



Montenegro Acceleration Fund

Terms of Reference



**SUSTAINABLE
DEVELOPMENT GOALS**

Montenegro Acceleration Fund

- Terms of Reference -

Contents

Executive Summary	iii
Context.....	iv
Rationale for establishing the Montenegro Acceleration Fund	vi
Montenegro Acceleration Fund	vii
Function of the Fund.....	vii
Fund Strategy	viii
Fund Theory of Change.....	ix
Gender and Human Rights	xi
Governance of the Fund.....	xii
Operation	xii
Administration	xiv
Fund Implementation.....	xv
Project Approval cycle.....	xv
Criteria for fund allocation	xvii
Risk management	xvii
Accountability	xviii
Reporting.....	xviii
Monitoring and Evaluation.....	xix
Audit.....	xx
Transparency and public disclosure	xx
Modification and Expiration of the Montenegro Acceleration Fund	xx
Joint Steering Committee // Terms of Reference	xxii
Joint Steering Committee // Rules of Procedure	xxiv
Fund Allocation criteria	xxv
Secretariat // Terms of Reference	xxvii
Annex 1: European Union Window of the Montenegro SDG Acceleration Fund.....	xxviii
Annex 2: Results FrameworkUNSDCF.....	xxxiv
Annex 3: Risk management.....	xlviii

Executive Summary

The Montenegro Acceleration Fund is a pooled funding mechanism that aims to accelerate implementation of the 2030 Agenda for Sustainable Development and imminent achievement of Sustainable Development Goals (SDGs) in Montenegro, as well as to support the country's EU accession process.

It is incepted in a specific development context as Montenegro needs to deliver on the last development mile in transforming the country towards the EU membership. Montenegro also needs to invest significant efforts in implementation of the 2030 Agenda for Sustainable Development, as the global policy framework for sustaining and improving the social progress, halting climate change and delivering on the promise to leave no one behind.

Thematically, the Fund revolves around the new UN Sustainable Development Cooperation Framework (UNSDCF) 2023-2027, the document that defines three strategic priority areas of UN work in Montenegro:

- inclusive economic development and environmental sustainability;
- human capital development, reducing vulnerability, social inclusion; and
- social cohesion, people-centred governance, rule of law and human rights.

The Fund is an advanced and innovative tool for strategic partnerships that addresses the development challenges in Montenegro in a coordinated and synergetic manner. It also comes as a new generation of pooled funding mechanisms and a tool to enhance implementation of the UN Reform at country level.

Management of the Fund is entrusted to the Joint Steering Committee, co-chaired by the UN System in the country and the Government of Montenegro. The Joint Steering Committee is also be a forum for deliberations with the donors. The Secretariat of the Fund will be embodied with the Office of the Resident Coordination, while the Multi Partner Trust Fund Office will perform duties of the Administrative Agent. The Joint Steering Committee will establish the Advisory Body in order to sound out strategic positioning of the Fund and the interventions that are financed through this vehicle.

Context

Montenegro is an upper middle-income country, member of NATO and candidate for EU membership that regained its independence in 2006. With an estimated population of 622,182 it is the least populated country in the Western Balkans. Montenegro is towards the end of its demographic transition, with an ageing population, out-migration, and declining fertility rate.

Montenegro is classified as a **very high human development** country in the Human Development Report (HDR), ranked 48th out of 189 countries. The **Gender Equality Index** stands at 55, below the EU average of 67.4 but also similar to some EU Member states: Greece, Slovakia, Czech Republic, Hungary, Romania and Poland.

Montenegro has experienced boom and bust periods. The average economic growth rate was 4% between 2015 and 2019. GDP per capita in 2020 was only 6,737 EUR and the country lost more than 1,000 EUR in GDP per capita due to Covid-related economy contraction.

Montenegro has opened all EU negotiation chapters and provisionally closed three. The EU is an important trading partner and source of tourism, the dominant growth engine. The EU accession criteria are the main driver of reforms, whose costs are shared with the EU, through the Instrument for the Pre-accession Assistance (IPA) and Western Balkan Investment Framework (WBIF). These mechanisms provide expert, programmatic and financial support to country's reforms.

Montenegro's response to the 2030 Agenda for Sustainable Development has been voiced through the National Strategy for Sustainable Development. This is an umbrella, horizontal and long-term development strategy of Montenegro that is managed by the Office for Sustainable Development, placed in the General Secretariat of the Government.

The synergies between the 2030 Agenda and the EU accession process are a central topic of the document *Unravelling Connections – 2030 Agenda and the EU Agenda*¹. The document shows that through the achievement of all EU accession benchmarks, the country will address almost 65% of SDG targets. The potential to harness these synergies lies specifically in three chapters: EU Chapter 27 on the environment and climate change, Chapter 23 on judiciary and fundamental rights, and Chapter 19 on social policy and employment. If the requirements in chapter 27 are achieved, around 25% of SDG targets will be addressed.

Montenegro is, by Constitution, an ecological state. Yet the protection of its environment and ecosystems continues to lag in comparison to the EU. Environmental degradation and climate change have the strongest negative impact on the income and health of the most vulnerable. As noted in the annual EU Reports on the country, Montenegro faces challenges with increasing the air quality, waste management and dealing with chemicals, industrial pollution control, and nature protection.

Impact of the COVID-19 pandemic

Montenegro experienced one of the highest Covid-19 related death rates; by April 2022, it had the sixth highest number of deaths caused by Covid-19 per capita, globally.

Montenegro's economy experienced the largest economic contraction in the Europe and Central Asia region in 2020. GDP contracted by 15.3 percent in 2020. The pandemic exposed and exacerbated the structural vulnerabilities of its small, open, and tourism-dependent economy.

¹ For further information, please consult: https://montenegro.un.org/sites/default/files/2020-04/2019_Unraveling%20Connections%20-%20EU%20Accession%20and%20the%202030%20Agenda.pdf

There are segments of the population being either excluded or at the risk of being excluded.² The exclusion is driven by various factors: discrimination, negative social norms and attitudes as well as prejudices, gaps in the awareness of their rights and capacity of duty bearers to implement their obligations, limited intersectoral cooperation to address the challenges which vulnerable groups face, limited resources and insufficient accountability and implementation of the rule of law. In addition, the existing growth model is not fully inclusive.

The UN Sustainable Development Cooperation Framework defines three key bottlenecks:

- **Governance and institutional gaps continue to hinder the necessary reforms.** Montenegro is making efforts to effectively implement new framework laws, required under the EU accession. Slow institutional progress sometimes results in partial policy implementation, public sector inefficiencies, and concentrated ownership of business activity. Insufficient cross-sectoral cooperation, coordination and accountability, and low utilisation of evidence have hindered policymaking, while a weak link between the data, policy/program planning and budget planning hurdles the implementation of reforms. Hate speech, especially homophobia, misogyny, xenophobia and ethnic-related hate speech, has become more common, mostly through social media, and poses an additional risk. Stereotypes about women's role in society, affects women's labour force participation, as well as participation in decision-making. Violence against women, children and older persons has resulted in loss of life and limited development progress for individuals and their families but also society.
- **Montenegro has an unfinished transition to a functioning market economy,** which is part of the EU accession process. Some of the issues of transitioning from a command and control to market-based economy remain, including the reliance on public sector consumption/investment as an engine of growth and prosperity. The economy is not diversified and potential productivity is latent and constrained by limited governance ecosystems for innovation and productive transformation. Consequently, the economy's structure is vulnerable to external shocks, manifested in the boom-and-bust cycles since independence. A more deep-rooted issue it creates is an economy that does not generate decent jobs, economic transformation and contributes to outward migration.
- **Insufficient availability of development finance may hinder the ability to drive the 2030 Agenda forward.** Heavy debt burden and limited fiscal space threaten the overall availability of resources for SDGs and other robust development policies. This, coupled with the inefficient and ineffective use of public expenditure, and negative impact of COVID-19, may shrink the fiscal space for formalisation of the economy, providing credit to domestic enterprises and other development actions.

² A UN-commissioned background paper on Social Inclusion and Leave No One Behind identifies the following ten population groups that are most vulnerable, face multiple and intersecting deprivations and disadvantages, and inter-generational cycles of exclusion:

1. Roma and Egyptian community in general and Roma and Egyptian women and girls;
2. Persons with disabilities
3. Children, victims of violence and exploitation, without parental care, living in poverty and street children;
4. Older persons, especially with deteriorated health, disabilities and / or in need of long-term care;
5. Refugees from former Yugoslavia, foreigners seeking international protection and persons granted international protection and persons at risk of statelessness ;
6. Informal workers, workers with temporary contracts and seasonal workers;
7. Women experiencing domestic violence;
8. Victims of trafficking;
9. Lesbian, gay, bisexual, transgender, intersex (LGBTI) persons;
10. Homeless persons.

Rationale for establishing the Montenegro Acceleration Fund

Montenegro is in a specific development context. It needs to deliver on the last development mile in transforming the country towards the EU membership. Montenegro also needs to invest significant efforts in implementation of the 2030 Agenda for Sustainable Development, as the global policy framework for sustaining and improving the social progress, halting climate change and delivering on the promise to leave no one behind.

In this context, a limited number of strategic partners implements programmes that support the Government in achieving national priorities mainly revolving around the EU accession and improving standard of living. Shrinking number of partners is compounded by the ever-shrinking availability of donor funding. This further hampers attempts of the development community to support on delivering the last development mile. The coordination and synergy of available resources is of the utmost importance in this context.

The Montenegro Acceleration Fund is a vehicle to bridge the gaps. It is advanced and innovative tool for strategic partnerships that will address the development challenges in Montenegro in a coordinated and synergetic manner. The Fund will gather strategic partners and give leverage to the UN System in supporting the processes that propel the sustainable development and the EU accession. It also comes as a new generation of pooled funding mechanisms and a tool to enhance implementation of the UN Reform at country level.

Establishment of the Fund is timely. It comes along with the adoption of the UN Sustainable Development Cooperation Framework as the expression of the needs of Montenegro and the UN's response to these needs.

Establishment of the Montenegro Acceleration Fund coincides with the second Voluntary National Review (VNR) of Montenegro that will be presented at the 2022 High Level Political Forum. The VNR provides the latest data related to the sustainable development and gives a momentum for propelling the sustainable development narrative. The newly enhanced Office for Sustainable Development provides an additional leverage for Fund's impact.

Finally, the ongoing development of the Strategic Partners Coordination mechanism and its intended positioning with the Office of the Prime Minister amplifies the development efforts and builds up on the collaborative and coordinated approach. This mechanism will serve as a common platform for coordination of strategic partners and the Government, thus enabling more effective and efficient use of resources and help strengthening SDG implementation. The Montenegro Acceleration Fund will complement these efforts.

Montenegro Acceleration Fund

The Montenegro Acceleration Fund is a pooled funding mechanism that aims to accelerate implementation of the 2030 Agenda for Sustainable Development and the imminent achievement of Sustainable Development Goals (SDGs) in Montenegro, as well as to support the country's EU accession process.

The fund will provide catalytic support to priority areas in line with the National Strategy for Sustainable Development, Programme of Accession of Montenegro to the European Union and the forthcoming UN Sustainable Development Cooperation Framework 2023-2027. Additional benefits of the Acceleration Fund are related to achieving synergies of joint work of the participating UN Organisations and thus support in-country implementation of the UN Reform.

Function of the Fund

The Montenegro Acceleration Fund is a tool for the Government, the United Nations System in Montenegro and other strategic partners to align their strategic development efforts.

The Fund will yield its impact through financing strategic, targeted and transformative interventions that accelerate the processes of sustainable development and the EU accession. As such, the purpose of the Fund can be described through:

Coherence. The Montenegro Acceleration Fund will support policy and programming coherence in the areas of strategic importance for sustainable development of Montenegro – interlinks between the EU Accession and the 2030 Agenda, support to the EU accession and overall sustainable transformation of the society. As such, the Fund could fill the critical gaps and support underfinanced national priorities with the potential to catalyse further financing.

Consolidation. The Montenegro Acceleration Fund will bring together strategic partners – the Government, the United Nations and contributors to the Fund, while also keeping close contact with the civil society, academia, private sector and other development partners. As such, the Fund will be one of the platforms that reduce fragmentation with respect to particular priorities and increase synergies between the development actors, and between the development actors and the private sector.

Risk management. The Montenegro Acceleration Fund, as a pooled funding mechanism, facilitates mitigation of shared risks, increases the visibility and transparency for all development actors. It provides a common platform for joint sharing and management of common risks.

Strengthening national systems. The Montenegro Acceleration Fund is established to support the achievement of national priorities of joining the European Union and implementing the 2030 Agenda for Sustainable Development. As such, one of the clear aims of the Fund is to strengthen national systems to carry out this complex work ahead.

Innovation. The Montenegro Acceleration Fund has a potential to host piloting of innovative financing mechanisms in Montenegro. The Montenegrin financial market is small with concentrated financing mechanisms, where depending on the context and

appetite the Fund could host deployment and/or testing of innovative financing products. Innovative finance can be achieved by linking fund initiatives with private sector and individual contributions.

The Montenegro Acceleration Fund is not developed in isolation. It will be closely related to and informed by other important initiatives run by the United Nations and other strategic partners (IFIs, development community, international organisation, civil society, private sector).

Montenegro is currently in the process of building the **Strategic Partners Coordination** mechanism, as a platform for exchange of information, strategic policy discussion and coordination of development efforts. As such, this mechanism will increase the effectiveness of strategic support and efficiency of the support deployed in the country, by various actors. It will make sure that the support is tightly aligned with the national priorities with minimised risk of overlap and duplication. In turn, the Strategic Partners Coordination mechanism will serve as one of the tools to monitor progress of reforms in key national priority areas.

