

## Standard Summary Project Fiche – IPA centralised programmes

### Project Fiche: 3

#### 1. Basic information

**1.1 CRIS Number:** 2011/023-173

**1.2 Title:** Support to the Human Resources Management Authority

**1.3 ELARG Statistical code:** 1.36

**1.4 Location:** Montenegro

#### Implementing arrangements:

**1.5 Contracting Authority:** Delegation of the European Union to Montenegro

**1.6 Implementing Agency:** Delegation of the European Union to Montenegro

**1.7 Beneficiary:**

#### **Human Resources Management Authority (HRMA), Montenegro**

The contact point / Project Manager for the project will be

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#### Financing:

**1.8 Overall cost (VAT excluded)<sup>1</sup>:** EUR 667.000

**1.9 EU contribution:** EUR 600.000

**1.10 Final date for contracting:** Three years after the signature of the financing agreement between the European Union and the Government of Montenegro

**1.11 Final date for execution of contracts:** Two years after the final date for contracting.

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<sup>1</sup> The total cost of the project should be net of VAT and/or other taxes. Should this not be the case, the amount of VAT and the reasons why it should be considered eligible should be clearly indicated (see Section 7.6)

**1.12 Final date for disbursements:** One year from the final date of execution of the contracts.

## **2. Overall Objective and Project Purpose**

### **2.1 Overall Objective:**

Overall objective is to increase the capacities of civil service employees and thus improve Public Administration to be more effective in delivering services to the general public. Consequently this will assure the more efficient use of government incomes (tax revenues).

### **2.2 Project purpose:**

Project purpose is the creation of the Institutional mechanisms comprising of management procedures/protocols, implementation guidelines, and tools that will enable the implementation of the new (2011) Law on Civil Servants and State Employees throughout Public Administration in Montenegro.

### **2.3 Link with AP/NPAA / EP/ SAA**

**The Enlargement Strategy for 2010-2011** in chapter 2.3 “Strengthening the rule of law and public administration” emphasize that Public administration reform is a priority in enlargement countries.

In chapter 5, line 18 it is said that negotiations should be opened with Montenegro once country have achieved the necessary degree of compliance with the membership criteria set out by the 1993 Copenhagen European Council. In particular, Montenegro need to meet the specific key priorities set out in Opinion.

**The 2009 Progress Report** underlines the need to establish a professional, accountable, transparent and merit-based civil service, free of political interference.

**The SAA**, under the Article 114 “Public Administration” underlines the need to promote good governance through developing efficient and reliable public administration, especially in terms of rule of Law and well functioning of state authorities.

### **2.4 Link with MIPD**

In MIPD (2011-2013) there are several priorities for IPA support, among which is completing the essential steps in public administration reform. To achieve these priorities in the programming period 2011-2013, the Commission will focus its assistance on six sectors, one of which is Public Administration Reform. The Commission’s recommendation regarding public administration was to increase public sector reliability and efficiency. Therefore, in the Opinion of the European Commission on the Request of Montenegro for Membership to the European Union, the Commission concluded that improvements in public administration are part of the key priorities and mentioned that public administration remains weak and highly politicised.

Transparency needs to be improved. The quality of legislation, decisions and acts produced by public administration needs to be considerably improved. This is related to improved quality,

capacity and expertise of public servants, together with the merit-based recruitment, promotion and continuous training. This Project is in accordance with line 3.2.3 of chapter 3 and when implemented, it will provide institutional mechanisms to support the effective implementation of the Law on Civil Service.

### **2.5 Link with National Development Plan**

Not applicable.

### **2.6 Link with national/ sectoral investment plans:**

The proposed project is linked to a number of key government strategies and plans, namely:

- National program for integration of Montenegro into EU 2008-2012 (NPI)
- Action Plan for conducting recommendations from the Opinion of the EC
- Public Administration Reform Strategy for the period 2011-2016
- Training strategy of Civil Servants and State Employees (2008-2012)

## **3. Description of project**

### **3.1 Background and justification:**

Since the independence of Montenegro in 2006, the country has made great progress in implementing change within the Public Sector and on general Public Administrative Reform. The first strategy of administrative reform in Montenegro (2002-2009) was based on principles of efficient, competent and effective public administration. This Strategy establishes the framework for comprehensive Public Administration Reform, as a continuative and long-term programme, whose goals have been greatly achieved. As key goals of the Strategy in the process of gradual changing of administrative system, following goals have been achieved:

- Transfer of responsibilities to lower systematic levels, in order to achieve greater flexibility of the overall administrative system;
- Improved performance of duties and the introduction of certain control mechanisms, as well as efficient determination of responsibilities at all levels;
- Higher level of competition and possibilities of administrative services;
- Development of public services, functioning for consumers i.e. citizens and economic subjects;
- Better human potentials management in administration, as well as the improvement of the position of civil servants;
- Optimal use of the opportunities that modern informational technology provides;
- Higher levels of quality of legal regulations and the deregulation in too standardized areas;

The implementation of the envisaged activities was followed by the realization that certain limitations caused a partial realization of the goals of the previous strategy. These were:

- Resistance of the administrative system to changes in the initial phase of the reform process;
- Global economic crisis which caused destabilization of public finances and budget deficits;
- Lack of adequate mechanisms for improvement of the material position of civil servants and their underlying motivation;
- Insufficient numbers of creative and professional staff;

- A perception of corruption in certain departments and in some posts sensitive to the appearance of corruption;
- The lack of organized and competent scientific institutions which would monitor the process from the standpoint of a professional and scientific-methodological approach, and which would represent the support and logistics in the implementation of reform.

