

**Government of Montenegro**

**Ministry of European Integration**

## **Questionnaire**

Information requested by the European Commission to the Government of Montenegro for the preparation of the Opinion on the application of Montenegro for membership of the European Union

– ADDITIONAL QUESTIONS –

### **22 Regional policy & coordination of structural instruments**

Minister:

**Gordana Djurovic**



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## **CHAPTERS OF THE ACQUIS – ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP**

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## **22: Regional policy & coordination of structural instruments**

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## ***I. Legislative framework***

### **Regional development legislation**

#### **1. (Ref to Q. 2.c): As regards decision-making at national level, please clarify the role of the Ministry of Interior and Public Administration in the process.**

The Ministry of Economy, i.e. the Department for Regional Development is a key body for preparation of regional development policy at national level. Therefore, the Ministry of Economy initiates adoption of acts on regional policy at national level.

As regards the role of the Ministry of Interior and Public Administration in defining **local government** policies, it is necessary to mention the following competences: organisation and scope of the local government; functioning and implementation of regulations from the area of the local government; territorial organisation of the local government; international co-operation of the local government units with local government units of other countries; cooperation with international organisations and specialised bodies; implementation of international treaties relating to the local government; giving opinions on laws, other regulations and general acts that regulate the system of public bodies and local government.

Bearing in mind the above mentioned, the role of the Ministry of Interiors and Public Administration in making decisions related to **regional development** is to give opinions on laws and other acts that define this area. In addition, under Article 12 paragraphs 2 and 3 of the Decree on the Government of Montenegro (Official Gazette of Montenegro 80/08) and with the aim of establishing coordination mechanisms, the Ministry of Interior and Public Administration participates in the work of inter-ministerial working groups established in order to evaluate comprehensive affairs of regional relevance.

### **Co-financing mechanisms at national, and, where relevant, regional and local level**

#### **2. (Ref to Q. 10, 11): As regards co-financing of EU programs: Please outline in more details how you envisage ensuring co-financing of multi-annual programmes, as the state budget is adopted on annual basis.**

National co-financing by entities that are beneficiaries of the state budget will be ensured in compliance with legal norms of the Budget Law and annual State Budget Laws. In fact, in the procedure of adoption of annual state budgets there is a possibility to plan funds for co-financing of projects financed from the EU funds. Co-financing by entities at local level will be provided in the budgets of the local government under the same conditions as at the level of the state budget.

As regards multi-annual programmes, the Budget Law (Official Gazette of the Republic of Montenegro 40/01, 44/01, 71/05, Official Gazette of Montenegro 12/07) prescribes the obligation for proposal of the State Budget Law for the next year and Decisions on municipal budget to be accompanied by outline of the planned revenues and expenditures for the following three fiscal years, including the outline of multi-annual agreed obligations, multi-annual expenditures and investment programmes.

## **Territorial Organisation**

**3. (Ref to Q. 20, 21, 24): The replies to these questions refer to the answer to Question 17. However, the information provided there does not comprise all elements requested in Questions 20, 21 and 24. Please provide more detailed replies.**

As regards clarification regarding the existence of bodies for regional development at the level of NUTS2 and their responsibilities and roles, we underline that according to the Law on Territorial Organisation of Montenegro (Official Gazette of the Socialist Republic of Montenegro 10/60, 6/65, 6/70 and 45 / 90) as well as the proposal of the Statistics Office in relation to statistical regions in Montenegro that correspond to NUTS regions under EC regulation 1059/2003 which is consistent with EUROSTAT, Montenegro is considered as **one region** at all levels of the NUTS classification. Taking into account population and territory size, Montenegro corresponds to one region - Montenegro is one country and at the same time one region. Montenegro is territorially divided into 21 local government units. Each local government unit has its own representative body whose members are elected at the level of local government units.

**4. (Ref to Q. 26.f): Please provide more information on the role of the regional and local/municipal governments in implementing social inclusion policies towards RAE population, refugees and internally displaced persons.**

As noted in the responses for several times, in Montenegro there are no regional governments for implementation of specific policies, instead there is only a national government at the level of Montenegro and local government which is organised in 21 municipalities.

**The Law on Local Government** (Official Gazette of the Republic of Montenegro 42/03, 28/04, 75/05 and 13/06) stipulates that for the purpose of performing affairs of direct interest for local population, the municipality shall establish public services in the field of tourism, education, culture, physical education and sports, technical culture, social and child protection, employment, primary health care and in other fields (Article 34);

**The Law on Social and Child Protection** (Official Gazette of the Republic of Montenegro 78/05) prescribes that social and child protection shall be provided by institutions for social and child protection which may be established either as public or private. It also prescribes that certain affairs in the field of social protection and programmes related to this field may be implemented by: the state, local governments, civil society organisations and other legal or natural persons.

In addition, the adopted **strategic documents** (Development and Poverty Reduction Strategy (2003-2007); National Plan of Action for Children (2004-2010); National Programme of Prevention of Unacceptable Behaviour of Children and the Young in Montenegro (2004-2006); Strategy for Permanently Resolving the Issues of Refugees and Internally Displaced Persons in Montenegro (2005-2008); National Action Plan for the "Decade of Roma Inclusion 2005-2015" in the Republic of Montenegro; Strategy for the Prevention of Poverty and Social Exclusion (2007-2011); Strategy for Improvement of Position of RAE Population in Montenegro (2008-2012); Strategy for Development of the Systems of Social and Child Protection in Montenegro (2008-2012); Strategy for Integrating Persons with Disabilities in Montenegro (2008-2016); Action Plan for the Strategy for Integrating Persons with Disabilities in Montenegro (2008-2009); Inclusive Education Strategy in Montenegro (2008-2012); National Strategic Response to Drugs (2008-2012); Action Plan for Implementation of the National Strategic Response to Drugs (2008-2009)) have been developed with full participation of representatives of the local government, whereas implementation of various activities has been recognised as priority at local level.

The response contains only some of the examples of good practice implemented for certain categories of citizens in the field of social inclusion at the level of municipalities (Podgorica, Bar, Bijelo Polje, Berane, Nikšić).

All **social inclusion** programmes are described in responses to Chapter 19 – Social Policy and Employment, Part V: Social Inclusion, particularly question 109 and in additional response to this question (the same question, under number 40 within additional questions as of 01 March 2010). Position of Roma and activities in relation to their social inclusion are described in responses regarding Political Criteria, Human Rights Chapter, in the part on Rights and Protection of Minorities, questions 101 through 106, as well as in additional questions prepared for the field of Human Rights, numbers 73 and 75.

