooperation in the areas within the competence of this Ministry; improvement of the regulatory and administrative framework, promotion, preparation and implementation of development plans, as well as other issues in the field of economic and economic development; proposing and implementing the established policy in the field of establishing and developing telecommunications and postal services; preparation of draft laws and other regulations in the field of telecommunications and postal services; implementation of development policy and construction of information and communication infrastructure in Montenegro, public access to Internet services, management of internet domain management policy in accordance with international standards; proposing and implementing measures to promote and encourage research in the field of telecommunications and postal services; monitoring and studying the conditions of business and the economic position of business entities in the fields of telecommunications and postal services; proposing current and development policy measures and analyzing their impact on the economic position of economic entities in the fields of telecommunications and postal services; activities related to the development of electronic communications; determining the universal service group provided by the selected operator; ensuring efficient use of the available radio frequency spectrum; proposing measures for the use of telecommunication networks in case of extraordinary circumstances and taking care of their execution; improving the development of competition in the field of electronic communications; administrative supervision in the areas for which the ministry was founded; as well as other tasks assigned to him in jurisdiction.

Inspection Directorate

The Inspection Directorate was established with the aim of achieving greater efficiency in the exercise of control, gain control aspects of the economy, preventing the occurrence of positive and negative conflict of duties, mutual cooperation to achieve adequate inspection authorities, enhancing the professionalism of the inspectors and the suppression of any element of corruption, as well as to improve cooperation with inspections other authorities in the exercise of inspection. The internal organization provides conducting joint inspections, thereby increasing the efficiency of inspection, and reduces the costs associated with its implementation.

Establishing the Inspection Directorate has created the conditions for a professional, efficient and effective system of inspection that its predominantly preventive and corrective function contributes to raising awareness of the need to respect the rules, raising the level of social discipline and reducing corruption and improving the business environment and living standards in Montenegro.

Monteorganica

Monteorganica is an association of control and certification in organic production, founded in 2005 by the Cooperative Union of Montenegro. Monteorganica is the accredited certification body for control and certification in organic production according to the requirements of the standard EN 45011.2004 - Certificate of Accreditation ATS - 0021, issued by the Accreditation Body of Montenegro. Authorized the activity carried out by the Ministry of Agriculture and Rural Development.

18. ANNEXES

ANNEX I – CLASSIFICATION OF LEGAL ENTITIES

Classification of Legal Entities

According to the relevant Law on Accounting, **Article 5**

Classification of legal entities Article 5

Legal entities, in terms of this Law, are classified into micro, small, medium and large, depending on the average number of employees, total annual income and total assets, as follows:

- 1) micro-legal entities are legal persons that at the date of drawing up the balance sheet meet two of the following three criteria:
 - the average number of employees in the business year is not more than 10;
 - the total annual income does not exceed 700.000,00 €;
 - total assets do not exceed 350.000,00 €;
- 2) small legal entities are legal persons that at the date of drawing up the balance sheet meet two of the following three criteria:
 - the average number of employees in the business year is greater than 10 and less than 50;
 - the total annual income is over 700,000.00 € and less than 8,000,000.00 €;
 - total assets are more than 350.000,00 € and less than 4.000.000,00 €;
- 3) medium-sized legal entities are legal entities that at the date of drawing up the balance sheet meet two of the following three criteria:
 - the average number of employees in the financial year is greater than 50 and less than 250;
 - the total annual income is over 8,000,000.00 € and less than 40,000,000.00 €;
 - total assets are more than 4,000,000.00 € and less than 20,000,000.00 €;
- 4) large legal entities are legal entities that, at the date of drawing up the balance sheet, fulfil two of the following three criteria:
 - the average number of employees in the business year is greater than 250;
 - the total annual income is over 40.000.000,00 €;
 - total assets are more than 20,000,000.00 €.

The classification in accordance with the criteria referred to in paragraph 1 of this Article shall be carried out by a legal person on its own day on the date of drawing up the financial statements and the data obtained on the basis of which the classification of the benefits for the next business year has been carried out.

Newly founded legal entities are classified in accordance with paragraph 1 of this Article based on data from the financial statements of the current business year and the number of months of business, and the established data are used for the current and next business year.

The average number of employees is calculated in such a way that the total number of employees at the end of every month, including employees abroad, is divided by the number of months in the business year or the number of months of business of a legal entity.

If on the balance sheet date, in two consecutive financial years there is a deviation from the limit values of two of the three criteria referred to in paragraph 1 of this Article, a legal entity shall perform its classification in the appropriate category for the next business year.

ANNEX II - RURAL AND MOUNTAIN AREAS

The most frequently used methodology for defining rural areas is OECD methodology, according to which a community is considered rural if its population density is lower than 150 inhabitants per km², while a community is considered urban if population density is above 150 inhabitants per km².

Rural areas are classified further at the regional level as follows:

1. Predominantly rural region – more than 50% of the population lives in rural local communities,
2. Intermediate regions – between 15% and 50% of a region's population lives in rural local communities,
3. Predominantly urban regions – less than 15% of a region's population lives in rural local communities.

Analysing the three regions of Montenegro according to the OECD methodology, the Northern region, covering 13 municipalities, belongs to predominantly rural regions (59.7% of the population lives in rural local communities), while the Coastal (41.7%) and the Central (20.4%) belong to intermediate regions. Even in case of applying the OECD methodology at the local level, the situation would be, as follows:

- Predominantly rural municipalities (14 in total): Kolašin, Mojkovac, Žabljak, Šavnik, Plužine, Andrijevica, Berane, Bijelo Polje, Plav, Petnjica, Gusinje, Rožaje, Danilovgrad, Bar,
- Intermediary (9 municipalities): Cetinje, Nikšić, Pljevlja, Podgorica, Kotor, Tivat, Ulcinj, Herceg Novi and Budva, with Cetinje, Podgorica and Budva at the very edge of predominantly urban municipalities. However, the reasons for such a high share of urban population in the total population of the three municipalities are quite different among them.

Judging by the data presented above and the OECD methodology, the whole territory of Montenegro could be considered rural. However, taking into account the pronounced inequalities among territorial units at the local level (municipalities) and taking into account other specific features of Montenegro, the following approach in defining the rural areas is proposed for the purpose of this IPARD II programme.

In municipalities with population in urban centres above 10,000, i.e. in settlements classified by MONSTAT as urban and which in administrative terms belong to urban centres, such settlements are excluded from the rural areas, and the remaining ones, that is, the area they cover, belong to rural areas, while for municipalities which, according to the Census 2011, have population of less than 10,000, the whole territory of such a municipality would be considered a rural area.

Detailed map with a clearly defined geographical borders of settlements used by MONSTAT, i.e. rural areas, have been presented to the Sector for Rural Development by MONSTAT, while names of the settlements in relevant municipalities, together with the rural or urban qualification are given further below.

According to the Census 2011, the following 9 municipalities: Andrijevica, Kolašin, Mojkovac, Plav, Plužine, Rožaje, Šavnik and Žabljak and Danilovgrad are rural in entirety (additionally 2 new municipalities were recognized: Gusinje and Petnjica), so Montenegro in total have 11 municipalities completely rural. The territories of the remaining 12 municipalities: Pljevlja, Bijelo Polje, Berane, Podgorica, Nikšić, Bar, Ulcinj, Budva, Tivat, Kotor, Herceg Novi and Cetinje are divided into rural and urban.

Municipality/Region	Number of population	Urbana population		Rural population	
		Number	%	Number	%
Bar	42,048	17,649	42.0	24,399	58.0
Budva	19,218	15,995	83.2	3,223	16.8
Herceg Novi	30,864	19,536	63.3	11,328	36.7
Kotor	22,601	12,583	55.7	10,018	44.3
Tivat	14,031	10,237	73.0	3,794	27.0
Ulcinj	19,921	10,707	53.7	9,214	46.3
Coastal	148,683	86,707	58.3	61,976	41.7
Danilovgrad	18,472	6,852	37.1	11,620	62.9
Cetinje	16,657	14,093	84.6	2,564	15.4
Nikšić	72,443	56,970	78.6	15,473	21.4
Podgorica	185,937	155,725	83.8	30,212	16.2
Central	293,509	233,640	79.6	59,869	20.4
Andrijevisa	5,071	1,048	20.7	4,023	79.3
Berane	33,970	11,073	32.6	22,897	67.4
Bijelo Polje	46,051	15,400	33.4	30,651	66.6
Kolašin	8,380	2,725	32.5	5,655	67.5
Mojkovac	8,622	3,590	41.6	5,032	58.4
Plav	13,108	5,390	41.1	7,718	58.9
Plužine	3,246	1,341	41.3	1,905	58.7
Pljevlja	30,786	19,489	63.3	11,297	36.7
Rožaje	22,964	9,422	41.0	13,542	59.0
Šavnik	2,070	472	22.8	1,598	77.2
Žabljak	3,569	1,723	48.3	1,846	51.7
Northern	177,837	71,673	40.3	106,164	59.7
Total	620,029	392,020	63.2	228,009	36.8

Municipality of Andrijevisa

In accordance with the adopted definition from the Chapter 3.1 the whole territory of the Municipality of Andrijevisa is considered rural. The territory of the Municipality of Andrijevisa is divided into 24 settlements with geographically defined borders, in line with the maps received from the Statistics Office – MONSTAT.

Table II.1 Names of settlements in the Municipality of Andrijevisa and the accompanying numbers in line with the nomenclature of the Montenegrin Statistics Office – MONSTAT

No.	Settlement's number	Settlement's name
1.	203564	Andrijevisa
2.	203572	Andželati
3.	203645	Bojovici
4.	203637	Božići
5.	204510	Cecuni
6.	203912	Đulići
7.	203904	Dulipolje
8.	203742	Gnjili Potok
9.	204145	Gornje Luge
10.	203807	Gračanica
11.	204013	Jošanica
12.	204048	Košutići
13.	204056	Kralje
14.	204099	Kuti
15.	204226	Oblo Brdo
16.	204331	Prisoja

17.	204188	Rijeka Marsenića
18.	204404	Seoca
19.	204412	Sjenožeta
20.	204447	Slatina
21.	204455	Trepča
22.	204471	Trešnjevo
23.	204501	Ulotina
24.	203939	Zabrđe

Rural settlements

The following settlements in the Municipality of Andrijevica shall be considered rural: Andrijevica, Andželati, Božići, Bojovići, Gnjili Potok, Gračanica, Dulipolje, Đulići, Zabrđe, Jošanica, Košutići, Kralje, Kut, Gornje Luge, Rijeka Marsenića, Oblo Brdo, Prisoja, Seoca, Sjenožeta, Slatina, Trepča, Trešnjevo, Ulotina and Cecuni.

*Municipality of Bar*²⁶

In accordance with the adopted definition from the Chapter 3.1, the territory of the Municipality of Bar is divided into the rural and urban part. The territory of the Municipality of Bar is divided into 83 settlements with geographically defined borders, in line with the maps received from the Statistics Office – MONSTAT.

Table II.2 Names of settlements in the Municipality of Bar and the accompanying numbers in line with the nomenclature of the Montenegrin Statistics Office – MONSTAT

No.	Settlement's number	Settlement's name
1	200018	Arbnež
2	200026	Bar
3	200034	Bartula
4	200042	Besa
5	200069	Bjeliši
6	200077	Bobovište
7	200085	Boljevići
8	200093	Braćeni
9	200115	Brca
10	200107	Brijege
11	200123	Bukovik
12	200131	Burtaiši
13	200905	Čeluga
14	200891	Ckla
15	200298	Dabezići
16	200301	Dedići
17	200387	Đendinovići
18	200310	Dobra Voda
19	200328	Donja Briska
20	200336	Donji Brčeli
21	200344	Donji Murići
22	200352	Dračevica
23	200379	Dupilo
24	200395	Đuravci
25	200409	Đurmani
26	200212	Gluhi Do
27	200239	Godinje
28	200247	Gornja Briska
29	200255	Gornji Brčeli

²⁶ Some settlements defined as rural area by the definition proposed, but due to closeness of the sea, accommodation facilities built, detailed urban plans adopted and with other facilities enabling them intensive tourism development will be excluded from the list of rural areas eligible for investments from Measure 7.

30	200263	Gornji Murići
31	200271	Grdovići
32	200280	Gurza
33	200468	Karanikići
34	200476	Komarno
35	200484	Košanjska
36	200492	Krnjice
37	200506	Kruševica
38	200514	Kunje
39	200549	Limljani
40	200522	Livari
41	200557	Lukići
42	200611	Mačuge
43	200565	Mala Gorana
44	200573	Mali Mikulići
45	200581	Mali Ostros
46	200590	Marstijepovići
47	200603	Martići
48	200620	Miljevci
49	200638	Mišići
50	200654	Orahovo
51	200646	Ovtočići
52	200662	Papani
53	200697	Pečurice
54	200689	Pelinkovići
55	200719	Pinčići
56	200727	Podi
57	200735	Polje
58	200743	Popratnica
59	200751	Seoca
60	200778	Sotonići
61	200760	Sozina
62	200786	Stari Bar
63	200913	Šušanj
64	200794	Sustaš
65	200808	Sutomore
66	200816	Tejani
67	200824	Tomba
68	200832	Tomići
69	200859	Trnovo
70	200867	Tuđemili
71	200875	Turčini
72	200883	Utrg
73	200140	Velembusi
74	200158	Veliki Mikulići
75	200166	Veliki Ostros
76	200174	Velja Gorana
77	200182	Velje Selo
78	200204	Virpazar
79	200417	Zagrade
80	200425	Zaljevo
81	200433	Zankovići
82	200441	Zgrade
83	200450	Zupci

Rural settlements

The following settlements are considered rural area: Arbnež, Bartula, Besa, Bjeliši, Bobovište, Boljevići, Braćeni, Brijege, Brca, Bukovik, Burtaiši, Velembusi, Veliki Mikulići, Veliki Ostros, Velja Gorana, Velje Selo, Gluhi Do, Godinje, Gornja Briska, Gornji Brčeli, Gornji Murići, Grdovići, Gurza, Dabezići, Dedići, Donja Briska, Donji Brčeli, Donji Murići, Dračevica, Dupilo, Đendinovići, Đuravci, Đurmani, Dobra Voda, Zagrađe, Zaljevo, Zankovići, Zgrade, Zupci, Karanikići, Komarno, Koštanjica, Krnjice, Kruševica, Kunje, Livari, Limljani, Lukići, Mala Gorana, Mali Mikulići, Mali Ostros, Marstijepovići, Martići, Mačuge, Miljevci, Mišići, Ovtočići, Orahovo, Papani, Pelinkovići, Pečurice, Pinčići, Podi, Polje, Popratnica, Seoca, Sozina, Sotonići, Sustaš, Tejani, Tomba, Tomići, Trnovo, Tuđemili, Turčini, Utrg, Ckla, Čeluga, Šušanj.

Urban settlements

The following settlements are considered urban areas: Bar, Virpazar, Stari Bar and Sutomore.

Municipality of Berane

In accordance with the adopted definition from the Chapter 3.1 the territory of the Municipality of Berane is divided into the rural and urban part. The territory of the Municipality of Berane is divided into 66 settlements with geographically defined borders, in line with the maps received from the Statistics Office – MONSTAT.