In order to overcome the limitations and unrealized goals from the first Strategy, the Government of Montenegro brought out a new Strategy for Public Administration Reform for the period of 2011-2016 adopted on the Government's session on 31/03/2011, and its main goal is an efficient, professional and service-oriented public administration, which would serve people and social and economic subjects.

Priority in regulation of areas in civil service system will be avoidance of its fragmentation, in a way that the framework law should be brought, and which will be applicable to all areas of civil service system in Public Administration. Certain characteristics of civil service system in several areas will be regulated by special regulations, as an exception.

In this sense, the new Law on Civil Servants and State Employees will formally comply with EU standards in its content and form. The Civil Service system will be merit-based, and it will be based on the appropriate selection of human resources in the recruitment process, monitoring of the work of employees, professional development, promotion and remuneration. Upgrading of the existing merit system will increase the confidence of citizens in public administration, which will be based on knowledge and skills of employees and prevention of nepotism and corruption. In this way, we will achieve efficient, legal and ethics-based work of employees.

Within civil service reform the new system of classification and nomenclature of titles will be established and it will ensure the division between the political and professional level of responsibility through the introduction of political advisors in ministries.

New civil service system will have clear administrative and management structure, based on unique principles in all state authorities, which will enable the stability of institutions and their functionality and flexibility.

**A new law on Civil Servants and State Employees is due to be finalised during 2011, and its effective implementation will be one of the main cornerstones of continued reform of the public sector.**

The civil service has undergone significant change in the preceding years, and further changes are envisioned to bring about a more effective and efficient Public Sector, able to meet the changing demands of its citizens. For this to become a reality, the poor implementation of legislation, often due to delayed or inappropriate secondary legislation (the implementing legislation) must be challenged.

The proposed project will ensure the implementation of merit-based system and increased level of human resources planning. It will also provide clear provisions referring to the recruitment of minorities and persons with special needs as well as well defined professional development and scholarship system of civil servants. It will provide good base for improving skills, knowledge, and attitudes of Management within the civil service and the overall capacities of the Public Administration in order to meet challenges of membership in the EU.

### **3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact (where applicable)**

This project is in line with several national strategies and plans which are setting key priorities, which needs to be fulfilled in order to initiate negotiation process.

With the aim of realizing several recommendations of the European Commission given in the Opinion of the request of Montenegro for the membership into the EU, it is clearly emphasized that Montenegro has to finalize key steps in the Public Administration Reform, which includes adoption of the new Law on Civil Servants and State Employees, as well as strengthening the capacities of the Human Resources Management Authority (HRMA) in order to improve professionalism and depoliticizations of Public Administration, and to strengthen a transparent and merit-based principle in nominations and promotions.

In order to enforce the recommendations in a more qualitatively manner, the Government of Montenegro adopted the Action Plan for the Enforcement of Recommendations from the Opinion of the European Commission on 17 February 2011.

The National Programme for Integration of Montenegro into the EU (NPI) in chapter IV stipulates medium-term priorities, and some of them are: the further development of administration for the application of Stabilization and Association Agreement, further institutional improvement, adoption of action plans for realization of trainings, as well as strengthening of capacities of employees in Human Resources Management Authority (HRMA).

The successful implementation of this project should ensure that the new Civil Service legislation due to be passed in 2011 will be implemented effectively, and consistently throughout the Public Administration. The preparation of the “Secondary legislation” (in effect the practical means through which the Primary legislation can be enacted) is a critical step, and one of the major failings in previous legislative process has been poorly drafted or delayed secondary legislation. The project should address this shortcoming, and provide the Montenegrin government with the effective means of ensuring compliance with their legislative programme.

Of importance is that the civil service managers, in particular, are able to apply the new ideas and operational management to the requirements under the law, and to ensure that the changes envisaged under the new law are made permanent and effective. The development of appropriate training, consistent with the needs of Public Administration, and in accordance to the requirements of new legislation is paramount.

In line with this approach, the project should be creating the basis upon which future developments can take place, including improving the means through which staff are assessed (Annual Appraisal mechanisms) and the organisational needs of institutions through a reassessment of Job Descriptions and organisational structures.

The support to the development of HR units in other institutions, ministries, etc. is an objective that should create the basic network for future Human resources Development in Public Administration.

These measures, supported through the design of appropriate manuals and procedures, form the basis for sustaining the continuous development of the capacities of the Public sector.

The project should complete a training programme, which enables the HRMA (in particular management) to more effectively support and monitor the development of Civil Servants.

### **3.3 Results and measurable indicators:**

Result 1: Clear and practical Secondary legislation is in effect to ensure the effective implementation of the new law on Civil Servants and State Employees, based on the explicit authority of the legislation and of HRMA (this is one of the integral parts of the Action plan for PAR)

Measurable indicators:

- Secondary legislation is in place and adopted by the Government of Montenegro;
- Positive feedback from practitioners and users of the services increased by 15%;
- Increased number of state agencies that conduct the performance appraisal procedures by 50%

Result 2: All necessary managerial procedures, practices, guidelines and tools are in force to ensure the implementation of the Law on Civil Servants and State Employees (2011)

Measurable indicators:

- Website updated with all forms and templates;
- HR units established in Ministries and other state agencies;
- Operational manuals available in all comparative institutions

Result 3: Developed and implemented training program for Civil Servants and State Employees in accordance with Law on Civil Servants and State Employees 2011

Measurable indicators:

- Training programme established, including trainers appointed, materials printed and trainings scheduled as per priorities
- Civil Servants and State Employees trained in accordance with training program

Results 4: The Capacities of the HRMA and HR units in Ministries and other state agencies are developed to ensure the effective application of necessary procedures provided under the Law on Civil Servants and State Employees 2011

Measurable indicators:

- Trained staff of the Human Resources Management Authority (HRMA)
- Trained staff within the human resources unit
- HR units in Ministries and other state agencies are operational

### **3.4 Activities:**

All Activities in this project are subject to a single contract for services to be financed by EU. The beneficiary will support project activities through the provision of appropriate facilities,

and the engagement of personnel for meetings, trainings, workshops, discussion groups and other requests from the project management (service contract to be financed by beneficiaries).