Responses on measures implemented in relation to **refugees and displaced persons** are provided in the chapter on Political Criteria, Part concerning regional affairs and international obligations, questions 107-112. **Statistical overview of re-registration of displaced persons from Kosovo, including their ethnic structure** is submitted within additional responses to the question 73 in Political Criteria (please see the attachment in relation to additional question 73).

**5. (Ref to Q. 27): Please provide a more detailed answer describing also the municipal competences more accurately.**

After adoption of the Law on Amendments to the Law on Local Government (Official Gazette of Montenegro 88/09) the following competences are prescribed in Articles 31, 32 and 33 for local government units as the only level of self-governance in Montenegro, in the field of their own affairs:

Article 31 prescribes that the municipality, in accordance with the law and other regulations, shall adopt:

- 1) development plans and programmes;
- 2) plans and programmes for individual administrative areas;
- 3) spatial-urban plans and other plans;
- 4) budget and budget balance sheet;
- 5) multi-annual investment plan;
- 6) and other acts in accordance with its competences.

Article 32 prescribes that the municipality, in accordance with the law and other regulation, shall:

- 1) regulate and provide performance and development of communal activities, maintenance of communal facilities and communal order;
- 2) regulate and provide performance of construction, reconstruction, maintenance and protection of local and uncategorised roads and streets in settlements;
- 3) regulate and provide passenger transportation in urban and suburban transport, taxi transportation and transportation for one's own needs;
- 4) regulate and provide transportation in its area;
- 5) regulate and provide conditions for the construction and use of facilities and conditions for the construction and installation of auxiliary facilities and assembled facilities of temporary nature;
- 6) regulate and provide restoration of the use of construction land in accordance with local planning documents and refurbishment of the construction land with utilities;
- 7) regulate and provide conditions for entrepreneurship development;
- 8) regulate, provide and take care of local resources of general interest;
- 9) provide conditions and take care of environment and its certain parts (air quality, protection against noise, solid waste management etc.);

- 10) regulate and provide conditions for the management of water, water land and water facilities of local relevance, take care of their protection and use, issue water regulations and keep required records; identify eroded areas, anti-erosion measures and carry out protection against erosions and torrents; organise and provide performance of other affairs from the area of water management, use and protection and water supply;
- 11) regulate relations in the field of housing and take care of providing conditions for maintenance of residential buildings;
- 12) regulate, provide and create conditions for development of culture and protection of cultural heritage;
- 13) regulate, organise, create conditions for and take care of development of tourism as well as undertaking of activities which promote development of tourism;
- 14) create conditions for development and promotion of sports for children, youth and citizens as well as development of inter-municipal cooperation in the field of sports;
- 15) create conditions for the use of agricultural land and take care of its protection;
- 16) in accordance with the law and in line with its possibilities, participate in providing conditions and improvement of the following activities: health care, education, social and child protection, employment and other fields of interest for local population and also exercise rights and obligations of the founder of institutions which it establishes in these activities;
- 17) in line with its possibilities, regulate and provide resolution of housing needs of the socially disadvantaged persons and persons with special needs and assist the work of humanitarian and non-governmental organisations engaged in these fields;
- 18) regulate and provide conditions for informing local population;
- 19) regulate and provide conditions for development of library and other activities of interest for local population;
- 20) decide on rights from the field of veteran and disability benefits and keep records on those exercising such rights;
- 21) regulate and provide conditions for protection and rescue of local population from natural disasters, fire, explosions, breakdowns and other accidental and emergency events;
- 22) organise and implement measures for the protection of population against infectious diseases;
- 23) create conditions for development of agricultural production (growing of fruit, vegetables and olives) and perform other affairs from this field;
- 24) create conditions for consumer protection;
- 25) regulate the manner and conditions for keeping pets, the way of treating abandoned and lost animals, provide conditions for their care and implement measures to control their reproduction;
- 26) define working hours in certain activities and determine areas in which a specific activity may be performed;
- 27) regulate and provide conditions for holding public fairs of local relevance;
- 28) regulate the manner of organising public works of local relevance;

The municipality shall also perform the following activities within its own competences as prescribed in Article 33:

- 1) manage, control and protect its property and exercise certain property rights in relation to public assets in accordance with the law;
- 2) regulate, introduce and determine the amount of its own revenues in accordance with the law;
- 3) organise and determine, collect and control its own revenues;
- 4) decide on rights and obligations of citizens and legal persons in the affairs falling under its competence;
- 5) determine public interest for expropriation of the real estate of local relevance in accordance with the law;
- 6) keep voting register and other records in accordance with the law;
- 7) conduct inspection control and ensure communal order in accordance with the law;
- 8) organise and provide legal aid to citizens;

- 9) establish public recognitions and awards;
- 10) perform other affairs in compliance with needs and interests of local population.

As regards devolved and delegated affairs, the **Law on Local Government** (Official Gazette of the Republic of Montenegro 42/03, 28/04, 75/05 and 13/06 and Official Gazette of Montenegro 88/09) prescribes that performance of certain affairs under the competence of public administration may be devolved to the municipality when in so doing it is ensured that their performance will be more efficient and effective and that performance of certain affairs that fall under the competence of public administration may be delegated to the municipality by means of Government regulation (Article 38).

In addition to the above mentioned, Article 39 prescribes that the municipality shall perform **affairs** devolved to it in the fields of education, primary health care, social and child protection, employment and in other fields of interest for local population in accordance with the special law.

Additionally, devolving and delegating of affairs from public administration to the local government is prescribed in Article 81 of the **Law on Public Administration** (Official Gazette of the Republic of Montenegro 38/03 and 22/08). As regards devolving of affairs, the Law lays down that such devolved affairs shall be performed by the local government body.

As regards delegating of affairs, it is important to underline that it is preceded by development of the **feasibility study** which contains: justification for delegating, affairs that are delegated, an entity to which they are delegated and views and opinions of the local government body on the possibility to perform them. Human resources, technical and financial conditions are particularly assessed, while manner and conditions of financing are also specified. These affairs are funded from the budget of Montenegro.

