

# ReSPA

**R**egional **S**chool of **P**ublic **A**dministration (Phase 1)

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## ***ATTRACTIVENESS OF CIVIL SERVICE IN THE WESTERN BALKANS***

**An overview of the Attractiveness of Civil Service in Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Montenegro and Serbia**

**February 2009**

# Contents

	<i>Page</i>
<b>Acronyms and Abbreviations</b>	<b><u>3</u></b>
<b>Foreword</b>	<b><u>5</u></b>
<b>Introduction</b>	<b><u>6</u></b>
<b>PART ONE</b>	
<b>Overview of the Civil Service Systems in the Western Balkans Region</b>	<b><u>10</u></b>
<b>PART TWO</b>	
<b>Overview of Selected Civil Service Attractiveness Factors in the Western Balkans Region</b>	<b><u>17</u></b>
<b>Conclusions</b>	<b><u>41</u></b>

# Acronyms and Abbreviations

## **General**

CS	Civil Service
CSt / CSs	Civil Servant / Civil Servants
CSA	Civil Service Agency
CSL	Civil Service Law
CSR	Civil Service Reform
CSTS / CSTSs	Civil Service Training System(s)
DSA	Daily Subsistence Allowance
EC	European Commission
EU	European Union
GRECO	Groupe d'Etats contre la Corruption / Group of States against Corruption (a special committee created by the Council of Europe)
HR	Human Resources
HRM / HRD	Human Resource Management / Human Resource Development
IDA	International Development Agency (World Bank)
IMF	International Monetary Fund
IT	Information Technology
NA	Data Non Available
NGO / NGO's	Non-governmental Organization(s)
OECD	Organization for Economic Co-operation and Development
PA	Public Administration
PAR	Public Administration Reform
PCS	Public/Civil Service
PCSA	Public/Civil Service Attractiveness
PCSAFs	Public/Civil Service Attractiveness Factors
PS	Public Service
ReSPA	Regional School of Public Administration
SIGMA	Support for Improvement in Governance and Management in Central and Eastern European Countries (a joint programme of the EC and the OECD, mainly financed by the EC)
TNA	Training Needs Assessment
UNDP	United Nations Development Programme
UNPAN	United Nations Public Administration Network
USAID	United States Agency for International Development
WB	World Bank
WBR/WBs	Western Balkans Region (including, in this report: Albania, Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, Montenegro and Serbia)

## ***Albania***

DoPA	Department of Public Administration
NSDI	National Strategy on Development and Integration (2007-2013)
TIPA	Albanian Training Institute for Public Administration

## ***Bosnia and Herzegovina***

ACIPS	Association Alumni of the Center for Interdisciplinary Postgraduate Studies (ACIPS Center for Policy Research)
BiH	Bosnia and Herzegovina (country)
BiHF/FBiH	Bosnia and Herzegovina Federation (component political entity)
BD	Brcko District (de facto autonomous entity)
CSA / CSAs	Civil Service Agency / Civil Service Agencies
RS	Republika Srpska (component political entity)

## ***Croatia***

CSOA	Central State Office for Administration
CSL	Civil Service Law (Civil Service Act)
CSTC	Civil Service Training Centre

## ***Former Yugoslav Republic of Macedonia***

CSA	Civil Servants Agency
fYR Macedonia	former Yugoslav Republic of Macedonia

## ***Montenegro***

HRMA	Human Resources Management Authority
RoM	Republic of Montenegro
SCSTM	Strategy for Civil Service Training in Montenegro (2008-2012)

## ***Serbia***

HCSC	High Civil Service Council
HRMS	Human Resources Management Service
SEIO	Serbian European Integration Office

*NB: In order to get a clearer text, abbreviations are not systematically used.*

## **FOREWORD**

This publication provides a comparative overview of the Attractiveness of Civil Service in the Western Balkans— salaries and other motivation tools, including in Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Montenegro and Serbia.

It has been produced with the financial assistance of the European Union provided to the project on the Regional School of Public Administration (ReSPA) supported by the Organisation for Economic Co-operation and Development (OECD).

“Strengthening the research base of training and education for public administration (...) for comparative research on topics of immediate interest” has been among the tasks mandated by the ReSPA Protocol of Cooperation. To this end, the compendium on the salary systems and other motivation tools provides a comparative factual overview of the motivation systems in place in the public administrations of the region. It is of a descriptive nature and intended as a source of factual information rather than a prescriptive study. Thus, the focus has been placed on comparative analysis and individual ReSPA member profiles. The publication should be of interest to civil servants in ReSPA administrations and to experts working in the area of civil service development or on broader public administration reform issues. It should also serve as a useful reference to ReSPA administrators.

The publication was prepared with the support of ReSPA members. The in-country operational contacts in the Region - Ms. Dina Dobardzic, Ms. Adela Golub, Ms. Denada Kakeli, Ms. Milena Lazarevic, Ms. Sandra Malesic, Ms. Irena Stameska and Ms. Mina Vojinovic - carried out a pioneer task of producing the original country/entity reports, acting under the responsibility of the ReSPA Steering Committee. Kosovo (under UNSCR 1244) did not participate in the production of this ReSPA publication. On the basis of individual reports, the first analytical overview of all contributions was prepared by Ms. Milena Lazarevic, Adviser in the Ministry of Public Administration and Local Self-Development of Serbia. The resulting draft report was supplemented with factual and theoretical information and revised by Mr. Aderito A. Sanches, International Consultant. Ms. Inga Stefanowicz, Administrator at ReSPA/OECD provided guidance to contributors and shaped the final report, supported by advice from the experts at Sigma/OECD: Mr. Francisco Cardona, Mr. Nicolas Dubois, and Mr. Julio Nabais.

[Back to Table of Contents](#)

# **INTRODUCTION**

*PURPOSE OF RESEARCH AND METHODOLOGICAL APPROACH*

*STRUCTURE OF THE PUBLICATION*

## Purpose of Research and Methodological Approach

This regional report, produced under auspices of the Regional School of Public Administration (ReSPA), presents a comparative overview of the salary and other motivation factors of the civil service (CS) systems across the Western Balkans region.

The report does not seek to provide an operational definition of what is an attractive public service as an employer of choice nor an analysis of attractiveness of employment in the public administration as opposed to the private sector, it does offer however a comparative perspective to different aspects of attractiveness of civil service across the region. Thus, in addition to the salary system and promotion through the salary grid, other incentives, such as vertical promotion and career development prospects, scholarships and training opportunities, job security, etc. are reviewed.

It was not possible to address in this single publication all pertinent aspects of employment in the civil service. Importantly, this report will address only these attractiveness factors that pertain to the employee's life at work throughout her or his professional career. This means that issues such as health protection or pension schemes will not be reviewed (they would in their own capacity deserve separate studies). Also, looking at possible subjective or contextual incentives (relative attractiveness of civil service employment compared to other sectors) would require a different methodological approach. Thus factors, such as aspiration to contribute to a public cause, possibility to represent country or institution in domestic or international relations, or, especially for the region in question, to actively participate in the processes of European integration and modernization of the public service, although important sources of motivation, are not covered by this report.

Background information for the report was collected through individual ReSPA member contributions based on a semi-structured questionnaire and supplemented with additional inputs of the relevant domestic institutions. The information thus obtained was cross-checked with other ReSPA and Sigma work and competent sources. The underlying country laws and regulations were also examined.