Table II.3 Names of settlements in the Municipality of Berane and the accompanying numbers in line with the nomenclature of the Montenegrin Statistics Office – MONSTAT

No.	Settlement's number	Settlement's name
1	203599	Babino
2	203602	Bastahe
3	203629	Beran Selo
4	203971	Berane
5	203661	Bubanje
6	203688	Buče
7	203670	Budimlja
8	204536	Crni Vrh
9	204528	Crvljevine
10	203815	Dapsići
11	203840	Dolac
12	203866	Donja Ržanica
13	204153	Donje Luge
14	203874	Donje Zaostro
15	203882	Dragosava
16	203734	Glavaca
17	203777	Goražde
18	203793	Gornje Zaostro
19	204005	Jašovići
20	204030	Kaludra
21	204072	Kurikuće
22	204137	Lubnice
23	204161	Lužac
24	204196	Mašte
25	204200	Mezgalji
26	204234	Orah
27	204293	Pešca
28	204277	Petnjik
29	204323	Pračevac
30	204358	Radmuževići
31	204366	Rovca
32	204374	Rujišta
33	204439	Skakavac
34	204544	Štitari

35	204463	Tmušići
36	203696	Velide
37	203700	Vinicka
38	203726	Vuča
39	203947	Zagorje
40	203955	Zagrad
41	203963	Zagrađe

Rural settlements

The following settlements are considered rural area: Babino, Bastahe, Beran Selo, Bujanje, Budimlja, Buče, Crni Vrh, Velide, Vinicka, Vuča, Glavaca, Goražde, , Gornje Zaostro, Dapsići, Dolac, , Donja Ržanica, , Donje Zaostro, Dragosava, Zagorje, Zagrad, Zagrađe, Jašovići, Kaludra, Kurikuće, Lubnice, Donje Luge, Lužac, Mašte, Mezgale, Orah, Petnjik, Pešca, Pračevac, Radmuževići, Rovca, Rujišta, Skakavac, Tmušići, and Štitari.

Urban settlements

The following settlements are considered urban area: Berane

Municipality of Bijelo Polje

In accordance with the adopted definition from the Chapter 3.1, the territory of the Municipality of Bijelo Polje is divided into the rural and urban part. The territory of the Municipality of Bijelo Polje is divided into 137 settlements with geographically defined borders, in line with the maps received from the Statistics Office – MONSTAT.

Table II.4 Names of settlements in the Municipality of Bijelo Polje and the accompanying numbers in line with the nomenclature of the Montenegrin Statistics Office – MONSTAT

No.	Settlement's number	Settlement's name
1	200921	Babaići
2	214116	Babića Brijeg
3	214124	Banje Selo
4	200930	Barice
5	200948	Bijedići
6	214159	Bioče
7	214132	Biokovac
8	214167	Bistrica
9	200964	Bliškovo
10	200972	Bojišta
11	200999	Boljanina
12	201006	Boturići
13	214191	Brčve
14	214175	Brestovik
15	214183	Brzava
16	214540	Čampari
17	214531	Centar
18	201979	Čeoče
19	201928	Cerovo
20	201987	Čokrlije
21	201952	Crhalj
22	201944	Crnča
23	201936	Crniš
24	214515	Ćukovac
25	201138	Đalovići
26	201090	Dobrakovo
27	201103	Dobrinje
28	201111	Dolac
29	201120	Dubovo

30	214256	Dupljaci
31	201995	Džačica Brdo
32	201910	Femića Krš
33	201049	Godijevo
34	201057	Goduša
35	214221	Gojevići
36	214230	Gorice
37	214248	Gornji dio grada
38	201065	Grab
39	201073	Grančarevo
40	201081	Gubavač
41	201197	Ivanje
42	201219	Jablanovo
43	201227	Jabučno
44	201235	Jagoče
45	201243	Kanje
46	214264	Kaševari
47	201251	Kičava
48	214272	Kneževići
49	201286	Kostenica
50	201294	Kostići
51	201260	Kovren
52	214299	Kradenik
53	214302	Krstače
54	214329	Kruševo
55	201308	Kukulje
56	201324	Laholo
57	201316	Lazovići
58	201332	Lekovina
59	214353	Ličina
60	201359	Lijeska
61	214345	Lipnica
62	214337	Livadice
63	201383	Lješnica
64	201367	Lozna
65	201375	Loznice
66	214361	Mahala
67	201391	Majstorovina
68	214370	Medanovići
69	201405	Metanjac
70	201413	Milovo
71	201421	Mioče
72	201430	Mirojevići
73	201448	Mojstir
74	201456	Mokri Lug
75	201464	Muslići
76	201499	Nedakusi
77	201472	Negobratina
78	214388	Nikoljac
79	201502	Njegnjevo
80	201529	Obrov
81	214396	Ograde
82	201537	Okaldi
83	214400	Oluja
84	201545	Orahovica

85	201553	Osmanbegovo Selo
86	201561	Ostrelj
87	201588	Pali
88	201596	Pape
89	201570	Pavino Polje
90	201600	Pečarska
91	214418	Pisana Jela
92	201618	Pobretići
93	201626	Poda
94	201642	Potkrajci
95	201669	Potrk
96	201634	Požeginja
97	201677	Prijelozi
98	201685	Pripčići
99	214426	Pruška
100	201707	Radojeva Glava
101	201715	Radulići
102	201723	Rakita
103	214434	Raklje
104	201731	Rakonja
105	201740	Rasovo
106	201758	Rastoka
107	201693	Ravna Rijeka
108	201766	Resnik
109	214442	Ribarevine
110	214469	Rijeke
111	201774	Rodijelja
112	201782	Sadići
113	201804	Sela
114	201812	Sipanje
115	202002	Sipovice
116	214477	Slatka
117	201839	Sokolac
118	214566	Šolje
119	201847	Srdjevac
120	201855	Stožer
121	214485	Strojtanica
122	201863	Stubo
123	214507	Sušica
124	214493	Sutivan
125	201871	Tomaševo
126	201880	Trubine
127	201898	Ujniče
128	201901	Unevine
129	214523	Ušanovići
130	214205	Vergaševići
131	201014	Voljavac
132	214213	Vrbe
133	201022	Vrh
134	201162	Zaton
135	201146	Žiljak
136	201189	Zminac
137	201154	Žurena

Rural settlements

The following settlements are considered rural area: Babaići, Banje Selo, Barice, Bijedići, Bioče, Biokovac, Bistrica, Bliško, Bojišta, Boljanina, Boturići, Brčve, Brestovik, Brzava, Čampari, Čeoče, Cerovo, Čokrlije, Črhalj, Crnča, Crniš, Đalovići, Dobrakovo, Dobrinje, Dolac, Dubovo, Dupljaci, Femića Krš, Godijevo, Goduša, Gojevići, Gorice, Grab, Grančarevo, Gubavac, Ivanje, Jablanovo, Jabučno, Jagoče, Kanje, Kaševari, Kičava, Kneževići, Kostenica, Kostić, Kovren, Kradenik, Krstaće, Kukulje, Laholo, Lazovići, Lekovina, Ličine, Lijeska, Livadice, Lozna, Mahala, Majstorovina, Metanjac, Milovo, Mioče, Mirojevići, Mojstir, Mokri Lug, Muslići, Negobratina, Njegnjevo, Ograde, Okladi, Oluja, Orahovica, Osmanbegovo Selo, Ostrelj, Pali, Pape, Pavino Polje, Pećarska, Pisana Jela, Pobretići, Poda, Potrk, Požeginja, Prijelozi, Radojeva Glava, Radulići, Rakita, Raklja, Rastoka, Ravna Rijeka, Resnik, Ribarevine, Rodijelja, Sadići, Sela, Sipanje, Šipovice, Slatka, Sokolac, Šolje, Srđevac, Stožer, Strojtanica, Stubo, Sušica, Sutivan, Tomaševo, Trubine, Ujniče, Unevina, Ušanovići, Vergaševići, Voljavac, Vrbe, Vrh, Zaton, Žiljak, Zminac, Žurena.

Urban settlements

The following settlements are considered urban area: Babića Brijeg, Centar, Ćukovac, Džafića Brdo, Gornji dio grada, Kruševo, Lipnica, Lješnica, Loznice, Medanovići, Nedakusi, Nikoljac, Obrov, Potkrajci, Pripčići, Pruška, Rakonje, Rasovo, Rijeka.

*Municipality of Budva*²⁷

In accordance with the adopted definition from the Chapter 3.1, the territory of the Municipality of is divided into the rural and urban part. The territory of the Municipality of Budva is divided into 45 settlements with geographically defined borders, in line with the maps received from the Statistics Office – MONSTAT.

Table II.5 Names of settlements in the Municipality of Budva and the accompanying numbers in line with the nomenclature of the Montenegrin Statistics Office – MONSTAT

No.	Settlement's number	Settlement's name
1	202029	Bečići
2	202037	Blizikuće
3	202045	Boreti
4	202053	Brajići I
5	213969	Brajići II
6	213977	Brajići III
7	213985	Brajići IV
8	202061	Brda
9	202070	Budva
10	202088	Buljarica I
11	213993	Buljarica II
12	202355	Čami Do
13	202363	Čelobrdo
14	202371	Čučuke
15	202118	Đenaši
16	202100	Drobnići
17	202134	Ilino Brdo
18	202142	Kaluderac I
19	214019	Kaluderac II
20	202169	Katun Reževići
21	202177	Krstac
22	202185	Kuljace
23	214027	Kuljače Dapkovići
24	202193	Lapčići
25	202207	Markovići

²⁷ Some settlements defined as rural area by the definition proposed, but due to closeness of the sea, accommodation facilities built, detailed urban plans adopted and with other facilities enabling them intensive tourism development will be excluded from the list of rural areas eligible for investments from Measure 7.

26	214035	Markovići Duletići
27	202215	Novoselje I
28	214043	Novoselje II
29	202223	Petrovac na Moru
30	202231	Pobori
31	214051	Pobori Gornji
32	202240	Podbabac
33	202258	Podostrog I
34	214060	Podostrog II
35	202274	Prijevor I
36	214086	Prijevor II
37	202266	Pržno I
38	214078	Pržno II
39	202282	Rađenovići
40	202304	Rijeka Reževići
41	202339	Stanišići
42	202312	Sveti Stefan
43	202347	Tudorovići
44	202096	Viti Do
45	202126	Zukovica

Rural settlements

The following settlements are considered rural area: Blizikuće, Boreti, Brajići I, Brda, Buljarica I, Viti Do, Drobnići, Đenaši, Zukovica, Ilino Brdo, Kaluđerac I, Katun Reževići, Krstac, Kuljače, Lapčići, Markovići, Novoselje I, Pobori, Podbabac, Podostrog I, Pržno I, Prijedor I, Rađenovići, Rijeka Reževići, Stanišići, Tudorovići, Čami Do, Čelobrdo, Čučuci, Brajići II, Brajići III, Brajići IV, Buljarica II, Kaluđerac II, Kuljače Dapkovići, Markovići Duletići, Novoselje II, Pobori Gornji, Podostrog II, Pržno II, Prijedor II, Blizikuće, Lapčići, Pržno I.

Urban settlements

The following settlements are considered urban area: Bečići, Budva, Petrovac na Moru, Sveti Stefan.

Municipality of Cetinje

In accordance with the adopted definition from the Chapter 3.1, the territory of the Municipality of Cetinje is divided into the rural and urban part. The territory of the Municipality of Cetinje is divided into 94 settlements with geographically defined borders, in line with the maps received from the Statistics Office – MONSTAT.

Table II.6 Names of settlements in the Municipality of Cetinje and the accompanying numbers in line with the nomenclature of the Montenegrin Statistics Office – MONSTAT

No.	Settlement's number	Settlement's name
1	212326	Bajice
2	212334	Barjamovica
3	212342	Bijele Poljane
4	212369	Bjeloši
5	212377	Bobija
6	212385	Boguti
7	212393	Bokovo
8	213314	Češljari
9	213292	Cetinje
10	213306	Čevo
11	212679	Đalci
12	212547	Dide
13	212687	Đinovići
14	212555	Dobrska Župa

15	212563	Dobrsko Selo
16	212571	Dodoši
17	212580	Donja Zaljut
18	212598	Donje Selo
19	212601	Dragomi Do
20	212610	Drušići
21	212628	Dubovik
22	212636	Dubovo
23	212644	Dugi Do
24	212652	Dujeva
25	212695	Erakovići
26	212466	Gađi
27	212474	Gornja Zaljut
28	212482	Gornji Ceklin
29	212504	Grab
30	212539	Građani
31	212512	Gradina
32	212750	Izvori
33	212768	Jankovići
34	212776	Jezer
35	212784	Kobilji Do
36	212792	Kopito
37	212806	Kosijeri
38	212814	Kranji Do
39	212822	Kućišta
40	212849	Lastva
41	212857	Lipa
42	212865	Lješev Stub
43	212873	Majstori
44	212881	Malošin Do
45	212890	Markovina
46	212903	Meterizi
47	212911	Mikulići
48	212920	Milijevići
49	212938	Mužovići
50	212946	Njeguši
51	212954	Obzovica
52	212989	Očevići
53	212997	Očinići
54	212962	Ožegovice
55	213004	Pačarađe
56	213012	Pejovići
57	213039	Petrov Do
58	213047	Poda
59	213055	Podbukovica
60	213071	Prediš
61	213080	Prekornica
62	213098	Prentin Do
63	213063	Prevlaka
64	213101	Proseni Do
65	213110	Radomir
66	213128	Raićevići
67	213144	Resna
68	213187	Riječani

69	213179	Rijeka Crnojevića
70	213195	Rokoči
71	213136	Rvaši
72	213152	Ržani Do
73	213322	Šinđon
74	213209	Smokovci
75	213349	Štitari
76	213217	Tomići
77	213225	Trešnjevo
78	213233	Trnjine
79	213241	Uba
80	213250	Ubli
81	213268	Ublice
82	213276	Ugnji
83	213284	Ulici
84	212407	Velestovo
85	212415	Vignjevići
86	212423	Vojkovići
87	212431	Vrba
88	212440	Vrela
89	212458	Vuči Do
90	212709	Žabljak
91	212725	Zabrđe
92	212741	Začir
93	212733	Zagora
94	212717	Žanjev Do

Rural settlements

The following settlements are considered rural area: Bajice, Barjamovica, Bijele Poljane, Bjeloši, Bobija, Boguti, Bokovo, Velestovo, Vignjevići, Vojkovići, Vrba, Vrela, Vuči Do, Gađi, Gornja Zaljut, Gornji Ceklin, Grab, Gradina, Građani, Dide, Dobrska Župa, Dobrsko Selo, Dodoši, Donja Zaljut, Donje Selo, Dragomi Do, Drušići, Dubovik, Dubovo, Dugi Do, Dujeva, Đalci, Đinovići, Erakovići, Žabljak Crnojevića, Žanjev Do, Zabrđe, Zagora, Začir, Izvori, Jankovići, Jezer, Kobilji Do, Kopito, Kosijeri, Kranji Do, Kućišta, Lastva, Lipa, Lješev Stub, Majstori, Malošin Do, Markovina, Meterizi, Mikulići, Milijevići, Mužovići, Njeguši, Obzovica, Ožegovice, Očevići, Očinići, Pačarađe, Pejovići, Petrov Do, Poda, Podbukovica, Prevlaka, Prediš, Prekornica, Prentin Do, Proseni Do, Radomir, Raićevići, Rvaši, Resna, Ržani Do, Riječani, Rokoči, Smokovci, Tomići, Trešnjevo, Trnjine, Uba, Ubli, Ublice, Ugnji, Ulici, Čevo, Češljari, Šinđon, Štitari.

Urban settlements

The following settlements are considered urban area: Cetinje, Rijeka Crnojevića.

Municipality of Danilovgrad

In accordance with the adopted definition from the Chapter 3.1, the entire territory of the Municipality of Danilovgrad is considered rural. The territory of the Municipality of Danilovgrad is divided into 80 settlements with geographically defined borders, in line with the maps received from the Statistics Office – MONSTAT.