Finally, Montenegro is currently **mapping the public finance expenditures against the Sustainable Development Goals**. This analysis, done for the period from 2015 to 2020, will give an overall overview of how SDGs are financed in Montenegro, which will further give a sense for policy support and further analysis of effectiveness and efficiency of public spending. These findings, when matched with the SDG performance, measured through SDG indicators and the Voluntary National Review, will provide a solid base for strategic and informed positioning of the Montenegro Acceleration Fund.

Fund Strategy

There are only eight years left to achieve SDGs, and even less for fulfilling EU accession criteria. Montenegro is in need of niche and advanced support in order to be successful in both. This is the main rationale for establishing the Acceleration Fund.

The Montenegro Acceleration Fund will support integrated and coherent resource mobilization through centralised and transparent allocation of resources on strategic interventions that propel the sustainable development. The Fund will finance development and implementation of integrated activities to meet the SDGs, advance EU accession process and support implementation of the UN Cooperation Framework 2023-2027.

The strategic and thematic focus of the Fund will revolve around the new UN Sustainable Development Cooperation Framework (UNSDCF) 2023-2027.

This document will define three strategic priority areas of UN work in Montenegro:

- inclusive economic development and environmental sustainability;
- human capital development, reducing vulnerability, social inclusion; and
- social cohesion, people-centred governance, rule of law and human rights.

In addition to these, the Fund will support acceleration of the EU accession process through the 2030 Agenda framework. The UN in Montenegro conducted an analysis of synergies and interlinkages between the EU accession process and the 2030 Agenda. The findings show that EU accession process addresses 2/3rds of the 2030 Agenda (105 out of 169 SDG targets).

The Acceleration Fund seeks to support synergetic moments between these two transformational agendas. The public administration, as the primary duty bearer and, in turn, beneficiary of systemic UN interventions, has the opportunity to yield on efficiency gains when tackling these two processes simultaneously.

Beyond the policy coherence element and the support towards Cooperation Framework implementation, the Fund will produce benefits of triggering more joint UN action – in planning, programming and implementation – as one of the major calls of the UN Reform.

Fund Theory of Change

The ultimate theory of change of the Montenegro Acceleration Fund is:

- If** *we create a common platform for value-based convening of strategic partners, and*
- If** *we establish a space for deliberations on and formulation of interventions that accelerate implementation of the UN Sustainable Development Cooperation Framework, and, through that angle support implementation of the National Strategy for Sustainable Development until 2030 and the Montenegrin Programme of Accession to the European Union, and*
- If** *we create more opportunities and means for the UN Organisations to jointly address complex development and humanitarian challenges,*
- Then** *we will more strategically address the priority development needs of Montenegro, fill the critical development gap and be in position to provide holistic and advanced support to the people in Montenegro that closes the 'last mile' in the process of irreversible transformation of the society towards the EU membership and achievement of Sustainable Development Goals,*
- Because** *Montenegro lacks a nimble financing and coordination mechanism that could address the contemporary and ever-changing development challenges, and*
- the Montenegro Acceleration produces a series of positive externalities through attracts the new partnerships with the capacity to unlock the development potential, and offers a space for close cooperation of strategic partners,*
- the modality of pooled funding is the well-known global tool for financing development and humanitarian contexts, and has proven successful in numerous contexts across the time.³*
- the Montenegro Acceleration Fund will finance only strategic interventions related to the 2030 Agenda for Sustainable Development and the EU accession process, in a way that strengthens the implementation of country-level UN Reform.*

The rationale for establishing the Fund lies in the strategic position of the United Nations to serve as a vehicle for innovative and strategic interventions, to catalyse further action and to convene various partners across the sectors. The Fund will provide a leverage to this position of the United

³ More information about the pooled funding mechanisms, existing and past, can be found through the link: <https://mptf.undp.org/>

Nations in Montenegro and give a tool for the strategic partners gathered around the Fund to design transformative interventions.

In this sense, the Fund will work towards reducing exclusion and vulnerability, improving governance, increasing resilience and implementing a reform agenda conducive for both the SDGs and EU accession. COVID-19 has worsened some of the key human development indicators, requiring efforts to build back better and regain lost progress. Policies and strategies exist, which if adequately implemented and financed could speed up progress on the SDGs, enhance the leave no one behind approach and the respect of human rights. EU accession reforms, due to their synergies with the SDGs, will likewise accelerate and sustain progress on the 2030 agenda. To sustain progress on the SDGs, Montenegro's focus should be on multidimensional solutions that put people at the centre.

These solutions are centred around three areas of opportunity:

- **Promoting economic transformation and environmental sustainability**

More inclusive growth would make the economy more sustainable and decouple it from environmental degradation. In Montenegro's case, the opportunity is to work on economic governance to reduce its structural vulnerabilities that give rise to the boom-and-bust periods, and creating an economic model with more dynamic manufacturing and services sectors that promotes private sector growth. It would enable more Montenegrins, especially youth and women, to benefit from formal employment with higher participation rates, as well as access to finance, whilst lifting incomes, reducing vulnerability, and enhancing productivity. At the same time, embracing sustainable practices which reduce the economy's impact on the environment and mitigating some of the other impacts, such as carbon emissions could offer opportunities to accelerate progress on the SDGs and EU accession.

- **Investing in human and social capital**

Safeguarding and increasing the transparency, effectiveness, efficiency and equity of social spending and improved access to health, social and child protection, and education is crucial to protect the most vulnerable groups from social exclusion. This would require improved planning, budgeting, allocation and monitoring of public resources an effective and tailored response in terms of legal status regularization and the integration for refugees and persons at risk of statelessness/stateless persons, and the reintegration of migrants (readmitted nationals). Alternative, innovative funding sources for the social and child protection sector and prioritisation of spending on areas that maximize return on investments through human capital development, such as early childhood development, labour, social service workforce development, investments in prevention, activation and an improved health and social and child protection systems would also be needed for the accelerated implementation of 2030 Agenda and fulfilment of EU accession criteria.

- **Enhancing governance and institutional capacities**

The implementation of reforms, linked to the EU accession, in the rule of law, public administration and human rights, would support all areas of the 2030 Agenda. Some complementary actions would improve the implementation of reform, including better coordination amongst multiple agencies to work in a cross-sectoral manner, building national capacities, reliable disaggregated data generation and use, and monitoring and

evaluation. To achieve the aims of EU accession and the 2030 Agenda, Montenegro will need to address corruption and put in place stronger guarantees to ensure the independence and effective functioning of the judiciary. This is important to increase accountability and strengthen trust in institutions. The people and the civil society should be empowered to hold decision-makers accountable. Youth, though under-employed and with limited civic engagement, represent a significant economic potential that could be built upon. Also, all the institutions should become child and gender sensitive, disability inclusive and culturally sensitive. Children and adults should be empowered to access justice and seek remedies for violation of rights.

Working on these solutions is complex in nature and meaningful implementation requires holistic and systemic, whole-of-the-UN approach. In this context, the pooled funding mechanisms is a tool strengthen collaboration and coordination among the Participating UN Organisations, as well as other development actors in the field.

Finally, the Montenegro Acceleration Fund will benefit from complementarities happening in other segments of the development universe. Montenegro Acceleration Fund will be informed by the (i) conclusions of the Mainstreaming, Acceleration and Policy Support (MAPS) exercise [report: Unravelling Connections: 2030 Agenda and the EU Accession], (ii) currently ongoing SDG Financing initiative that will provide preliminary mapping of Montenegrin central budget expenditures vis-à-vis the Sustainable Development Goals, and equip the Government with tools to regularly report on how much it invests in certain SDG, and will be closely related to the (iii) Strategic Partners Coordination mechanism as a platform for aligning and coordination of international development actors and the national institutions, and that is currently being built by strategic partners (United Nations, World Bank, European Union, European Bank for Reconstruction and Development, and KfW – German Development Bank) and the Government of Montenegro.

While offering a solid starting point, the theory of change of the fund will remain nimble to new information and conclusions of other processes happening in Montenegro: 2022 Voluntary National Review, annual EU Report on Montenegro, UN Common Country Assessment, the World Bank and the EBRD diagnostics on Montenegro, IMF's Article IV Consultations, and other relevant analytical pieces. As such, Montenegro Acceleration Fund will preserve its' relevance in providing a niche and advanced support to Montenegro in bridging the development gaps and closing the 'last mile' in irreversible transformation of the society.

Gender and Human Rights

The Montenegro Acceleration Fund inherits the UN gender and human rights policies. Both principles are embedded and mainstreamed from the inception to the operation and governance of the Fund.

In the **design phase**, the UN team consulted with the Resident Coordinator's Sounding Board of women entrepreneurs, whose views and needs significantly influenced the thematic focus of the fund, as well as its *modus operandi* within a pre-set MPTF Framework. Along with a broader group of civil society organisations, they were consulted on their needs and perspectives, as well as the positioning of the Fund. Furthermore, broad consultations with the various groups was conducted through the development of the Sustainable Development Cooperation Framework.

All these information and consultative process were means to include the different perspectives in incepting the Fund, as a tool to address those needs while supporting the strategic interventions of UN Organisations and other partners.

In the **operational phase**, the Montenegro Acceleration Fund will have a clear gender and human rights related criteria to support only those interventions that reach the Gender and Human rights marker two (significantly contributes to the gender equality and human rights).⁴ The Joint Steering Committee will establish the Advisory body that will seek for gender parity, while including representatives of youth and vulnerable groups. This will ensure that the gender perspectives, as well as the perspectives of youth, and other vulnerable groups, have influence on the interventions that are financed by the Montenegro Acceleration Fund.

Finally, **the results framework of the Fund** is inherited from the Sustainable Development Cooperation Framework, which is has a strong gender and human rights components. This is reflected not only through the formulated Outcomes and Outputs, but also through the gender disaggregated indicators that will measure the success of this strategic framework.

Governance of the Fund

Governance of the Fund will be entrusted to the joint structures established by Montenegro and the United Nations. The main principles for results-oriented governing the Fund are fairness, transparency, accountability, and professionalism. It is a joint endeavour of Montenegro and the United Nations to support processes of sustainable development and the EU accession.

Governance of the fund contains elements of operational and administrative governance and fund implementation.

Operation

Steering Committee. The Joint Steering Committee bears the overall responsibility for management of the Montenegro Acceleration Fund. It is responsible for leadership, strategic direction, and decisions on eligibility, allocation and other managerial and oversight aspects of the Fund.

The Joint Steering Committee is composed of eight members:

- two co-chairs – the Minister of Foreign Affairs and the UN Resident Coordinator, ex-officio,
- two representatives of Government line ministries, on an annual rotational basis,
- two representatives of participating UN Organisations from the ones that have signed to the UN Sustainable Development Cooperation Framework, on an annual rotational basis,
- two ex-officio representatives of the Montenegro Acceleration Fund Administrative Agent and the Secretariat, respectively, and
- two representatives from contributors to the Fund, on an annual rotational basis, as observers.

Detailed Terms of Reference of the Joint Steering Committee is annexed to this document.

⁴ More information about the UN Guidance on Gender Equality marker: <https://unsdg.un.org/sites/default/files/2019-09/UNCT%20GEM%20UN%20INFO%20final%20draft%20June%202019.pdf>

Advisory body. The Joint Steering Committee will establish the advisory body. This body would serve as a platform for discussion, with the purpose to enhance quality and impact of the Montenegro Acceleration Fund and advise the Joint Steering Committee on the key decisions. Establishment of advisory body would bear no costs. It should be composed of well-known and independent experts. The membership of the Advisory body will be gender and age balanced, so to enable different perspectives and increase the quality of deliberations.

Secretariat. The Secretariat function is to be embedded with the Office of the UN Resident Coordinator, who will closely liaise with the Division for the United Nations in the Ministry of Foreign Affairs and the Administrative Agent.

The Secretariat supports the Fund and the Steering Committee through programme coordination, including following up to the entire programming cycle, monitoring of the Fund and technical, operational and administrative support, in partnership with the Administrative Agent, including the consolidation of narrative reports based on reports provided by Participating UN Organizations.

It provides advice and quality control over the Fund implementation. It coordinates the meetings of the Steering Committee and makes sure that the decisions are implemented. It facilitates collaboration and communication between the Government of Montenegro, Participating UN Organizations, contributing donors and the co-chairs of the Fund. The Secretariat serves as the main focal point for the Administrative Agent.

A key role of the Secretariat is to review the submission of projects/proposals to the Steering Committee. The Secretariat may, as well, provide technical and advisory support in developing project proposals through provision of the latest knowledge and experience and as long as it does not affect its' impartiality in the decision making process.

Participating UN Organizations. The main beneficiaries of the Montenegro Acceleration Fund are UN agencies, funds and programmes, signatories of the UN Sustainable Development Cooperation Framework.

Precondition to be the beneficiary of the Fund is for the UN Organisation to sign Memorandum of Understanding with the Administrative Agent. Each Participating UN Organization is programmatically and financially responsible for the resources received and is bound to implement them in accordance with its own regulations, rules, policies and procedures. They are also accountable to the Steering Committee for timely implementation of the interventions financed by the Montenegro Acceleration fund, and indirectly to the contributors to the Montenegro Acceleration Fund.

Participating UN Organizations develop project/programme proposals, and report on implementation and financial performance to the Steering Committee through the Secretariat and the Administrative Agent as indicated in the Memorandum of Understanding. The UN Organisations establish mechanisms to implement activities including through national authorities and other national, regional or international organisations and through NGOs.