**Table: Overview of Legal Acts Examined**

<b>Albania</b>	<ul style="list-style-type: none"><li>• Law No. 8549, date 11.11.1999 "The Status of the Civil Servants".</li><li>• Decree of the Council of Ministers No. 231 of 11 May 2000 on Recruitment and Probationary Period in the Civil Service</li><li>• Decree No. 315, date 23.06.2000</li><li>• Decree No. 711, date 27/12/2001, "For the salary structures and levels of the civil servants in the institutions of the central administration, administration of the Presidency and the Assembly"</li><li>• Council Of Ministers Decree No. 511</li><li>• Council of Ministers Decree No. 306 date 13.06.2008 "On discipline in the civil service".</li><li>• Directive No. 1 date 13/06/2000 of the Council of Ministers "For the structure of classification of positions in the civil service, respective methodology and the general description of the role of the General Secretary at this service. (amended on December 2007)</li></ul>
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<b>BiH</b>	<ul style="list-style-type: none"> <li>• Law on Civil Service in the Institutions of Bosnia and Herzegovina</li> <li>• Law on Civil Servants in Federation of BiH in Article 1. (“Official Gazette, No. 29/03,23/04,39/04,54/04,67/05 and 8/06)</li> <li>• Rulebook on Performance Assessment and Promotion of Civil Servants, Republika Srpska</li> <li>• Law on Civil Service of the Republika Srpska</li> <li>• Council of Ministers of BiH Decision on Salaries and Other Remunerations in BiH Institutions</li> <li>• Decision on establishing of Salary Grids and Coefficients for Salaries of Managerial and the Other Civil Servants in Federal Institutions of Civil Service (“Official Gazette of FBiH, No. 68/04,15/06 and 7/08)</li> <li>• Law on Salaries of Employees in Administrative Institutions of Republic of Srpska („Official Gazette of RS“, No. 118/07)</li> <li>• Law on Payrolls of the Employees at Administrative Organs of the Brcko District</li> </ul>
<b>Croatia</b>	<ul style="list-style-type: none"> <li>• Civil Service Act, 2005, entered into force on 1 January 2006</li> <li>• Act on Civil Servants and Civil Service Employees from 2001</li> <li>• Regulation on job titles and complexity coefficients in the civil service</li> <li>• Regulation on jobs and special working conditions in the civil service</li> <li>• Collective Agreement for Civil Servants and Civil Service Employees</li> <li>• Draft Proposal of the Act on the Salaries of Civil Servants</li> </ul>
<b>fYR Macedonia</b>	<ul style="list-style-type: none"> <li>• Law on Civil Servants, 2000</li> <li>• Regulation of June 25, 2004 on Means and Procedure of Evaluation of Civil Servants</li> <li>• Regulation of October 4, 2005 on the Criteria and Standards</li> <li>• Procedure for the Selection and Employment of Civil Servants</li> </ul>
<b>Montenegro</b>	<ul style="list-style-type: none"> <li>• Law on Civil Servants and State Employees, 2004</li> <li>• Law on Salaries of Civil Servants and State Employees (adopted in 2004)</li> <li>• Amendments to the Law on Salaries of Civil Servants and State Employees (adopted in December 2007)</li> <li>• Regulation on Supplements to the Salary of Civil Servants and State Employees</li> <li>• Regulation on Allowances and Other Incomes of Civil Servants and State Employees (adopted in 2005)</li> </ul>
<b>Serbia</b>	<ul style="list-style-type: none"> <li>• Law on Civil Servants, “Official Gazette of the Republic of Serbia”, No. 79/2005, 81/2005 - correction, 83/2005 - correction, 64/2007 and 67/2007 - correction</li> <li>• Law on Salaries of Civil Servants and General Service Employees, “Official Gazette of the Republic of Serbia” No. 62/2006, 63/2006 – correction and 115/2006 - correction</li> <li>• Special Collective Agreement for State Authorities, “Official Gazette of the Republic of Serbia”, No. 95/2008</li> </ul>

## Structure of the Publication

The publication is structured according to the selected elements of attractiveness of civil service, offering a cross-country overview for each category.

The **first part** provides a short overview of definitions and main features of the civil service across the region. It constitutes a necessary introduction to similarities and differences of the civil service structures concerned, relevant for the salary and incentives systems in place. The same section also provides explanations of the key terms used in this publication, given that their definitions may differ across countries.

The main **second part** of the publication deals with the incentive systems for employment in civil service in the countries of the region. It starts with the regulations governing civil servants’ salaries and continues with non-financial incentives enshrined in civil service related legislation, such as

promotion and performance appraisal, scholarships and training opportunities, as well as job security issues.

Finally, the **conclusions** offer a summary of the findings regarding the approaches used to attract talent to civil service in the Western Balkans region. It identifies commonalities and differences in these approaches and points to concrete country practices.

[Back to Table of Contents](#)

# **PART ONE**

## ***OVERVIEW OF THE CIVIL SERVICE SYSTEMS IN THE WESTERN BALKANS REGION***

This part of the report provides an overview of the civil service systems across the region, in order to set the CS attractiveness factors discussion in a systematic context.

It begins with some terminological clarifications (A), followed by a general presentation of the main structural features of the different systems (B). It also compares definitions of civil servants adopted in the different countries (C) and finally offers a summary of job classifications used (D).

## A. Terminological Clarifications

In order to provide an overview of the civil service systems in the region, this section offers terminological clarifications of the key terms used in this report<sup>1</sup>.

### ➤ Civil Servant vs. Public Servant

“Public servant” and “civil servant” are two terms that are sometimes used interchangeably. However, in the Western Balkans region, the term “public servant” has often a wider meaning than the term “civil servant”. It is frequently used to denominate employees in all public services, including such specific specialized sectors as education, health protection and the like. In the administrative systems of the region, these specialized sectors are usually regulated by separate legislation from that which governs civil servants strictly speaking<sup>2</sup>.

Some systems, such as the Macedonian one, officially differentiate between these two terms. Hence, given the scope of the relevant legislation in the region, this study consistently uses the terms “civil servants” and “civil service” instead of “public servant” or “public service”.

### ➤ Public Administration vs. State Administration

Another important terminological clarification concerns the terms “public administration” and “state administration”.

Several systems in the region (Croatia, Montenegro and Serbia) use the term “state administration” to denominate the institutions of the executive branch. In the Serbian case, however, the two terms seem to be used interchangeably, given that the translations of the relevant legislation mention “state administration”, while the Government strategy (yet strictly defined for the same range of institutions) uses the term “public administration”.

The former Yugoslav Republic of Macedonia differentiates between “state administration” and “public administration” in the same way it does with the terms “civil servants” and “public servants”. Nevertheless, given that the scope of legislation on civil servants exceeds the scope of the term “state administration” in most of these systems, the term “public administration” is used throughout this report to denominate any institution to which civil service legislation applies.

### ➤ Performance Appraisal / Appraisal of Civil Servants

It should also be emphasised that not all systems in the region use the term “performance appraisal” to denominate the process of evaluating the work, professional results and behaviour of civil servants. In some cases (e.g. Serbia) this process is called simply “appraisal of civil servants”. However, as the substance of the process is the same, the widely accepted term “performance appraisal” is used when discussing these procedures.

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<sup>1</sup> More general useful references dealing with the distinction between civil and public servants may be found in a *Glossary of key Civil Service Terms* currently used by the *Public Sector Group* of the *World Bank*, and also in a related reference article – *Who and What is a Civil Servant?* – prepared by members of the *WB Civil Service Thematic Group*. Also, the *2007 OECD Glossary of Statistical Terms* offers a brief definition of the Public Sector. All these documents may be found on the Web.

<sup>2</sup> As a matter of fact, the precise definition of a “civil servant” usually varies from one country to another and is specified by each country’s legal framework. The definitions adopted by WBs countries/entities are discussed in more detail through the course of this study.