Table II.7 Names of settlements in the Municipality of Danilovgrad and the accompanying numbers in line with the nomenclature of the Montenegrin Statistics Office – MONSTAT

No.	Settlement's number	Settlement's name
1	202380	Bare Šumanovića
2	202398	Begovina
3	202401	Bileća
4	202410	Bobulja
5	202428	Bogićevići
6	202436	Boronjina

7	202452	Bračani
8	202444	Brajovići
9	202479	Brijestovo
10	203203	Ćurčići
11	203190	Ćurilac
12	202606	Dabojevići
13	202614	Daljam
14	202622	Danilovgrad
15	202703	Đjeđezi
16	202649	Do Pješivački
17	202657	Dolovi
18	202665	Donje Selo
19	202673	Donji Martinići
20	202681	Donji Rsojevići
21	202690	Drakovići
22	202711	Đuričkovići
23	203211	Frutak
24	202525	Gorica
25	202533	Gornji Martinići
26	202541	Gornji Rsojevići
27	202550	Gostilje Brajovičko
28	202568	Gostilje Martiničko
29	202576	Gradina
30	202584	Grbe
31	202592	Gruđa
32	202754	Jabuke
33	202762	Jastreb
34	202789	Jelenak
35	202797	Jovanovići
36	202819	Klikovače
37	202827	Kopito
38	202835	Kosić
39	202843	Kujava
40	202851	Kupinovo
41	202878	Lalevići
42	202860	Lazarev Krst
43	202886	Livade
44	202894	Lubovo
45	202908	Malenza
46	202916	Mandići
47	202924	Mijokusovići
48	202932	Miogost
49	202959	Mokanje
50	202967	Mosori
51	202975	Musterovići
52	202983	Novo Selo
53	202991	Orja Luka
54	203009	Pitome Loze
55	203033	Podglavica
56	203025	Podvraće
57	203050	Poljica
58	203068	Potkula
59	203076	Potočilo

60	203017	Povrhpoljina
61	203041	Požar
62	203092	Rošca
63	203084	Ržišta
64	203106	Sekulići
65	203114	Sladojevo Kopito
66	203122	Slap
67	203149	Slatina
68	203220	Šobaići
69	203157	Spuž
70	203165	Sretnja
71	203173	Strahinići
72	203238	Šume
73	203181	Tvorilo
74	202487	Veleta
75	202495	Vinići
76	202509	Viš
77	202517	Vučica
78	202738	Zagorak
79	202746	Zagreda
80	202720	Župa

Rural settlements

The following settlements are considered rural area: Bare Šumanovića, Begovina, Bileća, Bobulja, Bogićevići, Boronjina, Brajovići, Braćani, Brijestovo, Veleta, Vinići, Viš, Vučica, Gorica, Gornji Martinići, Gornji Rsojevići, Gostilje Brajovičko, Gostilje Martiničko, Gradina, Grbe, Gruda, Dabovci, Daljam, Do Pješivački, Dolovi, Donje Selo, Donji Martinići, Donji Rsojevići, Drakovići, Đeđezi, Đuričkovići, Župa, Zagorak, Zagreda, Jabuke, Jastreb, Jelenak, Jovanovići, Klikovače, Kopito, Kosić, Kujava, Kupinovo, Lazarev Krst, Lalevići, Livade, Lubovo, Malenza, Mandići, Mijokusovići, Miogost, Mokađe, Mosori, Musterovići, Novo Selo, Orja Luka, Pitome Loze, Povrhpoljina, Podvraće, Podglavica, Požar, Poljica, Potkula, Potočilo, Ržišta, Rošca, Sekulići, Sladojevo Kopito, Slap, Slatina, Sretnja, Strahinići, Tvorilo, Čurilac, Čurčići, Frutak, Šobaići, Šumem, Danilovgrad and Spuž.

Municipality of Herceg Novi²⁸

In accordance with the adopted definition from the Chapter 3.1, the territory of the Municipality of Herceg Novi is divided into the rural and urban part. The territory of the Municipality of Herceg Novi is divided into 27 settlements with geographically defined borders, in line with the maps received from the Statistics Office – MONSTAT.

²⁸ Some settlements defined as rural area by the definition proposed, but due to closeness of the sea, accommodation facilities built, detailed urban plans adopted and with other facilities enabling them intensive tourism development will be excluded from the list of rural areas eligible for investments from Measure 7.

Table II.8 Names of settlements in the Municipality of Herceg Novi and the accompanying numbers in line with the nomenclature of the Montenegrin Statistics Office – MONSTAT

No.	Settlement's number	Settlement's name
1	212024	Baošići
2	212032	Bijela
3	212059	Bijelske Kruševice
4	212067	Đenovići
5	212075	Đurići
6	212318	Herceg Novi
7	212105	Igalo
8	212113	Jošice
9	212121	Kameno
10	212130	Kruševice
11	212148	Kumbor
12	212156	Kuti
13	212164	Luštica
14	212172	Meljine
15	212199	Mojdež
16	212202	Mokrine
17	212229	Podi
18	212237	Prijedor
19	212245	Provodina
20	212253	Ratiševina
21	212261	Sasovići
22	212288	Sušcepan
23	212270	Sutorina
24	212296	Trebesinj
25	212300	Ubli
26	212091	Zelenika
27	212083	Žlijebi

Rural settlements:

The following settlements are considered rural area: Baošići, Bijelske Kruševice, Đenovići, Đurići, Žlijebi, Jošice, Kameno, Kruševice, Kumbor, Kuti, Luštica, Meljine, Mojdež, Mokrine, Podi, Prijedor, Provodina, Ratiševina, Sasovići, Sutorina, Sušcepan, Trebesinj, Ubli, Baošići, Đenovići, Meljine, Kumbor.

Urban settlements

The following settlements are considered urban area: Bijela, Zelenika, Igalo, Herceg Novi.

Municipality of Kolašin

In accordance with the adopted definition from the Chapter 3.1, the whole territory of the Municipality of Kolašin is considered rural. The territory of the Municipality of Kolašin is divided into 70 settlements with geographically defined borders, in line with the maps received from the Statistics Office – MONSTAT.

Table II.9 Names of settlements in the Municipality of Kolašin and the accompanying numbers in line with the nomenclature of the Montenegrin Statistics Office – MONSTAT

No.	Settlement's number	Settlement's name
1	204552	Babljak
2	204579	Bakovići
3	204587	Bare
4	204862	Bare Kraljske
5	204617	Blatina

6	204625	Bojići
7	204633	Breza
8	205265	Cerovice
9	205273	Crkvine
10	204749	Donje Lipovo
11	204757	Dragovića Polje
12	204765	Drijenak
13	204773	Drpe
14	204790	Đuđevina
15	204781	Dulovine
16	204641	Gornja Bulatovići Rovca
17	204722	Gornje Lipovo
18	204811	Izlasci
19	204820	Jabuka
20	204838	Jasenova
21	204846	Kolašin
22	204854	Kos
23	204897	Liješnje
24	204595	Lipovska Bistrica
25	204889	Ljevišta
26	204919	Ljuta
27	213713	Manastir Morača
28	204927	Mateševo
29	204935	Međuriječje
30	204951	Mioska
31	204609	Moračka Bistrica
32	204960	Moračko Trebaljevo
33	213721	Mrtvo Duboko
34	204978	Mujića Rečine
35	204986	Mušovića Rijeka
36	205001	Oćiba
37	213730	Ocka Gora
38	204994	Osretci
39	205010	Padež
40	205079	Pcinja
41	205028	Petrova Ravan
42	205036	Plana
43	205052	Požnja
44	205109	Radigojno
45	213748	Raičevina
46	205095	Raško
47	205087	Ravni
48	205117	Redice
49	205125	Rovačko Trebaljevo
50	205141	Sela
51	205150	Selišta
52	205168	Sjerogošte
53	205176	Skrbuša
54	205184	Smailagića Polje
55	205192	Smrče
56	205206	Sreteška Gora
57	205214	Starče
58	205133	Svrke
59	205222	Tara

60	205249	Trnovica
61	205044	Ulica
62	205257	Uvač
63	204650	Velje Duboko
64	204668	Višnje
65	204676	Vladoš
66	204684	Vlahovići
67	204692	Vojkovići
68	204706	Vranještica
69	204714	Vrujica
70	204803	Žirci

Rural settlements:

In accordance with the classification of the Statistics Office of Montenegro - MONSTAT, the following settlements in the Municipality of Kolašin: Babljak, Bakovići, Bare, Lipovska Bistrica, Moračka Bistrica, Blatina, Bojići, Breza, Gornja Rovca-Bulatovići, Velje Duboko, Višnje, Vladoš, Vlahovići, Vojkovići, Vranještica, Vrujica, Gornje Lipovo, Donje Lipovo, Dragovića Polje, Drijenak, Drpe, Dulovine, Đudevina, Žirci, Izlasci, Jabuka, Jasenova, Kos, Bare Kraljske, Ljevišta, Liješnje, Ljuta, Mateševo, Međuriječje, Mioska, Moračko Trebaljevo, Mujića Rečine, Mušovića Rijeka, Osretci, Očiba, Padež, Petrova Ravan, Plana, Ulica, Požnja, Pčinja, Ravni, Raško, Radigojno, Redice, Rovačko Trebaljevo, Svrke, Sela, Selišta, Sjerogošte, Skrbuša, Smailagića Polje, Smrče, Sreteška Gora, Starče, Tara, Trnovica, Uvač, Crkvine, Manastir Morača, Mrtvo Duboko, Ocka Gora, Rajičevine.

*Municipality of Kotor*²⁹

In accordance with the adopted definition from the Chapter 3.1, the territory of the Municipality of Kotor is divided into the rural and urban part. The territory of the Municipality of Kotor is divided into 56 settlements with geographically defined borders, in line with the maps received from the Statistics Office – MONSTAT

Table II.10 Names of settlements in the Municipality of Kotor and the accompanying numbers in line with the nomenclature of the Montenegrin Statistics Office – MONSTAT

No.	Settlement's number	Settlement's name
1	213845	Bigova
2	205281	Bratešići
3	213853	Bunovići
4	205770	Čavori
5	205397	Dobrota
6	205419	Donji Morinj
7	205427	Donji Orahovac
8	205435	Donji Stoliv
9	205443	Dragalj
10	213861	Dražin Vrt
11	205451	Dub
12	205320	Glavati
13	205338	Glavatičići
14	205346	Gornji Morinj
15	205354	Gornji Orahovac
16	205362	Gornji Stoliv
17	205389	Gorovići
18	205761	Han

²⁹ Some settlements defined as rural area by the definition proposed, but due to closeness of the sea, accommodation facilities built, detailed urban plans adopted and with other facilities enabling them intensive tourism development will be excluded from the list of rural areas eligible for investments from Measure 7.

19	205486	Kavač
20	205494	Knežlaz
21	213870	Kolužunj
22	205516	Kostanjica
23	205524	Kotor
24	205508	Kovači
25	205532	Krimovica
26	205559	Kubasi
27	205567	Lastva Grbaljska
28	205575	Ledenice
29	213900	Lipci
30	205583	Lješevići
31	205591	Mali Zalazi
32	205605	Malov Do
33	205613	Mirac
34	205621	Muo
35	205630	Nalježići
36	205648	Pelinovo
37	205656	Perast
38	205664	Pištet
39	205672	Pobrđe
40	205702	Prčanj
41	205699	Prijeradi
42	205729	Radanovići
43	205737	Risan
44	205788	Šišići
45	213934	Škaljari
46	213926	Špiljari
47	205745	Strp
48	205753	Sutvara
49	213888	Trešnjica
50	213896	Ukropci
51	213918	Unijerina
52	205290	Veliki Zalazi
53	205303	Višnjeva
54	205311	Vranovići
55	205460	Zagora
56	205478	Zvečava

Rural settlements:

The following

settlements are considered rural area: Bratešići, Veliki Zalazi, Višnjeva, Vranovići, Glavati, Glavatičići, Gornji Morinj, Gornji Orahovac, Gornji Stoliv, Gorovići, Donji Morinj, Donji Orahovac, Donji Stoliv, Dragalj, Dub, Zagora, Zvečava, Kavač, Knežlaz, Kovači, Kostanjica, Krimovica, Kubasi, Lastva Grbaljska, Ledence, Lješevići, Mali Zalazi, Malov Do, Mirac, Muo, Nalježići, Pelinovo, Pištet, Pobrđe, Prijeradi, Radanovići, Strp, Sutvara, Han, Čavori, Šišići, Bigovo, Bunovići, Dražin Vrt, Kolužunj, Trešnjica, Ukropci, Lipci, Unijerina, Špiljari, Škaljari.

Urban settlements

The following settlements are considered urban area: Dobrota, Kotor, Perast, Prčanj, Risan.

Municipality of Mojkovac

In accordance with the adopted definition from the Chapter 3.1, the entire territory of the Municipality of Mojkovac is considered rural. The territory of the Municipality of Mojkovac is divided into 15 settlements with geographically defined borders, in line with the maps received from the Statistics Office – MONSTAT.

Table II.11 Names of settlements in the Municipality of Mojkovac and the accompanying numbers in line with the nomenclature of the Montenegrin Statistics Office – MONSTAT

No.	Settlement's number	Settlement's name
1	205796	Bistrica
2	213659	Bjelojevići
3	213667	Bojna Njiva
4	213675	Brskovo
5	205834	Dobrilovina
6	205800	Gojakovići
7	205877	Lepenac
8	205885	Mojkovac
9	205893	Podbišće
10	213705	Polja
11	213683	Prošćenje
12	205915	Stevanovac
13	205923	Štitarica
14	213691	Uroševina
15	205869	Žari

Rural settlements:

In accordance with the classification of the Statistics Office of Montenegro - MONSTAT, the following settlements in the Municipality of Mojkovac: Mojkovac, Bistrica, Gojakovići, Dobrilovina, Žari, Lepenac, Podbišće, Stevanovac, Štitarica, Bjelojevići, Bojna Njiva, Brskovo, Prošćenje, Uroševina, Polja.

Municipality of Nikšić

In accordance with the adopted definition from the Chapter 3.1, the territory of the Municipality of Nikšić is divided into the rural and urban part. The territory of the Municipality of Nikšić is divided into 110 settlements with geographically defined borders, in line with the maps received from the Statistics Office – MONSTAT.