Activity 1.1 Review the Law on Civil Servants and State Employees 2011 and prepare implementing legislation (Secondary Legislation) that ensures the implementability of the new legal requirements. Emphasis is on the practical requirements of the HRMA and other Administrative bodies

Activity 1.2 Ensure Secondary legislation contains solutions for practitioners in respect of Impact analysis of the implementation of the legislation (financial, practical, and other); testing tools for specific positions; selection criteria; management tools. Specifically ensure that provisions are made for an effective recruitment and selection process, appraisal and performance review mechanism, training provision, and classification of personnel

Activity 1.3 Review the recruitment and selection process in line with the new law on Civil Servants and State Employees and make recommended changes

Activity 1.4 Review the Appraisal mechanism in line with the new law on Civil Servants and State Employees and make recommended changes

Activity 1.5 Review the Training provision in line with the new Civil Service law and make recommendations

Activity 1.6 Review the Classification of personnel in line with the new law on Civil Servants and State Employees and the new Staff salary (Grading) legislation

Activity 1.7 Identify additional Secondary legislation necessary and advice / recommend changes

Activity 2.1 Develop new management guidelines for implementing the law on Civil Servants and State Employees (2011) consistent with the Primary and Secondary legislation

Activity 2.2 Develop new guidelines for implementing the Training Decree (including training, budgeting, and auditing process)

Activity 2.3 Review and adapt the Annual Staff Appraisal form to meet the requirements of the new Civil Service law

Activity 2.4 Review and update the methodology for drafting Acts on Systematisation and Organisation

Activity 2.5 Give support to the establishment of a network of HRM units in administrative bodies, linked to the HRMA. (Job Descriptions, operational guidelines)

Activity 2.6 Prepare an operations manual for the HRMA in Recruitment & selection; Appraisal system and other procedures as necessary in respect of the new Civil Service legislation

Activity 2.7 Prepare a decree on Manpower Planning in collaboration with the HRMA management

Activity 3.1 Conduct the Training Needs Analysis in Public Administration; Establishment of mandatory trainings and special trainings for specific state authorities

Activity 3.2 Develop the training module for managerial staff and train at least 85% of the overall number of managerial staff in state authorities

Activity 3.3 Develop the training module for newly-employed persons in state authorities and implement the pilot training

Activity 3.4 Develop the training module for trainees and train at least 85% of the overall number of trainees in state authorities.

Activity 3.5 Enhance the system of training evaluations and assessment of training expenditures, methods for engagement of trainers and manner of identifying employees who shall attend the trainings; develop the punishment system for unjustified absence.

Activity 4.1: Review and update the Job Descriptions of HRMA personnel in line with the new requirements of the Civil Service legal framework. (Give special attention to the needs for improving change management)

Activity 4.2: Conduct the training needs analysis for the staff of HRMA, as well as for the employees in human resources units, and also to train them.

Activity 4.3 Support the HRMA in steering the implementation of the new Civil Service legislation particularly through the use of improved management policies, change management, and practical guidelines

### **3.5 Conditionality and sequencing:**

The project implementation is subject to the following conditions:

- The Government of Montenegro drafts and approves the new Law on Civil Servants and State Employees (2011); it is adopted by the Parliament and the implementation programme is agreed by relevant parties
- Appointing the relevant staff by the beneficiaries to participate in capacity building activities, working groups, steering and coordination committees, as per work plan which means at least 10 civil servants in HRMA and approximately 106 civil servants in HR units within Ministries and other state authorities
- National co-financing of € 67,000 must be secured by state budgets for 2012 and 2013.
- Implementation of Public Administration Reform Strategy for the period 2011-2016 in accordance with the Action plan for the Implementation of the Public Administration Reform in Montenegro. In the event that conditions are not met, suspension or cancellation of projects will be considered.

### **3.6 Linked activities**

In 2006 the HRMA launched the Project "Capacity Building Human Resources Management Agency and line Ministries". This project was founded by the EU, and managed by the European Agency for Reconstruction, in partnership with: Institut für Europäische Politik – Berlin, Inštitut za Projektno Svetovanje – Ljubljana and EuroZeta – Podgorica.

The Project purpose was to support the Government of Montenegro in properly implementing the civil service system; to create a strong and efficient HRM institution within the State administration structure; reinforce the EU programming and management capacities within



the MIEREI and other ministries and raise awareness on EU integration in Montenegro through the implementation of a communication strategy.

Within component I "Civil Service Reform" all planned activities were realized:

- Normative frame work for civil service was improved
- HRM policies were developed
- Training capacities of HRMA were built
- A Personnel Information System was developed.

Some €6 million has been committed under the CARDS programme for Public Administration Reform of central government. The EU support was aimed at capacity building in Ministries and HRM Agency, Public Procurement Commission and development of new legislation, and strengthening of the local self government.