## B. Types of Civil Service

Traditional classification of CS systems differentiates between career and position- (or job-) based systems. Systems in the region are in fact of mixed character, combining various elements of the two types. In **Albania, BiH** and **fYR Macedonia** the approach leans towards the position system. In **Croatia, Montenegro** and **Serbia** career system elements are more pronounced.

Both systems may be more or less open to the inflow of candidates from the outside. In general, position systems tend to be more open. Career systems are usually less permeable, because internal promotions are given priority.

Another important criterion is the extent to which recruitment, compensation, promotion and institutional authority are linked to professional competence and merit. Openness combined with merit-based management is key to the quality of a CS system, significantly improving its outputs, results and impact (in other words, its social, economic and environmental value added)<sup>3</sup>.

In **Bosnia and Herzegovina**, at the **State** and **Federation** levels the position system is almost fully applied. Individuals can be appointed as civil servants only to the positions defined by the regulatory framework for the internal organization of BiH institutions. Transfers are possible only between positions of the same level (similar workplaces), with minor exceptions. Civil services in the **Republika Srpska** and **Brcko District** are also based on a position system.

The **Albanian** CSL provides for a mixed civil service system, based mainly on the job/position, but including elements of the career system. The dominance of the position system can be observed in the recruitment criteria, the rules governing appraisal and lateral transfer, etc. The new CSL aimed at establishing an open CS system, allowing at the same time, mobility and career development inside the system. However, the latest data in relation to performance appraisal and lateral transfer show that in practice the Albanian system favours external recruitment (though theoretically access is also granted to internal candidates), especially for higher-level positions (Secretary General, Director General, Director of a directorate in a line ministry).

The **Macedonian** civil service system is position-based in principle, though it includes many elements of a career system<sup>4</sup>. In the new legal framework, civil servants must be recruited in an open and transparent way through a public vacancy announcement. Candidates for CSs must pass a professional examination (the exam is not required for junior positions). Secretaries are exempt from this rule, also in case of horizontal mobility. Otherwise the system is open for entry at any level and the same rules of recruitment apply. There is no preference in terms of early career entry and there is no specific system for fast career tracking/advancing. Recruitment of civil servants is regulated in accordance with the constitutional principle of equal work opportunities and the merit principle.

In **Croatia**, the CS system has so far been mixed. It combines a job (position-based) system with elements of a career system. The new law has increased, however, the weight of the career components.

After the parliamentary elections of November 2007 and upon formal commitment of the Government, it was decided to convert around 200 posts of state officials into civil servant positions, regulated by the new Law (including, the provisions on recruitment).

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<sup>3</sup> These comments apply, across the whole system, to *managerial, technical and administrative* positions and responsibilities. The highest decision levels are no exception. Civil servants with high level responsibilities and competencies, whose influence on the system is usually weighty, need to be carefully selected according to the same criteria and their efforts and performance should be conveniently rewarded, in line with the same principles.

<sup>4</sup> The main legal document regulating CS is the *CSL (Act on Civil Servants of July 20, 2000)*, which “sets forth the status, rights, duties and responsibilities of civil servants, and the system of salaries and allowances for the civil servants” (Art. 1).

This seminal *Law* has been several times amended and/or supplemented by subsequent legislation. No less than 10 Laws have been passed to complete and improve the new legal framework: one in 2000 (December 28), two in 2001 (May 3 and April 25), two others in 2002 (June 18 and December 24), another two others in 2003 (March 11 and June 11), one in 2005 (September 14), one in 2006 (May 5) and a last one in 2007 (March 19).

The **Serbian** CSL also leans more towards a career-based system.

Early career entry is clearly favoured. Moreover, recruitment must follow a sequential process, providing career advancement opportunities to the internal candidates first before going for a public/open competition.

Promotion is not automatic. A set of conditions have to be met in order for a civil servant to be promoted: he/she must obtain appropriate marks in the annual appraisal process; a vacant position in the rank immediately above must exist; and finally, a favourable decision must be taken by the head of institution. The same conditions must be satisfied for a civil servant applying, through an internal competition, for a position in the rank immediately above (which equals to a promotion)<sup>5</sup>.

The new **Montenegrin** CS system has been designed as a position system<sup>6</sup>. Article 16 of the Civil Service Law establishes the general requirements to enter the civil service, which is configured as mainly a position-based system (Article 17).

### C. Definition of a Civil Servant

Two basic criteria will be used to define a civil servant. Each of these criteria can be further broken down for the sake of clarity of analysis:

a. Where does the public servant work?

or, (i) at which level of government (state, regional, local) is the public administration body or institution positioned?; and (ii) to which sector (central administration, education, health, defence, ...) does this body or institution belong?

b. What does the public servant do in his/her workplace?

or, (i) which level of responsibility (decision-making, intermediate levels of management, implementation) best describes the work of the public servant, its institutional or statutory mandate?; and (ii) what specific types of tasks and activities is the public servant supposed to carry out?

Definitions of “civil servants” are usually based, on a combination of these four factors, though they may differ across countries making the cross-country comparisons difficult. The definitions adopted in the WBs countries, although similar, do not entirely overlap. Thus it is important to understand these differences before proceeding with the discussion of the CS attractiveness factors.

Some administrations of the region (**Croatia, Montenegro, Serbia**) have encompassed a narrow definition of civil service, excluding local government employees. At the same time, **Albanian** and **Macedonian** definitions of civil service do include local employees into the civil service category.

**Bosnia and Herzegovina** is an exception in the way the Civil Service is organised, because it is regulated by different laws at the state and entity levels. The state level legislation refers exclusively to the central institutions’ employees. The Law on Civil Servants in the **BiH Federation** defines the

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<sup>5</sup> A High Civil Service Council (HCSC) was established in May 2006. It decides on the professional qualifications to be assessed in competitions for filling vacancies, and defines the methods to verify these qualifications, in addition to the selection criteria. The HCSC, which has elaborated a *Code of Conduct*, also nominates selection panels for senior civil servant positions and conducts disciplinary proceedings for this category of civil servants.

<sup>6</sup> The Montenegrin *Law on Civil Servants and State Employees*, which applies to both central and local levels, was adopted on April 21, 2004 (*Official Gazette of the Republic of Montenegro, No. 27/04*). Some minor amendments were added in 2005. The *Law* defines the competencies of the Human Resources Management Authority (HRMA), as well as the financing system.

A *Law on Salaries of Civil Servants and State Employees*, passed on April 28, 2004, completes the legal framework.

A number of regulations were subsequently added: *Regulation on the Conditions and Procedure for Execution of Internal Announcements for Filling Vacancies within State Administration Authorities*; *Regulation on the Method and Procedure of Appraisal of Probationary Work in State Administration Authorities*; *Regulation on Types of Rewards and their Award to Civil Servants and State Employees*; *Regulation on Criteria for Performance Appraisal of Managing Persons in State Administration Authorities*; *Regulation on the Program and Method of Taking the Professional Exam for Work in State Administration Authorities*; *Regulation on the Procedure of Establishment of Competence for Performance of Tasks of a Civil Servant and State Employee* (see also section 7 of the country profile).

status of civil servants working in federal, cantonal and municipal institutions of the Federation. A different approach was adopted in the **Republika Srpska**, where the CSL refers to central administration employees only, whereas local government employees are outside of the scope of that Law. There are also special regulations applying to the administration of the **Brcko** district, where a civil servant can work in administrative organs. All this makes the Civil Service system of BiH quite complex.

The important difference in the scope of the **Croatian** civil service is that it includes the law enforcement bodies, i.e. the police and armed forces.