Table II.12 Names of settlements in the Municipality of Nikšić and the accompanying numbers in line with the nomenclature of the Montenegrin Statistics Office – MONSTAT

No.	Settlement's number	Settlement's name
1	205931	Balosave
2	205940	Bare
3	205958	Bastaji
4	205966	Bjeloševina
5	205974	Bobotovo Groblje
6	205982	Bogetići
7	206008	Bogmilovići
8	206024	Brestice
9	206016	Brezovik
10	206059	Broćanac Nikšicki
11	206032	Broćanac Viluški
12	206067	Bršno
13	206075	Bubrežak
14	206083	Busak
15	207080	Carine
16	207098	Cerovo
17	207101	Crnodoli
18	206318	Dolovi
19	206326	Donja Trepča
20	206342	Donje Čarađe
21	206334	Donje Crkvice
22	206369	Dragovoljići
23	206377	Drenoštica

24	206385	Dubočke
25	206407	Dučice
26	206393	Duga
27	206229	Gornja Trepča
28	206253	Gornje Čarađe
29	206245	Gornje Crkvice
30	206237	Gornje Polje
31	206261	Goslić
32	206270	Gradačka Poljana
33	206296	Grahovac
34	206300	Grahovo
35	206288	Granice
36	206202	Gvozd
37	206474	Ivanje
38	206482	Jabuke
39	206512	Jasenovo Polje
40	206504	Javljem
41	206539	Jugovići
42	206555	Kamensko
43	206547	Kazanci
44	206563	Klenak
45	206580	Koprivice
46	206598	Koravlica
47	206571	Kovači
48	206601	Kunak
49	206610	Kuside
50	206628	Kuta
51	206636	Laz
52	206644	Liverovići
53	206652	Lukovo
54	206679	Macavare
55	206687	Međeđe
56	206717	Miljanići
57	206709	Miločani
58	206695	Milojevići
59	206725	Miruše
60	206733	Mokri Do
61	206741	Morakovo
62	206750	Nikšić
63	206768	Nudo
64	206776	Oblatno
65	206792	Orah
66	206806	Orlina
67	206784	Ozrinići
68	206814	Petrovići
69	206822	Pilatovci
70	206881	Počekovići
71	206857	Podbožur
72	206865	Podvrš
73	206873	Ponikvica
74	206849	Povija
75	206890	Praga
76	206903	Prigradina
77	206911	Prisoje

78	206920	Rastovac
79	206938	Ridani
80	206946	Riječani
81	206954	Rudine
82	207110	Šipačno
83	206962	Sjenokosi
84	206989	Smrduša
85	206997	Somina
86	207004	Spila
87	207012	Srijede
88	207039	Staro Selo
89	207128	Štedim
90	207136	Štitari
91	207047	Stuba
92	207055	Stubica
93	207063	Tupan
94	207071	Ubli
95	206091	Vasiljevići
96	206105	Velimlje
97	206113	Vidne
98	206121	Vilusi
99	206130	Vir
100	206156	Višnjica Do
101	206148	Vitasojevići
102	206164	Vraćenovići
103	206172	Vrbica
104	206199	Vučji Do
105	206423	Zagora
106	206431	Zagrad
107	206440	Zaljutnica
108	206458	Zaslap
109	206415	Zavrh
110	206466	Zlostup

Rural settlements:

The following settlements are considered rural areas: Balosave, Bare, Bastaji, Bjeloševina, Bobotovo Groblje, Bogetići, Bogmilovići, Brezovik, Brestice, Broćanac Viluški, Broćanac Nikšicki, Bršno, Bubrežak, Busak, Vasiljevići, Velimlje, Vidne, Vilusi, Vir, Vitasojevići, Višnjica Do, Vraćenovići, Vrbica, Vučji Do, Gvozd, Gornja Trepča, Gornje Polje, Gornje Crkvice, Gornje Čarađe, Goslić, Gradačka Poljana, Granice, Grahovac, Grahovo, Dolovi, Donja Trepča, Donje Crkvice, Donje Čarađe, Dragovoljci, Drenoštica, Dubočke, Duga, Dučice, Zavrh, Zagora, Zagrad, Zaljutnica, Zaslap, Zlostup, Ivanje, Jabuke, Javljen, Jasenovo Polje, Jugovići, Kazanci, Kamensko, Klenak, Kovači, Koprivice, Koravlica, Kunak, Kuside, Kuta, Laz, Liverovići, Lukovo, Macavare, Međeđe, Milojevići, Miločani, Miljanići, Miruše, Mokri Do, Morakovo, Nudo, Oblatno, Ozninići, Orah, Orlina, Petrovići, Pilatovci, Povija, Podbožur, Podvrš, Ponikvica, Počekovići, Praga, Prigradina, Prisoje, Rastovac, Ridani, Riječani, Rudine, Sjenokosi, Smrduša, Somina, Spila, Srijede, Staro Selo, Stuba, Stubica, Tupan, Ubli, Carine, Cerovo, Crnodoli, Šipačno, Štedim, Štitari.

Urban settlements

The following settlements are considered urban area: Nikšić.

Municipality of Plav

In accordance with the adopted definition from the Chapter 3.1, the entire territory of the Municipality of Plav is considered rural. The territory of the Municipality of Plav is divided into 14 settlements with geographically defined borders, in line with the maps received from the Statistics Office – MONSTAT.

Table II.13 Names of settlements in the Municipality of Plav and the accompanying numbers in line with the nomenclature of the Montenegrin Statistics Office – MONSTAT

No.	Settlement's number	Settlement's name
1	207144	Bogajići
2	207152	Brezojevica
3	207268	Đurička Rijeka
4	207217	Gornja Rženica
5	207381	Hoti
6	207306	Mašnica
7	207314	Meteh
8	207322	Murino
9	207349	Novšići
10	207357	Plav
11	207365	Prnjavor
12	207373	Skić
13	207179	Velika
14	207195	Vojno Selo

Rural settlements:

In accordance with the classification of the Statistics Office of Montenegro - MONSTAT, the following settlements in the Municipality of Plav: Plav, Bogajići, Brezojevica, Velika, Vojno Selo, Gornja Rženica, Đurička Rijeka, Mašnica, Meteh, Murino, Novšići, Prnjavor, Skić, Hoti.

Municipality of Pljevlja

In accordance with the adopted definition from the Chapter 3.1, the territory of the Municipality of Pljevlja is divided into the rural and urban part. The territory of the Municipality of Pljevlja is divided into 159 settlements with geographically defined borders, in line with the maps received from the Statistics Office – MONSTAT.

Table II.14 Names of settlements in the Municipality of Pljevlja and the accompanying numbers in line with the nomenclature of the Montenegrin Statistics Office – MONSTAT

No.	Settlement's number	Settlement's name
1	207870	Alići
2	207896	Beljkovići
3	207900	Bjeloševina
4	207918	Bobovo
5	207926	Boljanići
6	207934	Borišići
7	207942	Borova
8	207969	Borovica
9	207888	Boščinovići
10	207977	Brda
11	207985	Bujaci
12	207993	Burići
13	208019	Bušnje
14	209520	Čardak
15	209511	Čavanj
16	209538	Čerjenci
17	209465	Cerovci
18	209546	Čestin
19	209473	Crljenice
20	209481	Crni Vrh
21	209490	Crno Brdo
22	209503	Crnobori

23	208256	Donja Brvenica
24	208264	Dragaši
25	208272	Dubac
26	208299	Dubočica
27	208302	Dubrava
28	208345	Đuli
29	208353	Đurđevića Tara
30	208337	Durutovići
31	208329	Dužice
32	208167	Geuši
33	208175	Glibači
34	208183	Glisnica
35	208191	Gornja Brvenica
36	208205	Gornje Selo
37	208213	Gotovuša
38	208221	Gradac
39	208230	Gradina
40	208248	Grevo
41	209457	Hoćevina
42	209449	Horevina
43	208434	Jabuka
44	208442	Jagodni Do
45	208477	Jahovići
46	208469	Jasen
47	208485	Jugovo
48	208493	Kakmuži
49	208507	Kalušići
50	208515	Katun
51	208523	Klakorina
52	213772	Kolijevka
53	208566	Komine
54	208574	Kordovina
55	208582	Kosanica
56	208647	Košare
57	208604	Kotlajići
58	208612	Kotline
59	208639	Kotorac
60	208540	Kovačevići
61	208531	Kovači
62	208558	Kozica
63	208663	Krćevina
64	208671	Krupice
65	208680	Kruševo
66	208655	Kržava
67	208698	Kukavica
68	208701	Lađana
69	208728	Leovo Brdo
70	208710	Lever Tara
71	208736	Lijeska
72	208779	Ljuće
73	208752	Ljutići
74	208744	Lugovi
75	208825	Madžari
76	208787	Male Krće
77	208795	Maoče

78	208817	Mataruge
79	208833	Meljak
80	208841	Metaljka
81	208850	Mijakovići
82	208868	Milakovići
83	208876	Milunići
84	208884	Mironići
85	208906	Moćevići
86	208892	Moraice
87	208922	Mrčevo
88	208949	Mrčići
89	208914	Mrzovići
90	208957	Nange
91	208965	Obarde
92	209007	Odžak
93	208973	Ograđenica
94	208981	Orlja
95	208990	Otilovići
96	213764	Paljevine
97	209023	Pauče
98	209015	Petine
99	209031	Pižure
100	209040	Plakala
101	209058	Planjsko
102	209074	Pliješ
103	209066	Pliješevina
104	209082	Pljevlja
105	209104	Poblaće
106	209112	Podborova
107	209139	Popov Do
108	209147	Potkovač
109	209155	Potkrajci
110	209163	Potoci
111	209171	Potpeće
112	209180	Potrlica
113	209198	Pračica
114	209210	Prehari
115	209201	Premćani
116	209228	Prisoji
117	209236	Prošće
118	209244	Pušanjski Do
119	209252	Rabitlje
120	209287	Rađevići
121	209295	Romac
122	209309	Rudnica
123	209317	Rujevica
124	209325	Selac
125	209333	Selišta
126	209341	Sirčići
127	209350	Slatina
128	209554	Šljivansko
129	209562	Šljuke
130	209368	Srećanje
131	209376	Stančani
132	209392	Strahov Do

133	209384	Stranice
134	209589	Šula
135	209597	Šumani
136	213799	Tatarovina
137	209414	Trnovice
138	209406	Tvrdakovići
139	209422	Uremovići
140	208027	Varine
141	208035	Vaškovo
142	208043	Velike Krće
143	208051	Vidre
144	208060	Vijenac
145	208078	Vilići
146	208086	Višnjica
147	208094	Vodno
148	208108	Vojtina
149	208116	Vrba
150	208124	Vrbica
151	208132	Vrulja
152	208159	Vukšići
153	208370	Zabrđe
154	208388	Zaselje
155	208396	Zbljevo
156	208400	Zekavice
157	208418	Zenica
158	208361	Židovići
159	208426	Zorlovići

Rural settlements:

The following settlements are considered rural area: Alići, Boščinovići, Beljkovići, Bjeloševina, Bobovo, Boljanići, Borišići, Borova, Borovica, Brda, Bujaci, Burići, Bušnje, Varine, Vaškovo, Velike Krće, Vidre, Vijenac, Vilići, Višnjica, Vodno, Vojtina, Vrba, Vrbica, Vrulja, Vukšići, Geuši, Glibači, Glisnica, Gornja Brvenica, Gornje Selo, Gotovuša, Gradina, Grevo, Donja Brvenica, Dragaši, Dubac, Dubočica, Dubrava, Dužice, Durutovići, Đuli, Đurdevića Tara, Židovići, Zabrđe, Zaselje, Zbljevo, Zekavice, Zenica, Zorlovići, Jabuka, Jagodni Do, Jasen, Jahovići, Jugovo, Kakmuži, Kalušići, Katun, Klakorina, Kovač, Kovačevići, Kozica, Komine, Kordovina, Kosanica, Kotlajići, Kotline, Kotorac, Košare, Kržava, Krćevina, Krupice, Kruševo, Kukavica, Lađana, Lever Tara, Leovo Brdo, Lijeska, Lugovi, Ljutići, Ljuće, Male Krće, Maoče, Mataruge, Madžari, Meljak, Metaljka, Mijakovići, Milakovići, Milunići, Mironići, Moraice, Močevići, Mrzovići, Mrčevo, Mrčići, Nange, Obarde, Ograđenica, Orlja, Otilovići, Odžak, Petine, Pauče, Pižure, Plakala, Planjsko, Pliješevina, Pliješ, Poblacé, Podborova, Popov Do, Potkovač, Potkrajci, Potoci, Potpeće, Potrlica, Pračica, Premćani, Prehari, Prisoji, Prošće, Pušanski Do, Rabbitlje, Rađevići, Romač, Rudnica, Rujevica, Selac, Selišta, Sirčići, Slatina, Srećanje, Stančani, Stranice, Strahov Do, Tvrdakovići, Trnovice, Uremovići, Horevina, Hoćevina, Cerovci, Crljenice, Crni Vrh, Crno Brdo, Crnobori, Čavanj, Čardak, Čerjenci, Čestin, Šljivansko, Šljuke, Šula, Šumani, Paljevina, Kolijevka, Tatarovina.

Urban settlements

The following settlements are considered urban area: Gradac, Pljevlja.

Municipality of Plužine

In accordance with the adopted definition from the Chapter 3.1, the entire territory of the Municipality of Plužine is considered rural. The territory of the Municipality of Plužine is divided into 43 settlements with geographically defined borders, in line with the maps received from the Statistics Office – MONSTAT.

Table II.15 Names of settlements in the Municipality of Plužine and the accompanying numbers in line with the nomenclature of the Montenegrin Statistics Office – MONSTAT

No.	Settlement's number	Settlement's name
1	207390	Babići
2	207403	Bajovo Polje
3	207411	Barni Do
4	207420	Bezuje
5	207438	Bojati
6	207446	Boričje
7	207454	Borkovići
8	207462	Brijeg
9	207489	Brljevo
10	207497	Bukovac
11	207730	Crkvičko Polje
12	207543	Donja Brezna
13	207551	Dubljevići
14	207527	Goransko
15	207535	Gornja Brezna
16	207594	Jerinići
17	207608	Kneževići
18	207616	Kovači
19	207624	Lisina
20	207659	Miljkovac
21	207632	Miloševići
22	207667	Mratinje
23	207675	Nedajno
24	207683	Nikovići
25	207691	Osojni Orah
26	207705	Pišče
27	207713	Plužine
28	207721	Poljana
29	207748	Prisojni Orah
30	207756	Ravno
31	207764	Rudinice
32	207861	Šarići
33	207772	Seljani
34	207799	Smriječno
35	207802	Stabna
36	207829	Stolac
37	207837	Stubica
38	207845	Trsa
39	207853	Unač
40	207519	Vojinovići
41	207578	Zabrđe
42	207560	Žeično
43	207586	Zukva

Rural settlements:

In accordance with the classification of the Statistics Office of Montenegro - MONSTAT, the following settlements in the Municipality of Plužine: Plužine, Babići, Bajovo Polje, Barni Do, Bezuje, Bojati, Boričje, Borkovići, Brijeg, Brljevo, Bukovac, Vojinovići, Goransko, Gornja Brezna, Donja Brezna, Dubljevići, Žeično, Zabrđe, Zukva, Jerinići, Kneževići, Kovači, Lisina, Miloševići, Miljkovac, Mratinje, Nedajno, Nikovići, Osojni Orah, Pišče, Poljana, Crkvičko Polje, Prisojni Orah, Ravno, Rudinice, Rudinice, Seljani, Smriječno, Stabna, Stolac, Stubica, Trsa, Unač, Šarići.

Municipality of Podgorica

In accordance with the adopted definition from the Chapter 3.1, the territory of the Municipality of Podgorica is divided into the rural and urban part. The territory of the Municipality of Podgorica is divided into 143 settlements with geographically defined borders, in line with the maps received from the Statistics Office – MONSTAT.