Contributors. Montenegro Acceleration Fund can be funded through contributions of the Government, bi-lateral or multi-lateral donors, private sector⁵ and International Financial Institutions (IFIs). The active participation of the Government in establishment and management

⁵ In accordance with the due diligence procedure and the relevant UN rules and regulations for cooperation with the private sector.

of the fund is a signal intended to attract more potential donors, and to increase salience of the issues that the Fund will be addressing – interlinkages between the EU Accession and the 2030 Agenda, and supporting the implementation of the UN Reform.

Partnership with the institutional partners (Government, bilateral and multi-lateral partners and IFIs) will take place upon signing the Standard Administrative Arrangement (SAA) between the UN's Multi-Partner Trust Fund (MPTF) and the contributor to the Montenegro Acceleration Fund. The SAA sets out the terms and conditions governing the receipt and administration of the contribution by the AA, the transfer to the participating UN Organisation, the related reporting, monitoring and evaluation, and auditing requirements, as well as provisions concerning communications and transparency.

Partnership with the private sector will be guided by the criteria stipulated in the UN system-wide guidelines on cooperation between the UN and the Business Community (available at: <https://www.un.org/en/ethics/assets/pdfs/Guidelines-on-Cooperation-with-the-Business-Sector.pdf>).

Following the best global practice, Montenegro Acceleration Fund encourages non-earmarked contributions. Such approach enables timely decision making on funding the most priority projects / programs within the framework of the Fund. The Fund is also in position to accept so-called lightly earmarked funding – earmarking on the level of Fund outcome/strategic priority, however not on the level of a particular agency, output or activity.

Contributions to the Montenegro Acceleration Fund will be deposited in US dollars. Additional contributions may be accepted only in fully convertible currency. Such contributions will be deposited into the bank account designated by the Administrative Agent. The value of a contribution payment, if made in other than US dollars, will be determined by applying the UN operational rate of exchange in effect on the date of payment.

The Montenegro Acceleration Fund is a platform for partnerships. The structure revolving around the Fund will gather various partners – civil society, academia, representatives of women and youth, and other vulnerable groups, international community, private sector and experts in the areas that were designated as the priority for a particular Call. The partners will add value to the quality of the interventions, while significantly contributing to its sustainability and impact through the complementary activities and through taking over in cases where the UN's interventions are phasing out.

Administration

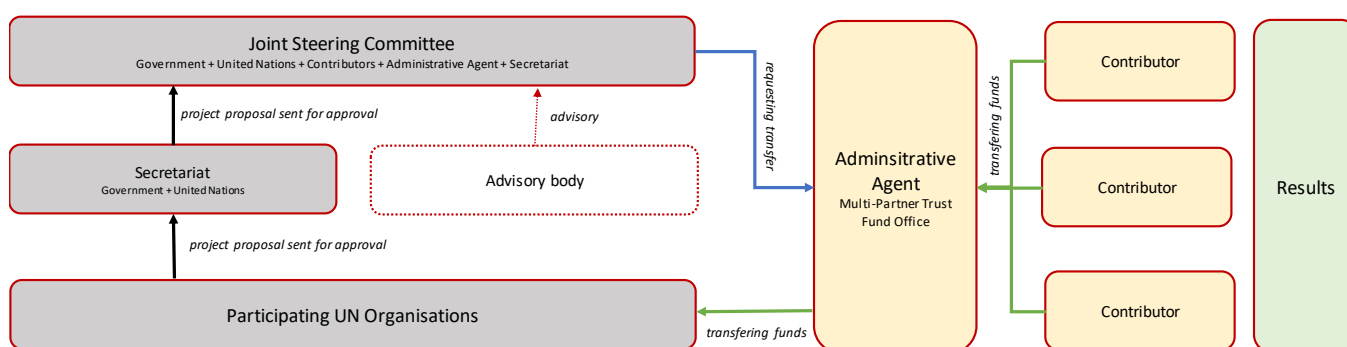
The role of the administrative agent (AA) is entrusted to the Multi-Partner Trust Office. The Administrative Agent will be entitled to administrative fee of one percent (1%) of the amount contributed by each donor. This fee meets the costs of performing the AA's standard functions described in the MoU concluded between AA and Participating UN Organizations following UN Sustainable Development Group (UNSDG) standard formats.

The MPTF Office is responsible for the Fund set-up, maintenance of the Fund account, receipt of donor contributions, and disbursement of funds upon instructions from the Joint Steering Committee, and provision of periodic consolidated reports. Subject to the availability of funds,

the Administrative Agent shall normally make each disbursement to the Participating UN Organization within three to five business days after receipt of the Fund Transfer Request.

In addition, the UN MPTF Office through its GATEWAY (<http://mptf.undp.org/>) offers a web-based service portal, which provides real-time financial data generated directly from its accounting system. It provides all partners and the general public with the ability to track information on contributions, transfers and expenditures. Further details on the function of the Administrative Agent are defined by the (i) Protocol on Administrative Agent for Multi Donor Trust Funds, Joint Programmes, and One UN Funds, (ii) Memorandum of Understanding, and (iii) Standard Administrative Arrangement.

Figure 1 Governance diagram



Fund Implementation

Once set-up, the Fund will be implemented by the aforementioned governance structure. This chapter details on the important principles in implementation of the Fund and key processes such as the approval cycle, reporting, accountability and risk management.

Project Approval cycle

The Montenegro Acceleration Fund will organise two regular calls for disbursements of funds. Upon the decision of the Joint Steering Committee, more calls can be organised on ad-hoc basis.

In the case of urgency and high relevance of the intervention, the Joint Steering Committee retains right to directly allocate the tranche to the Participating UN Organisation. In this case, project proposal still needs to be developed by the Participating UN Organization, but the steps of submission of the concept note is omitted, while the assessment is retained at the level of assessing the technical criteria.

Further elaboration on the regular and ad-hoc calls is provided in the *Allocation criteria*, annexed to this document.

Project approval cycle consists of the following steps:

- (i) **Announcing the Call.** Upon the decision of the Joint Steering Committee, the Secretariat develops the call for Proposals, based on the Fund's Terms of Reference. Upon the approval of the Joint Steering Committee, the Secretariat announces the Call and shares it with all Participating UN Organisations.
- (ii) **Submission of the Concept Note.** Participating UN Organisations are invited to submit the concept note that explains the idea of the intervention. Concept notes should be no longer than 1.000 words, and it should contain:
- a. basic information about the intervention: participating UN Organisation (highlighting the lead organisation), contact details of relevant personnel assigned to work on project proposal, length of the intervention, and similar;
 - b. programme information (what is the challenge that the intervention is addressing, how is it linked to the 2030 Agenda for Sustainable Development and the EU Accession process, how is it reflected in the Cooperation Framework and the Annual Work Plan and how it addresses the national priorities);
 - c. partnership information (who are the key implementing partners);
 - d. budget information (available budget, the budget asked from the Fund).
- (iii) **Assessment of the Concept Notes.** The Joint Steering Committee, through the Fund Secretariat and/or expert support, assesses the concept notes based on the (a) general eligibility criteria, (b) relevance and prioritisation criteria, and (c) performance criteria. More detailed explanation of this criteria is outlined in the *Allocation criteria*, annexed to this document. The Joint Steering Committee is supported by the Secretariat in making the decision on the intervention that will be funded.
- (iv) **Developing project proposal.** Participating UN Organisations who have proposed the winning Concept note will be invited to elaborate on the idea through the development of the project proposal. This document should be no longer than 5.000 words. The project proposal should contain:
- a. Introduction – (i) information about the context and the background of the project;
 - b. Information about the project - (ii) target groups, (iii) key expected results, (iv) links with the EU accession process and the 2030 Agenda and innovative value added, and (v) information about the implementing modality, participating organisations;
 - c. Project implementation and phasing out - (vi) implementation strategy, (vii) theory of change, (viii) expected results and impact, (ix) partnerships, (x) scalability and sustainability, and (xi) governance structure.
 - d. Financing – (xii) information about the planned budget using the standard UN Sustainable Development Group budget categories, including own contributions.

- (v) **Fund allocation.** After the project proposal has been reviewed, the Joint Steering Committee will approach the Administrative Agent to request the allocation of funds to implementing partners, in line with the budgets and available funding.

More precise templates for the development of the Concept Note and the Project Proposal will be provided through the Call and the Operations Manual.

Criteria for fund allocation

The Montenegro Acceleration Fund will finance only joint UN programmes that are aligned with the function of the Fund, its' strategy and the theory of change. To that matter, all interventions financed by the Fund need to provide innovative solutions that support implementation of the 2030 Agenda and EU accession, and that operationalise the spirit of the UN Reform.

The Fund is designed to have two allocation rounds per year⁶ – larger and smaller contribution. The larger contribution will disburse around 70% of the annual allocation of the fund, while the smaller will disburse the remaining 30%. This rule will be followed as long as the Fund is sufficiently capitalised.

When disbursing the funds, the Joint Steering Committee will be guided by the general MPTF thresholds of minimum transaction of USD100,000 per PUNO per project.⁷ Exceptions to this rule can be made in following the agreement with the Administrative Agent, and upon the justification provided by the Joint Steering Committee.

Criteria for allocation of funds are designed to give equal opportunities to all UN entities and will be reviewed by the Joint Steering Committee before the allocation cycle. As a rule of thumb, the Fund will support only joint UN interventions that gather at least two and no more than three UN Organisations, that give innovative value added in tackling the key challenges in implementation of the 2030 Agenda and achieving EU accession criteria in Montenegro.

The Steering Committee will also pay due attention to assessing the relevance and prioritisation and performance criteria, prior to deciding on allocation of funds.

Allocation criteria can also be considered as a stand-alone document that is Annexed to the Terms of Reference.

Risk management

The Montenegro Acceleration Fund is also envisaged as a vehicle for sharing the risk among strategic partners involved in the development of Montenegro – the host country, the United Nations and the contributors.

The objective of a risk identification and management strategy is to facilitate the achievement of Fund objectives considering the risks in the context in which it operates. Based on risks identified, the Secretariat will develop a risk management strategy with the objective to accelerate Fund implementation and increase its impact, ensure that the Fund's interventions meet the "do no

⁶ The working assumption is that the Fund will operate with at least 1 million USD per year.

⁷ More information about Multi Partner Trust Fund thresholds could be found in the document UNDG Thresholds for setting up MDTFs and One Funds, available at : <https://mptf.undp.org/document/templates>

harm" principle, verify that resources are used for foreseen purposes and improve risk management capacity of national partners.

The risk management strategy will:

- Develop shared understanding of risks faced by the Montenegro Acceleration Fund;
- Identify roots and causes of the risks;
- Establish the Fund's policies regarding identified risks;
- Determine risk treatment through measures of mitigation or adaptation;
- Establish information strategies and common messages about the risks.

Every programme approved by the Montenegro Acceleration Fund shall comply with the risk management strategy. The Fund risk management strategy is however not a replacement for programme risk evaluation/management.

Risk management strategy will be observed by the Joint Steering Committee, who will review type of the risk: contextual, programmatic and/or institutional, and assess its impact and probability.

Accountability

Accountability for finances. All Participating UN Organizations will implement programmes in accordance with their own financial regulations, rules, policies and procedures.

For each programme/project approved for funding, each Participating UN Organization will provide the Administrative Agent and fund Secretariat with annual and final financial reports and financial statements prepared in accordance with their accounting and reporting procedures, as stated in the legal agreements signed with the Administrative Agent.

Accountability for results. Participating UN Organisations are accountable to the Joint Steering Committee for the results that they committed to through the approved project proposal.

Despite not having a direct accountability line for non-earmarked funding, the Joint Steering Committee will regularly communicate with the contributors directly and through the contributors' observer status in the Joint Steering Committee. This type of accountability and relation will strengthen partnership between the contributors, the United Nations and the Government of Montenegro.

Reporting

The responsibilities related to reporting are detailed in the MPTF's Memorandum of Understanding. All Participating UN Organizations will prepare annual and final reports on activities and expenditures according to a common format designed for the MPTF. Ad hoc periodic reports may also be requested by the Joint Steering Committee.

Narrative report. The Participating UN Organizations will submit the following programme reports to the Secretariat for consolidation and further transmission to the Steering Committee, and the Administrative Agent:

- i. Annual narrative reports for each programme to be provided no more than three months (31 March) after the end of the calendar year;

- ii. Final narrative reports after the end of activities contained in the approved project proposal, including the final year of such activities, to be submitted no more than three months (31 March) in the following year after the operational closure of the programme.

Annual and final reports should demonstrate results based on evidence. Annual and final narrative reports should compare actual results against estimated results in terms of outputs and outcomes and explain the reasons of higher or lower performance. The final narrative report will also include the analysis of how the outputs and outcomes have contributed to impact of the Montenegro Acceleration Fund.

Financial Report. The Participating UN Organizations will present the following financial statements and reports for each programme to the Administrative Agent:

- i. Quarterly financial reporting for purposes of internal coordination and monitoring of progress by the Secretariat and the Joint Steering Committee;
- ii. Annual financial statements and reports by 31 December, regarding resources released by the Montenegro Acceleration Fund to them; these shall be provided no more than three months (31 March) after the ending of the calendar year;
- iii. Final certified financial statements and financial reports after the completion of activities contained in the program-related approved document, including the final year of such activities, to be submitted no more than six months (30 June) in the following year after the operational and financial closure of the Montenegro Acceleration Fund.

Based on these reports, the Administrative Agent annual consolidated financial reports, which will be consolidated with the narrative report and submitted by 31 May to each Montenegro Acceleration Fund contributor, and to the Steering Committee. The Final consolidated report will be provided no later than six months (30 June) after the end of the calendar year in which the operational closure of the Montenegro Acceleration Fund occurs.