Example of **devolving part of affairs to the local government units** by means of a substantive law is the **Law on Environment** (Official Gazette of Montenegro 48/08) in which Article 7 prescribes that environmental protection shall, among others, be also ensured by local government bodies in accordance with their rights and responsibilities. As prescribed in Article 8, this means that entities in charge of environmental protection shall, in accordance with their rights and obligations, provide the following: a) control and prevention of all forms of pollution and degradation of environment, i.e. their reduction to the minimum possible level and b) recovery and rehabilitation of the parts or segments of environment the quality of which has been impaired as a result of pollution and other forms of degradation. In so doing, entities in charge of environment ensure sustainable use of natural resources as a basic condition for sustainable development. Article 62 further prescribes that local government unit may, in line with its rights and obligations, prescribe the fee for environmental protection and improvement in accordance with its needs and specificities and that the funds collected from fees shall be designated to be used for environmental protection and improvement on the territory of the local government unit.

On the other hand, example of **delegating of a part of affairs** in the field of traffic regulation is the Decree on delegating of a part of affairs of the Police Directorate to the Capital City – Podgorica (Official Gazette of the Republic of Montenegro 25/07). The Decree prescribes that public administration affairs falling under the competence of the Police Directorate in relation to the **relocation of vehicles** parked on places referred to in Articles 60 and 61 of the Law on Traffic Safety on Roads (Official Gazette of the Republic of Montenegro 72/05 and 27/06) to another place shall be delegated to the Capital City – Podgorica – that is, to the **communal police** and that in performance of such affairs the competent authority of the Capital City shall also be delegated the power to institute and conduct misdemeanour proceedings in accordance with the law (Article 1).

**Communal police** is a special service of the municipality established under the Law on Local Government which has jurisdiction to provide communal order by conducting communal supervision in the following areas: water supply, public sanitation, public lighting, parking, passenger transportation in urban and suburban transport, taxi transportation, maintenance of markets, parks, green areas etc. (Article 79 of the Law on Local Government).



## **II. Institutional framework**

**6. (Ref to Q. 31): As regards the preparation for IPA Component III and IV: Please provide a more elaborated answer to this question on the basis of the relevant action plan and the meeting held with DG REGIO, EMPL and ELARG in November 2009.**

Montenegro, being a country with the status of potential candidate for the membership in European Union, has access to the Component I – Transition Assistance and Institution Building and Component II – Cross Border Cooperation. The following activities in EU integration process require, among other things, extensive preparations for access to IPA Components III, IV and V. The difference between Components I and II and Components III, IV and V is the fact that in order for these components to be used the European Commission needs to transfer management ownership to the national authorities (Decentralised Implementation System – DIS) which is ensured by accreditation of national authorities by European Commission.

Therefore, the Ministry for European Integration assisted by CDP developed the **draft Action Plan for IPA Components III and IV** aiming to prepare institutions, structures and strategic documents necessary for the use of IPA Components III and IV. One of the crucial challenges faced by Montenegrin administration in the period to come is going to be capacity building for efficient use of Components III and IV and development of strategic documents: **Strategic Coherence Framework (SCF) and Operational Programmes (OPs)**. These documents are to integrate national priorities defined in sectoral strategies and priorities of European Union defined in the field of transport, environmental protection and human resources development.

Under IPA Implementing Regulation, SCF is going to be developed by the **Strategic Coordinator** and representatives of line ministries involved in the use of IPA Components III and IV. SCF represents a comprehensive framework aimed at providing compliance between Operational Programmes of IPA Components III and IV and other Components under IPA Programme as well as with national and other international assistance programmes. As it has been written in DG Regio/DG Employment recommendations from May 2009, it is recommended to establish a **Inter-Ministerial Coordination Body** that will prepare **draft** Strategic Coherence Framework and Operational Programmes under the guidance of the Strategic Coordinator.

Representative of the Directorate General for Enlargement suggested that **Operating Structures** should be established in the simplest way possible so as to avoid potential ambiguities in terms of division of responsibilities within the structure. In addition, it was suggested to define **several priorities** within **Operational Programmes** which would in the case of Component III include the following: joining trans-European networks for environmental protection (waste management, protection of drinking waters, solid waste management etc.). In addition, attention should also be focused on introduction of EU standards in the field of investments (public procurement, environment etc.), while there is also an emphasis on the need to take care of existence of political support in development of structures and later use of funds available under Component III and IV.

In addition, given the size of Montenegro, its population and the amount of available funds, it was recommended to develop **one Operational Programme with identified priorities – transport and environmental protection** where due to the value of the projects from these fields it is not necessary to equally distribute funds among priorities. In December 2009 the Government of Montenegro adopted Information and Indicative Action Plan for Introduction of IPA Components III and IV. The Information mentioned above **defines Operating Structures**.

**The Ministry for Spatial Planning and Environment** runs the Operating Structure for IPA Component III, while the Ministry of Transport, Maritime Affairs and Telecommunication constitutes its member.

Operating structure for IPA Component IV is run by **the Ministry of Labour and Social Welfare**, while the Ministry of Education and Science constitutes its member.

**Central Finance and Contracting Unit** has been identified as the body responsible for implementation of projects, while the Ministry for European Integration is in charge of development of strategic documents.

According to the Information mentioned above, the plan is to submit the first draft **Strategic Coherence Framework** to the European Commission **at the end of April 2010**. The second draft is planned to be submitted in **July** and final versions in **October 2010**.

As regards **Operational Programmes** for Components III and IV, the first draft is planned to be submitted to the European Commission in **July 2010**. The second draft is planned for **November 2010** and final version for the **end of February 2011**.

Implementation of activities and measures under Components III and IV contained in Operational Programmes is going to be responsibility of Operating Structures **specifically** established for IPA Components III and IV which will be in charge of programming and implementation of projects from these Components. The Operating Structure will specify priorities, measures, list of main projects (only for IPA III Component), financial table which indicates contribution of the European Commission and national contribution in accordance with required co-financing rates, in terms of management and implementation. In order to develop these two Operational Programmes the above mentioned Inter-Ministerial Coordination Body should be divided in **two working sub-groups**: one for OP for Component III and one for Component IV. Development of necessary documents and the very coordination will be a demanding process which must be implemented in consultations with relevant partners (trade unions, chambers of economy, non-governmental organisations etc.) and in permanent dialogue with the European Commission.