Table II.16 Names of settlements in the Municipality of Podgorica and the accompanying numbers in line with the nomenclature of the Montenegrin Statistics Office – MONSTAT

No.	Settlement's number	Settlement's name
1	210021	Arza
2	210030	Balabani
3	210048	Baloči
4	210056	Barlaj
5	210064	Begova Glavica
6	210099	Benkaj
7	210102	Beri
8	210129	Berislavci
9	210072	Bezjovo
10	210137	Bigor
11	210145	Bijelo Polje
12	210153	Bioče
13	210161	Bistrice
14	210170	Blizna
15	210188	Bolesestra
16	210196	Botun
17	210200	Brežine
18	210218	Briđe
19	210226	Brskut
20	210234	Budza
21	210242	Buronji
22	211460	Čafa
23	211478	Čepetici
24	211559	Cijevna
25	211575	Crci
26	211567	Crvena Paprat
27	211532	Cvilin
28	210498	Delaj
29	210501	Dinoša
30	210510	Dolovi
31	210528	Donje Stravče
32	210536	Donji Kokoti
33	210544	Donji Milješ
34	210552	Draževina
35	210579	Drešaj
36	210587	Drume
37	210609	Dučići
38	210595	Duga
39	210633	Đurkovići
40	210617	Dušići
41	210625	Duške
42	211508	Farmac
43	211516	Fundina
44	210374	Goljemadi
45	210366	Golubovci

46	210382	Goričani
47	210404	Gornje Stravče
48	210412	Gornji Kokoti
49	210439	Gornji Milješ
50	210447	Gostilj
51	210455	Gradac
52	210463	Grbavci
53	210471	Grbi Do
54	210480	Gurec
55	211524	Helmnica
56	210668	Kiselica
57	210676	Klopot
58	210722	Koći
59	210684	Kopilje
60	210692	Kornet
61	210706	Kosor
62	210714	Kotrabudan
63	210765	Krševo
64	210757	Kruse
65	210749	Kržanja
66	210773	Kurilo
67	210790	Lekići
68	210811	Liješnje
69	210820	Liješta
70	210803	Ljeva Rijeka
71	210781	Ljajkovići
72	210846	Lopate
73	210838	Lovka
74	210862	Lutovo
75	210854	Lužnica
76	210897	Mahala
77	210889	Mataguži
78	210919	Medun
79	210927	Mileti
80	210935	Mitrovići
81	210943	Mojanovići
82	210951	Momče
83	210960	Mrke
84	210978	Mužeška
85	210986	Nabon
86	210994	Nikmaraš
87	211010	Omerbožovići
88	211028	Opasanica
89	211052	Orahovo
90	211036	Oraovice
91	211044	Orasi
92	211001	Ožezi
93	211087	Parci
94	211095	Pelev Brijeg
95	211109	Petrovići
96	211117	Pikalj
97	211419	Podgorica
98	211125	Podhum
99	211133	Ponari

100	211079	Poprat
101	211150	Prifti
102	211141	Prisoja
103	211168	Progonovići
104	211206	Rači
105	211176	Radeća
106	211184	Radovče
107	211192	Rakića Kuće
108	211214	Releza
109	211222	Rijeka Piperska
110	211249	Rudine
111	211257	Selište
112	211265	Seoca
113	211273	Seoštica
114	211281	Sjenice
115	211290	Skorać
116	211303	Slacko
117	211311	Spinja
118	211320	Srpska
119	211338	Staniselići
120	211346	Stanjevića Rupa
121	211354	Stijena
122	211362	Stjepovo
123	211389	Stupovi
124	211397	Sukuruć
125	211583	Šušunja
126	211427	Trbojin
127	211435	Trmanje
128	211443	Tuzi
129	211451	Tuzi Ljevorečke
130	211486	Ubalac
131	211494	Ubli
132	210269	Velje Brdo
133	210277	Veruša
134	210285	Vidijenje
135	210293	Vilac
136	210307	Vladni
137	210315	Vranj
138	210323	Vranjina
139	210331	Vrbica
140	210340	Vukovci
141	210358	Vuksanlekići
142	210641	Zagreda
143	210650	Zaugao

Rural settlements:

The following settlements are considered rural area: Arza, Balabani, Baloči, Barlaj, Begova Glavica, Bezjovo, Benkaj, Beri, Berislavci, Bigor, Bijelo Polje, Bioče, Bistrice, Blizna, Bolesestra, Botun, Brežine, Brijuni, Brskut, Budza, Buronji, Velje Brdo, Veruša, Vidijenje, Vilac, Vladni, Vranj, Vranjina, Vrbica, Vukovci, Vuksanlekići, Golubovci, Goljemadi, Goričani, Gornje Stravče, Gornji Kokoti, Gornji Milješ, Gostilj, Gradac, Grbavci, Grbi Do, Gurec, Delaj, Dinoša, Dolovi, Donje Stravče, Donji Kokoti, Donji Milješ, Draževina, Drešaj, Drume, Duga, Dučići, Dušići, Duške, Đurkovići, Zagreda, Zaugao, Kiselica, Klopot, Kopilje, Kornet, Kosor, Kotrabudan, Koći, Kržanja, Kruse, Krševo, Kurilo, Ljajkovići, Lekići, Lijeva Rijeka, Liješnje, Liješta, Lovka, Lopate, Lužnica, Lutovo, Mataguži, Mahala, Medun, Milet, Mitrovići, Mojanovići, Momče, Mrke, Mužekča, Nabojin, Nik Maraš, Ožez, Omerbožovići, Opasanica, Oraovice, Orasi, Orahovo, Poprat, Parci, Pelev Brijeg,

Petrovići, Pikalj, Pothum, Ponari, Prisoja, Prifti, Progonovići, Radeća, Radovče, Kuće Rakića, Raći, Releza, Rijeka Piperska, Rudine, Selište, Seoca, Seoštica, Sjenice, Skorać, Slacko, Spinja, Srpska, Staniselići, Stanjevića Rupa, Stijena, Stjepovo, Stupovi, Sukuruć, Trabojin, Trmanje, Tuzi Ljevorečke, Čafa, Čepetici, Ubalac, Ubli, Farmaci, Fundina, Helmnica, Cvilin, Cijevna, Crvena Paprat, Crnci, Šušunja.

Urban settlements

The following settlements are considered urban area: Podgorica, Tuzi.

Municipality of Rožaje

In accordance with the adopted definition from the Chapter 3.1, the entire territory of the Municipality of Rožaje is considered rural. The territory of the Municipality of Rožaje is divided into 26 settlements with geographically defined borders, in line with the maps received from the Statistics Office – MONSTAT.

Table II.17 Names of settlements in the Municipality of Rožaje and the accompanying numbers in line with the nomenclature of the Montenegrin Statistics Office – MONSTAT

No.	Settlement's number	Settlement's name
1	209635	Bač
2	209619	Balotići
3	209627	Bandžov
4	209643	Bašča
5	209651	Besnik
6	209660	Bijela Crkva
7	209678	Biševo
8	209686	Bogaje
9	209694	Bukovica
10	209872	Crnokrpe
11	209759	Dacići
12	209767	Donja Lovnica
13	209716	Gornja Lovnica
14	209724	Grahovo
15	209732	Grižice
16	209775	Ibarac
17	209783	Jablanica
18	209791	Kalače
19	209805	Koljeno
20	209813	Paučina
21	209821	Plumci
22	209830	Radetina
23	209848	Rožaje
24	209856	Seošnica
25	209864	Sinanovići
26	209708	Vuča

Rural settlements:

In accordance with the classification of the Statistics Office of Montenegro - MONSTAT, the following settlements in the Municipality of Rožaje: Rožaje, Balotići, Bandžov, Bač, Bašča, Besnik, Bijela Crkva, Biševo, Bogaje, Bukovica, Vuča, Gornja Lovnica, Grahovo, Grižice, Dacići, Donja Lovnica, Ibarac, Jablanica, Kalače, Koljeno, Paučina, Plumci, Radetina, Seošnica, Sinanovići, Crnokrpe.

Municipality of Šavnik

In accordance with the adopted definition from the Chapter 3.1, the entire territory of the Municipality of Šavnik is considered rural. The territory of the Municipality of Šavnik is divided into 27 settlements with geographically defined borders, in line with the maps received from the Statistics Office – MONSTAT.

Table II.18 Names of settlements in the Municipality of Šavnik and the accompanying numbers in line with the nomenclature of the Montenegrin Statistics Office – MONSTAT

No.	Settlement's number	Settlement's name
1	213357	Bare
2	213365	Boan
3	213411	Dobra Sela
4	213420	Donja Bijela
5	213438	Donja Bukovica
6	213446	Dubrovsko
7	213454	Duži
8	213373	Godijelji
9	213381	Gornja Bijela
10	213390	Gornja Bukovica
11	213403	Grabovica
12	213462	Komarnica
13	213489	Krnja Jela
14	213497	Malinsko
15	213519	Miloševići
16	213527	Mljetičak
17	213535	Mokro
18	213543	Petnjica
19	213551	Pošćenje
20	213560	Previš
21	213578	Pridvorica
22	213586	Provalija
23	213632	Šavnik
24	213594	Slatina
25	213608	Strug
26	213616	Timar
27	213624	Tušina

Rural settlements:

In accordance with the classification of the Statistics Office of Montenegro - MONSTAT, in the Municipality of Šavnik: Šavnik, Bare, Boan, Godijelji, Gornja Bijela, Gornja Bukovica, Grabovica, Dobra Sela, Donja Bijela, Donja Bukovica, Dubrovsko, Duži, Komarnica, Krnja Jela, Malinsko, Miloševići, Mljetičak, Mokro, Petnjica, Pošćenje, Previš, Pridvorica, Provalija, Slatina, Strug, Timar, Tušina.

*Municipality of Tivat*³⁰

In accordance with the adopted definition from the Chapter 3.1, the territory of the Municipality of Tivat is divided into the rural part and urban part. The territory of the Municipality of Tivat is divided into 12 settlements with geographically defined borders, in line with the maps received from the Statistics Office – MONSTAT.

Table II.19 Names of settlements in the Municipality of Tivat and the accompanying numbers in line with the nomenclature of the Montenegrin Statistics Office – MONSTAT

³⁰ Some settlements defined as rural area by the definition proposed, but due to closeness of the sea, accommodation facilities built, detailed urban plans adopted and with other facilities enabling them intensive tourism development will be excluded from the list of rural areas eligible for investments from Measure 7.

No.	Settlement's number	Settlement's name
1	209899	Bogdašići
2	209902	Bogišići
3	209945	Donja Lastva
4	209953	Đuraševići
5	209929	Gornja Lastva
6	209937	Gošići
7	209961	Krašići
8	209970	Lepetani
9	209988	Milovići
10	209996	Mrčevac
11	210005	Radovići
12	210013	Tivat

Rural settlements:

The following settlements are considered rural areas: Bogdašići, Bogišići, Gornja Lastva, Gošići, Đuraševići, Krašići, Lepetani, Milovići, Mrčevac, Radovići.

Urban settlements

The following settlements are considered urban areas: Donja Lastva, Tivat.

Municipality of Ulcinj³¹

In accordance with the adopted definition from the Chapter 3.1, the territory of the Municipality of Ulcinj is divided into the rural and urban part. The territory of the Municipality of Ulcinj is divided into 39 settlements with geographically defined borders, in line with the maps received from the Statistics Office – MONSTAT.

Table II.20 Names of settlements in the Municipality of Ulcinj and the accompanying numbers in line with the nomenclature of the Montenegrin Statistics Office – MONSTAT

No.	Settlement's number	Settlement's name
1	211591	Ambula
2	211605	Bijela Gora
3	211613	Bojke
4	211621	Brajše
5	211630	Bratica
6	211648	Briska Gora
7	211966	Ćurke
8	211699	Darza
9	211702	Donja Klezna
10	211729	Donji Štoj
11	211737	Draginje
12	211982	Fraskanjel
13	211664	Gornja Klezna
14	211672	Gornji Štoj
15	211753	Kaliman
16	211761	Kodre
17	211770	Kolonza
18	211788	Kosići
19	211796	Kravari
20	211826	Kručice
21	211800	Kruta
22	211818	Krute

³¹ Some settlements defined as rural area by the definition proposed, but due to closeness of the sea, accommodation facilities built, detailed urban plans adopted and with other facilities enabling them intensive tourism development will be excluded from the list of rural areas eligible for investments from Measure 7.

23	211834	Leskovac
24	211842	Lisna Bore
25	211869	Međreč
26	211877	Mide
27	211885	Možura
28	211893	Pistula
29	211907	Rastiš
30	211915	Rec
31	211923	Salč
32	212008	Šas
33	212016	Štodra
34	211940	Sukobin
35	211958	Sutjel
36	211931	Sveti Đorđe
37	211974	Ulcinj
38	211656	Vladimir
39	211745	Zoganj

Rural settlements:

The following settlements are considered rural areas: Ambula, Bijela Gora, Bojke, Brajše, Bratica, Briska Gora, Vladimir, Gornja Klezna, Gornji Štoj, Darza, Donja Klezna, Donji Štoj, Draginje, Zoganj, Kaliman, Kodre, Kolomza, Kosići, Kravari, Kruta, Krute, Kruče, Leskovac, Lisna Bore, Međreč, Mide, Možura, Pistula, Rastiš, Reč, Salč, Sveti Đorđe, Sukobin, Sutjel, Ćurke, Fraskanjel, Šas, Štodra.

Urban settlements

The following settlements are considered urban areas: Ulcinj.

Municipality of Žabljak

In accordance with the adopted definition from the Chapter 3.1, the entire territory of the Municipality of Žabljak is considered rural. The territory of the Municipality of Žabljak is divided into 28 settlements with geographically defined borders, in line with the maps received from the Statistics Office – MONSTAT.

Table II.21 Names of settlements in the Municipality of Žabljak and the accompanying numbers in line with the nomenclature of the Montenegrin Statistics Office – MONSTAT

No.	Settlement's number	Settlement's name
1	213802	Borje
2	203254	Brajkovača
3	203327	Dobri Nugo
4	203297	Gomile
5	203319	Gradina
6	203351	Krš
7	203521	Mala Crna Gora
8	203360	Motički Gaj
9	203378	Ninkovići
10	203394	Njegovuđa
11	203386	Novakovići
12	203408	Palež
13	203416	Pašina Voda
14	203424	Pašino Polje
15	203432	Pitomine
16	203459	Podgora
17	203467	Pošćenski Kraj
18	203475	Rasova
19	203483	Rudanci

20	203530	Šljivansko
21	203548	Šumanovac
22	203491	Suvodo
23	203505	Tepačko Polje
24	203513	Tepca
25	203262	Virak
26	203289	Vrela
27	203335	Žabljak
28	203343	Zminica

Rural settlements:

In accordance with the classification of the Statistics Office of Montenegro - MONSTAT, the following settlements in the Municipality of Žabljak: Žabljak, Brajkovača, Virak, Vrela, Gomile, Gradina, Dobri Nugo, Zminica, Krš, Motički Gaj, Ninkovići, Novakovići, Njegovuđa, Palež, Pašina Voda, Pašino Polje, Pitomine, Podgora, Pošćenski Kraj, Rasova, Rudanci, Suvodo, Tepačko Polje, Tepca, Mala Crna Gora, Šljivansko, Šumanovac, Borje.

Municipality of Gusinje

In accordance with the adopted definition from the Chapter 3.1, the entire territory of the Municipality of Gusinje is considered rural. The territory of the Municipality of Gusinje is divided into 9 settlements with geographically defined borders, in line with the maps received from the Statistics Office – MONSTAT

Table II.22 Names of settlements in the Municipality of Gusinje and the accompanying numbers in line with the nomenclature of the Montenegrin Statistics Office – MONSTAT.

No.	Settlement's number	Settlement's name
1	207241	Dolja
2	207250	Dosuđe
3	207225	Grnčar
4	207233	Gusinje
5	207276	Kolenovići
6	207284	Kruševo
7	207292	Martinovići
8	207187	Višnjevo
9	207209	Vusanje

Rural settlements:

In accordance with the classification of the Statistics Office of Montenegro - MONSTAT, the following settlements in the Municipality of Gusinje: Dolja, Dosuđe, Grnčar, Gusinje, Kolenovići, Kruševo, Martinovići, Višnjevo and Vusanje.