The National Training Strategy for the Local Self-Government was adopted in 2008. The Strategy is the EU –funded project, managed by European Agency for Reconstruction and implemented by the Council of Europe. Partners on this project were OSCE, SNV and Community of Municipalities of Montenegro.

Strategic goals and tasks of the National Strategy are: Capacity development of the local self-government for management of good local government, capacity building of the Community of Municipalities of Montenegro in order to strengthen capacity units of the local self-government, development of professional environment for trainings, improvement of legal and financial system of local self-government, as well as creation of institutional framework for trainings.

The National Council for Trainings was established in May 2009, in order to monitor the enforcement of the NTS.

Since its adoption, many activities are realized and they referred to the established goals of the National Training Strategy and activities envisaged by the Action Plan for Realization of NTS. These activities included realization of tasks regarding strenghtening of capacities of the local self-government, in accordance with the Training Program for Local Self-Government and Training Program brought by the National Council for Trainings in Local Self-Governemnt. The Training Program for Local Self-Government (that HRMA organizes) is modelled for various areas and various target groups (managers, local government employees, state employees, and tranees).

It includes the following areas: professional development of trainees and local employees and state employees in the local self-government authorities; local self-government and functioning of local self-government authorities, civil service system, fighting corruption, management in the local self-government, communication in the local self-government, international cooperation and the so-called European affairs, ToT „training of trainers“ – training of trainers, foreign languages and computer skills.

The above-mentioned topics are selected on the basis of priorities determined by the Training Needs Analysis for the Local Self-Government, which makes a part of the National Training Strategy, and which’s been done with the assistance of experts of the Council of Europe.

Within the IPA 2008, there is the project „Tehcnical Assistance to Local Self Government Reform“. The Contract Authority for this project is the European Delegation to

Montenegro. The project consists of two separate contracts; a service contract for technical assistance and grant scheme.

The key project components are:

- building capacities for quality coordination and implementation of training in project formulation and management
- capacity building at the local level for effective project identification, development and management, and
- assistance to management of the EU Municipal Development for small municipal infrastructure investments.

Within this contract the absorption capacity of Montenegrin municipalities for EU grant funds for local economic development should be improved through better identification, development, and management of priority municipal investments in line with the EU best practice.

The project started on 15 March 2010 and it will last for 18 months. So far the following activities have been completed:

The team of technical support gave advantage to the implementation of activities which support realization of grant scheme and which are the part of the Component 3, i.e. majority of activities intended for strengthening capacities under other components of project which do not directly support the implementation of grant scheme, are delayed. Within the Component 1, majority of planned activities have been realized.

Within the Component 2, the following activities are successfully implemented:

-training regarding the preparation of the project financed by the EU, which was realized with participation of 66 representatives from the local self-governments.

-workshop on the topic regarding the preparation of the budget for EU projects, attended by 42 participants

-significant number of mentor activities realized. They referred to the preparation of applications for participation in grant scheme, conducted through direct visits or through on-line consultations.

-Establishment of informal unit for project management at the municipal level

Under the Component 3, all envisaged activities are successfully implemented.

### **3.7 Lessons learned**

Taking into account previous activities there were several issues which compromised the full implementation of those activities. These are:

- ***Lack of staff in HRMA*** - In the past there has been considerable emphasis on establishing the legal framework, with insufficient attention paid to the capacity to implement the law. This proposed project will put an emphasis on creating capacity for implementation.

***- Inadequate selection of the experts***

***- Recruitment system lacked transparent merit-based mechanisms, which negatively influenced further development of management policy and human resources management.***

Law on Civil Servants and State Employees (2011) will incorporate merit based mechanisms. This proposed project will support creation of institutional mechanisms for implementation of this Law.

#### 4. Indicative Budget (amounts in EUR)

			SOURCES OF FUNDING									
			TOTAL EXP.RE	IPA COMMUNITY CONTRIBUTION		NATIONAL CONTRIBUTION					PRIVATE CONTRIBUTION	
ACTIVITIES	IB (1)	INV (1)	EUR (a)=(b)+(c)+(d)	EUR (b)	%(2)	Total EUR (c)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
Activities 1 to 4												
Contract 1	X	–	600,000	600,000	100%							–
Contract 2	X	–	67,000			67,000	100%	67,000				–
TOTAL IB			667.000	600,000	90%	67.000	10%					
TOTAL INV												–
<b>TOTAL PROJECT</b>			<b>667.000</b>	<b>600,000</b>	<b>90%</b>	<b>67.000</b>	<b>10%</b>					

*Amounts net of VAT*

## 5. Indicative Implementation Schedule (periods broken down per quarter)

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1(IPA)	Q1/2012	Q3/2012	Q1/2014
Contract 2 (NC)	Q1/2012	Q3/2012	Q1/2014

All projects should in principle be ready for tendering in the 1<sup>ST</sup> Quarter following the signature of the FA

## 6. Cross cutting issues

### 6.1 Equal Opportunity

In general, gender needs will be considered as an analytical instrument, from programme design onwards.

An extensive legislation exists in Montenegro related to the Equal opportunity issue. The project will make sure that the policies, structure or operating procedures of the beneficiary will conform with or promote equal opportunity issue.

Equal treatment and opportunities for women in the relevant institutions will be taken into account in policies and practices that reflect the working capacities and family obligations of their staff, especially women's participation.

This project will enable HRMA to secure implementation of measures of equal availability of posts for the entry positions, as well as for managerial posts for women and persons with invalidity.

### 6.2 Environment

This project doesn't have positive or negative impact to the environment.