Under **IPA Component III**, Indicative Action Plan envisages development of one Operational Programme which would contain **two priorities for the period 2011-2013**: transport and environmental protection. In addition, authorities directly engaged in the fields covered by Components III and IV that are under the competence of the Ministries mentioned above have also been taken into consideration during establishment of the Operating Structure (in the case of Component IV – Employment Office, Centre for Vocational Education, Education Office).

Preparations for introduction of IPA Components III and IV have been undertaken in Montenegro since November 2009.

In fact, in November 2009 representatives of Montenegrin institutions were on a **working visit** to the Directorate General for Enlargement, Directorate General for Regional Development and Directorate General for Employment, Social Affairs and Equal Opportunities in order to define activities to take place in the field of establishing the systems for the use of IPA Components III and IV. Indicative Action Plan for introduction of the above mentioned Components, identification of Operating Structures and definition of priorities for the fields covered by these Components were presented on that occasion. In addition, NIPAC appointed Assistant Minister for European Integration in November (Department for Programming, Monitoring and Evaluation of Technical and Financial Assistance from the EU) as a Strategic Coordinator for IPA Components III and IV.

In order to provide support to the above mentioned activities, the **project** entitled *Technical Assistance to the Establishment of Structures and Preparation of Documents for IPA Components III and IV* was designed. Implementation of the project began in March this year. Project budget amounts to EUR 200,000 and it is financed from the reserved funds of IPA 2008 Programme. Project duration is one year. The project aims to provide assistance to structures in the process of establishing systems for the use of IPA Components III and IV which will have direct impact on capacity building for the later use of Structural Funds.

As regards development of the above mentioned documents, it is necessary to underline that the project to provide assistance to development of the National Development Programme (NDP) is planned under **IPA 2009**. Such document will, in addition to the framework for development of the state, also contain an overview of projects to be financed in Montenegro in the period to come.

In addition, given the fact that Components III and IV will not be available to Montenegro before introduction of the Decentralised Implementation System, it is necessary to underline that the

programme to provide support to the introduction of DIS for the first four IPA Components has been planned under **IPA 2009**. The project is expected to begin in the III quarter of this year.

**7. (Ref to Q. 40): Please provide an update and more detailed information. The reply should describe the institutions already in place and institutions planned to be set up together with their (planned) scope of duties (e.g. Audit Authority).**

The difference between institutional set-up within IPA instrument for Components III and IV and the existing centralised set-up is the fact that the European Commission needs to transfer management ownership to the national authorities in order for Components III and IV to be used (Decentralised Implementation System – DIS) which is effected by **accreditation of national authorities by the European Commission**. In addition, one of requirements for the transfer to DIS is development of strategic documents: Strategic Coherence Framework (SCF) and Operational Programmes (OP).

Accordingly, the Ministry for European Integration assisted by CDP developed the draft **Action Plan for IPA Components III and IV** aiming to prepare institutions, structures and strategic documents necessary for the use of IPA Components III and IV. One of the critical challenges faced by Montenegrin administration in the period to come is going to be capacity building for efficient use of Components III and IV and development of strategic documents: Strategic Coherence Framework (SCF) and Operational Programmes (OPs). These documents are to integrate national priorities defined in sectoral strategies and priorities of European Union defined in the field of transport, environmental protection and human resources development.

Main structures that are in place and involved in IPA funds management and implementation according to DIS are as follows:

- National IPA Coordinator (NIPAC); Gordana Đurović, PhD, Minister for European Integration, appointed by the Decision of the Government of Montenegro no. 03-2504/3 from 13 March 2008
- Strategic Coordinator for Components III and IV (SCO); Aleksandar Drljević, Assistant Minister for European Integration
- Competent Accrediting Officer (CAO); Igor Lukšić, PhD, Minister of Finance, appointed by the Decision of the Government of Montenegro no. 03-2504/4 from 13 March 2008
- National Authorising Officer (NAO); Boris Bušković, Assistant Minister for Treasury at the Ministry of Finance, appointed by the Decision of the Ministry of Finance no. 01-9672/1 from 20 October 2009
- National Fund (NF);
- Operating Structure (OS);
- Audit Authority (AA).

In addition to these structures that have been set up in Montenegro, IPA Implementing Regulation also envisages **two Monitoring Committees** with the aim of providing coherence and coordination during implementation of IPA projects and involvement of all relevant stakeholders:

- IPA Monitoring Committee (IPA MC);
- Sectoral Monitoring Committees (SMCs) for each OP.

As regards IPA Components III and IV, the preparation and implementation of OP is primary responsibility of the **Operating Structure (OP)**. Article 28 of IPA Implementing Regulation defines (OS) as the “body or collection of bodies within the administration of the beneficiary country” which (under Article 11) does not require demonstration of hierarchical link as long as they are connected with “formal working arrangements”, while responsible bodies are clearly defined and responsible for every task they assigned to the other authorities. Article 167 requires appointment of the chief

of all Operating Structures, that is the Head of Operating Structure for each programme under IPA III and IV. Implementation of activities and measures under Components III and IV contained in Operational Programmes is responsibility of **Operating Structures** which are specifically established for IPA Components III and IV and which will be in charge of programming and implementation of projects under these Components. Operating Structure will contain priorities, measures, list of main projects (only for IPA III Component), financial table that indicates the amount of contribution of the European Commission and national contribution in accordance with required co-financing rates, in terms of management and implementation. In order to develop these two **Operational Programmes** the above mentioned Inter-Ministerial Working Body should be divided into two working sub-groups: one for OP for the Component III and one for the Component IV. Development of necessary documents and the very coordination will be a demanding process which must be implemented in consultations with relevant partners (trade unions, chambers of economy, non-governmental organisations etc.) and in permanent dialogue with the European Commission.

Under IPA Component III, the Indicative Action Plan envisages development of one Operational Programme which would contain two priorities for the period 2011-2013: transport and environmental protection. In addition, authorities directly engaged in the fields covered by Components III and IV that are under the competence of the Ministries mentioned above have also been taken into consideration during establishment of the Operating Structure (in the case of Component IV – Employment Office, Centre for Vocational Education, Education Office).