Municipality of Petnjica

In accordance with the adopted definition from the Chapter 3.1, the entire territory of the Municipality of Petnjica is considered rural. The territory of the Municipality of Petnjica is divided into 25 settlements with geographically defined borders, in line with the maps received from the Statistics Office – MONSTAT

Table II.23 Names of settlements in the Municipality of Petnjica and the accompanying numbers in line with the nomenclature of the Montenegrin Statistics Office – MONSTAT

No.	Settlement's number	Settlement's name
1	203556	Azane
2	203653	Bor
3	203823	Dašća Rijeka
4	203831	Dobrodole

5	203858	Donja Vrbica
6	203769	Godočelje
7	203785	Gornja Vrbica
8	203980	Javorova
9	203998	Johovica
10	204021	Kalica
11	204064	Kruščia
12	204102	Lagatori
13	204129	Lazi
14	204170	Lješnica
15	204218	Murovac
16	204242	Orahovo
17	204269	Pahulj
18	204285	Petnjica
19	204307	Ponor
20	204315	Poroče
21	204340	Radmanci
22	204382	Savin Bor
23	204480	Trpezi
24	204498	Tucanje
25	203718	Vrševo

Rural settlements:

In accordance with the classification of the Statistics Office of Montenegro - MONSTAT, the following settlements in the Municipality of Petnjica: Azane, Bor, Dašča Rijeka, Dobrodole, Donja Vrbica, Godočelje, Gornja Vrbica, Javorova, Johovica, Kalica, Kruščia, Lagatori, Lazi, Lješnica, Murovac, Orahovo, Pahulj, Petnjica, Ponor, Poroče, Radmanci, Savin Bor, Trpezi, Tucanje i Vrševo.

Mountain areas

Although the European Union, in Article 32 (1a) of the Council Regulation (EC) No 1305/2013 and Article recognized certain limitations with regard to the possibility to use the land and labour price increase in mountainous areas, Montenegro does not yet have the classification of Area of Natural Constraints (ANC). However, for the IPARD II programme, it is necessary to make a distinction between mountainous and other areas.

Taking into account the diversity mentioned above, even at the level of larger municipalities and starting from the experiences of the EU Member States, for the purpose of this Programme the very simple and feasible classification of mountainous areas is proposed, as described in the following text. The line of distinction of mountainous areas from the rest of the rural areas is put at the level of 600 meters above the sea level. The main reasons for this division are: general infrastructure, especially roads, is much poor in mountainous than in the lower areas, vegetation season is shorter, steep slopes are much more present above this altitude, soil quality is worse than in walleys etc. Thus, general conditions for life in rural areas above 600 m altitude are much worse than bellow this line. In order to avoid any misunderstanding in the implementation, proposed criterion of 600 m altitude would be determined for each application for support under IPARD II.

ANNEX III – THE LIST OF NATIONAL MINIMUM STANDARDS

List of national minimum standards was presented according to the currently applicable regulations. Those national minimum standards that are in force at the moment when decision to grant support is taken will be performed.

Relevant national legislation related to Measure (1): Investments in physical assets of agricultural holdings (M1), Measure (3): Investments in physical assets concerning processing and marketing of agricultural and fishery products (M3) and Measure (7): Farm diversification and business development (M7)

Montenegrin legal framework	National Minimum Standards	Measure	Technical Bodies
Law on agriculture and rural development ("Official Gazette of Montenegro" No. 30/17)	In accordance with this Act is entitled to an incentive carrier agricultural holding, applying, with the necessary documentation for eligibility for incentive and who is entered in the Register of agricultural holdings	M1 M3 M7	MARD
Law on Livestock ("Official Gazette of Montenegro", No. 48/15)	1) This Law regulates the manner and conditions of breeding of domestic animals, the method of adoption and implementation of breeding-selection program, maintaining genetic variability, turnover of breeding animals to the genetic material, rights and obligations of livestock and other issues of importance for animal husbandry. 2) This Act shall apply to the breeding of: cattle, buffalo, sheep, goat, equine, swine, poultry, fur animals, rabbits and bees	M1 M3 M7	Authority for Food Safety, Veterinary and Phytosanitary affairs
Law of Wine ("Official Gazette of Montenegro", No. 41/16)	This law regulates the production and distribution of grapes used for wine production and distribution of wine and other grape and wine products, labelling, geographic origin of wine and other issues of importance for viticulture and wine production	M1 M3 M7	MARD
Law on olive and olive oil ("Official Gazette of Montenegro", No. 39/16)	This law regulates the processing and placing on the market of olives and olive oil, as well as other issues of importance for the development of olive growing in Montenegro	M1 M3 M7	Authority for Food Safety, Veterinary and Phytosanitary affairs
Law on Plant Health Protection ("Official Gazette of Montenegro", No 48/15)	Pursuant to this Law, within the competences of the Phytosanitary sector, the following activities are performed: entry into the register for treatment and/or labelling of wooden packaging material, registration of producers, processors, importers, distributors and persons who store plants, plant products and facilities under supervision and entry into the register of importers and distributors	M1 M3 M7	Authority for Food Safety, Veterinary and Phytosanitary affairs
Law on Agricultural Plant Seeds Material ("Official Gazette of Montenegro", No 48/15)	Pursuant to this Law, within the competences of the Phytosanitary sector, the following activities are performed: entry into the register of producers of agricultural plant seed materials, import and transit of seed material consignments, entry into the register of importers of seed materials, entry into the register of importers and distributors and certification of seed material	M1 M3 M7	Authority for Food Safety, Veterinary and Phytosanitary affairs

Law on Planting Material ("Official Gazette of Montenegro", No 48/15)	Pursuant to this Law, within the competences of the Phytosanitary sector, the following activities are performed: importation and transit of consignments with planting material, entry into the register of importers of planting material, entry into the register of importers and distributors, certification of planting material and entry into the register of planting material producers	M1 M3 M7	Authority for Food Safety, Veterinary and Phytosanitary affairs
Law on Plant Protection Products ("Official Gazette of MNE", No 18/14)	Pursuant to this Law, within the competences of the Phytosanitary sector, the following activities are performed: entry into the register of importers and distributors, laying the rules for usage of the plant protection products.	M1 M3 M7	Authority for Food Safety, Veterinary and Phytosanitary affairs
Law on Plant Nutrition Products ("Official Gazette of Montenegro", No 43/18)	Pursuant to this Law, within the competences of the Phytosanitary sector, the following activities are performed: entry into the register of importers and distributors, laying the rules for usage of the plant nutrition products.	M1 M3 M7	Authority for Food Safety, Veterinary and Phytosanitary affairs
Food Safety Law ("Official Gazette of Montenegro", No 57/15)	Pursuant to this Law, within the competences of the Phytosanitary sector, the following activities are performed: entry into the register of primary producers of food of plant origin; within the competences of the Veterinary sector the following activities are performed: entry into the register of registered and approved establishments dealing with food of animal origin and animal feed; entry into the register of approved establishments dealing with food of plant origin after primary production is performed	M1 M3 M7	Authority for Food Safety, Veterinary and Phytosanitary affairs, Authority for inspection affairs
Veterinary Law ("Official Gazette of Montenegro", No. 43/18)	The Law stipulates obligations of animal holder, pursuant to the Law, importation, exportation, transit of animals, semen for artificial insemination, egg cells and fertilized egg cells are performed	M1 M3 M7	Authority for Food Safety, Veterinary and Phytosanitary affairs, Authority for inspection affairs
Law on Identification and Registration of Animals ("Official Gazette of Montenegro", No 48/15)	Pursuant to the Law identification and registration of animals and holdings are performed. Registration of holdings is obligatory for all holdings where animals are kept or bred. Animal identification is obligatory for all domestic animals bred at holdings, i.e. farms, as well as for other animals. The Veterinary sector manages the Central Register of Holdings and Electronic Database, while animal holders manage the Holding register	M1 M3 M7	Authority for Food Safety, Veterinary and Phytosanitary affairs

Law on Animal Welfare Protection (“Official Gazette of Montenegro”, No 47/15)	This Law governs the rights, obligations and responsibilities of natural and legal persons with respect to the protection of animal against suffering during their raising and breeding; mercy killing and slaughtering; interventions; transporting; experiments; the rules for dealing with animals, and other issues of importance for the protection of animal welfare. The Veterinary sector performs the entry into the register of animal carriers	M1 M3 M7	Authority for Food Safety, Veterinary and Phytosanitary affairs
Law on Environment (“Official Gazette of Montenegro”, No 52/16)	This Law regulates environmental protection and sustainable development principles, subjects and instruments of environmental protection, public participation in environmental issues and other issues relevant to the environment.	M1 M3 M7	Environmental Protection Agency
Law on environmental impact assessment (“Official Gazette of Montenegro”, No 52/16)	This Law regulates the impact assessment procedure for projects that may have significant impact on the environment, contents of the Environmental Impact Assessment Study, participation of authorities, organisations, and the public concerned, evaluation and procedure of approval issuing, exchange of information on projects that may have significant impact on the environment in another state, supervision and other issues of relevance for the Environmental Impact Assessment (EIA).	M1 M3 M7	Environmental Protection Agency
Law on Spatial Planning and Construction (“Official Gazette of Montenegro”, No 33/14)	This law regulates the system of spatial planning in Montenegro, the manner and conditions for the construction of buildings, as well as other issues important for Spatial Planning and Construction.	M1 M3 M7	Ministry of Tourism and Sustainable Development, Authority for inspection affairs
Decree on projects that are made subject to environmental impact assessment (“Official Gazette of Montenegro”, No 37/18)	This decree defines the projects for which environmental impact assessment was conducted on the environment and projects that may require environmental impact assessment	M1 M3 M7	Environmental Protection Agency
Law on Organic Production (“Official Gazette of Montenegro”, No 56/2013)	Pursuant to this Law, within the competences of the Ministry of Agriculture and Rural Development, entry into the Register of producers in organic agriculture is performed	M1 M3 M7	Monteorganica
Law on waters (“Official Gazette of Montenegro”, No 80/17)	The Law on Waters governs the legal status and the integrated management of waters, water and coastal land and water bodies, the conditions and method of carrying out the water-related activities and other issues of relevance for the management of waters and water resources.	M1 M3 M7	Water Directorate

Energy Law ("Official Gazette of Montenegro", No 51/17)	This Law shall determine the energy activities and regulate the conditions and manner their performance, work quality and reliable supply to final customers energy; Public services and other activities in the energy sector of interest for Montenegro; The organization and functioning of the electricity and gas; manner and Terms of use of renewable energy sources and cogeneration; Energy efficiency in sector production, transmission and distribution, as well as other issues of importance Energy.	M1 M3 M7	Ministry of Economy
Law on Crafts ("Official Gazette of Montenegro", No 40/11)	This law establishes the conditions for carrying out craft activity and other issues of importance for craft activity.	M7	Ministry of Economy
Law on cooperative ("Official Gazette of Montenegro" No 43/15	This law regulates the manner of establishing of the cooperatives, the acquisition and termination of membership status in the cooperatives, cooperative management and other issues relevant to the work of cooperatives.	M1 M3 M7	MARD
Law on tourism and catering (»Official Gazette of Montenegro«, No 13/18)	Activity of tourism services in rural tourism can be performed by companies, legal entities and entrepreneurs, as well as natural persons - farmers, who are engaged in agriculture alone or as members of the family farm	M7	MSDT
Law on Marine fisheries and Mariculture ("Official Gazette of Montenegro", No 47/15)	Pursuant to this Law, within the competences of the Ministry of Agriculture and Rural Development, entry into the Register of fishing vessels and entry into the Register of fishermen.	M1 M3 M7	MARD
Law on Freshwater Fishery and aquaculture ("Official Gazette of Montenegro", No 17/18)	This Law regulates the way to benefit, keeping, breeding and catching fish in the fishing waters. The provisions of this law apply to crabs; frogs and other aquatic animals are useful in fishing waters. Fish and other aquatic fauna are the property of general interest, owned by the state and used under the conditions of this Law.	M1 M3 M7	MARD
Law on Internal Trade ("Official Gazette of Montenegro" No 40/11).	This Law regulates the internal trade conditions and types of performing trade, protection from unfair competition in trade and supervise the implementation of this Act.	M1 M3 M7	Ministry of economy
Law on Administrative Procedure ("Official Gazette of Montenegro" No 37/17)	According to this law are obliged to handle the state authorities and local self-government when, in administrative matters, direct enforcement of legislation, dealing with the rights, obligations or legal interests of individuals, legal persons or other parties, as well as perform other tasks stipulated by this law.	M1 M3 M7	Ministry of internal affairs

Law on Territorial Organization of Montenegro (“Official Gazette of Montenegro”, No 31/17)	This Law regulates the territorial organization of Montenegro, the condition, manner and procedure of territorial organization and other issues of importance to the territorial organization.	M1 M3 M7	Ministry of internal affairs
Law on Spatial Development and Construction of Structures (“Official Gazette of Montenegro”, No 63/18)	This Law regulates the system of spatial development of Montenegro, the manner and requirements for construction of structures, as well as other matters of importance for spatial development and construction of structures.	M1 M3 M7	MSDT
Law on Forests (“Official Gazette of Montenegro”, No 47/15)	Forestry Law clearly defines the concept of forest as well as creating conditions for full realization of individual forest functions and their mutual alignment, rational management and ensuring more efficient system of forest protection.	M1 M3 M7	MARD
Law on National Parks (“Official Gazette of Montenegro”, No 39/16)	This Law protects nature as a whole, and in particular areas of special natural values, natural sights and natural rarities that are due to health care, cultural, educational, scientific, historical, aesthetic and recreational values of tourism and of particular importance to the life and work of the working people, citizens and the community.	M1 M3 M7	MSDT
Law on accounting (“Official Gazette of Montenegro”, No 52/16)	This law regulates the classification of legal entities, the conditions and method of keeping business books, the organization of accounting, the preparation, delivery and publication of financial statements (hereinafter referred to as: accounting), the conditions and manner of valuation of assets and other issues of relevance to accounting. This law shall apply to a legal entity registered for the performance of an economic activity, a non-governmental organization and a part of a foreign company (hereinafter: a legal entity). This law does not apply to the accounting and final account of the budget of the state, that is, the local self-government unit.	M1 M3 M7	Ministry of finance
Law on audit (“Official Gazette of Montenegro”, No 1/178)	This law regulates the conditions and the manner of carrying out the audit of financial statements (hereinafter referred to as: audit), the issuance and revocation of licenses for conducting the audit to an authorized auditor, and the audit license to the audit company, the audit obligation, as well as other issues related to the audit.	M1 M3 M7	Ministry of finance

<p>Law on Companies ("Official Gazette of Montenegro", No 40/11)</p>	<p>This Law regulates the types of economic activities and the performance of their registration, economic activities performed by companies and entrepreneurs. Forms of performing business activities, which are registered in accordance with this Law shall before the commencement of the activity acquisition activity has been approved, if approval the activity provided by a special regulation.</p>	<p>M1 M3 M7</p>	<p>Ministry of finance</p>
<p>Nature Protection Law ("Official Gazette of Montenegro", No 54/16)</p>	<p>This Law protects nature as a whole, and in particular areas of special natural values, natural sights and natural rarities that are due to health care, cultural, educational, scientific, historical, aesthetic and recreational values of tourism and of particular importance to the life and work of the working people, citizens and the community.</p>	<p>M1 M3 M7</p>	<p>MSDT, Environment Protection Agency</p>
<p>Law on agriculture land ("Official Gazette of Montenegro", No 32/11)</p>	<p>Pursuant to this Law, agriculture land, as a resource of general interest, shall enjoy special protection, and is used under the conditions and in the manner prescribed by this Law. Agricultural land in terms of this Law, considered: arable fields, gardens, orchards, vineyards, meadows, pastures, reeds, ponds and swamps, and other land which by its natural and economic conditions, may serve the general interest, if it is used or can be used for agricultural production. Arable agriculture land, according to this Law, is: arable fields, gardens, orchards, vineyards and meadows.</p>	<p>M1 M3 M7</p>	<p>MARD</p>