### 6.3 Minorities

The project will assist beneficiaries in implementing mechanisms to ensure that in the legislative process the principle of equitable representation of ethnic minorities is taken into consideration. This project will strengthen the role of HRMA in the part of monitoring measures for achievement of equal representation of Minorities in state authorities.

## ANNEXES

- 1- Log frame in Standard Format
- 2- Amounts contracted and Disbursed per Quarter over the full duration of Programme
- 3- Description of Institutional Framework

Reference to laws, regulations and strategic documents:

Reference list of relevant laws and regulations

Reference to AP /NPAA / EP / SAA

Reference to MIPD

Reference to National Development Plan

Reference to national / sectoral investment plans

4 - Details per EU funded contract (\*) where applicable:

For *TA contracts*: account of tasks expected from the contractor

For *twinning covenants*: account of tasks expected from the team leader, resident twinning advisor and short term experts

For *grants schemes*: account of components of the schemes

For *investment contracts*: reference list of feasibility study as well as technical specifications and cost price schedule + section to be filled in on investment criteria (\*\*)

For *works contracts*: reference list of feasibility study for the *constructing works* part of the contract as well as a section on investment criteria (\*\*); account of services to be carried out for the *service part* of the contract

(\*) non standard aspects (in case of derogation to PRAG) also to be specified

(\*\*) section on investment criteria (applicable to all infrastructure contracts and constructing works):

- Rate of return
- Co financing
- compliance with state aids provisions
- Ownership of assets (current and after project completion)

**ANNEX 1: Logical framework matrix in standard format (needs to be revised)**

LOGFRAME PLANNING MATRIX FOR Project Fiche		
Programme name and number: <b>Support to the Human Resources Management Authority for the implementation of the Civil Service Act 2011</b>	Contracting period ) expires	Disbursement period expires
	Three years after conclusion of the Financial Agreement	One year after the final date for the execution of contracts
	Total budget : 667,000	IPA budget: 600,000

<b>Overall objective</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	
Overall objective is to increase the capacities of civil service employees and thus improve Public Administration to be more effective in delivering services to the general public. Consequently this will assure the more efficient use of government incomes (tax revenues)	Increased effectiveness of Public Administration; Increased efficiency in Public Administration;	Government statistics; Government financial records	
<b>Project purpose</b>	<b>Objectively verifiable</b>	<b>Sources of Verification</b>	<b>Assumptions</b>

	<b>indicators</b>		
Project purpose is the creation of the Institutional mechanisms comprising of management procedures/protocols, implementation guidelines, and tools that will enable the implementation of the new (2011) Law on Civil Servants and State Employees throughout Public Administration in Montenegro.	Increased effectiveness of Public Administration; Increased efficiency in Public Administration; Improved budgetary management	Government statistics; Government financial records	Appropriate financial support is maintained; Commitment to change by Politicians, Public Sector managers and civil servants
<b>Results</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
1. Clear and practical Secondary legislation is created to ensure the effective implementation of the new law on Civil Servants and State Employees, based on the explicit authority of the legislation	Secondary legislation is in place and adopted by the Government of Montenegro; Positive feedback from practitioners and users of the services increased by 15%; Increased number of state agencies that conduct the performance appraisal procedures by 50%	Official Gazette; Official reports of round table meetings and "complaints" from users; staff appraisal records	Legislators pass the secondary legislation within the appropriate time frame; managers and civil service personnel adopt the required practices
2. All necessary managerial procedures, practices, guidelines and tools are available to ensure the implementation of the Law on Civil Servants and State Employees (2011)	Website updated with all necessary forms and templates; HR units established and operational in necessary Public bodies	Web site information; Government organisational charts and information; Operations manuals	Managers and other supervisory personnel adopt the new practices; New procedures and processes are implemented uniformly and



	and institutions; Operational manuals available in all comparative institutions		consistently
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3. Developed and implemented training program for Civil Servants and State Employees in accordance with Law on Civil Servants and State Employees 2011	Training program established; Civil Servants and State Employees trained in accordance with training program	Official reports from HRMA and other state authorities	Civil Servants and State Employees eager to be trained
4. The Capacities of the HRMA and HR units in Ministries and other state agencies are developed to ensure the effective application of necessary procedures provided under the Law on Civil Servants and State Employees 2011	Trained staff of the Human Resources Management Authority (HRMA) Trained personnel within the human resources unit HR units in Ministries and other state agencies are operational	Official reports from HRMA and other state authorities  Number of trained personnel	Civil Servants and State Employees eager to be trained
<b>Activities</b>	<b>Means</b>	<b>Costs</b>	<b>Assumptions</b>
1.1 Review the Law on Civil Servants and State Employees 2011 and support the preparation of implementing legislation (Secondary Legislation) that ensures the implementability of the new legal requirements.	Expertise: Legal; Operational; HR	Service contract € 600,000 to be financed by IPA  Service contract € 67,000 to be financed by national authorities	Civil Service law enacted;  Cooperation of civil servants