Having in mind sectoral strategies and priorities of Montenegro, recommendations of Directorates General and funds that will be available under IPA Component III, the Operating Structure is run by **the Ministry for Spatial Planning and Environment, while the Ministry of Transport, Maritime Affairs and Telecommunication constitutes part of the Operating Structure.**

Operating structure for IPA III Component – Regional Development is as follows:

1. Mr. Siniša Stanković, Assistant Minister for Spatial Planning and Environment, Head of Operating Structure;
2. Ms. Jadranka Vojinović, Director of the Project Implementation Unit in the field of environmental protection – PROCON;
3. Mr. Srđan Vukčević, Assistant Minister of Transport, Maritime Affairs and Telecommunication;
4. Mr. Zoran Vukašinić, Ministry of Transport, Maritime Affairs and Telecommunication, Advisor;

Operating structure for IPA IV Component – Human Resources Development is as follows:

1. Ms. Vladimira Radovanić, Assistant Minister of Labour and Social Welfare, Head of Operating Structure;
2. Ms. Dženana Šćekić, Ministry of Labour and Social Welfare, Advisor;
3. Ms. Ivana Petričević, Ministry of Education and Science, Advisor to the Minister;

As regards the part of Operating Structure in charge of contracting and tenders, the Central Financing and Contracting Unit (CFCU) in the Ministry of Finance will be responsible for contracting and tenders for **Components III and IV. The Decree on establishment of internal audit in public sector** provides for establishment of Internal Audit Units independently from establishment of DIS. Obligation to establish Internal Audit Units depends on size of the budget and number of employees in a specific ministry. All entities that are obliged to constitute Internal Audit Units must do so in accordance with Article 40 of the Law on the System of Internal Financial Controls and the above mentioned Decree by the end of April at the latest.

Of the total number of entities with obligation to establish Internal Audit Units (24), 16 entities have already amended their Rulebooks on Internal Organisation and Job Descriptions which created conditions for recruitment and assignment of internal auditors in these entities. The remaining entities are currently amending their Rulebooks.

Internal Audit Department of the Ministry of Finance will perform audit of all DIS structures, audit of NF, CFCU and Project Implementation Units of the Ministry of Finance. Internal audit represents part of the Operating Structure for IPA Components I and II. **Audit Authority** is the body that is functionally independent from other participants in the management and control system whose function is to perform audit of disbursement of IPA funds. Since the beneficiary country makes its own decision on where to place this body, with the obligation to respect requirements of the EC, that is their Directorates responsible for certain areas of action, Montenegro has decided to place this body in the State Audit Institution (SAI). For that purpose, an agreement was signed between the Government of Montenegro and the State Audit Institution on establishment of Audit Authority as a structure required for the introduction of DIS. The agreement was signed on 13 January 2010 between CAO on behalf of the Government of Montenegro and President of the SAI Senate. However, EC is of the opinion that this may be considered **acceptable** only as short-term solution until **opening of negotiations on Chapter 32 – Financial Control** as it has been specified in the Agreement itself. Afterwards, detachment of Audit Authority from the State Audit Institution will be necessary. This period of transition should be used for identification of people who will do this job and their training. Audit Authority is not subject to accreditation by the EC, but is subject to regular controls of EC auditors.

### **III. Administrative capacity**

**8. (Ref to Q. 42): The reply does not include any references to a need for specific IPA Component III and IV training. Please provide additional information regarding training concluded and envisaged on this particular topic.**

Montenegro, being a country with the status of potential candidate for the membership in the European Union, has access to the Component I – Transition Assistance and Institution Building and Component II – Cross-Border Cooperation. The following steps in EU integration process require, among other things, extensive preparations for access to IPA Components III, IV and V. This means that Montenegro needs to prepare necessary institutions, structures and strategic documents for IPA Components III and IV.

As regards the process of preparation for introduction of DIS and use of IPA Components III and IV, the Ministry for European Integration assisted by Capacity Development Programme – CDP organised **three trainings** in 2009 for senior programming officers in ministries that have been identified as potential beneficiaries of IPA Components III and IV.

Ministry for European Integration, with assistance of the Capacity Development Programme – CDP and Belgium consulting firm B&S (Business & Strategies Europe) will organise **additional trainings in 2010** for employees at the Ministry for European Integration and line ministries which implement projects financed under the Instrument for Pre-Accession Assistance (IPA).

Representatives of the Ministry for European Integration were on a study visit to **Malta** in February 2010 which was organised by **TAIEX** (Technical Assistance Information Exchange Instrument) in cooperation with the Cabinet of the Prime Minister of Malta with the aim of getting familiarised with IPA Components III “Regional Development” and IV “Human Resources Development”. During the visit, Montenegrin delegation had the opportunity to get familiarised with organisation of public administration of Malta and the way of planning, coordinating and managing EU Structural and Cohesion Funds.

As regards future activities in relation to IPA Components III and IV, **the following trainings are planned for 2010:**

- Seminar on the overall process of IPA programming and the structure and contents of the Strategic Coherence Framework (SCF) and Operational Programmes (OP) for Components III and IV;
- Thematic workshop on Strategic Planning and definition of OP priorities;
- Training on Methodological Tools used for programming;
- Interactive workshop on socio-economic analyses and SWOT analyses;
- Interactive workshop on definition of the objective, priorities and work;
- Consultation processes and organisation of focus groups that will define priorities and objectives for SCF and OPs for Components III and IV;
- Consultation processes on dissemination of information in relation to the preparation of strategic documents for the IPA Component III and IV and awareness raising about SCF and OPs.

**9. (Ref to Q. 47): Besides remuneration and bonuses, please describe what efforts are undertaken to retain civil servants from moving to the private sector.**

One of the basic efforts undertaken to retain movement from public administration to the private sector is increasing motivation of employees – the feeling that civil servants and state employees have about their work and job. There exists a very clear correlation between satisfaction at work and productivity. Satisfaction at work depends not only on financial rewards, but also on the nature

of job and the right to what has been earned. Motivation is usually considered to be driver of success.

Heads of public authorities influence motivation of employees in several ways: by means of formal recognitions and rewards; awards presented on the spot; high quality training and development of staff; good working environment (professional conduct, adequate equipment etc.); development of team spirit and awareness raising about importance of the job they do for future development of the country; enabling employees to have access to professional advancement outside Montenegro; attending and participating at important regional and European conferences in which speeches are given about results achieved on the road to European integration of the country and in which position of Montenegro is promoted as that of the partner country and country promoting regional cooperation; organisation of visits to EU institutions and dialogue at an expert level about future form of arrangements of certain policies in Montenegro; representation of public institutions at important conferences organised by international organisations etc. Such professional challenges are available to the young professional staff only in public administration if they really wish to invest in their knowledge and professional qualifications.