ANNEX IV – TABLE OF SOCIO-ECONOMIC, SECTORIAL AND ENVIRONMENTAL/CLIMATE INDICATORS

Context Indicator	Measurement unit	Context indicator value	Last available Year
I: SOCIO-ECONOMIC INDICATORS			
1. Population			
Total	Inhabitants	620,029	2011 Census
Rural	% of total	36.8	2011 Census
Urban	% of total	63.2	2011 Census
2. Age structure			
< 15 years	% of total population	19.2	2011 Census
15-64 years	% of total population	68.0	2011 Census
65 and above	% of total population	12.8	2011 Census
3. Territory			
Total	Km ²	13,812	
Rural	% of total area		
Urban	% of total area		
4. Population density			
Total	Inhabitants/km ²	44.9	2011 Census
Rural	Inhabitants/km ²		
5. Employment rate (*)			
	*insured person in agriculture	Data from Labour Force Survey (N/A)	
Total	No. and %	No. = 207.6 (total no. persons in employment - in thousands), E% = 41.4%	2013
Male	No. and %	No.=115.2 (in thousands), E% = 47.1%	2013
Female	No. and %	No. = 92.4 (in thousands), E% = 36.0	2013
6. Self-employment rate			
Share of self-employed persons in total employed persons for the age class 15-64	% of self-employed persons 15-64 years in total employed persons of the same age class		
7. Unemployment rate			
Total (15-74 years)	%	19.1	2013
Youth (15-24 years)	%	39.9	2013
8. GDP per capita (*)			
GDP per capita	GDP per capita	5,063	2012
Total	EUR/inhabitant Index PPS (EU-27=100)		
9. Poverty rate (*)			
Total and by type of area (thinly-populated, intermediate urbanised and densely-populated)	Total and in each type of area: - % of total population	8.6%	2012
10. Structure of the economy (GVA)			
Total	EUR million	3,149	2012
Primary	EUR mill/% of total GVA	7.4%	2012
Secondary	EUR mill/% of total GVA	15.0%	2012
Tertiary	EUR mill/% of total GVA	61.3%	2012

11. Structure of the employment			
Total	1,000 person		
Primary	1,000 person/% of total		
Secondary	1,000 person/% of total		
Tertiary	1,000 person/% of total		
12. Labour productivity by economic sector			
Total	EUR/person		
Primary	EUR/person		
Secondary	EUR/person		
Tertiary	EUR/person		
II: SECTORIAL INDICATORS			
13. Employment by economic activity			
Total	1,000 person	171,474	2013
Agriculture	1,000 person	Sector A (NACE REV 2) 2,771	2013
Agriculture	% of total	1.62%	
Forestry	1,000 person	(A02 NACE REV2) 0.172	2013
Forestry	% of total	0.1%	
Food industry	1,000 person	*production of food 3.459 (C10 – NACE REV 2)	2013
Food industry	% of total	2.02%	
Tourism	1,000 person	*accommodation and food services 14,333 (sector I NACE REV2)	2013
Tourism	% of total	8.35%	
14. Labour productivity in agriculture			
Total GVA per full-time employed person in agriculture	EUR/AWU	NA	
15. Labour productivity in forestry			
Total GVA per full-time employed person in forestry	EUR/AWU	N/A	
16. Labour productivity in food industry			
GVA per person employed in the food industry	EUR/person	NA	
17. Agricultural holdings (farms)			
Total	No.	48,870	2010
Farm size < 2 ha	No.	35,859	2010
Farm size 2-4.9 ha	No.	7,627	2010
Farm size 5-9.9 ha	No.	2,712	2010
Farm size 10-19.9 ha	No.	1,157	2010
Farm size 20-29.9 ha	No.	329	2010
Farm size 30-49.9 ha	No.	313	2010
Farm size 50-99.9 ha	No.	441	2010
Farm size > 100 ha	No.	432	2010
Farm economic size < 2,000 Standard Output (SO)	No.	31,579	2010
Farm economic size 2,000-3,999 SO	No.	9,527	2010
Farm economic size 4,000-7,999 SO	No.	5,281	2010
Farm economic size 8,000-14,999 SO	No.	1,837	2010
Farm economic size 15,000-24,999 SO	No.	443	2010

Farm economic size 25,000-49,999 SO	No.	146	2010
Farm economic size 50,000-99,999 SO	No.	42	2010
Farm economic size 100,000-249,999 SO	No.	10	2010
Farm economic size 250,000-499,999 SO	No.	1	2010
Farm economic size >500,000 SO	No.	2	2010
Average physical size	Ha UAA/holdings	4.6	2010
Average economic size	EUR of SO/holdings	2,600.0	2010
Average size in labour units (person)	Person/holdings	2	2010
Average size in labour units (AWU)	AWU/holdings	0.96	2010
18. Agricultural area			
Total UAA	ha	221,297.6	2010
Arable ³²	% of total UAA	1.83	2010
Permanent grassland and meadows	% of total UAA	94.98	2010
Permanent crops	% of total UAA	2.10	2010
19. Agricultural area under organic farming³³			
Certified	ha UAA	2,533.9	
In conversion	ha UAA	2,986.27	
Share of UAA (both certified and conversion)	% of total UAA	1.34	
20. Irrigated area			
Total irrigated land	ha	5,204.2	2010
Share of UAA	% of total UAA	2.35	2010
21. Livestock units			
Total number	LSU	118,410	2010
22. Farm labour force			
Indicator name			
Total regular farm labour force	Person	98,961	2010
Total regular farm labour force	AWU	47,057	2010
23. Age structure of farm managers³⁴			
Total number of farm managers	No.	48,870	2010
Share of < 35 years	% of total managers	5.60	2010
Ratio < 35/ >=55 years	No. of young managers by elderly managers	17,699	2010
24. Agricultural training of farm managers			
Share of total managers with basic and practical experience only	% of total	95.77	2010
Share of manager <35 years with basic and practical experience only	% of total	5.35	2010
25. Agricultural factor income (*)			
Share of gross value added at factor cost (factor income in agriculture) per annual work unit, over time	EUR/AWU or index	N/A	
26. Agricultural entrepreneurial income (*)			

³² MONSTAT - The methodology of the Agriculture Census 2010 is that arable land does not include yards and gardens, which are intended for their own consumption. Share of yards in total used land according to Census data is 1.09%.

³³ MARD data.

³⁴ MONSTAT - The holder of the agricultural family holdings is identified as a manager.

Standard of living of farmers: agricultural entrepreneurial income (net agricultural entrepreneurial income in real terms) per unpaid (non-salaried) annual work unit	EUR/AWU	N/A	
Standard of living of farmers as a share of the standard of living of employees in the whole economy (based on EUR/hour worked)	%	N/A	
27. Total factor productivity in agriculture (*)			
Ratio between the change in production volumes over a considered period and the corresponding change in inputs (or factors) used to produce them	Index values (2005 = 100)	N/A	
28. Gross fixed capital formation on agriculture			
GFCF	EUR million	NA	
Share of GVA in agriculture	% of GVA in agriculture	NA	
29. Forest and other wooded land (FOWL) (000)			
Total	1,000 ha	627 ³⁵	2011
Share of total land area	% of total land area	NA	
30. Tourism infrastructure			
Number of bed-places in collective tourist accommodation establishments: total and by type of region (predominantly rural, intermediate and predominantly urban)	Total: - number of bed places in each type of region: - number of bed places - % of total	38,392 ³⁶	
III: ENVIRONMENTAL/CLIMATE INDICATORS			
31. Land cover			
Share of agricultural land	% of total area	37.33	
Share of natural grassland	% of total area	15.21	
Share of forestry land	% of total area	9.95	
Share of transitional woodland shrub	% of total area	NA	
Share of natural land	% of total area	NA	
Share of artificial land	% of total area	NA	
Share of other area	% of total area	NA	
32. Areas with natural constraints			
UAA in the different categories of ANC: - non ANC - ANC, of which: - ANC mountain, - ANC other, - ANC specific.	% of total UAA	N/A	
33. Farming intensity			
UAA utilised for extensive arable crops (UAA with cereals yield < 60% of EU-27 average)	ha and % of total UAA	N/A	

³⁵ MONSTAT - Data from three years statistical research on the change of forest area (of 2011.).

³⁶ Data is related to permanent bed places. We do not have data by these type of region.

UAA utilised for extensive grazing (UAA with livestock density < 1 LU/ha of forage area)	ha and % of total UAA	N/A	
34. Natura 2000 areas			
Territory under N2000 - UAA under N2000 - Forest area under N2000	% of total territory / UAA / forest areas	N/A	
35. Farmland birds index (FBI) (*)			
Total (index)	Index 2000=100	N/A	
36. Conservation status of agricultural habitats (grassland)			
Total	% of total UAA	NA	
Mountain		NA	
Other		NA	
37. HNV (high nature value) farming (*)			
National conservation status	% of assessments of habitats	NA	
International conservation status	% of assessments of habitats	NA	
38. Protected forest			
Class 1: Main management objective „Biodiversity conservation“:	% of FOWL area	NA	
Class 1.1 No active intervention	% of FOWL area	NA	
Class 1.2 Minimum intervention	% of FOWL area	NA	
Class 1.3 Conservation through active management	% of FOWL area	NA	
Class 2: Main management objective „Protection of landscape“	% of FOWL area	NA	
39. Water abstraction in agriculture (*)			
Volume of water which is applied to soils for irrigation purposes	m ³	2,260,000 ³⁷	
40. Water quality			
Potential surplus of nitrogen on agricultural land	Kg N/ha/year	NA	
Potential surplus of phosphorus on agricultural land	Kg P/ha/year	NA	
Nitrates in freshwater – Surface water: High quality	% of monitoring sites	NA	
Nitrates in freshwater – Surface water: Moderate quality	% of monitoring sites	NA	
Nitrates in freshwater – Surface water: Poor quality	% of monitoring sites	NA	
Nitrates in freshwater – Ground water: High quality	% of monitoring sites	NA	
Nitrates in freshwater – Ground water: Moderate quality	% of monitoring sites	NA	

³⁷ MONSTAT - Data about irrigation systems are collected through regular annual surveys on agricultural enterprises.

Nitrates in freshwater – Ground water: Poor quality	% of monitoring sites	NA	
41. Soil organic matter in arable land (*)			
Estimates of Soil Organic Carbon (SOC) stocks in topsoil: - total SOC stock - mean SOC concentration - STD of SOC concentration	- gigatons in top 20 cm of the topsoil (total SOC stock) - g/kg (mean and STD of SOC concentration)	N/A	
42. Soil erosion by water (*)			
Rate of soil loss by water erosion	Tonnes/ha/year	NA	
Agricultural area affected	ha	N/A	
43. Production of renewable energy from agriculture and forestry			
From agriculture	kToe (kilotons (100 tonnes) oil equivalent)	N/A	
From forestry	kToe	174.7	2012
44. Energy use in agriculture, forestry			
Direct use of energy in agriculture/forestry	For both uses: - total in kilotonnes (1,000 tonnes of oil equivalent, kToe) For agriculture: - kg of oil equivalent per ha of UAA	N/A	
Direct use of energy in food processing	For agriculture: - kg of oil equivalent per ha of UAA	N/A	
45. GHG emission from agriculture (*)			
Total net emissions from agriculture (including soils): - Aggregated annual emissions of methane (CH ₄) and nitrous oxide (N ₂ O) from agriculture - Aggregated annual emissions and removals of carbon dioxide (CO ₂), and emissions of methane (CH ₄) and nitrous oxide (N ₂ O) from agricultural soils (grassland and cropland)	1,000 tonnes of CO ₂ equivalents	N/A	
Share of agricultural (including soils) in total net emissions	% of total GHG emissions	N/A	

ANNEX V - DESIGNATION OF THE PARTNERS CONSULTED - SUMMARY

Name of institution / body / person	Competence/Expertise	Name of the Contact Person
Directorate for Agriculture and Fisheries - Department of livestock	Livestock breeding	Gorica Bojić
Directorate for Agriculture and Fisheries - Department for Plant Production	Plant production	Marija Krstić
Directorate for Agriculture and Fisheries - Department of quality schemes and land policy	Organic Production and quality policy	Merisa Čekić Andrijana Rakočević
Directorate for Agriculture and Fisheries - Department of Fisheries	Fisheries	Milena Krasić
Directorate for payments	Payments in Agriculture (national budget, international and European funds)	Milena Vukotić Luka Đukanović
Water Directorate	Water management	Zorica Đuranović
Forestry Directorate	Forest management	Ranko Kankaraš
Extension service for plant production	Advisory services in agriculture - plant production	Vukota Stanišić
Livestock Selection Service	Advisory services in agriculture - Animal breeding	Gojko Babović
Authority for Food Safety, Veterinary and Phytosanitary affairs	Monitoring and preventing the occurrence, detection, control and eradication of certain infectious animal diseases; implementation of preventive animal veterinary medicine	Biljana Blečić
Authority for Food Safety, Veterinary and Phytosanitary affairs	Performs plant health; fertilizers, seed and planting material; food safety and GMO	Zorka Prljević
Biotechnical Faculty	Science and education	Zoran Jovović
Faculty for food technology, food safety and ecology (UDG)	Food safety	Aleksandra Martinović
Working Group 11 (consisting of National Authorities and bodies, civil, private and NGO sector representatives)	Negotiation group for chapter 11- Agriculture and Rural Development	Velimir Šljivančanin
Ministry of Sustainable Development and Tourism	Directorate for special forms of tourism and tourist infrastructure – Rural Tourism	Anka Kujović Enis Ljuljanović
Ministry of Health	Department for health protection	Mitra Đurišić
National tourism organisation	Developing of tourism	Dušanka Pavićević

Regional Development Agency Komovi, Bjelasica and Prokletije	Agro tourism	Jelena Krivčević
Ministry of Transport and Maritime Affairs	Directorate of Public Roads	Dalibor Milošević Miroslav Mašić
Statistical Office of Montenegro - MONSTAT	Department of Agricultural Statistics	Dragan Peković
Agency for Environmental Protection	The organisation, planning and participation in monitoring of the environment	Tamara Brajović Jasmina Janković
Monteorganica	Organic production	Jovan Nikolić
Ministry of Economy	Energy and regional development	Božidar Pavlović Žana Radulović
Ministry for Human and Minority Rights	Provision of Gender Equality	Biljana Pejović
Chamber of Commerce	Representing the general interest of the economy and all business entities	Lidija Rmuš
The Investment Development Fund	Finance, lending	Zoran Vujović Nikola Milosavljević
National Parks	Ethnographic heritage	Aleksandar Mijović
Network for Rural Development of Montenegro	Rural development	Ratko Bataković
National Association of Beekeepers	Beekeeping	Vladimir Radulović
National Association of Winegrowers of Montenegro	Grape and wine production	Rade Rajković
Union livestock breeders of northern Montenegro	Livestock breeding	Milko Živković
Meat processing plant „Mesopromet“	Meat processing	Hilmo Franca
Meat processing plant „Nani-prom“	Meat processing	Ivan Martinović
Diary „Nika“, Nikšić	Milk processing	Tomislav Žižić
Diary „Lazine“, Danilovgrad	Milk processing	Milutin Đuranović
Cheese plant „Intertehna“, Berane	Cheese production	Nebojša Stanković
Family farm „Miljanić“, Nikšić	Cheese production	Radivoje Miljanić
Cheese plant „Niksen trade“, Cetinje	Cheese production	Nikica Čavor
NGO “Farmers of Vranštica”	Meat, milk and feed production	Vučko Pešić
NGO “Healthy seed”	Crop production	Željko Macanović
“Eko meduza”, Bijelo Polje	Fruit processing	Jelica Vujičić