(Emphasis is on the practical requirements of the HRMA and other Administrative bodies)			
1.2 Ensure Secondary legislation contains solutions for practitioners in respect of Impact analysis of the implementation of the legislation (financial, practical, and other); testing tools for specific positions; selection criteria; management tools. Specifically ensure that provisions are made for an effective recruitment and selection process, appraisal and performance review mechanism, training provision, and classification of personnel	Expertise: Legal; Operational; HR		
1.3 Review the recruitment and selection process in line with the new law on Civil Servants and State Employees and make recommended changes	Expertise: Legal; Operational; HR		
1.4 Review the Appraisal mechanism in line with the new law on Civil Servants and State Employees and make recommended changes	Expertise: Legal; Operational; HR		Cooperation of Stakeholders
1.5 Review the Training provision in line with the new law on Civil Servants and State Employees and make	Expertise: Legal; Operational; HR; Training		Availability of civil servants to cooperate with TNA; Availability of necessary

recommendations			legislation
1.6 Review the Classification of personnel in line with the new law on Civil Servants and State Employees and the new Staff salary (Grading) legislation	Expertise: Legal; Operational; HR		Availability of relevant legislation; Cooperation of relevant public bodies and individuals
1.7 Identify additional Secondary legislation necessary and advise / recommend changes	Expertise: Legal; Operational		Availability of legislation; Cooperation of Public institutions and individual civil servants
2.1 Develop new management guidelines for implementing the law on Civil Servants and State Employees (2011) consistent with the Primary and Secondary legislation	Expertise: Public Administration; Legal; Management		Availability of legislation; Cooperation of Public institutions and individual civil servants
2.2. Develop new guidelines for implementing the Training Decree (including training, budgeting, and auditing process)	Expertise: Training; Legal; Management		
2.3 Review and adapt the Annual Staff Appraisal form to meet the requirements of the new law on Civil Servants and State Employees	Expertise: Public Administration; Legal; Management		Cooperation of Civil servants and management
2.4 Review and update the methodology for drafting acts on systematisation and organisation	Expertise: Legal; Operational; HR		

2.5 Give support to the establishment of a network of HRM units in administrative bodies, linked to the HRMA. (Job Descriptions, operational guidelines)	Expertise: Public Administration; Management; Operational		Support of Government - financing, staff recruitment; Cooperation of personnel in new HR units
2.6 Prepare an operations manual for the HRMA in Recruitment & selection; Appraisal system; Training needs analysis; Training evaluation; and other procedures as necessary in respect of the new Civil Service legislation	Expertise: Public Administration; Management; Operational		
2.7 Prepare a decree on Manpower Planning in collaboration with the HRMA management	Expertise: Public Administration; Management; Operational		
3.1 Conduct the Training Needs Analysis in Public Administration; Establishment of mandatory trainings and special trainings for specific state authorities	Expertise: Public Administration; Management; Operational		Availability of necessary HRMA personnel
3.2 Develop the training module for managerial staff and train at least 85% of the overall number of managerial staff in state authorities	Expertise: Public Administration; Management; Operational		Availability of necessary HRMA personnel
3.3 Develop the training module for newly-employed persons in state authorities and implement the pilot training	Expertise: Public Administration; Management; Operational		Availability of necessary HRMA personnel

3.4 Develop the training module for trainees and train at least 85% of the overall number of trainees in state authorities	Expertise: Public Administration; Management; Operational		Availability of necessary HRMA personnel
3.5 Enhance the system of training evaluations and assessment of training expenditures, methods for engagement of trainers and manner of identifying employees who shall attend the trainings; develop the punishment system for unjustified absence.	Expertise: Public Administration; Management; Operational		Availability of necessary HRMA personnel
4.1 Review and update the Job Descriptions of HRMA personnel in line with the new requirements of the Civil Service legal framework. (Give special attention to the needs for improving change management)	Expertise: Public Administration; Legal; Management		Availability of necessary HRMA personnel
4.2 Conduct the training needs analysis for the staff of HRMA, as well as for the employees in human resources units, and also to train them.	Expertise: Public Administration; Legal; Management		Availability of necessary HRMA personnel
4.3 Support the HRMA in steering the implementation of the new Civil Service legislation particularly through the use of improved management policies, changing management, and practical guidelines	Expertise: Public Administration; Management; Operational		Availability of HRMA personnel

**ANNEX 2: amounts (in €) Contracted and disbursed by quarter for the project**

<b>Contracted</b>	<b>Q1/12</b>	<b>Q2/12</b>	<b>Q3/12</b>	<b>Q4/12</b>	<b>Q1/13</b>	<b>Q2/13</b>	<b>Q3/13</b>	<b>Q4/13</b>	<b>Q1/14</b>	
Contract 1			600,000							
<b>Cumulated</b>			600,000							
<b>Disbursed</b>										
Contract 1			200,000				340,000		60,000	
<b>Cumulated</b>			<b>200,000</b>				<b>540,000</b>		<b>600,000</b>	

\*\*

### ANNEX 3: Description of institutional framework

According to the Law on Civil Servants and State Employees (Official Gazette 27/04 ), the **Human Resources Management Authority (HRMA)** was established as a new authority in the state administration system of Montenegro in 2004. Since then HRMA has expertise in:

- monitoring of the implementation of law and other regulations on Civil Servants and State Employees.
- giving opinions on the organization and systematization of a state authority;
- conducting internal and public announcements and public vacancy notices for state authorities and services ;
- preparing proposals for appropriate expert training programs and other programs for human resources development;
- professional assistance to the Government related to human resources management ;
- assistance to state authorities in realization of the HRM policy, training and development of capacities of the personnel and other affairs in the field of human resources management and development.

Human Resources Management Authority (HRMA) - organigramme:



HRMA currently has 36 employees. However, the integration process imposed the obligation for further development of the civil service system, especially in the area of recruitment and training of human resources, which resulted in the need for drafting the new Law on Civil Servants and State Employees that will be completely aligned with the EU requests. Also, in order to fully implement the request, the responsibilities of the Human Resources Management Authority (HRMA) must be strengthened. After redefining and strengthening of responsibilities, HRMA will employ 52 civil servants.