Monitoring and Evaluation

Within the framework of the Montenegro Acceleration Fund, monitoring and evaluation takes place on (i) project/programme level, and (ii) at the level of the Fund itself.

Monitoring and evaluation of the interventions financed by the fund are the responsibility of the Participating UN Organisation that carries out or leads implementation of the intervention. A monitoring and evaluation budget should be integral part of the project proposal and immanent budget for the intervention.

Monitoring and evaluation of the Fund will be carried out in accordance with the national context, a results-based management method will be applied, with overall coordination by the UN system. The Joint Steering Committee is responsible for monitoring overall implementation of the Montenegro Acceleration Fund, while the Secretariat developed the monitoring and evaluation plan of the Fund.

Final independent evaluation will be commissioned by the Joint Steering Committee, in order to assess the overall performance of the Montenegro Acceleration Fund, its design, management and performance against the objectives. In case necessary, the Joint Steering Committee may request the mid-term evaluation.

Finally, the Joint Steering Committee is responsible for monitoring the adherence to the overall timeline of the Montenegro Acceleration Fund. The Steering Committee ensures that allocation end dates are within the approved Fund end date and that PUNOs close projects on time.

Audit

The Montenegro Acceleration Fund will be audited in line with the provisions stipulated in the standard MOU and SAA, as well as 2014 Framework for Joint Internal Audit of UN Joint Activities. The administrative agent and participating UN organizations will be audited according to their own rules and financial regulations and in line with this framework for joint audit. Government entities will be audited in accordance with the national audit framework.

Transparency and public disclosure

Transparency is one of the main principles of the Montenegro Acceleration Fund, and it contains three main dimensions: (i) transparency of the Fund *modus operandi*, and (ii) visibility of Fund results and contributors.

Transparency of the Fund *modus operandi* is entrusted to the Administrative Agent, who will a dedicated web page on the MPTF Office GATEWAY (<https://mptf.undp.org/>) to ensure appropriate transparency and accountability. In line with the UN's commitment towards public disclosure of its operational activities the Montenegro Acceleration Fund web-page will contain real-time information on summaries of Joint Steering Committee decisions, Terms of Reference of the Fund, contributor commitments and deposits, transfers to the Participating UN Organizations, approved programmes and programmes awaiting approval, funding levels, annual financial and progress reports, and external evaluations, as appropriate.

Visibility of the Fund results and contributors will be anchored with individual efforts of each participating UN Organization individually, and through the UN Montenegro communication channels. The communications teams of UN Montenegro will take appropriate measures to publicize the Montenegro Acceleration fund and to give due credit to other participating UN Organizations and contributors to the fund.

All related publicity material, official notices, reports and publications, provided to the press or Fund beneficiaries, will acknowledge the role of the host Government, contributors, Participating UN Organizations, the AA, and any other relevant entities. In particular, the AA will include and ensure due recognition of the role of each Participating UN Organization and partners in all external communications related to the Joint Fund.

Whenever possible and to the extent that it does not jeopardize the privileges and immunities of UN Organizations, the UN Organizations will promote contributor visibility on information, project materials and at project sites in accordance with their respective regulations, rules, policies and procedures.

Modification and Expiration of the Montenegro Acceleration Fund

The Terms of Reference of Fund, along with the all accompanying document, can be modified by mutual agreement within the Joint Steering Committee.

The Montenegro Acceleration Fund will have an initial duration of 5 years, from 1 January 2023 to 31 December 2027. The Joint Steering Committee has the authority to amend the duration of the Fund, while the Administrative Agent has the authority to trigger closure of the Fund should that duration of the Fund is not extended.

Key dates for the Fund are:

- 1 January 2023 // operational start of the Fund
- 1 January 2027 // deadline for accepting the final donor contributions
- 30 June 2027 // deadline for the final disbursement of available funds
- 31 December 2027 // operational closure of the Fund
- 30 June 2028 // final narrative report of the Fund
- 30 June 2029 // financial closure of the Fund and final financial report

Any remaining balance in the Montenegro Acceleration Fund account after its closure will be used for a purpose mutually agreed by the Steering Committee and the Contributors, or it will be reimbursed to the Contributor(s) in proportion to their contribution to the Montenegro Acceleration Fund.

The Steering Committee has overall responsibility for the Montenegro Acceleration Fund.

It is responsible for leadership, strategic direction, and decisions on eligibility, allocation and other managerial and oversight aspects of the Fund.

Composition of the Joint Steering Committee. Joint Steering Committee is composed of eight members:

- two co-chairs – the Minister of Foreign Affairs and the UN Resident Coordinator, ex-officio,
- two representatives of Government line ministries, on an annual rotational basis,
- two representatives of participating UN Organisations from the ones that have signed to the UN Sustainable Development Cooperation Framework, on an annual rotational basis,
- two ex-officio representatives of the Montenegro Acceleration Fund Administrative Agent and the Secretariat, respectively, and
- two representatives from contributors to the Fund, on an annual rotational basis, as observers

Key Tasks and Responsibilities.

- i. Provide general oversight and exercising overall accountability of the Fund;
- ii. Approve the strategic direction of the Fund and its overall results framework;
- iii. Approve Fund risk management strategy and review risk monitoring regularly;
- iv. Review and approve proposals submitted for funding, ensuring their conformity with the requirements of the Fund Terms of Reference (TOR) and the high-quality of the financed proposals;
- v. Decide the allocation of funds;
- vi. Request fund transfers to the Administrative Agent (signed off by UN member of the Steering Committee);
- vii. Review Fund status and oversee the overall progress against the results framework through monitoring, reporting and evaluation;
- viii. Review and approve the periodic progress reports consolidated by the Administrative Agent and the Secretariat based on the progress reports submitted by the Implementing Entities;
- ix. Lead on consultations with the key stakeholders to avoid duplication or overlap between the Montenegro Acceleration Fund and other funding mechanisms;
- x. Commission mid-term and final independent evaluations on the overall performance of the Fund;
- xi. Approve direct costs related to fund operations supported by the Secretariat;
- xii. Approve Fund extensions and updates to the Fund TOR, as required.
- xiii. Develop and implement resource mobilization strategies to capitalize the Fund.

Role of the co-chairs of the Steering Committee.

- i. Strategic leadership of the Montenegro Acceleration Fund in line with the national priorities of EU accession process and the achieving Sustainable Development Goals, on the basis of the UN Sustainable Development Cooperation Framework and while strengthening country-level implementation of the UN Reform;
- ii. Mobilizing resources for the Montenegro Acceleration Fund in collaboration with the participating UN Organisations;

- iii. Overseeing the programme coordination support allocation; and
- iv. Co-chairing the Joint Steering Committee together to oversee management and accountability of the Fund, while making sure that the decisions are in accordance with the regulatory requirements and frameworks of the participating UN Organisations and agreements with the programme country and donors, that decisions of the Joint Steering Committee are duly recorded, communicated to all interested parties, and timely implemented.

The UN co-Chair, representing the SC, is accountable to the Chair of the MDTF Fiduciary Management Oversight Group, representing the Committee, for the inter-agency fiduciary issues related to the Participating UN Agencies on issues related to funding through the UN for the MDTF activities.

Joint Steering Committee // Rules of Procedure

Participation. The Montenegro Acceleration Fund Joint Steering Committee has eight members and two observers. Members of the Joint Steering Committee are: (i) two co-chairs – the Minister of Foreign Affairs and the UN Resident Coordinator, ex-officio, (ii) two representatives of Government line ministries, on a rotational basis, (iii) two representatives of participating UN Organisations from the ones that have signed to the UN Sustainable Development Cooperation Framework, on a rotational basis, (iv) two ex-officio representatives of the Montenegro Acceleration Fund Administrative Agent and the Secretariat, respectively, and (v) two representatives from contributors to the Fund, on a rotational basis and as observers.

Members of the Joint Steering Committee who are delegated on the rotational basis, have a one year mandate in the Steering Committee.

Meetings. Meetings of the Joint Steering Committee take place at least once per year to decide on annual allocation of resources, as per the allocation criteria. Ad-hoc meetings can be called by the co-chairs of the Joint Steering Committee, or by majority of its members. Electronic form of meetings and decision making has equal treatment to the regular meeting/decision.

Material for the meeting is prepared by the Secretariat. The Secretariat also keeps the records of the meetings and follows-up on the relevant decisions.

Decision making. Joint Steering Committee decisions are made on a consensus basis. Discussions and decisions should come openly, collegially and constructively within the Committee. No decision can be made if only one party (the Government or the United Nations) supports it. If the consensus cannot be reached, the co-chairs together bear the right to make the ultimate decision on strategic focus and allocation of resources against that focus.

A dispute resolution mechanism established by the UNSDG will be applied in the occurrence of a dispute.

Quorum. In order to make a decision, a simple majority of all Joint Steering Committee members (at least five members) need to take part in the discussion, including the two co-chairs.

Advisory bodies. Joint Steering Committee has a right to establish Advisory Bodies. These are usually thematic entities consisted of renowned experts in the field. The Body assists the Steering Committee in making the strategic decisions on thematic focus and advises on allocations of the fund.

Standards of conduct. Members of the Joint Steering Committee shall demonstrate the highest degree of personal integrity and professionalism. The Steering Committee shall work towards common and strategic impact/results on the ground, through shared programmes, policies, knowledge and capacities.

Accountability and Transparency. Members of the Joint Steering Committee shall work to enhance transparency and accountability at all levels of decision making within the Montenegro Acceleration Fund. Steering Committee members are jointly responsible and accountable for all decisions made by the Joint Steering Committee.

Participatory Approach and Inclusiveness. Members of the Joint Steering Committee shall exercise participatory and inclusive approach in management and decision-making processes, in order to enhance consensus-building and enable a participatory environment.

Fund Allocation criteria

This section enlists the minimum requirements that the interventions need to fulfil in order to be financed by the Montenegro Acceleration Fund. The Secretariat of the Fund ensures that the Steering Committee has a reliable information regarding the eligibility of every intervention that is proposed for Fund financing. Criteria for allocation of funds are designed to give equal opportunities to all UN entities and will be reviewed by the Joint Steering Committee before the allocation cycle.

The Montenegro Acceleration Fund will finance only Joint UN programmes that are aligned with the function of the Fund, its' strategy and the theory of change. To that matter, all interventions financed by the Fund need to support in implementation of the 2030 Agenda, achieving benchmarks for joining the European Union and operationalise the spirit of the UN Reform.

General eligibility criteria. The Fund will have maximum two regular rounds of allocations per year.

- The first allocation will disburse 70% of the annual budget of the Fund.⁸ It will finance: (i) joint UN programmes that put forward innovative solutions and bring together no less than two and more than three UN Organisation, with (ii) 2 years as a maximum length of the programme. The Steering Committee may decide to extend length of the programmes, upon the request of Participating UN Organisations. Under the justification and upon approval of the Joint Steering Committee, the number of participating UN Organisations can be increased, but shall never exceed a number of five Participating UN Organisations per intervention.
- The second allocation will disburse 30% of the annual budget of the Fund. It will finance (i) joint UN programmes that put forward innovative solutions and bring together no less than two and more than three UN Organisation, with (ii) 1-2 years as a maximum length of the programme.
- The Steering Committee may decide to introduce ad-hoc disbursements of the available funds. In this case, the Steering Committee will prescribe the specific allocation criteria, with the support of the Secretariat. These specific criteria can be related to the thematic focus of the interventions, size of the intervention, and similar.

Keeping to the principle of fairness in distribution of available funding, the participating UN organisations can participate only in one regular round of allocation per year.

Should the fund have higher/lower capitalisation than the anticipated, the Joint Steering Committee may decide to adjust accordingly the allocation dynamics and size of allocations.

Disbursements of funds from the Montenegro Acceleration Fund will be transferred in full to the participating agencies, irrespective of the length of the intervention.

Relevance and prioritisation criteria. The intervention proposal should clearly show the links with (i) the strategic priorities of the Fund – acceleration of Montenegro's efforts to achieve the

⁸ Working on the assumption that the annual budget will be no less than 1 million USD.

EU accession criteria and implement the 2030 Agenda for Sustainable Development, and (ii) strengthening the implementation of country-level UN Reform process.

Furthermore, the intervention proposal will be assessed in relation to the contextual circumstances, innovative potential and specific national priorities/needs in the time when the call is announced. Weighting the fulfilment of this criteria will be conducted by the Joint Steering Committee, with the support of the Secretariat and, should needed, independent evaluators.

Finally, the proposals will be assessed based on its impact on gender and human rights, as well as from the aspect of sustainability and scalability potential.

Performance criteria. Performance in previous rounds of Fund allocation, as well as overall performance in implementation of programmes and utilisation of available funds will be taken in the consideration, along with the human and administrative capacities of the organisations to carry out the intervention.

Smooth functioning of the Montenegro Acceleration Fund is entrusted to the Secretariat of the Fund. The Secretariat will support the Fund through programme coordination, including following up to the entire programming cycle, monitoring of the Fund and technical, operational and administrative support.

Secretariat functions will be performed by the Office of the UN Resident Coordinator in Montenegro, in close cooperation with the Unit for the United Nations in the Ministry of Foreign Affairs.

The Secretariat also provides advice and quality control over the Fund implementation. It coordinates the meetings of the Steering Committee and makes sure that the decisions are implemented. It facilitates collaboration and communication between the Government of Montenegro, Participating UN Organizations, contributing donors and the co-chairs of the Fund. The Secretariat serves as the main focal point for the Administrative Agent.