Definitions used in the region also differ with respect to the level of responsibility CSs assume. They are usually positioned between two other categories of public employees: (i) government (politically appointed) staff, at the higher hierarchy level (appointees to these positions are exposed to change when the government changes), and other employees, at the lower level. Delineation between the three categories may however be different in different systems.

The tasks performed by CSs usually do not encompass either political decisions or ancillary tasks that are not directly linked to the mandates of the concerned public bodies and authorities.

The **Albanian** definition seems to be the most general in the region in terms of the nature of work, as it includes any position where public authority is exercised, or which is directly involved in policy-making.

Not all public authority holders, however, are considered civil servants. Elected officials, members of the judiciary and of the government, as well as other public employees/officials pursuant to separate regulations are not regarded civil servants. The Secretary General is the highest civil service position in an institution and serves as a linking position between politicians and technical staff.

While in most WBs administrations at least some aspects of the status of ancillary staff are regulated by the CSL, in Albania the “support staff” is entirely regulated by the Labour Code.

In **Bosnia and Herzegovina**, the definitions at the **State, Federation and Republika Srpska** levels are different from those adopted in the rest of the region. The nature of work of a civil servant is not defined in terms of types of tasks, but rather in terms of types of positions held and/or educational levels required.

The **Brcko District** definition is more in line with the definitions adopted in the rest of the region. The CSL defines a civil servant as a person working in administrative organs either (a) on administrative and professional workplaces that are regulated by a Statute, Law or other relevant Act, or (b) on informational, general and administrative, planning, material-financial or accounting tasks.

In **Croatia**, civil servants are distinguished from both, political appointees, who are usually referred to as functionaries or “state officials” and from governmental employees.

Status of the state officials is regulated by the Act on the Rights and Obligations of State Officials, the Act on the Prevention of Conflicts of Interest, and the Transfer of Power Act. Civil servants are persons who as their regular profession perform duties in state bodies within the competence of the said state bodies. Civil servants also include persons who perform IT tasks, general and administrative tasks, planning, material/financial and accounting tasks, and similar (CSL, art. 3, par. 1-3). Governmental employees are persons in state bodies who perform supplementary and technical work and other duties required for timely and quality performance within the competence of the said bodies (CSL, Art. 3, par. 4).

The relatively wide definition of a civil servant given by the **Serbian** CSL is, in general, quite similar to the Croatian one. It describes a CSt as a person whose job includes tasks from the domains of specifically enumerated state authorities, or related general legal, IT, financial, accounting and/or clerical tasks.

As in most countries in the region, a distinction is made in the Serbian CSL between civil servants, as performers of the tasks related to state authority, and employees of the state institutions who

perform ancillary tasks, largely irrelevant to the power of the state. In Serbia, these are designated as “general service employees”.

The **Montenegrin** and **Macedonian** definitions are similar in relation to the CS positions and tasks.

Both systems differentiate civil servants from other positions in the state apparatus (adopting, however, different perspectives for this purpose). The **Montenegrin** CSL explicitly specifies (art. 2) that members of the Parliament, or persons elected or appointed by the Parliament, are not civil servants. In **fYR Macedonia**, where a basic distinction is made between public and civil servants, the highest positions of civil servants are those of Secretary General (State Secretary) and State Advisor (both included in the category of the “managerial civil servants”) (Macedonian CSL, art. 6).

Regarding the types of activities, in **Montenegro**, “a civil servant performs administrative, professional and other affairs for realization of competences of the state authority determined by the Constitution, law and other regulation.” (Montenegrin CSL, art. 3). Similarly, in **fYR Macedonia**, a “civil servant is a person who performs professional, normative-legal, executive, and administrative-supervising activities and decides upon administrative matters in accordance with the Constitution and law” (Macedonian CSL, art. 3, par. 1).

According to the **Macedonian** CSL, CSs do not perform “administrative-technical or support tasks” (art. 3, par. 4). In **Montenegro**, it is explicitly the role of state employees to “perform administrative, accounting–financial and ancillary-technical affairs necessary for timely and quality performance of affairs from the competence of a state authority” (Montenegrin CSL, art. 3).

#### **D. Ranks and Positions of Civil Servants**

The structure of job classifications is usually based on (i) the levels of responsibility (within the bodies or units for which the civil servants work) and (ii) the specific set of tasks and activities they are (statutorily) expected to carry out.

CSs classifications are dependent on whether CS systems are more position or career oriented. Accordingly, similarities may be found in the **Albanian**, **Macedonian** and **BiH** systems on one hand, and the **Croatian**, **Montenegrin** and **Serbian** systems, on the other.

In **Albania**, where only university graduates can be civil servants in the professional staff category, there are four general classes for civil servants depending on the management level (these classes are further broken down into different categories depending on the type of tasks performed).

As from 2006 the same categories of positions have been used in all subordinated institutions. The government adopted a position grid allowing comparisons between any position in almost all institutions of the executive branch. The position nominations were also unified, allowing more room for easier interchange and mobility of employees between institutions in the future.

**Macedonian** civil servants are categorized into 3 groups depending on the management level and the type of duties performed, distinguishing between 13 different positions. The civil servants from the first and second group must have a university degree. Those from the third group must have secondary education.

The Macedonian CS attaches more importance to the openness of the system. Thus the legal classification of CS positions is essential for clearly distinguishing between administrative and political/appointee positions, especially with respect to the highest CS level appointments.

In **Bosnia and Herzegovina** four systems coexist. They are in principle based on positions and differentiate between managerial and “ordinary” civil servants. The **state level** authorities, **BiH Federation** and **Republika Srpska** adopt a similar approach.

In the **Brcko District**, the Mayor passes the Decision on the categorization of all working posts in administrative bodies. Four main groups are concerned: Managerial civil servants, Civil servants, Managerial employees and Employees.

Posts in the **Croatian** CS are classified through a set of classification criteria or “standards” applicable to positions in all state bodies. They include the required professional qualifications; complexity of the tasks performed; degree of co-operation with other state bodies and communication with clients; independence in work; degree of responsibility; and the level of influence on decision-making. The classification of posts, which is broadly regulated in part 5 of the CSL, is the basis for setting up the system of salaries in the civil service.

The List of Civil Service Jobs, which is part of the Regulation on Job Classification in the Civil Service, enumerates the positions, which are classified into appropriate (managerial, senior and junior) categories and subcategories, according to the relevant application of standard criteria, with the indication of the subcategory level.

In **Serbia**, all civil servants positions/jobs are divided into appointed and executorial ones, depending on complexity of duties, powers and responsibility.

Appointed positions are those where civil servants have powers and responsibilities pertinent to directing and coordinating work in a state authority (Article 33 of the CSL). These are the highest managerial positions in a state authority, except for those of the Minister and State Secretary in line ministries. In the other public administration institutions (special organisations, government services, administrative districts, etc.) politically appointed functions disappear altogether, allowing these institutions to be headed by appointed civil servants. Candidates for these positions are still subjected to competition procedures, while passing of the state professional exam is obligatory for all permanently employed civil servants.

Executorial positions are all those positions that are not appointed, including positions of civil servants managing internal organisational units within a state authority. They are assorted into 3 groups of ranks depending on the complexity of duties and responsibility, knowledge and skills required, and on the working environment. The ranks also differ in terms of the minimum relevant professional experience required (e.g. a minimum of 7 years for Senior Counsellor, 5 years for Independent Counsellor, 3 years for Counsellor, 1 year for Junior Counsellor).