Taking into account that having a well written Law on Civil Servants and State Employees is one of the key elements of good governance, a new methodology has been used, and for the first time in Montenegro a Policy Paper has been drafted. In order to get the final version of the document, which will present the basis of the new Law, a number of round tables were organized, and representatives of all state authorities, local self-government, judicial authorities, NGOs, media participated in the discussion and their comments were considered. A Policy Paper was completed in February 2011 and its adoption by the Montenegrin Government is expected by the end of March.

The Policy Paper for the new Law on Civil Servants and State Employees envisages the re-definition and strengthening of responsibilities of Human Resources Management Authority (HRMA), especially in the area of development and human resources management, as well as in drafting laws and by-laws. The Human Resources Management Authority (HRMA) will, therefore, be in a position to ensure unique and objective standards in the recruitment process. The Ministry of Internal Affairs will continue to supervise the Human Resources Management Authority's (HRMA) activities, and the HRMA will develop closer cooperation with the Ministry of Finance.

By strengthening responsibilities, Human Resources Management Authority (HRMA) will be in a position to introduce mandatory standards and to monitor their appropriate enforcement in the area of recruitment, performance appraisal, trainings of civil servants, drafting of acts on systematization. Human Resources Management Authority (HRMA) will be provided necessary legal instruments and resources for the implementation of regulations and policy development in the field of civil service system. Strengthening of its capacities will be also permanently worked upon.

## **Reference to laws, regulations and strategic documents**

### **Reference list of relevant laws and regulations**

- National Programme for the Integration of Montenegro into the EU 2008-2012 (NPI)
- Action Plan for Conducting Recommendations from the Opinion of the EC
- Public Administration Reform Strategy for the period 2011-2016
- The Law on Public Administration (Official Gazette of the Republic of Montenegro, no. 38/03 , 22/08)
- The Law on Inspection Control (Official Gazette of the Republic of Montenegro, no. 39/03, 76/09)
- The Law on Civil Servants and State Employees (Official Gazette of Montenegro, no. 50/08, 86/09, 49/10)
- *A number of issues regarding the legal status of Civil Servants are determined by provisions of the Labor Law, especially when it refers to issues which does not require specific regulation (subsidiary application).*
- The Law on Prevention of Conflict of Interest Zakon (Official Gazette of Montenegro,



No. 01/09)

- The Law on Salaries of Civil Servants and State Employees (Official Gazette of Montenegro, No.86/09)
- The Law on General Administrative Procedures (Official Gazette of the Republic of Montenegro, No. 60/03)
- The Law on Administrative Dispute (Official Gazette of the Republic of Montenegro No. 60/03)
- Decree on Organization and Functioning of Public Administration (Official Gazette of Montenegro, No. 07/11)
- Decree on the Group of Affairs, Criteria for Internal Organization and Systematization, Affairs Nomenclature and Approximate Number of Executors in State Administration Authorities (Official Gazette of the Republic of Montenegro, No. 54/04)
- Decree on Conditions and Procedures for Conducting the Internal Announcements for fulfillment of vacancies in state authorities (Official Gazette of the Republic of Montenegro, No. 73/04)
- Decree on Manner and Procedures for Appraisal of Probationary Work in State Authorities (Official Gazette of the Republic of Montenegro, No. 17/05)
- Decree on Criteria for Performance Appraisal of Managerial Staff in State Authorities (Official Gazette of the Republic of Montenegro, No. 27/05)
- Decree on the Programme and Manner of Completing the Professional Exam for the Work in State Authorities (Official Gazette of the Republic of Montenegro, No. 29/05, 06/07)
- Decree on Obligatory Assessment Procedures for Performing Affairs of Civil Servants and State Employees (Official Gazette of the Republic of Montenegro, No. 33/05)

#### **Reference to AP /NPAA / EP / SAA**

**The SAA**, under art.114 ‘Public Administration’ underlines the need to promote good governance at all levels of public administration, including local government.

**The Enlargement Strategy for 2010-2011** in Chapter 2.3 “Strengthening the rule of law and public administration” emphasizes that Public Administration Reform is a priority in enlargement countries.

In chapter 5, line 18 is stipulated that negotiations should be opened with Montenegro once the country has achieved the necessary degree of compliance with the membership criteria set out by the 1993 Copenhagen European Council. In particular, Montenegro needs to meet the specific key priorities set out in the Opinion.

**The 2009 Progress Report** underlines the need to establish a professional, accountable, transparent and merit-based civil service, free of political interference.

**Analytical Report, November 2010** in Chapter 1.1.3. Public administration:

“Civil servants and state employees are recruited following public announcements of vacancies. However, a merit system for recruitment and promotion is neither clearly enshrined in the legislation, nor applied in practice. There are no clear, uniform criteria

for selecting candidates. There is no recruitment panel involved in the final stages of selection and heads of administrative bodies empowered to take the final selection decisions are not required to give reasons for their choice. The Appeal Commission's control over the recruitment decisions is very limited. Tests are inadequate and examination requirements are waived regularly. This allows for political interference and nepotism in the appointments and promotions and undermines the quality and efficiency of the public administration.” “The Human Resources Management Authority (HRMA) is responsible for monitoring implementation of public administration legislation, publishing vacancies and administering the human resources registry. However, its legally binding decisions are often ignored by public administration bodies. Its legal mandate and capacity need be strengthened in order to allow it to fulfill its role of monitoring implementation of the legislation and ensuring consistent human resources management across the administration. Training programmes under the responsibility of the HRMA have improved. However, training must intensify in order to strengthen the efficiency and overall capacity of the public administration.”