As regards jobs in the field of **European integration**, the Government of Montenegro pays considerable attention to investing in staff, investing in human resources. Even if this staff **gets transferred** to the other institutions and companies in Montenegro, such staff **continues to provide a strong contribution to further integration process and strengthening of overall administrative capacity of the country**. Their new knowledge is of permanent value for the country and they have good position on the labour market as precious human resources that have adopted professional standards in doing their jobs.

Global financial crisis has had impact on public administration in terms of introducing significant saving and cost-effective measures, but this has not led to considerable quitting of jobs in public administration by the qualified staff. This confirms one more time what was presented by SIGMA/OECD at the meeting with representatives of Montenegrin institutions during their visit to Montenegro (22-26 March 2010): Montenegrin administration is overwhelmed with **very great enthusiasm for the European integration process and people are very committed to fulfilling all EU recommendations**.

In addition, the Global Financial Crisis that has effect on unemployment growth has confirmed one more time that the job in public administration is perceived as safer which is one of the reasons which has recently influenced candidates and high quality staff in their decision to work or try to find job in public administration.

Gradual emerging from economic crisis will create conditions for certain jobs in public administration to be rewarded in higher quality manner and in financial terms in accordance with opportunities of the planned public spending framework and generated GDP. Good practice of the countries that successfully completed EU accession process will be used.

## **IV. Programming**

**10. (Ref to Q. 52): Please provide a more detailed answer outlining which procedures are in place or planned (e.g. at conceptual level), for preparing national planning documents and sector strategies.**

As already stated in previous responses to the original questions number 48, 49, 50, 51 and 52, from Chapter 22 Sub-Chapter IV – Programming, the procedures for preparations of national planning documents as instruments for development planning are in place. In accordance with the Project Fiche “Development Strategy of Montenegro and National Development Plan”, the **first stage** is currently implemented relating to preparation of the strategic development document “**Montenegro in the XXI Century – in the Competitiveness Era**” which represents an important input for preparation of the National Development Plan since it will provide **medium-term and long-term vision of the development of Montenegro in all important segments**. The document has ten sub-projects whose presentations have been completed recently and all sub-projects will be completed by May 2010 as the time when they will be integrated into a single final document. The document will be prepared as draft (of all sub-projects) until July 2010. In September it will be subject to evaluation by delegated reviewers from abroad (external evaluation). The document will be completed in October 2010 after public consultation and external evaluation. The document will constitute a significant foundation for future preparation of all planning documents and sectoral strategies.

Activity in relation to development of the **National Development Plan (NDP)** will be financed and implemented under the Twinning Agreement. In accordance with the Twinning Project Fiche “Development Strategy of Montenegro and National Development Plan”, the procedure for selection of the twinning partner will commence by the end of the first quarter of 2010, while the beginning of preparation of the National Development Plan is envisaged for the **IV quarter of 2010**. Project completion is planned for the II quarter of 2012. NDP will not be the only result of the project, in addition **trainings** will be also organised for employees working on strategic planning. At the same that will be the training of employees in relation to the EU cohesion policy and structural funds, EU regional policy, identification of projects of national relevance and their quality project preparation. The project will be implemented by the Ministry of Finance which is project beneficiary.

Starting from the need to provide multi-dimensional, multi-sectoral approach to the process of development planning (economic, social, regional, environmental aspects), **sectoral development strategies** represent a consistent part of strategic macro-economic framework. This way ensures integration and coordination of sectoral development policies. They are innovated and reviewed in line with changes in sectors and established global trends.

**The Regional Development Strategy of Montenegro** is currently being prepared and it will define policy, objectives and directions of activities for creating conditions for more balanced development thus enabling integration of macro-economic and regional planning.

**11. (Ref to Q. 54): Please provide a detailed breakdown of sectoral priorities.**

**Sectoral priorities** as defined in sectoral strategies and economic policy for the period to come and the budget of Montenegro for 2010 are as follows:

1. **Improvement of road infrastructure and road transport.** Basic objectives of strategic development of the transport system of Montenegro are: improving safety and security aimed at preserving human lives, material values and state funds; integration into the European Union by connecting with TEN-T and improving competitiveness of domestic transport industry;

increasing quality of transport services; stimulating economic growth through more efficient and cheaper transport; minimising negative impact of development of transport and road infrastructure on environment and society in general.

These objectives are supported by the Capital Budget of Montenegro for 2010 in which the following important projects have been planned:

- road Risan - Grahovo - Žabljak;
- preparation of the design of Adriatic-Ionic highway;
- construction of the highway Bar – Boljari.

2. **Environmental Protection and Improvement.** Priority actions and measures are defined in strategic documents in the field of environment.

A project in relation to environmental protection is planned within the Capital Budget of Montenegro for 2010: Rehabilitation of the lead and zinc tailing mine impoundment – Mojkovac.

3. **Energy:** In accordance with the Energy Development Strategy of Montenegro by 2025 and Action Plan for its implementation covering the period 2008-2013 and EU Directives in the field of energy, activities have been undertaken for creating conditions for investment in energy sector, primarily in the construction of new capacities for energy generation; promotion and increase of involvement of private sector in the energy sector; achievement of European standards in the field of environmental protection by energy sector entities and increase of competitiveness of energy sector; increase in energy efficiency in energy generation and consumption sector; stimulation to use renewable sources of energy and co-generation to a higher extent. For that purpose:

- Public announcement has been advertised for pre-qualification for granting concession for exploitation of coal from Maoče deposit with the requirement to build thermal power plant with an estimated power amounting to 500mw;
- The procedure for granting concession for hydro-power plants on the Morača river has been initiated – public announcement has been advertised for prequalification for granting concession which includes research, design, engineering, financing, construction, management, maintenance, revitalisation and transfer of hydro-power plants on the basis of BOT model;
- Activities are undertaken to implement the Strategy for Development of Small Hydro Power Plants in Montenegro. Activities are undertaken in relation to the research and construction of small hydro power plants on 8 watercourses Public announcement has been advertised for prequalification for granting concession for design, construction, use and maintenance of small hydro power plants on 10 hydrologically explored watercourses in Montenegro (Šavnik, Berane and Plav group of watercourses);
- Three bids have been received for tender for the construction of windmills and lease of publicly owned land on the sites Možura and Krnovo;
- Preparations are underway for the project of construction of Komarnica hydro power plant with power amounting to 168 MW and annual generation capacity of 232 GWh;
- Activities are undertaken currently in relation to implementation of the project of the construction of 400kV power transmission lines Podgorica – Tirana, the project of construction of underwater high voltage one-way cable between electric power systems of Italy and Montenegro, as well as a series of other projects of rehabilitation and expansion of the transmission and distribution electric power network;
- A series of programmes is implemented with the aim of increasing capacity of energy efficiency and use of renewable sources of energy on the side on consumption.