Organisation of the CS system in **Montenegro** relies on “titles” grouped and classified into “grades”. The CSL distinguishes 10 titles of civil servants and classifies them into 3 grades, depending on the level of responsibility and education and experience requirements. The CSL also establishes the grades and titles for state employees.

A distinction is also made between managing posts and other positions. The “managing persons” (i.e. those persons who coordinate teamwork, perform the most complex tasks and have overall authority to take decisions at their respective level of responsibility) are explicitly identified in Art. 31 of the CSL.

While non-managerial civil servants/state employees are recruited in accordance with the public announcement procedure, administration managers are selected following a “public competition” procedure.

[Back to Table of Contents](#)

## **PART TWO**

### ***OVERVIEW OF SELECTED CIVIL SERVICE ATTRACTIVENESS FACTORS IN THE WESTERN BALKANS REGION***

This part of the report offers an overview of selected factors of attractiveness of civil service in the Western Balkans region. These factors are covered under four headings:

- A. Recruitment, appraisal and vertical promotion
- B. Salary systems
- C. Scholarships and training opportunities
- D. Job security and other benefits.

## A. Recruitment, Appraisal and Vertical Promotion

Sound rules and practices of recruitment, appraisal and promotion are key to generate trust in people that may consider applying for a job in the public administration as an employer of choice and they are also enhancers of professional motivation.

The recruitment rules (and actual recruitment practices) play a key role as an “element of attractiveness” at the entry point of a CS’s career, whereas the other two factors dealt with in this section have a generally more recurrent and lasting influence to retaining civil servants at the service of the state .

Ensuring adequacy of recruitment procedures is of primary importance for the attractiveness of public administration as an employer.

In **Albania**, recruitment is mainly carried out through procedures open to candidates outside the civil service, without excluding, however, internal candidates. The government has recently introduced an attractiveness policy based on a “qualification bonus” to attract candidates to the civil service, which still has to produce tangible results.

The CSL introduced a clearer division between the political and the administrative spheres. According to the Law, recruitment and promotion are based on merit and not on personal or political allegiances. However, implementation of the new provisions remains an important challenge, especially to reduce staff fluctuations and increase transparency and accountability in appointments<sup>7</sup>.

The mainly position-oriented **BiH** CS system also favours open recruitment procedures. The Law on CS in the **Institutions of BiH** (Art. 2, § 1.) introduces the principle of open competition and professional merit as a basis of professional career advancement of a civil servant.

The Law further stipulates that “the structure of civil servants within the civil service shall generally reflect the ethnic structure of the population of Bosnia and Herzegovina in accordance with the last census.” This introduces an additional level of complexity to the BiH civil service recruitment system, thus making effective CSL implementation even more difficult, when administrative, ethnic and political interests have to be balanced.

In **Croatia**, admission to CS and job assignments are regulated by the 2005 CSL. The Decree of 12 January 2006<sup>8</sup> further stipulates the rules for the Announcement of Vacancies and Implementation of Public Competition Procedures and Internal Announcements in the Civil Service.

Candidates to the CS have to take a special civil service examination after the probationary period before they are awarded the CS status.

The CSL provides for a merit-based and open competitive recruitment. The new recruitment procedures are now being implemented. CSOA is responsible for the development of the national recruitment policy and for monitoring the adequate implementation of recruitment regulations by the

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<sup>7</sup> According to the Albania 2008 EC Progress Report (p. 8): “In December 2007, the government adopted amendments to the Law on evaluation of the performance of civil servants. In January 2008, a new reward system for civil servants entered into force. However, turnover of staff due to political pressures has continued. The Civil Service Law regulating public administration is in place, but it is not applied systematically.”

<sup>8</sup> This Decree was amended by the Decree n° 8/2007 (January 22, 2007) and by the Decree n° 13/2008 (February 1<sup>st</sup>, 2008).

different state bodies. The influence of the staff of CSOA on the final recruitment decisions is, however, limited.

Steps are also taken to de-politicize a range of high-level management positions, which were until recently considered political appointments, but are now classified as part of the civil service. Separate, simplified recruitment procedures, have been adopted for these managerial positions.

In **fYR Macedonia**, recruitment rules are specified in Part II (“Employment of Civil Servants”) of the CSL. They provide for an open and transparent recruitment through public vacancy announcements. Professional examinations for civil servants are also required, though junior positions, the position of a Secretary and the horizontal mobility of civil servants are exempted from the rule.

The system is otherwise open to new entry at any level. There is no preference in terms of early career entry. Recruitment of civil servants is conducted on the basis of the constitutional principle of equal work opportunities and merit<sup>9</sup>.

In **Montenegro**, recruitment rules are specified by the CSL. Recruitment is carried out through internal or public announcement procedures. The CSL regulates the questions of probation and employment, which as a rule is for an unlimited term, though temporary employment is also allowed. The merit system is not guaranteed and the government is currently revising the scheme to guarantee better a merit-based recruitment.

The 2005 CSL introduced new recruitment rules in **Serbia**. The provisions of the Law are further supplemented by a Regulation on Conducting Internal and Public Competitions. Within this new legal framework, selection criteria became clearer and the number of positions to be filled by political appointment was reduced.

All vacancies in state authorities are publicly advertised (on the institutional website for internal recruitment and in the Official Journal for external recruitment). The CSL provides for gender equality and minority rights and selection of candidates is based on their professional qualifications and competencies<sup>10</sup>. Recruitment includes three successive phases (unless phases 2 and/or 3 become unnecessary): internal recruitment within the institution; internal recruitment within the civil service and external recruitment. Separate provisions guide the recruitment for “Executorial positions” and Senior CSs. In the latter case, some 360 such positions were converted from political appointments under the new Law.

The HRMS has a supervisory role over legality of recruitment and ensures that it is based on merit. The Administrative Inspectorate is in charge of further inspecting the lawfulness and conformity of recruitment procedures, and the possibilities of appeal from the appointing authorities’ decisions are regulated in detail.

A six-month probationary and (induction) training period applies to all new CSs (with the exception of senior CSs). An examination at the end of the probationary period is a prerequisite for obtaining tenure. The content of this examination has so far mainly covered legal issues and tested academic knowledge. It is, however, foreseen that it will also test other skills and give some importance to CS values, such as service orientation, responsiveness, and absence of conflict of interest.

## **Appraisal**

All countries covered by this report have performance appraisal provisions integrated into their civil service systems. The respective provisions also, as a rule, touch upon the appraisal criteria and methods. They incorporate effectiveness, efficiency, professional values and other similar

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<sup>9</sup> According to earlier assessments, such as the 2005 WB and UNPAN documents: “The politicization trend has been pointed out on many occasions as a major obstacle in the development of Macedonian public administration”.

<sup>10</sup> Recruitment is not completely based on merit. Managers in charge of the selection have discretion to freely choose one candidate from a shortlist made up of the three best-scored candidates irrespective of the score obtained by the selected candidate (article 57 of the CSL). However, in case an appeal is lodged before the administrative court, reasons for the decision taken will be scrutinised so as to ascertain whether managerial discretion has been used in the public interest.

assessment criteria. The specific sets of objectives and methods may differ from system to system, but performance appraisal is always related to promotion.

Good results in the annual appraisals in some countries (e.g. **Albania, BiH**) entitle to a salary supplement. By the same token, results obtained in professional appraisals must be taken into account when disciplinary measures against an employee are considered (e.g. **Albania, Croatia**).

Results of appraisals are also linked to training. They are sometimes used to identify training needs. They may also reflect (or be influenced by) the training already taken. **Croatia** and **Serbia**, in particular, within the context of their more career-oriented systems, have tried to establish links between appraisal results and training, though they have done so using different approaches.