“Overall, the public administration remains weak and highly politicized. The general administrative framework, including the Law on general administrative procedure and the Law on civil servants and state employees needs to be reviewed and adapted to European standards and principles. Administrative procedures are cumbersome and time-consuming and must be simplified. Transparency needs to be improved by facilitating access to public information including on economic governance and allocation of public assets.

Significant efforts are still necessary by Montenegro to establish a sound and accountable public administration free of politicization. The quality of legislation and of decisions and acts produced by the public administration needs to be considerably improved. This is inextricably linked to improving the quality, capacity and expertise of public servants, with the aid of merit-based recruitment and promotion and continuous training. Further considerable efforts to strengthen administrative capacity to deal with future EU accession obligations are needed.”

**Opinion of the European Commission** in Section C “conclusion and recommendations”:

“Finalization of key steps in the Public Administration Reform, including amendments of the Law on General Administrative Procedures and the Law on Civil Servants and State Employees, as well as strengthening of Human Resources Management Authority (HRMA) and State Audit Institution, in order to improve professionalism and depoliticization of public administration, and strengthening transparent and merit-based principle in nominations and promotions.”

### **Reference to MIPD**

In MIPD (2011-2013) there are several priorities for IPA support, among which is completing the essential steps in public administration reform. To achieve these priorities in the programming period 2011-2013, the Commission will focus its assistance on six sectors, one of which is Public Administration Reform. The Commission’s recommendation regarding public administration was to increase public

sector reliability and efficiency. Therefore, in the Opinion of the European Commission on the Request of Montenegro for Membership to the European Union, the Commission concluded that improvements in public administration are part of the key priorities and mentioned that public administration remains weak and highly politicised.

Transparency needs to be improved. The quality of legislation, decisions and acts produced by public administration needs to be considerably improved. This is related to improved quality, capacity and expertise of public servants, together with the merit-based recruitment, promotion and continuous training. This Project is in accordance with line 3.2.3 of chapter 3 and when implemented, it will provide institutional mechanisms to support the effective implementation of the Law on Civil Service.

### **Reference to national plans/strategies:**

The Ministry of Finance and the Expert Team of the Government of Montenegro for the Public Administration Reform are responsible for bringing the Strategy and Action Plan for its enforcement in the 1st quarter of 2011.

The main objective of the Public Administration Reform for the period 2011-2016 is efficient, professional and service-oriented public administration, which serves citizens, social and economic subjects.

The Action Plan for Enforcement of Recommendations of the European Commission envisages that the Ministry of Internal Affairs, Human Resources Management Authority (HRMA) and the Ministry of Finance are obliged to draft the Proposal for the Law on Civil Servants and State Employees in the second quarter of 2011:

-to improve quality, politically neutral and professional work of employees in Public Administration

- to provide transparency and merit-based nominations and promotions
- to define professional development and legal status of employees in state authorities
- to define the obligation of adoption of integrity plans in public sector
- to improve the institute of protection of persons who report the cases of corruption (whistle-blowers)

In the part of strengthening capacities of HRMA and after adoption of the new Law on Civil Servants and State Employees, a new Act on Internal Organization and Systematization of HRMA, as well as the training program for employees of HRMA shall be drafted. It shall consist of:

- management of the Central Personnel Record
- Performance Appraisal, and
- Selection and Assessment of Qualifications of candidates who enter the employment

## **Annex 4: Details per EU funded contract**

### **Contract 1. Service contract**

Technical Assistance for the Contract will consist of a long term service contract covering the proposed Activities of the project.

The tasks of external consultants will contain the following but will not be restricted to:

The external consultant that will be awarded for the implementation of TA will carry out activities to develop the capacities of HRMA and of relevant institutions, including but not restricted to the following (in brackets the main responsible beneficiaries of activities):

- Review the new Civil Service law and Support the preparation of Secondary Legislation for the Civil Service Act 2011;
- Review internal mechanisms in comparison with the requirements of the Civil Service law and make appropriate recommendations (Appraisal system; Training provision; civil servant classification / salary system);
- Development of management guidelines;
- Update Job Descriptions of HRMA personnel;
- Support the introduction of HR units in other Public bodies;
- Prepare an operations manual for the HRMA to include among other issues, Appraisal system, TNA, Training evaluation, and other procedures identified from the Civil Service law;
- Support the development of management capacity building in the HRMA;
- Prepare and deliver a pilot training programme for managers of HRMA.

Required professional references of external consultants will include, in addition to high professional qualification, a long experience in the field of development and human resources management, and possession of training knowledge and skills in the areas necessary for building organizational capacity.

**Contract 2 (NC):** As agreed, the Government of Montenegro will provide support referring to giving improvements to the Act on organization and systematization of posts of HRMA through the increase of the number of personnel.

It will also support mandatory trainings of civil servants and state employees.

National contribution in the amount of 67,000 € will be spent within the service contract 2 (in this Project Fiche referred as to Contract 2 (NC)). The Objective of this Contract is to cover all necessary expenses that are excluded from financing by IPA funds which are crucial for achieving overall goal of the Project „**Support to the Human Resources Management Authority**”.

In accordance with the Project purpose, which is the creation of the Institutional mechanisms comprising of management procedures/protocols, implementation guidelines, and tools that will enable the implementation of the new (2011) Law on Civil Servants and State Employees throughout Public Administration in Montenegro, the beneficiary will support project activities through the provision of appropriate facilities, and the engagement of personnel for meetings, trainings, workshops, discussion groups and other requests from the project management.