A key role of the Secretariat is to review the submission of projects/proposals to the Steering Committee. In case needed, the Secretariat may organize independent technical review of proposals, for which independent consultant will be recruited. The Secretariat may, as well, provide technical and advisory support in developing project proposals through provision of the latest knowledge and experience and as long as it does not affect its' impartiality in the decision making process.

The Secretariat is responsible for reporting on the implementation of funded projects.

The Secretariat is responsible for:

- i. Advising the Steering Committee on strategic priorities, programmatic and financial allocations based on the inputs and rules and regulations of the Administrative Agent;
- ii. Provide logistical and operational support to the Steering Committee;
- iii. Organize calls for proposals and appraisal processes;
- iv. Ensure the monitoring of the operational risks and Fund performance;
- v. Ensure the monitoring of the gender equality, human rights, Leaving No One Behind and the climate change component of the initiatives that were financed through the Montenegro Acceleration Fund;
- vi. Consolidate annual and final narrative reports provided by the Participating UN Organisations and share with the Steering Committee for review as well as with Administrative Agent for preparation of consolidated narrative and financial reports;
- vii. Facilitate collaboration and communication between Participating UN Organizations to ensure programmes are implemented effectively.
- viii. Support coordination of efforts with the Government of Montenegro and other development actors to avoid overlapping and duplication;
- ix. Liaise with the Administrative Agent on fund administration issues, including issues related to project/ fund extensions and project/fund closure.

As per the MDTF MOU/SAA, the costs of Secretariat support may be charged as direct costs to the MDTF with the approval of the Steering Committee. The budget is not exceed 3% of total fund capitalization.

Annex 1: European Union Window of the Montenegro SDG Acceleration Fund

Introduction

This document serves as an Annex to the Terms of Reference of the Montenegro SDG Acceleration Fund, and, as such, provides the Terms of Reference of the European Union Window of the Montenegro SDG Acceleration Fund. The EU window operates within the Montenegro SDG Acceleration Fund, which has the authority to open and close windows within the fund, under the specific authorities delegated by the Joint Steering Committee of the Montenegro SDG Acceleration Fund. The key operating and founding principles are inherited from the Terms of Reference of the Montenegro SDG Acceleration Fund, with certain management and operations differences that will be subject to further elaboration in this document. The document also serves as the *Description of Action* for the purposes of *Special Conditions* agreement signed between participating UN Organisations and the European Union.

The EU Window of the Montenegro SDG Acceleration Fund retains the strategic development niche of the Montenegro SDG Acceleration Fund that supports EU accession process of Montenegro and implementation of the 2030 Agenda for Sustainable Development. As such, the Fund works under the strategic framework of the Sustainable Development Cooperation Framework 2023-2027, agreed among the United Nations and Montenegro.

The EU Window of the Montenegro SDG Acceleration Fund will benefit from cooperation with the European Union, the World Bank and the European Bank for Reconstruction and Development (EBRD) through the EU Reform Facility. The Facility is foreseen as a reform-focused investment package that will support the accession process and the priorities of the Government of Montenegro, such as the Economic Reform Programme. The reform facility will reinforce the national authorities' capacities for socio-economic reform and support progress on the Economic Reform Programme.

The Mainstreaming, Acceleration and Policy Support process showed that a strong correlation exists between completing the chapters of the EU Acquis Communautaire and the achievement of the SDGs. Approximately two thirds (65 percent) of the SDGs can be achieved through the completion of the EU accession process. The latest EU progress reports have highlighted the need to accelerate the implementation of reforms to renew the pace of progress. Montenegro has opened all chapters of the EU acquis Communautaire and provisionally closed three, but already two years have passed since the last chapter was provisionally closed.

The EU reform facility offers an opportunity to respond quickly and flexibly to the needs of the Government of Montenegro to implement reforms that accelerate progress on the dual agendas of the SDGs and EU accession. It brings UN expertise to bear to support these reforms.

The EU will provide €2 million to establish an EU Window of the Montenegro SDG Acceleration Fund. As a window under the Montenegro SDG Acceleration Fund, it will support progress on 2030 Agenda for Sustainable Development and the EU accession, and finance interventions of Participating UN Organisations in the respective field, in line with the Sustainable Development Cooperation Framework and the strategic guidance of the EU Reform Facility Steering Committee.

The EU Window will follow somewhat different governance and *modus operandi* (implementation of available funding) compared to the existing structures of the Montenegro SDG Acceleration Fund. This Annex further elaborates these differences and processes within the Fund's EU Window. Governance arrangements have been developed in line with the *Special Conditions* agreement signed between the European Union and the United Nations whose provisions and the partnership spirit are inherited in this Terms of Reference. The components of the EU Window of the Montenegro SDG Acceleration Fund rely on the

provisions of the *General and Special Conditions* regarding the governance of the EU funds, financial and narrative reporting, visibility of the EU support, and others, and specific requirements of the EU Action Document “EU Reform Facility”.

Axis of intervention

The EU Reform Facility presents a unique results- and action-oriented platform for cooperation between the European Union, the World Bank, the European Bank for Reconstruction and Development (EBRD), and the United Nations, towards the same goal – to unblock Montenegro’s potential and accelerate EU accession. Partners will build up on each other’s competences and strategic positioning to deliver the common mission, through complementary actions.

The United Nations agencies, funds and programmes align their support to three strategic priority areas identified in the Joint Government-UN Sustainable Development Cooperation Framework (UNSDCF) in line with EU accession priorities. The UN’s mandate on Leave no One Behind and vulnerable groups affords it a strong comparative advantage around the scope and scale of its work bringing technical expertise to socio economic issues. Each UN agency provides its own technical expertise, long-standing operational partnerships with national and local government institutions as well as civil society, and a systemic and long-term reform programming approach. The scope of expertise, experience and normative mandates enables the UN’s agencies, funds, and programmes to focus on multi-disciplinary, socio-economic aspects and policy-based reforms of the EU Reform Facility interventions. The UN has a unique strategic positioning with institutions that can support the acceleration of the SDGs and EU accession, such as the National Council for Sustainable Development and the Office for Sustainable Development.

These comparative advantages will be leveraged to support EU accession reforms and analyse their impact on society with particular focus on vulnerable groups. All interventions that UN Organisation undertake within the EU Window shall be aligned not only with the EU Reform Facility’s strategic profile, but also with the Sustainable Development Cooperation Framework 2023-2027⁹ and the 2030 Agenda for Sustainable Development, while complying with human rights and gender imperatives.

The United Nations will also retain nimble approach in this unique partnership, so to be able to respond to an ongoing and forthcoming challenges that might arise.

Under these principles, the United Nations in Montenegro will deliver on

- Supporting the National Council for Sustainable Development¹⁰, through various modalities, including technical support, capacity building, analytical support, and others.
- Supporting the Montenegrin EU Accession process through multi-dimensional analysis (notably socio-economic but also having into consideration main cross cutting issues – gender, human rights, environment, etc – as well as other specific dimensions relevant for the particular subject.
- Supporting policy-based reforms that contribute to the overall goals of EU Reform Facility.

⁹ The strategic priorities of the Sustainable Development Cooperation Framework 2023-2027 are:

- (i) inclusive economic development and environmental sustainability,
- (ii) human capital development, reducing vulnerability, and social inclusion, and
- (iii) social cohesion, people-centred governance, rule of law, and human rights.

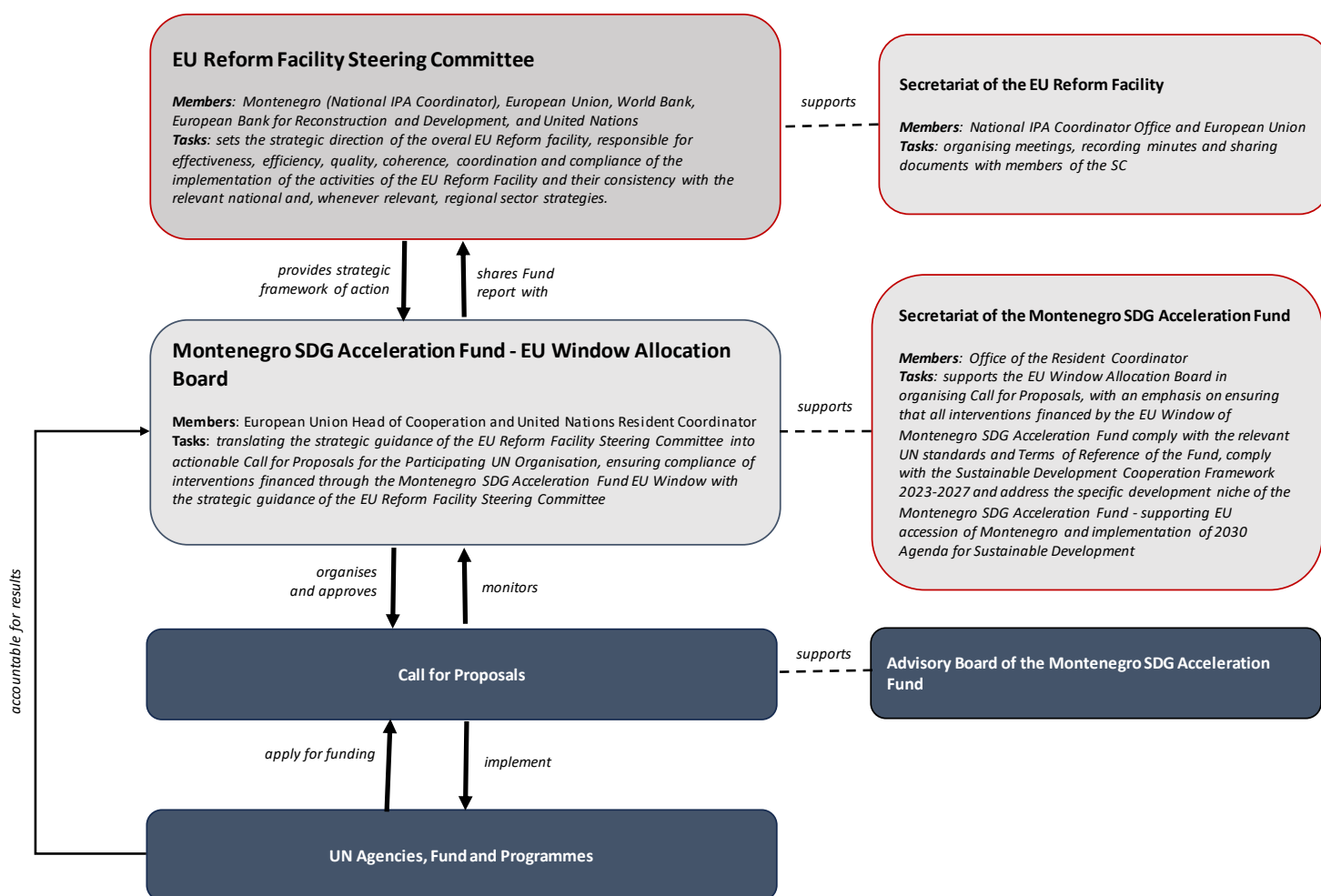
¹⁰ The National Council for Sustainable Development is an independent working group consisted of high-Government officials, representatives of civil society, including women and youth organisations, academia, independent institutions, and international organisations, under the Prime Minister of Montenegro, as the chairperson. The National Council is an open forum for expert oversight and advise in development and implementation of policies for sustainable development. The med-term work plan of the National Council defines a series of activities aimed at accelerating implementation of 2030 Agenda for Sustainable Development, just transition, climate change and climate action, financing for sustainable development, education and promotion concept of sustainable development, and strengthening partnerships, especially at the international level.

Governance mechanisms

The EU Reform Facility will establish a Steering Committee consisting of representatives of the National Instrument for Pre-accession Assistance (IPA) Coordinator (NIPAC) Office and the Delegation of the European Union in Podgorica, that shall also include relevant national institutions and implementing partners, including the United Nations.

Within the Montenegro SDG Acceleration Fund governance architecture, **Allocation Board of the EU Window of the Montenegro SDG Acceleration Fund** is created to make decisions on eligibility, allocation, and other managerial and oversight aspects of the EU window of the Fund. This body will consist of the EU Head of Cooperation and the UN Resident Coordinator, who are also both members of the EU Reform Facility Steering Committee. The UN Resident Coordinator, supported by the Secretariat of the Montenegro SDG Acceleration Fund and with the delegated decision making authority by the Montenegro SDG Acceleration Fund Joint Steering Committee, also ensures compliance of the financed interventions with the Sustainable Development Cooperation Framework 2023-3027, the general strategic development niche of the Montenegro SDG Acceleration Fund, and the applicable UN standards and Terms of Reference of the Montenegro SDG Acceleration Fund.¹¹

Figure 1 EU Window Organigram and process flow



¹¹ Compliance with the Terms of Reference of the Montenegro SDG Acceleration Fund is particularly referring to ensuring adequate gender and human rights dimension of the interventions, while maximising catalytic, innovative, and acceleration potential of the intervention.

The Allocation Board will operationalise allocations guided by decisions within the EU Reform Facility Steering Committee through the Calls for Proposals, opened to all Participating UN Organisations.¹² The EU Reform Facility Steering Committee will be supported by its own secretariat (outside the scope of the Montenegro SDG Acceleration Fund).

The rules and procedures of the Allocation Board of the EU Window: Based on the strategic guidance of the EU Reform Facility Steering Committee, and in line with the delegated authority of the Montenegro SDG Acceleration Fund Joint Steering Committee, the EU Window Allocation Board of the Montenegro SDG Acceleration Fund will organise a Call for Proposals opened to all Participating UN Organisations to compete, through individual or joint interventions.