A more detailed description of appraisal provisions in the CS systems of the ReSPA Members follows.

**Albanian** CSL specifies that all civil service employees are subjected to annual evaluation of their performance at work. The evaluation should be based on the achievement of objectives for each position, and on the skills necessary to fulfil the tasks.

On probationary period, a negative appraisal may lead to the dismissal of a candidate for a civil servant from the position held. A positive appraisal favours promotion or lateral transfer. In cases of internal reorganisations and post suppressions resulting in potential dismissals of some civil servants, the performance appraisal results are taken into consideration for the selection of those civil servants who will be retained. The system also provides for a performance-related salary scheme (performance bonus).

In **Bosnia and Herzegovina**, at the **state level**, institutions are obliged to assess quality of CS's professional performance at least once a year. Performance appraisal is based on several criteria: efficiency, quality and due time performance; obligatory education attendance (courses, seminars, conferences, workshops etc); commitment to service and efforts in performance; correct attitude to working tools, presence on job and rational use of working time; expression of personal views (quality social behaviour and interaction with clients and colleagues); publication of scientific papers, books, etc. Performance appraisal results must be taken into consideration when deciding on the promotion of a civil servant into a higher category within the same position (advancement on the internal payment grid).

Similarly, the **BiH Federation** CSL and the Rulebook on Performance Assessment prescribe performance appraisal of CSs once a year. Their results are taken into consideration when a civil servant requests an internal transfer or is a candidate to a promotion into a higher position. On the basis of favourable results of his/her performance appraisal, a civil servant may be entitled to request a salary increase.

In the **Republica Srpska** Administration, the Rulebook on Performance Assessment and Promotion of Civil Servants specifies the rules and criteria for performance assessment and the rules for promotion applying to civil servants. Promotion and appraisal are thus tightly interconnected in the Republica Srpska.

Similarly, in the **Brcko District**, there are provisions regulating performance appraisal on an annual basis, which are also linked to possibilities of promotion.

Performance appraisal of **Croatian** Civil Servants is dealt with in Part 7 of the new CSL on Assessment of Performance and Efficiency of Civil Servants.

The Law specifies that performance and efficiency of civil servants shall be assessed annually for the preceding calendar year. According to the Law, the purpose of performance and efficiency assessment is: (a) to motivate civil servants to perform their duties efficiently; and (b) to establish performance as a bonus and career advancement criterion.

The performance and efficiency assessment procedure for civil servants is conducted through three main stages: (a) planning the tasks to be carried out by a civil servant, an initial stage where the civil

servant and his/her immediate superior jointly define the working plan, setting the goals he/she is expected to achieve; (b) monitoring performance and efficiency, with the civil servant and his/her superior periodically reviewing previous results and adjusting the working plan as needed; (c) assessment of the civil servant's performance and efficiency by his/her superior, based on results achieved.

Performance and efficiency assessments are taken into consideration in determining: (a) the training needs for individual civil servants or groups of civil servants; (b) the fulfillment of conditions for promotion; (c) the existence of conditions for continued work of civil servants on probation or their dismissal from service; (d) the existence of conditions for assignment of a civil servant to work outside the civil service; (e) the existence of conditions for benefiting from paid study leave. The assessments are furthermore to be considered when imposing sanctions for breach of official duty.

Performance appraisal of **Macedonian** CSs is regulated by Part V of the CSL on Assessment of Civil Servants. Annual assessments are prescribed for all civil servants except the Secretary General (State Secretary). Further details are regulated by a set of Regulations on the Means and Procedure of Evaluation of Civil Servants<sup>11</sup> of June 25, 2004<sup>12</sup>.

Performance assessment is expected to support the improvement of a civil servant's personal results; increase motivation and allow for an adequate compensation of the well-performing and conscientious CSs. At a larger scale, it is to bring about an improvement of the overall quality of the services provided by public administration and finally, ensure appropriate use of public resources.

As a general rule, direct managers carry out the appraisal of their subordinates' performance. The main assessment criteria include: (a) professional results (fulfilment of job objectives, timely and efficient execution, etc.) and (b) personal qualities (creativity, level of motivation, initiative, aptitude to team work, etc.).

The **Montenegrin** CSL specifies that, once a year, the performance of civil servants and state employees must be appraised with regard to their professional results; independence and creativity; quality of relationships with clients/users and cooperation with colleagues; quality of job organization; as well as other useful skills and competencies.

Promotion opportunities are directly connected with the appraisal marks received by a civil servant/state employee. Civil servants in the category of Managing persons can only be assessed as "satisfactory" or "unsatisfactory", while for all other civil servants a broader assessment range (as is the case in other countries of the region) is applied. Official guidelines for the appraisal procedure facilitate an uniform application of the rules throughout the Montenegrin public administration.

Appraisal of civil servants in **Serbia** is also conducted annually and carried out according to official guidelines.

The objective of appraisal is to identify and eliminate deficiencies in the performance of civil servants, encourage civil servants to improve their performance and create conditions for proper decision-making on professional training and promotions of civil servants.

Elements evaluated include: (i) results achieved (assessed against predefined goals)<sup>13</sup>; (ii) autonomy, creativity and initiative; (iii) diligence and precision at work; (iv) the quality of cooperation

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<sup>11</sup> *Sluzhben Vesnik (OG)*, 2004-06-28, No. 42, pp. 4-7.

<sup>12</sup> Accession Partnership Monthly Progress Brief of June 2008 (no. 06/08) of the Secretariat for European Affairs provides the latest data on implementation: "[...] The Civil Servants Agency prepared an Analysis of the performance appraisal for 2007. By 27 June 2008, 98 administrative bodies submitted appraisal reports to the CSA: 38 central government bodies, 16 judicial institutions and 44 local government units. [...] In total, the appraisal procedure has been conducted for 8 467 civil servants (91.8%) of the total number of 9 161 civil servants".

<sup>13</sup> In accordance with the new performance appraisal system, professional objectives were set for the first time in late 2006. The first performance appraisal in line with the new system was conducted at the end of 2007 and beginning of 2008 (special training was then delivered on performance appraisal and appraisal interviews). In spite of the training received, evaluators generally still have a problem with the interpretation of the grades and their application to actual performance achievements. This usually leads to the assignment of higher grades than deserved (a frequent bias also observed in other countries).

with other civil servants; (v) other skills that are required or useful for the specific position held by the CSt.

Appraisal is particularly relevant to decisions on both promotion and professional/vocational training and additional education (these two issues are dealt with later in this report).

In general in none of the countries the performance appraisal scheme is working well, as in none of the countries the necessary conditions of a sound management of human resources are met for the time being, leading the performance appraisal exercises to be rather formalistic with little impact on the real performance of public institutions, as is shown in the Sigma public service assessment reports (available at [www.sigmaxweb.org/assessments](http://www.sigmaxweb.org/assessments)).

### **Vertical Promotion**

Given the promotion rules and regulations in place, no system in the region is purely career-based. The extent to which the different approaches integrate elements of the job-based schemes varies, nevertheless, across the region.

Hence, systems such as **Albanian** and **Macedonian**, which are closer to the position-based approach, stimulate a higher inflow of professional candidates from outside of the public administration (e. g. persons with relevant – sometimes invaluable - experience in the private sector, or persons who graduated abroad). This brings about new working methods, ideas and approaches, increasing the diversity, and therefore the potential creativity and intellectual stimulation in the professional environment.

On the other hand, systems favouring internal promotion and career development, such as **Croatian**, **Montenegrin** and **Serbian**, may be more efficient in stimulating civil servants to excel in their work and seek promotion.