4. Activities have been envisaged in the field of **tourism** in relation to promotion and positioning of Montenegro as a unique and recognised tourist destination founded on the principles of sustainable development. In addition, Montenegro will promote itself on international market by

creating image of Montenegro and positioning brand of Montenegro as an attractive tourist destination during whole year. Quality and diversity of integral tourism product will be improved and specific forms of tourism will be developed – active & extreme, hiking & biking, nautical, health, eco-mountain etc. Particular attention will be attached to the development of tourism in the northern and central area of Montenegro with placing the focus on their connecting with the offer of the coast and generally on compliance with strategic development documents and criteria of economic cost-effectiveness, social acceptability and environmental coherence. In addition, development plans are focused on improving infrastructure, raising the level of quality of the existing capacities and construction of the missing high quality tourist facilities within the frameworks determined on the basis of border capacities of areas in which they are located.

5. The following activities in relation to the current and development policy have been envisaged in the area of **agriculture, forestry, hunting and fisheries**:

- primary agricultural production through:
  - sustainable management of favourable natural resources (arable land and pastures);
  - intensifying plant production, particularly that with the characteristics of organic production and export competitiveness (wine etc.);
  - intensifying livestock breeding, particularly in segments which contribute to the reduction of extensiveness of the production, increase in export (lamb meat etc.) and certain substitution of import (beef, milk etc.);
- agro-industry through:
  - processing of agricultural products in modern and functional reproduction chains and supply chains that allow for modern way of production, greater competitiveness, better and higher quality local supply, satisfying increasing tourist demand and larger export;
- forestry through:
  - modern use of highly favourable forest resources by activating ecological, economic and social function of forests;
- freshwater and marine fisheries through:
  - valorisation of highly favourable resources of fish etc.;
- rural development through:
  - creation of prerequisites for higher income of rural population through basic production in primary agriculture and forestry and gradual diversification of production and services (tourism, processing etc.).

Reform processes in these fields have been intensified through the implementation of:

The Food Production and Rural Development Strategy which is elaborated in a five-year National Programme for Food Production and Rural Development and in more detail in Annual Programme of Assistance (Agro-Budget); as well as the National Forest Policy and Fisheries Development Strategy.

All the above mentioned documents, particularly the National Programme for Food Production and Rural Development and Agro-Budget, contain detailed elaboration of budget support to certain segments and programmes through the market and pricing policy measures, rural development measures, support to general services and service providers in agriculture etc.

6. Intensive activities will continue in the **communal field** in relation to implementation of projects regarding resolving the issue of water supply, waste management and waste water management.

The following projects have been planned in the Capital Budget of Montenegro for 2010:

- continuation of implementation of the project of construction of regional water supply scheme for Montenegrin coast in order for the system to become operational before the beginning of summer tourist season;
- construction of the waste water treatment plant – Montenegrin coast; This project is implemented with the assistance of KfW bank;
- construction of sanitary landfills. Activities in relation to the construction of inter-municipal sanitary landfills will continue together with finding alternative solution for waste disposal in accordance with international standards and Directives of the European Union;

7. **Information Society and Electronic Communications.** *Information Society;* The Ministry for Information Society has been established and the Strategy for Information Society Development in Montenegro for the period 2009-2013 has been adopted. The Strategy contains guidelines for development of a modern, knowledge based society and is to contribute to the fullest possible implementation of services to be used by citizens and legal entities. Under the Community Programme ICT-PSP, the Ministry for Information Society will apply for funds needed to implement projects that were given up as a result of limited funds in the budget: e-Montenegro centre, development of the national interoperability framework; security and application of ISO 27001.

Activities initiated in relation to development of the project „Five-Year National Strategy for Electronic Communications Development and Broadband Diffusion in Montenegro” will continue with mediation of INA Academy – South-Eastern Europe Telecommunications Academy and assistance of the Ministry of Foreign Affairs of Greece. The Ministry for Information Society agreed to assume obligation to co-finance 5% of this project.

*Electronic Communications.* The field of electronic communications is regulated by the new Law on Electronic Communications (Official Gazette of Montenegro 70/09). The Agency for Electronic Communications and Postal Services has been set up under the law. The Agency for Electronic Communications and Postal Services has sufficient professional staff for performing duties prescribed by the law. In 2009 the Agency undertook activities in relation to harmonisation of the existing licences with the new regulatory framework (which is adapted to the European one), analysis of the market and identification of operators with significant market share in accordance with Decision of the Council of the Agency, that being done for 7 markets in line with recommendation of the European Commission from 2007. In the period to come, the Agency will undertake activities in relation to additional market analysis which means that after such analysis the operators identified as those with significant market share will be imposed measures referred to in the law in the procedure prescribed by that same Law.

**12. (Ref to Q. 55): Please provide an update as regards the implementation of specific projects for IPA Component II.**

Eight projects in which partners from Montenegro participate have been selected to be financed in 2009 under 2 transnational programmes – South-East Europe Programme (SEE) and Mediterranean Programme (MED) after evaluation and selection of projects in the framework of the first Call for proposals: 5 projects for SEE and 3 projects for MED. Montenegrin partners signed contracts with the Delegation of the European Union to Montenegro and implementation of projects is in progress. The agreement has not been signed yet for one of the projects under SEE programme.