Family farm “Bio-plod”, Rožaje	Raspberry production	Šefkija Nurković
“DDS”, Mojkovac	Organic production (fruit)	Dragan Damjanović
Radovan Radojević, Bijelo Polje	Brandy production	Radovan Radojević
Dragiša Jeremić, Bijelo Polje	Fruit production	Dragiša Jeremić
Rudolf Elezović, Ulcinj	Fruit production	Rudolf Elezović
„MDD“	Fruit and vegetable production	Mladen Aligrudić
Asociation “Valdanos”, Ulcinj	Olive and olive oil production	Džaudet Cakuli
Association of olive producers Bar	Olive and oil production	Ćazim Alković
Zoran Miković, Budva	Olive and olive oil production	Zoran Miković
Association “Ulcinj”	Olive and olive oil production	Omer Dragovoja
Association “Ana e malit” Ulcinj	Olive and olive oil production	Gani Redža
“Monte fish”	Fishery and aquaculture	Marijana Krstović
Centre for Agro development, Bijelo Polje	Agriculture	Dejan Zejak
Ministry of Economy	Crafts	Lidija Radović

ANNEX VI - RESULTS OF CONSULTATIONS - SUMMARY

Subject of the consultation	Date of the consultation	Time given to comment	Names of institutions/bodies/persons consulted	Summary of the results
Preparing the IPARD II programme	March 2014	April 2014	Biotechnical Faculty Extension service for plant production Livestock Selection Service Veterinary Directorate Phytopathology Directorate	<ul style="list-style-type: none"> - Determination of minimum livestock units for support - Exclude the division into sectors for the minimum amount of investment - The eligible investment costs per priority sectors, - The total number of projects per applicant for the programming period - Compliance of agricultural holdings with EU standards at the end of the investment - The minimum capacity-related to the specific eligibility criteria, - Detailed definition of eligible measures under the priority sectors, - Exclude the division into sectors for the minimum amount of investment - The total number of projects per applicant for the programming period
Preparing the IPARD II programme	March 2014	April 2014	Ministry Sustainable Development and Tourism, National Touristic Organization, and Local Touristic Organizations	<ul style="list-style-type: none"> - Potential for agro tourism, - Specific eligibility criteria for rural tourism and selling points, - Definition of eligible investments.
Preparing the IPARD II programme	4 th July 2014	25 th July 2014	Wineries, dairy, meat and milk, fruit and vegetable producers and enterprises	<ul style="list-style-type: none"> - To simplify the procedure of application for IPARD (the difficulties in providing documentation for the MIDAS

				<p>project related to approvals and building permits)</p> <ul style="list-style-type: none"> - Mentioned the need for the wine sector inspector and suggested to find a way for his commitment to serious winemakers to protect against unfair competition. - Lack of land for applying; Reduce land fragmentation - To improve the knowledge of the farmers - Payment in instalments in order to facilitate project funding - Difficulties in providing financial resources - Bad infrastructure - Weak productivity - Support the investments in manure management - Lack of cooperation between farmers
Draft measures of the IPARD II programme	<p>Bijelo Polje (02/11/2015), Niksic (02/13/2015), Herceg Novi (02/14/2015) Podgorica (02/16/2015) Tuzi (04/01/2015) Golubovci (04/01/2015)</p>	<p>Bijelo Polje (02/11/2015), Niksic (02/13/2015), Herceg Novi (02/14/2015) Podgorica (02/16/2015) Tuzi (04/01/2015) Golubovci (04/01/2015)</p>	Agricultural producers and interested parties	<ul style="list-style-type: none"> - Breeding laying hens and a way to get support - Construction of mini cheese factories, - Whether the costs of the project documentation eligible for support - Reducing of the thresholds - Purchasing of livestock - Inclusion of the horticulture sector for support - Establishment of plantations of medicinal herbs
8.1.2. Rational Fruit, vegetable and arable sectors	03/27/2015	04/02/2015	Centre for Agro development, Bijelo Polje; Mr Dejan Zejak, dipl.ing.agr.	Add paragraph: And quality planting material with the appropriate assortment, and production of planting material suitable for

				<p>further distribution and planting in areas of Montenegro.</p> <p>Response: It is implied through necessary investments, and it will be closely specified by the measure Rulebook.</p>
<p>8.1.6.3. Economic viability of the holding</p> <p>8.2.6.2. Economic viability of the holding</p>				<p>“For investments over EUR 50,000 a complete and detailed business plan is needed” add/change with INVESTEMENT ELABORATE.</p> <p>Response: This statement is in accordance with the Sectoral Agreement, and cannot be changed.</p>
<p>8.1.5. Recipients</p> <p>Recipient is a natural or legal person engaged in agricultural activities, which is registered in accordance with the Law on Agriculture and Rural Development ("Official Gazette of Montenegro", no. 56/09 and no. 34/14).</p>	03/27/2015	04/02/2015	<p>Phytosanitary directorate Ms. Milka Petrušić</p>	<p>What will be the obligations of registration considering other laws? (eg. Food safety law)</p> <p>Response: Considering this programme, especially this measure that is related to primary production these criteria are enough. Recipients are Montenegrin citizens, so they are obliged to abide by national laws.</p>
8.1.8. Minimum and maximum of total eligible expenditure				<p>For certain types of production on which measure is about, the minimum amount of 10,000 euros is quite high, while for the other type is enough.</p> <p>Response: Because of overlapping with the measures supported through national budget, decreasing of the minimum amount of the eligible investment is not possible.</p>
<p>8.2.6.3. National standards/EU standards</p> <p>Not later than at the end of the project (before a final payment), the entire enterprise must comply</p>				<p>It differs from the national standards presented in the previous measure.</p> <p>Response:</p>

with the main relevant national minimum standards (list of national minimum standards set out in Annex III of this programme) in force regarding environmental protection, public health, animal welfare, and occupational safety				This chapter is not meant to be the same as the previous measure, because the types of investment and their nature are different.
Availability of credits	03/27/2015	04/02/2015	Investment development fund Zoran Vujović, Assistant of the Executive Director Nikola Milosavljević-Head of Credit and Guarantees sector	<p>Support sustainable holdings; Raise eligible criteria for having fewer recipients, but more serious and capable recipients to return credit. Response: According to the sectorial analysis and previous experience with the similar programs, this is the optimal criterion for this stage of development of Montenegrin agriculture.</p> <p>Give preference to measure (3); Response: As defined in the table indicative budget more fund are allocated for the Measure (3).</p> <p>Create a quality business plan that will show real possibility to repay a loan/credit; Response: The PA will prepare business plan and it will be defined in the measure Rulebook. The experience and needs of the bankers sector in Montenegro will be taken into account.</p> <p>Specify the procedure (limit the possibility of supplement documentation). Response: Concrete procedures of realization are defined in a separate document. While the funds for this programme are mainly from EU, National law still apply, so according to the Law of general administrative procedure,</p>

				amendment of documentation is a right of every recipient who submits an application.
Measure (1) - Investments in physical assets of agricultural holdings	03/27/2015	04/02/2015	Biotechnical faculty dr. Zoran Jovović	Define the eligible costs for medicinal plants (primary processing-pick flowers, blossom, separation, and distillation, production of essential oils); Response: Further and more detailed description of eligible investment and eligible costs will be presented in the Measure Rulebook.
				See the possibility to add new measures performance, measures against floods, and calcification of mountain land, conservation geno-fund. Response: Measures defined in the current programme can and will be expanded with additional measures during the programing period.
				Include in IPARD II winter school program for agricultural producers, the establishment of producer groups, support advisory services (training). Response: This type of support is intended through other measures (knowledge transfer, advisory services) that are not currently in the Programme.

				<p>Support crops for bio-energy.</p> <p>Response: Crops for bioenergy production are not separately mentioned, but also are not excluded, so if there is an investment intention there will be a support possibility.</p>
				<p>Predict that recipient could be agricultural cooperatives.</p> <p>Response: As defined, recipients for all measures can be legal persons, under which definitions are also the cooperatives.</p>
Measure (1) - Investments in physical assets of agricultural holdings	03/27/2015	04/02/2015	Association of Bee Keepers of Montenegro Vladimir Radulović	<p>Put the minimum 20 bee colonies instead of minimum 30 bee colonies.</p> <p>Response: Current eligible investment minimum is meant for IPARD II programme which is meant for a specific group of farmers, while for the applicants that cannot fulfil these criteria there is/will be a measure financed through national budget.</p>

<p>8.3.4. Linkage with other IPARD II programme measures</p>	<p>03/27/2015</p>	<p>04/02/2015</p>	<p>Regional Development Agency Bjelasica, Komovi i Prokletije Jelena Krivčević</p>	<p>In addition to these measures, it is essential that the national programme includes measures (if it is already impossible through IPARD) to raise the capacity of rural holdings in rural tourism, in terms of the types of tourism products and services that holdings can provide, improve the quality of these products and services, marketing and promotion. Since no one else is dealing with this, except, as you said in the Programme, sporadic donor projects, then the Ministry should take the responsibility to deal with this.</p> <p>Response: This measure is actually meant to further develop rural tourism, as it is possible to deduct from the definition of the recipient, eligible investment's and criteria. MARD gives support for development of rural tourism through Agrobudget.</p>
<p>8.3.6. Common eligibility criteria</p>				<p>Include treatment of waste (garbage collection) as well as wastewater from holdings in part "common eligibility criteria" and in eligible costs.</p> <p>Response: These types of investment/expenses are not foreseen for this measure and are actually a responsibility of the self-governments (municipalities).</p>

<p>8.3.8. Eligible expenditure 8.3.9. Eligible activities</p>				<p>The eligible costs in eligible activities is not mentioned anything that would be linked to the producers of souvenirs, which is also one of the important measures to diversify. We also have experience in rural areas, holdings engaged in beekeeping, often prepared and some cosmetic products based on honey and herbs (lotions, creams, soaps, salves), we have registered and examples, and this would also be a nice activity within Diversification.</p> <p>Response: Currently there in no Law or Rulebooks covering these types of production, so for the purpose of control these sectors currently are not eligible in this measure. As soon as they are defined in the National legislative they will be included in the Programme.</p>
<p>8.3.10. Selection criteria</p>				<p>20 points for renewable energy is perhaps too much, because realistically it is unlikely that the rural holding compete with installation of wind turbines, solar panels are the only outstanding but we do not know how effective the north, bearing in mind the relatively small number of sunny days.</p> <p>Response: For the purpose of energy efficiency additional point are given for the recipients investing in this sector. On the recipients is a choice on what type of system for energy production they want to apply. In the records of MARD nearly all applicants for solar panels are from the northern part of Montenegro, and the interest for this systems are only going up.</p>

<p>General</p>			<p>In places where mentioned national minimum standards regarding environmental protection, etc. should be noted that these are the standards, or provide a link where users can inform themselves in detail about them.</p> <p>Response: Additional explanation will be given in the Measure Rulebook and Manual that are not part of the Programme.</p>
<p>8.3.8. Eligible expenditure</p>			<p>The last bullet is not clear.</p> <p>Response: “In case of investment for renewable energy plants, this measure should support only projects with a capacity of production exceeding the annual self-consumption of the recipient.” Means that is not possible to support investments that will produce more energy than the holding needs on the annual basis (not possible to sell the energy produced).</p>
<p>8.3.11. Aid intensity and EU contribution rate</p>			<p>Here would be good to make a difference in the amount of participation depending on whether the recipient is a woman, if the holding is in the mountain areas.</p> <p>Response: The showed criteria are regulated with the Sectorial agreement and cannot be changed.</p>

8.1.9. Selection criteria	03/27/2015	04/02/2015	Monteorganika Jovan Nikolić	<p>In table with selection criteria “Investments of certified organic producer” change to Investments of the organic produces in the process of certification. Clarification:</p> <ol style="list-style-type: none"> 1. In livestock including beekeeping is no certificate for a transitional period. These people would be outcasts in terms of applying - and it should not be. 2. Why does someone who has just entered (the first year) do not apply and the first year is not entitled to a certificate <p>Response: These criteria are not eliminatory, just for the purpose of ranking.</p>
Measure (1) - Investments in physical assets of agricultural holdings	03/27/2015	04/02/2015	NGO “Farmers of Vranštica”, meat, milk and feed production Vučko Pešić	<p>Maximum of total eligible expenditure is too high, put the Maximum of total eligible expenditure 100 000, so the number of projects can be higher.</p> <p>Response: This Programme is meant for market oriented producers, heaving in mind that the minimum and maximum investment limits were set.</p>
Measure (3) - Investments in physical assets concerning processing and marketing of agricultural and fishery products				<p>Support milk processing on the holdings with the 50% of the investment. The recipient at the time of submission of application has to produce minimum 200 litters of milk.</p> <p>Response: This is accepted in the sense of companies that want to start with the processing.</p>
Meat sector				<p>Meat processing producers fulfil the HACCP and import raw material/meat, suggest to</p>

				<p>50% of the support to this sector transfer to meat production on the domestic holdings.</p> <p>Response: This is not acceptable for the programme</p>
Measure (3) - Investments in physical assets concerning processing and marketing of agricultural and fishery products				<p>Minimum and maximum of total eligible expenditure is too high, put the amount 10,000 to 150,000, so the number of projects can be higher.</p> <p>Response: The purposed amounts are not enough for the processing industries to achieve EU standards and further develop their production.</p>
Measure (7) - Farm diversification and business development				<p>Minimum and maximum of total eligible expenditure is too high, put the amount 10 000 to 50 000, so the number of projects can be higher</p> <p>Response: The amounts proposed in the measure (7) are proposed having in mind the criteria set in the measure, and the willingness of the farmers to invest in such a projects, further limiting them will have negative effects on the development of this sector.</p>
Draft measures of the IPARD II programme	03/27/2015	04/02/2015	Monte fish, fishery and aquaculture Marijana Krstović	Agree with the measures, everything is included.
Draft measures of the IPARD II programme	03/27/2015	04/02/2015	NGO "Healthy seed", crop production Željko Macanović	No suggestions, everything has been done studiously.

ANNEX VII- LIST OF ELIGIBLE CRAFTS

Car electrician
Car painter
Car body technician
Car mechanic
Barrel maker
Well driller
Watchmaker
Lace maker
Chimney sweeper
Woodworker and woodcarver
Electrical technician for home appliances and electrical devices
Photographer
Engraver
Glass engraver
Basket maker
Musical instrument maker
National costume maker
Wrought iron products maker
Glass products maker
Souvenir maker
Stonecutter
Keymaker
Boilermaker
Blacksmith
Tailor
Furrier and/or leatherworker
Tinsmith
Motorcycle mechanic
Agricultural and construction machine mechanic
Butcher
Metalworker
Miller
Mosaic maker
Shoemaker
Vehicle washer
Carpet washer
Beermaker and maltmaker
Knitter
Delicatessen
Precision mechanic
Shoe producer
Ceramic art maker
Saddle maker
Icon and fresco painter
Glass and porcelain painter
Glasscutter
Carpenter
Leather tanner
Purse maker
Carpenter
Weaver
Turner
Rope maker
Embroiderer
Waxer