Systems leaning towards the position-based approach also tend to adopt career elements in terms of promotion, as is the case in **Bosnia and Herzegovina**.

According to the **Albanian** CSL, promotion implies a change of job to a higher level or category in the same institution or in another institution of central or local public administration (where higher levels exist). In essence, it provides for two ways for career development: lateral transfer (which in fact does not entail promotion, but only transfer to the same level position in a different institution) and vertical promotion. In the former case competition is not required. In case of vertical promotion, examinations are required as well as a competition, including at least four candidates who are in positions immediately below the vacant position. The system does not allow a promotion of two or three steps in the career scale (no fast track promotion).

A lateral transfer is given priority to fill in vacancies. However, if the number of internal candidates is insufficient, the competition is opened to external candidates. Thus, for any internal promotion there have to be at least four in-house candidates, or otherwise the vacancy becomes public. This limits in practice the internal promotion possibilities<sup>14</sup>.

In **Bosnia and Herzegovina**, at the **state level**, the promotion system set up by the CSL allows civil servants to apply for higher positions in any relevant institution, but only through a public competition procedure. Promotion of civil servants into a higher category within the same position (through advancement on the internal payment grid) is based on positive appraisals of their professional performance.

In the **BiH Federation**, promotion of managers is based on public competition. Other civil servants can be promoted into a higher category, within the same position.

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<sup>14</sup> Analyses carried out by DoPA/TIPA, the UNPAN/UNDP, the EC, aid agencies or research institutes, all point out the fact that there is still much to be done in order to fully implement the Albanian new CSL. At the 2008 Regional Workshop on the attractiveness of Civil Service, this was briefly summarized in the Albanian presentation: "Seniority is more important than merit, and promotions are not clearly linked to performance. Career paths can be unclear and little emphasis is placed on staff development".

Quite similarly, promotion of civil servants in **Republika Srpska** is based on public competition. When there is a vacant position in any given RS institution, the CS Agency has to first publish an internal advertisement for that position. Only the civil servants for whom transfer to the vacant position would not constitute promotion (in other words, only those who already have a rank equal to the one that is needed to fill the position), and who have obtained the necessary grades in the performance appraisal process, have the right to apply internally for this vacant position.

In the **Brcko District**, promotion of civil servants and employees exists only as an advancement into a higher payroll category within the same position and, again, is based on a favourable appraisal of the professional performance of the candidates.

Professional advancement of **Croatian** civil servants is regulated in Part 8 of the CSL, moving away from the earlier rules favouring seniority and political affiliation factors.

According to the CSL, advancement in the CS shall be reflected in the promotion of a civil servant to a higher function within the same category of post or the promotion to a higher category of post. A civil servant may only be promoted, if a number of conditions regulated by the Law are fulfilled.

A civil servant may also be promoted through a special (fast-track) procedure. In that case the civil servant must fulfil the conditions for regular promotion. In addition, however, he/she must also fulfil the specific conditions (e.g. higher level of education, or exceptionally outstanding results in areas of importance for the mandates involved or for the concerned state body, knowledge of foreign languages, etc.) prescribed in the government regulation setting out the rules for special promotion of civil servants to the post under consideration.

As the **Macedonian** civil service system is position-based, no promotion system is in place within the hierarchy. However, in cases of horizontal mobility<sup>15</sup>, a civil servant may be positioned at a higher working post (being thus, in fact, promoted).

In addition, there is a promotional system through the salary grid (described in the corresponding section in this report).

According to the **Montenegrin** CSL, promotion of a civil servant depends on the professional and working capacity, quality of work and results achieved. In other words, the promotion system is directly linked to the appraisal system. The CS system allows promotion into a higher position/title and also into a higher salary grade (as described in the relevant section of this report).

As far as promotion into a higher title is concerned, there are two possibilities:

- promotion into a higher title/rank within the same grade (see the section related to Ranks and Positions of Civil Servants); this can be considered as regular promotion;
- promotion to the initial title/rank within the higher grade, which occurs only exceptionally.

The **Serbian** CSL specifies that a civil servant may advance by either (a) reassignment to an immediately higher-ranking executorial position or (b) appointment to (i) an appointed position or (ii) a higher-ranking (not necessarily immediately higher-ranking!) appointed position (within the same or another state authority).

A set of conditions have to be met in order for a civil servant to be promoted, also taking into account the performance appraisal.

Fast track promotion is considered exceptional, in case a civil servant who has already been promoted to an immediately higher-ranking position following two consecutive “outstanding distinction” marks receives again (in the third consecutive appraisal) the same mark. This way, a civil servant may exceptionally be promoted twice on the basis of three annual appraisals, even though he/she might not fulfil the work experience condition for the second promotion.

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<sup>15</sup> The civil servant may be transferred from one body to another without a public announcement, if the Secretaries or the Heads of these bodies agree and when the service necessitates such transfer, upon prior opinion of the CSA and the Minister of Finance.

As is the case of Montenegro and in other countries, a civil servant may also advance, without changing his/her position, by assignment to a higher salary class, in accordance with the Law on Salaries of Civil Servants and General Service Employees.

## B. Salary Systems

Legal frameworks regulating salaries are diverse. Whereas in **Albania** and **fYR Macedonia** salaries of civil servants are principally regulated by the CSL, in **Montenegro**, **Serbia**, **Republika Srpska** and **Brcko District** in **Bosnia and Herzegovina** there are separate laws regulating salaries.

In the systems where separate laws regulate salaries, the CSL only sets out the basic right of a civil servant to a salary. In **Croatia**, a similar system will soon be created, given that the 2006 CSL contains only the provisions establishing the right to a salary, while the adoption of a separate law on salaries is in the parliamentary procedure. In the meantime, the provisions of the older 2001 Act on Civil Servants and Civil Service Employees, which regulates civil servants' salaries, together with its implementing regulations<sup>16</sup>, remain in force.

Similarly, at the **state level** in **Bosnia and Herzegovina**, the Law on the Salaries and Reimbursements of Civil Servants in the Institutions of BiH is in the parliamentary procedure, while in the meantime salaries are regulated by the BiH Council of Ministers Decision on Salaries and Other Remunerations in BiH Institutions, which regulates the salaries of ministers, deputy ministers, advisors, civil servants and employees of institutions under the competence of the BiH Council of Ministers.

Most systems, where no separate laws regulate salaries, also have secondary regulations determining the details of the salary provisions. In **Albania**, there is a Government Decree (No. 711, date 27/12/2001) regulating the "Salary Structures and Levels of the Civil Servants in the Institutions of the Central Administration, Administration of the Presidency and the Assembly". The **Montenegrin** system contains two pieces of secondary legislation determining certain elements of the salary system, in addition to the Law on Salaries: a Regulation on Supplements to the Salary of Civil Servants and State Employees, and a Regulation on Allowances and Other Incomes of Civil Servants and State Employees.

In the **BiH Federation** salaries are regulated by a Decision Establishing Salary Grids and Coefficients for Salaries of Managerial and Other Civil Servants in Federal Institutions of Civil Service ("Official Gazette of BiH Federation, No. 68/04,15/06 and 7/08). Salaries of civil servants in cantonal institutions are regulated by cantonal government by-laws; in municipal institutions salaries are regulated by municipal council by-laws. Payments, payroll categories and coefficients of the BiH Federation civil servants are regulated by a Decision Determining the Payment Categories and Coefficients for the Payments of Managing and Other Civil Servants within the Federal Civil Service Organs and by a Decision on Amendments and Addenda of the Same (Feb 6, 2008).