The general criteria set by the Terms of Reference of the Montenegro SDG Acceleration Fund shall be respected in the process of deciding on the allocation within the EU Window. These criteria primarily relate to relevance and prioritisation criteria – addressing a specific development challenge that accelerates the EU accession process and implementation of 2030 Agenda for Sustainable Development, while relevant gender and human rights requirements.

In addition to the general criteria, all UN interventions that would be eligible for bilateral support with the EU, outside of these reform agendas and through the means of other EU funding sources (such as IPA), will not be considered for financing from the EU Window. The objective of the financed interventions should be to support the removal of the impediments to socio-economic development of Montenegro, in line with the EU Reform Facility Action Document. These actions should draw upon UN expertise with a wide scope of potential interventions either related to analysis, policy or implementation of reform priorities that support national authorities.

The Allocation Board of the EU Window of the Montenegro SDG Acceleration Fund relies on the **Montenegro SDG Acceleration Fund Advisory Board, Secretariat and the Administrative Agent** of the Montenegro SDG Acceleration Fund. The Advisory Board of the Montenegro SDG Acceleration Fund will advise the Allocation Board on quality of the intervention proposals and enhancing quality and impact of the EU Window. The Secretariat of the EU Window of the Montenegro SDG Acceleration Fund is entrusted to the Office of the UN Resident Coordinator to Montenegro. The role of the administrative agent (AA) is entrusted to the United Nations' Multi-Partner Trust Office, entitled to administrative costs up to a maximum of one percent (1%) of the amount contributed to the EU Window. The tasks and responsibilities of the Advisory Board, the Secretariat, and the Administrative Agent are inherited from the Montenegro SDG Acceleration Fund Terms of Reference.

Fund implementation

The *General and Special Conditions* signed between the UN and the EU would apply to technical issues in the implementation of the EU window, along with the Memorandum of Understanding signed by the Participating UN Organisations. The EU Window will operate with an indirect implementation modality through UN Organisation, where funds will be channelled to the participating UN Organisations, based on the decision of the EU Window Allocation Board. The UN is fully responsible for the coordination and execution of all contracted activities. For EU contributions, a fixed percentage of direct eligible costs, not exceeding 7%, shall be eligible as indirect costs charged by the respective UN Organisations and in addition to 1% administrative cost charged by the Administrative Agent, as described above.

Based on the strategic guidance of the EU Reform Facility Steering Committee, the EU Window of the Montenegro SDG Acceleration Fund, with the support of the Secretariat of the Montenegro SDG Acceleration Fund, will action the guidance through the Calls for Proposals. The Calls shall be open to all Participating UN Organisation to apply, both individually or jointly

¹² Following the UN regulation, Participating UN Organisation is the UN entity that has signed the Sustainable Development Cooperation Framework 2023-2027 and the respective Memorandum of Understanding to join the EU Window of the Montenegro SDG Acceleration Fund

with no more than three Participating UN Organisations as part of the implementing team.

The overall selection criteria shall be in line with the Terms of Reference of the Montenegro SDG Acceleration Fund (general eligibility criteria, relevance and prioritisation criteria, and performance criteria). Specific criteria for assessment of the proposals shall be defined by the EU Window allocation Board through the Call for Proposals with the primary aim to maximise the impact of the financed interventions, as well as their catalytic, innovative, and acceleration potential.

The concept notes, developed by UN agencies, will be reviewed by the Allocation Board and the Secretariat of the Montenegro SDG Acceleration Fund for appropriateness against the criteria. At the same time, the Advisory Board of the Montenegro SDG Acceleration Fund will review the proposals and provide advice to the Allocation Board regarding their quality and potential to improve impact. Based on the appropriateness of the concept note the Allocation Board can then commission the UN agency to develop a full project document.

All UN submissions of project documents will include objectives and indicators of achievement to be agreed in contribution-specific agreements. These will be reflected in subsequent workplans and reports. Performance measures will be based on objectives that are specific, measurable, attainable, realistic, and time-based. Indicators for the contribution-specific agreement may be linked to the more general indicators relevant for the whole project. The United Nations and the European Union will explore carrying out jointly the monitoring and evaluation activities.

While the specific focus of the EU reform facility is on addressing the obstacles to economic growth, the potential projects could fall under all three strategic priorities of the Sustainable Development Cooperation Framework 2023-2027, meaning all UN agencies who are signatories of the UNSDCF shall be eligible for EU Window funding provided that they sign a Memorandum of Understanding with the Multi Partner Trust Fund and the Special Conditions agreement.

Financial reporting

The financial reporting will be performed annually on the level of Montenegro SDG Acceleration Fund as well as the EU Window, where financial statements will be provided in US dollars, which is the accounting currency of the Administrative Agent. The financial reports shall present the expenses with the same level of details as the "Budget of the action" had, and in line with the respective UN Sustainable Development Group budgetary categories.

Narrative reporting

The narrative reports will be performed annually and concurrently with financial reporting. The annual narrative report on results will be part of the broader Montenegro SDG Acceleration Fund annual report, whereas the separate chapter will refer to the results achieved under the EU Window. The narrative reports shall be commensurate with the "Description of the action" and focus on results attained during the reporting period. As a minimum, the report will cover the following areas:

- summary and context of activities carried out during the reporting period (i.e. directly related to the Action description and activities foreseen in the contribution-specific agreement);
- difficulties encountered and measures taken to overcome problems;
- changes introduced in implementation;
- achievements/results by using indicators (to be included in the contribution-specific agreement); and
- work plan for the following period. If the report is sent after the end of the period covered by the preceding work plan, a new work plan, albeit provisional, is always required before such date.

The UN Organisations will share data of the deliveries of the actions under this contribution to the Montenegro SDG Acceleration Fund. This data will also be collected by a Technical Assistance provided by the EU Reform Facility, with the aim to provide a coherent monitoring of how the EU Reform Facility.

Visibility

Unless the Commission requests or agrees otherwise, the UN shall consult and agree on appropriate measures to publicise the fact that the intervention has received funding from the European Union. Information given to the press, the beneficiaries of activities, all related publicity material, official notices, reports, and publications, shall acknowledge that the Action was carried out "with funding by the European Union" and shall display in an appropriate way the European emblem.

All external UN publications pertaining to the activities of the Montenegro SDG Acceleration Fund that have received funding from the Commission shall carry the following disclaimer: "This document was produced with the financial assistance of the European Union. The views expressed herein can in no way be taken to reflect the official opinion of the European Union."

Annex 2: Result Framework UNSDCF

UN Sustainable Development Cooperation Framework 2023-2027

Given the complementary nature of the processes, the United Nations Sustainable Development Cooperation Framework 2023-2027 will be treated as the Annex to the Montenegro Acceleration Fund Terms of Reference.

The document is being developed in parallel to this one but with the clear references to its' Results Framework and the Theory of Change.

Results framework of the Montenegro Acceleration Fund is in full compliance with the results framework (outcomes, outputs and indicators) of the UN Sustainable Development Cooperation Framework.

The Fund will also be informed by the annual analysis of the situation in the country that the UN conducts through the Common Country Analysis. This approach enables the Fund to be regularly updated on the situation in the country with the aim to direct its funding to the key development issues.

National development vision

By 2027, Montenegro has reduced multidimensional and income poverty and accelerated progress towards sustainable, resource-efficient and innovation-based economy, with improved state of the environment and increased respect for human rights, social justice, and inclusion of the most vulnerable.

Strategic Priority # 1: Inclusive Economic Development and Environmental Sustainability

National development priorities

- National Sustainable Development Strategy 2016-2030
- National transport development strategy 2019-2023
- Transport decarbonization Roadmap
- Climate change law
- National climate change strategy until 2030
- NDC until 2030, and the Report for the preparation of an updated NDC from 2020
- Action Plan for Energy Efficiency
- Energy Law
- Environment Law
- Nature protection Law
- National strategy for integrated coastal management
- National Strategy for biodiversity conservation
- National Strategy for water management
- Action plan for the fulfilment of closing benchmarks in Chapter 27 - Environment and climate change
- Smart specialization strategy 2019-2024
- Strategy of energy development of Montenegro until 2030
- National Forestry Strategy 2014-2023
- Industrial Policy of Montenegro 2019-2023
- Programme of Economic Reforms 2022-2024
- National Strategy on Employment 2021-2025
- Strategy for [sustainable] development of cultural heritage for the period 2023-2028 (to be adopted in 2022)
- National strategy for the safeguarding and sustainable use of cultural heritage (to be adopted in 2022)
- Strategy for Development of Micro, Small and Medium Enterprises (MSMEs) in Montenegro

Regional frameworks [EU chapters]

- Ch 3 - Rights of establishment and freedom to provide services
- Ch 5 - Public procurement
- Ch 6 - Company law
- Ch 7 - Intellectual property law
- Ch 11 - Agriculture and rural development
- Ch 12 - Food safety, veterinary and phytosanitary policy
- Ch 13 - Fisheries
- Ch 14 - Transport policy
- Ch 18 - Statistics
- Ch 19 - Social policy and employment
- Ch 20 - Enterprise and industrial policy
- Ch 21 - Trans-European networks
- Ch 27 - Environment
- Ch 28 - Consumer and health protection

SDGs:

SDG 1- No poverty
SDG 2 - Zero Hunger
SDG 3 - Good health and well-being
SDG 5 - Gender equality
SDG 6 - Clean water and sanitation
SDG 7 - Affordable and clean energy
SDG 8 - Decent work and economic growth
SDG 9 - Industry, innovation and infrastructure
SDG 10 - Reduced inequalities
SDG 11 - Sustainable cities and communities
SDG 12 - Responsible consumption and production
SDG 13 - Climate action
SDG 14 - Life under water
SDG 15 - Life on land

Key Partners:

Government of Montenegro, with the ministries in charge of ecology, spatial planning, urbanism, agriculture, forestry, water management, health, education, science, culture, sports and youth, capital investments, economic development, finance, European integration; as well as the Parliament of Montenegro, Eco Fund; Investment Development Fund; Municipalities; Environment Protection Agency; National Council for Sustainable Development; business sector; NGOs; Chamber of Economy; Innovation Fund; Science and Technology Park; MONSTAT

Contributing UN agencies: UNDP, ILO, UNOPS, UNIDO, FAO, UNICEF, UNECE, UNESCO, UNDRR, UNEP, IFAD, WHO

Results	Performance Indicators (disaggregation)	Baseline (year)	Target (Cooperation Framework end)	Data source/MoV	Assumptions
<p>Outcome 1: By 2027, all people, especially the vulnerable, benefit from improved management and state of natural resources and increasingly innovative, competitive, gender-responsive and inclusive economic development that is climate resilient and low-carbon</p>	<p>1. Employment rate: Total, Men, Women, youth (15-24)</p> <p>Custodian agency: ILO</p>	<p>Total: 43.8% (15+), Male: 50 % Female: 37.9 % Youth: 19.8% (2020)</p>	<p>Total: >48%, Male: >55% Female: >45% Youth: >27%</p>	<p>Labour Force Survey (LFS), Monstat</p>	<p>There is political commitment to carry out long-term reform in the economy and put in place appropriate macroeconomic policies</p> <p>Post-COVID-19, the economic impact is contained</p> <p>Prudent fiscal and debt management policies create space for investment in human development</p> <p>Borders remain open and there are no hurdles in cross-border movement of goods and persons</p> <p>Government remains committed to climate action and short-term economic interests do not deflect the country from the low-carbon development pathway</p> <p>European integration progresses as planned and EU accession commitments mainstreamed in national policies</p> <p>Inclusive and sustainable structure of the institutional framework, based on meritocracy and transparency</p>
	<p>2. Inactive population due to caring responsibilities (20-60)</p> <p>Custodian agency: ILO</p>	<p>Total: 28.6% Male: 10.7% Female: 39.9% (2020)</p>	<p>Total < 24% Male < 10% Female < 30%</p>	<p>Labour Force Survey (LFS)</p>	
	<p>3. Greenhouse gas emissions: Total GHG emissions expressed as Gg CO2eq</p> <p>Custodian agency: UNDP</p>	<p>3,623 (2019)</p>	<p>3,597</p>	<p>Government</p>	
	<p>4. Area of landscapes under improved management to benefit biodiversity, in ha</p> <p>Custodian agency: UNDP</p>	<p>0 (2021)</p>	<p>80,000</p>	<p>Government</p>	
	<p>5. Global innovation index score</p> <p>Custodian agency: UNDP</p>	<p>Score: 35.4 (2021)</p>	<p>Score: >47</p>	<p>World Intellectual Property Organisation</p>	
	<p>6. Share of electricity produced from renewable sources in total net electricity consumption on an annual basis</p> <p>Custodian agency: UNDP</p>	<p>62% (2020)</p>	<p>>64%</p>	<p>MONSTAT</p>	
	<p>7. CAT-I (Capacity Assessment Tool for Infrastructure) infrastructure enabling environment score</p> <p>Custodian agency: UNOPS</p>	<p>4.98 (2022)</p>	<p>>5.47</p>	<p>UNOPS Capacity Assessment Tool</p>	
	<p>8. Gender Equality Index score, dimensions: money, time, work</p> <p>Custodian agency: UNDP</p>	<p>Total: 55 Money: 59.7 Time: 52.7 Work: 65.2 (2019)</p>	<p>Total: >62 Money: >67 Time: >60 Work: >72</p>	<p>MONSTAT</p>	
	<p>9. OECD SME Policy Index</p> <p>Custodian agency: UNOPS</p>	<p>3.42 (2019)</p>	<p>>3.80</p>	<p>OECD</p>	
	<p>10. Global Competitiveness index</p> <p>Custodian agency: UNOPS</p>	<p>60.82 (2019)</p>	<p>>65</p>	<p>World Economic Forum</p>	