Information about project titles, partners, implementation period of projects and financial amounts is given in the tables below:

**MED**

<b>Project Title</b>	<b>Institution/Partner from Montenegro</b>	<b>Project Implementation</b>	<b>Amount (EUR)</b>
SOSTENUTO Economic and Social Innovations in the Field of Culture and Creative Activities	NGO Expeditio Kotor	04 July 2009 – 03 January 2012 (contract signed on 05 August 2009 )	112,000
DEVELOP-MED Improvement of Maritime Accessibility and Transit Capacities	Port of Bar a.d.	22 June 2009 – 21 June 2011 (contract signed on 03 September 2009)	68,000
MEDOSSIC Mediterranean Organisational Structure and Strengthening of Innovative Capacities for Sustainable Development	Directorate for Development of Small and Medium-Sized Enterprises	01 February 2010 – 30 April 2011 (contract signed on 01 February 2010)	10,901.25

**SEE**

<b>Project Title</b>	<b>Institution/Partner from Montenegro</b>	<b>Project Implementation</b>	<b>Amount (EUR)</b>
WATERMODE Transnational Network for Promotion of Water Multimodal Transport	Port of Bar a.d.	22 June 2009 – 21 October 2012 (contract signed on 03 September 2009)	110,500
ADC Adriatic-Danube Clusters	Directorate for Development of Small and Medium-Sized Enterprises	01 December 2009 – 01 April 2012 (contract signed on 30 November 2009)	51,000
DMCSEE Drought Management Centre for South-East Europe	Republic Hydro-Meteorological Office of the Republic of Montenegro	18 January 2010 – 18 May 2012 (contract signed on 18 January 2010)	113,050
ECOPORT 8 Management of Transborder Corridor Ports	Institute for Marine Biology University of Montenegro	01 December 2009 – 01 March 2012 (contract signed on 30 November 2009)	238,765

## **V. Monitoring and evaluation**

### **13. (Ref to Q. 59):**

**- Please provide additional information whether a Monitoring Information System exists. If it does, what is its relation to the accounting and reporting system?**

CBIB (EU Regional Project for Assistance to Cross-border Institution Building) provides assistance to introduction of the **Management Information System (MIS)** for cross-border programmes between Western Balkan countries that are beneficiaries of IPA Component II. This project aims to set up a harmonised monitoring system for all eight cross-border programmes between Western Balkan countries which will enable and facilitate monitoring of implementation of projects and programmes and reporting on implementation of programmes in line with the envisaged indicators.

**DEEP** system which uses transnational programme of the Baltic Sea Region has been selected as the most adequate one (with the best characteristics and user-friendliness) after assessment of available Management Information Systems used by various cross-border and transnational programmes. CBIB signed the "Licence Agreement" with the Managing Authority of this programme.

MIS contains the following sections: data on projects, administrative and eligibility check, evaluation/contracting, monitoring/payments, communication, project ideas (partner search) and monitoring of programmes.

**Trial version of MIS** is to be prepared by CBIB Project Team until the end of April 2010 after which consultations will begin (programme by programme) on further modifications and new, i.e. final version of the system that will correspond to the full monitoring of CBC projects. This will be a continuous process which will last until **mid June 2010**.

Montenegrin Operating Structure for programmes under IPA Component II, the Sector for Cross-Border Cooperation Programmes in the Ministry for European Integration soon expects to receive **trial version of MIS for insight and comments**. Two meetings have already been held in Podgorica in which the system was presented and approved by all the relevant stakeholders involved in coordination of activities under IPA Component II.

Data will be entered in the system and final testing of the final version of the system will be conducted until mid June 2010. Additionally, CBIB plans to hold **trainings** of staff for programme management, control, monitoring and audit. After the CBIB project is completed, the European Commission will ensure that the system continues to be available for **eight cross-border programmes** which allows for sustainability of the quality of monitoring.

**- Please clarify as regards the fulfilment of the annual implementation reporting obligations for Cross-border programmes.**

There is an obligation to submit Annual Implementation Reports (AIR) within every cross-border programme. Reports are prepared once a year, until the end of June every year, and cover the period of the previous calendar year (from 01 January of the previous until 01 January of the current year). The report is prepared by Operating Structures and Joint Technical Secretariat of the programme. After mandatory approval by the Joint Monitoring Committee reports are sent to NIPAC and European Commission.

One Annual Implementation Report has been prepared so far for each of four cross-border bilateral programmes in which Montenegro participates. Reports were approved and submitted to the European Commission in June/July 2009. They covered programme activities from mid 2007, which is the beginning of programme implementation, until the end of 2008 and they referred to the

following: programming process, programme structures, financial allocations, undertaken activities (information days, promotion of programmes, preparation of Calls for proposals) and trainings/seminars that have been held.

Second Annual Implementation Reports for each of four programmes will be approved and submitted by the end of June this year and will cover the period from 01 January 2009 until 01 January 2010.

## ***VI. Financial management and control***

**14. (Ref to Q. 61): Please provide additional information on the appropriate Financing Agreements signed between the Government of Montenegro and the Commission for the IPA Adriatic, South East Europe and Mediterranean programmes.**

### Adriatic Programme

- Financing Agreement between the Government of Montenegro and Commission of European Communities on IPA Adriatic programme on cross-border cooperation within the Instrument for Pre-Accession Assistance for years 2007-2009 was signed on 27 March 2008.

### Transnational Programmes SEE and MED

- Financing Agreement between the Government of Montenegro and Commission of European Communities on the programme on financing the contribution of Montenegro in ERDF transnational programmes of European territorial cooperation "South-East Europe" and "Mediterranean" within the cross-border cooperation component of the Instrument for Pre-Accession Assistance (IPA) for 2007 was signed on 27 March 2008.
- Financing Agreement between the Government of Montenegro and Commission of European Communities on the programme on financing contribution of Montenegro in ERDF transnational programmes of European territorial cooperation "South-East Europe" and "Mediterranean" within the cross-border cooperation component of the Instrument for Pre-Accession Assistance (IPA) for 2008 was signed on 19 March 2009.
- Financing Agreement between the Government of Montenegro and Commission of European Communities on financing the contribution of Montenegro in ERDF transnational programmes of European territorial cooperation "South-East Europe" and "Mediterranean" within the cross-border cooperation component of the Instrument for Pre-Accession Assistance (IPA) for 2009 was signed on 01 April 2010.

***VII. Availability of statistics for the implementation of the structural funds***

**15. Please indicate which data/statistics on general government expenditure and revenue are available at national/regional level.**

The Ministry of Finance publishes regular statistical data on public revenues and public expenditures on **national** level on a monthly, quarterly and annual basis. Published data refer to revenues and expenditures of the budget and budgetary funds, revenues and expenditures of the local government and total public revenues and total public expenditures.

The Ministry of Finance, or any other institution from Montenegro, do not produce data on public revenues and public expenditures at regional level since Montenegro is not divided into regions.