<p>11. SDG indicator 11.4.1: Total per capita expenditures on preservation, protection and conservation of all cultural and natural heritage, by source of funding (public, private), type of heritage (cultural, natural) and level of government (national, regional, local/municipal)</p> <p>Custodian agency: UNESCO</p>	<p><i>Results to be published by the end of 2022</i></p>	<p>5% increase (2027)</p>	<p>Monstat/UIS</p>
<p>Outputs</p> <p>Output 1.1</p> <p>Private sector growth, economic transformation and decent jobs generated through innovation, increased institutional capacities, policies and inclusive and gender-responsive policy frameworks to enhance productivity and competitiveness.</p> <p>Contributing agencies: UNDP, ILO, UNOPS, UNICEF, UNIDO, UNECE, FAO, ITU, IFAD</p> <p>Output 1.2</p> <p>Strategies, policies, financing mechanisms and capacities developed to prepare for and respond to socio-economic, climate and health-related risks and natural hazards, through effective, inclusive and gender-responsive mitigation and adaptation actions.</p> <p>Contributing agencies: UNDP, ILO, UNOPS, UNICEF, FAO, UNIDO, UNECE, UNESCO, UNDRR, ITU, IFAD, WHO</p> <p>Output 1.3</p> <p>Policies, legislative frameworks, financial mechanisms and institutional capacities are developed to protect, value and sustainably manage infrastructure, cultural and natural resources that are accessible to all.</p> <p>Contributing agencies: UNDP, UNOPS, FAO, UNIDO, UNECE, UNESCO, ITU, UNEP, IFAD</p>			

Strategic Priority # 2: Human capital development, reducing vulnerability, social inclusion

National development priorities

- Roadmap for Social and Child Protection System Reform
- Strategy on protection of Persons with Disabilities from discrimination and promotion of equality 2022-2027
- Strategy on Social Inclusion of Roma and Egyptians in Montenegro 2021-2025
- Strategy on Migrations and Reintegration of Returnees to Montenegro 2021-2025
- Strategy for the Development of the Social and Child Protection System 2018-2022
- Strategy for the Realization of Child Rights 2019-2023
- Strategy on the Prevention and Protection of Children from Violence (to be developed)
- Strategy for Protection from Domestic Violence 2016-2020
- Strategy for combating trafficking in human beings 2019-2024
- Strategy for early and preschool education in Montenegro 2021-2025
- Inclusive Education Strategy 2019-2025
- Higher Education Development Strategy 2020-2024
- Program for implementation of recommendations for improvement of educational policy 2019-2021 based on the results of PISA 2015
- Strategy for Teacher Training in Montenegro 2017-2024
- Strategy for development of vocational education 2020-2024
- Strategy for the Development of Women's Entrepreneurship in Montenegro 2021-2024
- National Strategy on Gender Equality 2021-2025
- Strategy for development of e-health and integrated health information system 2018 - 2023
- Strategy for improving the quality of health care and patient safety 2019-2023
- Program for control and prevention of chronic non-communicable diseases in Montenegro 2019-2021
- Program for adapting Montenegrin health system to climate changes 2020-2022
- Program for the prevention of harmful use of alcohol and alcohol-related disorders in Montenegro for the period 2022-2024. with the Action Plan for 2022-2023.
- Strategy on strengthening mental health in Montenegro 2019-2023

Regional frameworks [EU chapters]

Ch 3 - Right of establishment and freedom to provide services
Ch 11 - Agriculture and rural development
Ch 12 - Food safety, veterinary and phytosanitary policy
Ch 13 - Fisheries
Ch 14 - Transport policy
Ch 18 - Statistics
Ch 19 - Social policy and employment
Ch 20 - Enterprise and industrial policy
Ch 23 - Judiciary and fundamental rights
Ch 24 - Justice, freedom and security
Ch 26 - Education and culture
Ch 28 - Consumer and health protection

SDGs:

SDG 1 - No poverty

SDG 3 - Good health and well-being

SDG 4 - Quality education

SDG 5 - Gender equality

SDG 6 - Clean water and sanitation

SDG 8 - Decent work and economic growth

SDG 10 - Reduced inequalities

SDG 16 - Peace, Justice and Strong Institutions

Key Partners:

Government of Montenegro, with the ministries in charge of finance, social welfare, economic development, education, science, culture, sports and youth, justice, human and minority rights, interior, public administration, digital society, media, health; as well as the Parliament of Montenegro; Institute for Public Health; Institute for Social and Child Protection; Employment Agency of Montenegro, MONSTAT

Contributing UN agencies: UNDP, UNICEF, ILO, IOM, UNHCR, WHO, UNESCO, UNODC, FAO, UNOPS

Results	Performance Indicators (disaggregation)	Baseline (year)	Target (Cooperation Framework end)	Data source/ MoV	Assumptions
<p>Outcome 2: By 2027, all people, especially the vulnerable, increasingly benefit from equitable, gender-responsive and universally accessible social and child protection system and quality services, including labour market activation and capabilities</p>	<p>1. Proportion of people at risk of poverty disaggregated by sex and age</p> <p><u>Custodian agency: UNDP and UNICEF</u></p>	<p>Total: 22.6 0-17: 32.6 18-24: 25.2 25-54: 20.4 55-64: 17.3 65+: 15.5 Male: 23, Female: 22.2 (2020)</p>	<p>Total: 21.4 0-17: 31.4 18-24: 24 25-54: 19.2;55-64: 16.1; 65+: 14.3 Male: 21.8, Female: 21</p>	MONSTAT	<p>There is political will and stability to provide long-term vision to human development, reducing vulnerabilities and promoting social inclusion</p> <p>There is enough fiscal space for the government to maintain /enhance social spending to achieve the long-term goals</p> <p>Systems and capacities are in place to improve public expenditure efficiency</p> <p>Disaggregated and reliable data is available for evidence-based decision-making</p> <p>COVID-19 does not spread further to put strain on the health system</p> <p>There are no infrastructure bottlenecks, including digital infrastructure, to provide integrated services</p>
	<p>2. Proportion of people with severe material deprivation, disaggregated by sex and age</p> <p><u>Custodian agency: UNICEF and UNDP</u></p>	<p>Total: 13.5 Male: 13.1 Female: 14.0</p> <p><18: 17 18-64: 12.6 Male: 12.5 Female: 12.6</p> <p>65+: 12.1 Male: 9.6 Female: 14 (2020)</p>	<p>Total: 12.5 Male: 12.1 Female: 13.0</p> <p><18: 16 18-64: 11.6 Male: 11.5 Female: 11.6 65+: 11.1 Male: 8.6 Female: 13</p>	MONSTAT	<p>COVID-19 does not spread further to put strain on the health system</p> <p>There are no infrastructure bottlenecks, including digital infrastructure, to provide integrated services</p>
	<p>3. Proportion of women aged 20-24 years who were married or in a union before age 15 and before age 18</p> <p><u>Custodian agency: UNICEF</u></p>	<p>15 years: 1,9% 18 years: 5,8%</p> <p>Roma women 15 years: 21,5% 18 years: 60% (2018)</p>	<p><1pp 15 years: below 1% 18 years: below 5%</p> <p>Roma women 15 years: 10 % 18 years: 20%</p>	MICS	<p>There are no infrastructure bottlenecks, including digital infrastructure, to provide integrated services</p>
	<p>4. Activity rate as proportion of population (15+), disaggregated by sex</p> <p><u>Custodian agency: ILO and UNDP</u></p>	<p>Total: 53.3% Male: 60.6% Female: 46.4% (2020)</p>	<p>Total > 63% Male > 70% Female > 56%</p>	MONSTAT	<p>National Strategy on Prevention and Protection from Violence is developed for the period 2022-2026 and implemented; Awareness raising campaign implemented in continuity; MICS survey conducted.</p>
	<p>5. Proportion of children aged 1-14 years who experienced any physical punishment and/or psychological aggression by caregivers in the past month</p> <p><u>Custodian agency: UNICEF</u></p>	<p>National: 65.8 Roma settlements: 64.4 (2018)</p>	<p><10pp</p>	MICS	<p>National Deinstitutionalization Strategy is developed and implemented. The country invests in strengthening social service workforce and expanding family and community based services.</p>
	<p>6. Percentage of children in family-based care of the total number of children in all forms of formal alternative care</p> <p><u>Custodian agency: UNICEF</u></p>	<p>70% (69% girls 74% boys) (2021)</p>	<p>90% (90% girls 90%boys)</p>	MFSW (SWIS)	<p>Policies adopted and data on reintegrated readmitted nationals available.</p>
	<p>7. Multidimensional child poverty (proportion of children facing 2 or more deprivations)</p> <p><u>Custodian agency: UNICEF</u></p>	<p>0-2 y - 77.6% 0-5y - 64.3%, 5-17y - 49.1% (2018)</p>	<p>0-2 y - 74.6% 0-5y - 61.3%, 5-17y - 46.1%</p>	MODA	
	<p>8. Proportion of readmitted nationals benefiting from integrated reintegration assistance in line with EU and international standards, disaggregated by sex and age</p> <p><u>Custodian agency: IOM</u></p>	<p>0</p>	<p>10% per year</p>	IOM reports; Mol Report on the implementation of the Strategy for Migration and Reintegration of Readmitted Nationals	

Outputs**Output 2.1**

Legislative frameworks, strategies and institutional capacities are in place to provide gender-responsive, quality social and child protection, at all levels, that is integrated, sustainably funded and improved in equity, coverage and effectiveness.

Contributing agencies: UNDP, UNICEF, ITU

Output 2.2

Participative policies and capacities of key stakeholders are improved and provide development of inclusive and labour market-oriented, 21st century skills, including sustainable mechanisms for successful school to work transition, reskilling opportunities and lifelong learning, for improving employability and activity rates, in particular, of women, youth and all the vulnerable groups.

Contributing agencies: UNESCO, IOM, UNHCR, UNICEF, UNDP, ILO, FAO, UNOPS, ITU

Output 2.3

Policies, legislative frameworks and institutional capacities are in place to enhance migration outcomes through management of mixed movement of migrants and asylum seekers in compliance with the international norms and standards and promote safe, orderly and regular migration.

Contributing agencies: IOM, UNHCR

Results	Performance Indicators (disaggregation)	Baseline (year)	Target (Cooperation Framework end)	Data source/ MoV	Assumptions
<p>Outcome 3: By 2027, all people, especially the vulnerable, benefit from strengthened human capital including early childhood development, and more resilient, gender-responsive, and quality healthcare and education</p>	<p>1. Share of people with good or very good perceived health, disaggregated by sex <u>Custodian agency: WHO</u></p>	<p>Total: 69.2% Male: 73.1% Female: 65.5% (2019)</p>	<p>Total: 74% Male: 75% Female: 73%</p>	ESS SILC	<p>The importance of immunization continuously promoted</p> <p>There is political will and stability to provide long-term vision to human development, reducing vulnerabilities and promoting social inclusion</p>
	<p>2. Proportion of the target population covered by all vaccines included in the national programme <u>Custodian agency: UNICEF</u></p>	<p>Timely MMR1 coverage 24% for 2020, DTP3 84%.</p>	<p>MMR1 60 % by 2027, DTP3 90%</p>	Institute for Public Health	<p>There is enough fiscal space for the government to maintain /enhance social spending to achieve the long-term goals</p> <p>Systems and capacities are in place to improve public expenditure efficiency</p>
	<p>3. Universal Health Care Service Coverage Index <u>Custodian agency: WHO</u></p>	<p>67% (2019)</p>	70%	WHO	<p>Disaggregated and reliable data is available for evidence-based decision-making</p>
	<p>4. Percentage of children age 3-4 years who are developmentally on track in literacy-numeracy, physical, social-emotional, and learning domains, Early development index <u>Custodian agency: UNICEF</u></p>	<p>General population - 90.2%, Roma population- 76.9% (2018)</p>	<p>General population - 95% Roma population, 80%</p>	MICS	<p>COVID-19 does not spread further to put strain on the health system</p> <p>There are no infrastructure bottlenecks, including digital infrastructure, to provide integrated services</p>
	<p>5. Participation in early childhood education, enrolment rate by age group (and sex) <u>Custodian agency: UNICEF</u></p>	<p>Total for 0-6 years of age: 52 (for girls and boys) Total for 0-3 years of age: 28 (girls and boys) Total for 3-6 years of age: 77 (girls and boys) (2019/20)</p>	<p>Total for 0-6: 60% for girls and boys Total for 0-3: 30% for girls and boys Total for 3-6: 90%, for girls and boys</p>	MESCS, MONSTAT	
	<p>6. Proportion of children at the end of lower secondary education, achieving minimum proficiency level in reading, science, and maths <u>Custodian agency: UNICEF</u></p>	<p>Reading: 55.6% (Female 63.5, Male 48.3) Math: 53.8% (Female 52.1 Male 55.4) Science: 51.8% (Female: 53.87 Male: 50.48) (2018)</p>	<p>Reading: 60% (Female 67, Male 55) Math: 59% (Female 59, Male 59) Science: 57% (Female 59, Male 55)</p>	PISA	

<p>7. NEET - Percentage of young people aged 15-24 years who are neither in employment nor in education or training</p> <p><u>Custodian agency: ILO</u></p>	<p>Total: 21.1 Male: 21.5 Female: 20.6</p> <p>(2020)</p>	<p>Total <18 Male: <18 Female: <18</p>	<p>LFS Monstat</p>
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<p>Outputs</p> <p>Output 3.1</p> <p>National capacities improved to plan and deliver comprehensive, quality, gender-responsive healthcare (physical, mental and reproductive, including nutrition) that is affordable, equitable and resilient to shocks.</p> <p>Contributing agencies: UNICEF, WHO, UNOPS</p> <p>Output 3.2</p> <p>Capacities enhanced to formulate and implement policies for improved learning outcomes and access to quality, gender informed education that is career oriented, inclusive, equitable and shock-resilient.</p> <p>Contributing agencies: UNICEF, UNHCR, UNODC, ITU, UNESCO</p> <p>Output 3.3</p> <p>National capacities enhanced to provide quality, inclusive and intersectoral early childhood development and education services to all, particularly those from most vulnerable groups with strengthened participation of parents/ caregivers.</p> <p>Contributing agencies: UNICEF, UNODC, UNHCR</p>

Strategic Priority # 3: Social cohesion, people-centered governance, rule of law and human rights

National development priorities

- National Strategy for Sustainable Development 2016-2030
- Mid Term Work Plan of the Government 2022-2024
- Economic Reform Programme 2021-2023
- Public Administration Reform Strategy 2022-2026
- Public Finance Management Reform Programme 2022- 2026
- National Action Plan for Open Government Partnership 2022-2024
- Judicial ICT Programme 2021-2023
- Strategy on the Reform of Judiciary 2019-2022
- Strategy of Realization of Child Rights 2019-2023
- Strategy for Integrated Border Management 2020-2024
- Strategy for Migrations and Reintegration of persons Returned through Readmission 2021-2025
- Strategy for combating trafficking in human beings 2019-2024
- Strategy on Social Inclusion of Roma and Egyptians 2021-2025
- National Strategy on Improving the Quality of Life of LGBTI People in Montenegro for 2019-2023
- Strategy on protection of Persons with Disabilities from discrimination and promotion of equality 2022-2027
- Strategy for the Development of Women's Entrepreneurship in Montenegro 2021-2024
- National Strategy on Gender Equality 2021-2025
- Strategy on Cyber Security 2022 - 2026
- Digital Transformation Strategy 2022 - 2026
- Program to attract digital nomads and investments in IT

Regional frameworks [EU chapters]

Ch 5 - Public procurement
Ch 7 - Intellectual property law
Ch 10 - Information society and media
Ch 11- Agriculture and rural development
Ch 12- Food safety, veterinary and phytosanitary policy
Ch 13- Fisheries
Ch 18 - Statistics
Ch 19 - Social policy and employment
Ch 23 - Judiciary and fundamental rights
Ch 24 - Justice, freedom and security
Ch 26 - Education and culture

SDGs:

SDG 1 - No poverty
SDG 4 - Quality education
SDG 5 - Gender equality
SDG 9 - Industry, innovation and infrastructure
SDG 10 - Reduced inequalities
SDG 16 - Peace, justice and strong institutions
SDG 17 - Partnership for the goals

Key Partners:

Government of Montenegro, with the ministries in charge of justice, human and minority rights, interior, economic development, finance, social welfare, public administration, digital society, media, education, science, culture, sports and youth, European integrations; as well as the Parliament of Montenegro, Agency for Prevention of Corruption; Special State Prosecution; Central Bank of Montenegro; Human Resource Management Authority; Supreme Court; Bar Chamber; Judicial Training Centre; Protector for Human Rights and Freedom, MONSTAT

Contributing UN agencies: UNHCR, UNDP, UNICEF, UNESCO, IOM, UNODC, UN WOMEN, FAO, UNOPS, OHCHR

Results	Performance Indicators (disaggregation)	Baseline (year)	Target (Cooperation Framework end)	Data source/ MoV	Assumptions
<p>Outcome 4: By 2027, all people, especially the vulnerable, benefit from improved social cohesion, increased realization of human rights and rule of law and accountable, gender-responsive institutions</p>	<p>1. Corruption Perception Index score</p> <p><u>Custodian agency: UNODC</u></p>	<p>Score: 46/100 (2021)</p>	<p>>63.7</p>	<p>Transparency International</p>	<p>There is political will and stability to carry out governance reform</p> <p>The Government is committed to implementing international human rights obligations and cooperates with human rights mechanisms</p> <p>The Government integrates international commitments in the national policies</p>
	<p>2. Proportion of population reporting having personally felt discriminated against or harassed in the previous 12 months on the basis of a ground of discrimination prohibited under international human rights law, general population, Roma population</p> <p><u>Custodian agency: UNICEF</u></p>	<p>Women: 5.6 % Men: 6.5 %</p> <p>Roma Women: 8.7 % Roma Men: 13 % (2018)</p>	<p>Women: <5 % Men: <6 %</p> <p>Roma Women: <8 % Roma Men: <12 %</p>	<p>MICS</p>	<p>COVID-19 does not spread further and measures do not influence freedom of movement and gathering</p> <p>Granular data is available for formulation and implementation of policies for the vulnerable groups</p>
	<p>3. Proportion of seats held by women in national and local parliaments and national government</p> <p><u>Custodian agency: UNDP</u></p>	<p>National Parliament - 27.2% (2020)</p> <p>Local parliaments - 31.8 %</p> <p>Mayors - 8.33%</p> <p>National Government - 33% (2021)</p>	<p>National Parliament - 40%</p> <p>Local parliaments - 40%</p> <p>Mayors - 15%</p> <p>National Government - 40%</p>	<p>National Parliament, Inter-parliamentary Union, MONSTAT</p>	<p>COVID-19 does not spread further and measures do not influence freedom of movement and gathering</p> <p>Granular data is available for formulation and implementation of policies for the vulnerable groups</p>
	<p>4. Balkan Barometer:</p> <p>a) Level of tolerance and respect of differences; b) Equality before the law; c) Accessibility to public services via digital channel; d) Trust in institutions: 1) Parliament 2) Government 3) Courts and Judiciary 4) Ombudsperson/Protector for Human Rights and Freedoms</p> <p><u>Custodian agency: UNDP</u></p>	<p>a) 34% satisfied</p> <p>b) The law is applied to everyone equally. 67% disagrees 26% agrees</p> <p>c) Accessibility to public services via digital channel. 36% satisfied</p> <p>d1) Trust in Parliament. 44%</p> <p>d2) Trust in Government. 46%</p> <p>d3) Trust in Courts and Judiciary. 35%</p> <p>d4) Trust in Ombudsperson Baseline: 40% (tend to trust and total trust) (2021)</p>	<p>a) >36% satisfied</p> <p>b) The law is applied to everyone equally. <65% disagrees >28% agrees</p> <p>c) Accessibility to public services via digital channel. >38% satisfied</p> <p>d1) Trust in Parliament. >46%</p> <p>d2) Trust in Government. >48%</p> <p>d3) Trust in Courts and Judiciary. >37%</p> <p>d4) Trust in Ombudsperson: >42% (tend to trust and total trust)</p>	<p>RCC Balkan Barometer</p>	<p>There are no hurdles in building infrastructure for service delivery, including digital infrastructure</p> <p>The Government of Montenegro is committed to work on improving overall migration governance system</p>
	<p>5. World Bank Worldwide Governance Indicators Score:</p> <p>a) Government Effectiveness Index b) Voice and Accountability Index c) Rule of Law Index</p> <p><u>Custodian agency: UNDP</u></p>	<p>Government Effectiveness Index: 53.37</p> <p>Voice and Accountability Index: 48.79</p> <p>Rule of Law Index: 55.29 (2020)</p>	<p>Government Effectiveness Index: >55</p> <p>Voice and Accountability Index: >49</p> <p>Rule of Law Index: >57</p>	<p>World Bank</p>	
	<p>6. Level of establishment of permanent national child rights coordinating mechanism</p> <p><u>Custodian agency: UNICEF</u></p>	<p>Level 2 (Initiating) (2021)</p>	<p>4 (Championing)</p>	<p>EU Progress reports, CRC Concluding Observations</p>	

7. Percentage of children in conflict with the law subject to a diversion order or a non-custodial measure <u>Custodian agency: UNICEF</u>	29% (2020)	40%	State Prosecutor Office, Ministry of Justice Human and Minority Rights
8. Level of improvement of migration governance system against the EC recommendations, GCM and GCR <u>Custodian agency: IOM, UNHCR</u>	0 of medium and long term EC recommendations adopted in 2022	5 of medium and long term EC recommendations adopted	EU Progress Report; Relevant Governmental, IOM and UNHCR reports
9. Media Literacy Index <u>Custodian agency: UNESCO</u>	26 points (2021)	30 points	Media Literacy Index 2021 OSIS.BG Open Society Institute

<p>Outputs</p> <p>Output 4.1</p> <p>Capacity of the justice system and the national human rights institution enhanced to strengthen rule of law and provide justice to all, especially to the most excluded or at risk of being excluded, in line with international human rights obligations.</p> <p>Contributing agencies: UNDP, UNICEF, UNHCR, IOM, UNODC, OHCHR</p> <p>Output 4.2</p> <p>Public administration capacities improved for more coordinated, evidence-based and gender-responsive policy-making, and for efficient, accountable and transparent financial management and service delivery, enhancing trust in institutions.</p> <p>Contributing agencies: UNDP, UNICEF, UNHCR, IOM, UNOPS, OHCHR</p> <p>Output 4.3</p> <p>Civic space expanded and citizens' capacities enhanced to meaningfully participate in decision-making, demand accountability for realisation of human rights and effective implementation of anti-discrimination and gender equality policies, with particular focus on women, youth and the most vulnerable.</p> <p>Contributing agencies: UNICEF, UNDP, UNHCR, IOM, UN WOMEN, OHCHR</p> <p>Output 4.4</p> <p>Improved legislative frameworks, policies and capacities of key stakeholders to effectively combat violence against women, children and elderly, gender-based violence and other harmful practices.</p> <p>Contributing agencies: UNICEF, IOM, UNODC, UNDP, UN WOMEN</p> <p>Output 4.5</p> <p>Key stakeholders are empowered to engage in dialogue to promote the values of equality, diversity, trust, and empathy and counter hate speech, sexism and divisive narratives, for more equal and cohesive society.</p> <p>Contributing agencies: UNESCO, UNDP, UNICEF, UNHCR, IOM, FAO, OHCHR</p> <p>Output 4.6</p> <p>National capacity and accountability system enhanced to combat corruption, organised crime, including human trafficking and smuggling of migrants, and illicit financial flows through prevention and effective criminal justice response.</p> <p>Contributing agencies: IOM, UNDP, UNODC, UNESCO, UNOPS</p>
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Annex 3: Risk management

#	Risks	Type	Impact	Probability	Mitigation Strategy
1	Political crisis in Europe, with unforeseen political and economic consequences	Contextual	High	Medium	Closely following and analysing the broader context and provide advice to leadership of the Fund on how to adapt to the foreseen circumstances
2	Diminishing interests of partners to work on development of Montenegro	Contextual	High	Medium	Raising awareness about the Fund and the results achieved in Montenegro, reaching out to more potential partners and testing innovative financing mechanisms.
3	Negative implications of exogenous shocks on macroeconomic stability, fiscal sustainability, jobs, and businesses	Contextual	Medium	Medium	Nimble architecture of the Fund enables the Joint Steering Committee to direct the funding to the areas of most need, and thus alleviate negative impacts anticipated by these risks. In case of protracted crisis or natural hazards, the Fund is well positioned to be easily transformed into the humanitarian type of fund given that mechanisms and procedures will already be put in place.
4	Risk to the population and the economy resulting from the continuation of the COVID-19 pandemic or other health crises arising	Contextual	High	Medium	
5	Natural hazard (earthquake, floods, and similar)	Contextual	High	Low	
6	Insufficient institutional / operational capacity of Participating UN Organisations in delivering the financial, procurement and management planning and implementation of interventions	Institutional	High	Low	Expansion of the operational capacities of the Participating UN Organisation in accordance with the Fund operational needs and in line with the available resources.
7	Insufficient absorptive capacities (in terms of financial delivery, procurement, human resources, etc.)	Institutional	Medium	Low	Development of capacity building measures and proper planning mechanisms to increase national and local absorptive capacities.
8	Lack of transparency and inadequate reporting system during projects implementation	Institutional	Medium	Low	Building capacity of the personnel in charge of reporting and increased sharing of information related to the reporting requirements of the Fund.

#	Risks	Type	Impact	Probability	Mitigation Strategy
9	Low level of sustainability of initiatives launched within the Montenegro Acceleration Fund	Programmatic	Medium	Medium	Insisting on enhanced partnerships during the implementation phase of the programmes, while their capacity to carry out work after the UN programmes phase out.
10	Low level of commitment by various stakeholders	Programmatic	Medium	Medium	Reaching out to partners in a more meaningful way that aims to strengthen their interest in programmes financed through the Montenegro Acceleration Fund.
11	Demand for funding from PUNOs / beneficiaries exceeds the available financial resources	Programmatic	Medium	Medium	Regular monitoring of needs and updating the workplans in line with the available funding. At the same time, raising awareness of the needs on the ground and reaching out to more partners, while testing the innovative financing mechanisms and enhancing the implementation of the resource mobilisation strategy.
12	The Programme does not produce the desired results	Programmatic	High	Low	Continuous monitoring and evaluation of the programmes finances through the Montenegro Acceleration Fund, engagement with local/national partners and cherishing the culture of accountability by the Participating UN Organisations.
13	The Programme becomes obsolete due to the changed political landscape (e.g. Montenegro joins the European Union)	Programmatic	High	Low	Redesigning the purpose of the Fund in agreement with the key contributors and the Government of Montenegro, within the framework of the Joint Steering Committee.
14	Beneficiaries and partners are not adequately consulted resulting in ineffective programming	Programmatic	Low	Low	Enhancing the role of the Advisory Board, and periodic reaching out to beneficiaries of the Fund programmes.



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