In all concerned countries the basic salary of a civil servant is obtained by multiplying a fixed (unitary) component (salary basis, or point) by a variable component (coefficient), which depends on the CS's position or rank. Various additions, supplements or bonuses are then calculated on top of the basic salary.

Also, all countries have annual salary increases based on the length of employment, i.e. the employment record (seniority). The basic salary of a civil servant is, thus, increased by a certain percentage (usually 0.4 or 0.5 percent, though in **Albania** it is as high as 2 percent) with the passing of each year of employment. There is usually a maximum in terms of either the length of employment record (**Albania**) or the percentage achieved (**BiH, fYR Macedonia**), after which the salary is no longer increased annually in this automatic manner.

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<sup>16</sup> *Regulation on Job Titles and Complexity Coefficients in the Civil Service, Regulation on Jobs and Special Working Conditions in the Civil Service.*

At the same time, countries across the region have approached the issue of salary supplements, additions and bonuses differently. While in some systems supplements constitute a large part of a civil servant's salary (e.g. **Albania, FYR Macedonia**), in others supplements or additions are issued only in extraordinary circumstances (extra working hours, working on holidays, etc). Whereas in some ReSPA members performance-related bonuses are awarded annually (**Albania, FYR Macedonia**), in others performance bonuses as such do not exist. Instead, performance-based promotion through the salary grid has been instituted (e.g. **Montenegro, Serbia**). The **Macedonian** system contains both performance-based bonuses and performance-related promotion through the salary grid.

This section of the report reviews the remuneration systems of the public administrations of the region in more detail.

In the **Albanian** compensation system, supplements constitute a large part of a civil servant salary.

- The basic salary itself has three subcomponents:
  - Group salary, based on the education level required by the position. Basically, it refers to the same salary of the group, considering that all civil servants have higher education degrees. This component has a value of 9.100 (lek).
  - Seniority component, calculated as a set percentage over the group salary. Basically, it is calculated as 2% of the group salary for each year, “validated” at the end of the year, and applied to the first 25 years of seniority. After this, salary component remains equal to the previous year.
  - Training/qualification component, which remunerates job experience and the qualification of the employee gained from trainings and practice. It aims at developing “horizontal career” for positions which do not have management responsibilities. (So far this component is not yet applicable).
- There are two additional types of supplements, which, although not formally included in the basic salary, do become a permanent component of a salary:
  - The first one is a supplement for the position, which reflects its relative value and possible special circumstances. This new salary component remunerates the specific importance of each position, based on the complexity of the position, the level of responsibility associated with it, the additional education and further qualifications required for fulfilling that position. This is one of the main components. It represents more than 50% of the salary of each individual, and up to 80% of the total salary in the highest hierarchical positions. The determination of the salary value for a given position, which is the component that differentiates the civil servant salary from other positions, is based on the job description for that position.
  - The second additional component is the supplement related to working conditions of the job, which reflects special working conditions.
- In addition to these supplements, bonuses for superior job performance may be awarded, based on performance reviews and subject to the availability of budgetary resources in each institution. Such bonuses may be paid only once a year and cannot become part of the salary.
- Finally, there are other supplements to which civil servants are entitled under particular circumstances, such as: working over time during normal working days (each working hour is worth 125% of the normal working hour); working night hours (each hour is paid 150% of the normal working hour); working on holidays (extra working time also valued with a compensation coefficient of 150%).

A civil servant may also request to be compensated with additional days of leave instead of financial gratification (25% more when these extra working hours were asked for by the Administration on ordinary days, and 50% when these hours were requested during weekends, vacations, or during a night period: 22:00 to 6:00 hours). Special provisions regulate the mutual exclusion between some of the supplements enumerated above.

The existing salary system for the civil servants classifies all civil servants into 9 categories. Accordingly, there are:

- Three expert categories (first or high level experts; second or middle level experts; and third level experts, working at the implementation level);
- Two head of sector levels (head of sector of high level and head of sector of low level);
- Two levels for director (director of general directorate and/or department and director of directorate);
- Two levels for the general secretaries (general secretary for the Council of Ministers/Presidency/Assembly and general secretary in a line ministry).

This salary system is based on the categorization of civil servants according to job descriptions. This categorization was guided by approved rules and methodologies (both for job descriptions and the subsequent classification of positions in the civil service)<sup>17</sup>.

In **Bosnia and Herzegovina**, the salary systems used at different levels are similar. At the **state level**, the initial basis for the calculation of a civil servant's salary is the same for all civil servants working in BiH Institutions (240 KM). This amount is determined by the BiH Council of Ministers. Payroll is determined by multiplying the salary basis by a specific coefficient applying to the respective salary (payroll) category.

**Table 1: BiH (state level) Salary groups and corresponding coefficients**

Salary (Payroll) Groups / Functions		Coefficient
I	Chairman of Council of Ministers	8,70
II	Minister	8,50
III	Deputy Minister	8,40
IV	Civil servant manager nominated by the BiH Council of Ministers (Secretary, Secretary with special assignment, Minister Assistant, Head of Department, Head of Cabinet and Advisor)	4,80
<i>(These first four groups have special coefficients for high-level nominated positions)</i>		
Salary groups / Functions		Coefficient
I	Head of Internal Organization Unit	4,20
II	Senior Adviser – with professional qualification: the most complex jobs	3,80
III	Senior Official - with professional qualification: the most complex jobs	3,50
IV	Specialist - with professional qualification: the most complex jobs	3,20
V	Independent Administrative Employee – University Degree	2,80 - 3,10
VI	Administrative Employee – High School Graduate, Qualified Craftsman	2,00 - 2,70
VII	Low Qualified Personal Staff	1,50

Similarly, in the **BiH Federation**, the starting basis for the calculation of the salaries of all civil servants employed in CS administrative units or bodies is the same at all levels of authority and is

<sup>17</sup> Directive No. 1 of the Council of Ministers: On the Structure of the Classification of Positions in the Civil Service, the Corresponding Methodology and the General Description of the Role of the General Secretary" (June 13, 2000, amended in December 2007).

determined by the BiH Federation Government (BiH Federation CSL, article 6., § 1). Payroll is determined by having the salary basis (article 39., § 1 of this Law) multiplied by a coefficient corresponding to the relevant payroll category, and then the total sum resulting from this multiplication adjusted (increased) on the basis of service accrual (civil servant's individual accumulated legal payroll benefits).

**Table 2: BiH Federation Salary Groups and Corresponding Coefficients**

Salary (Payroll) Groups / Functions		Coefficients
I	- Executive (main Federal Administration / Institution) - Secretary (BiH Federation Government - Legislation Office, BiH Federation Government) - Chairman (Federal Misdemeanour Council)	4,00
II	- Secretary (BiH Federation Ministries) [...] - Director (General Administrative Service - BiH Federation Institutions and Bodies)	3,85
III	- Executive (Federal Administration and Federal Institutions, BiH Federation Ministry) - Deputy Executive (Federal Institution belonging to the Federal Administration)	3,70
IV	- Assistant of Executive (Federal Administration and Federal Institution) [...] - Assistant Director (Public Relations Office, BiH Federation Government) [...] - Assistant Executive of other main Department, Section, Bureau, ...	3,55
V	Head of Executive's Office (Federation Civil Service Organ, ...) (A)	3,40
VI	Head of Executive's Office (Federation Civil Service Organ, ...) (B)	3,25
VII	Inspector (BiH Federation Inspection Office)	3,10
VIII	Professional Advisor	2,95
IX	Senior Advisor	2,85
X	Associate	2,65

In **Republika Srpska**, the basic full-time salary is determined by multiplying the minimum wage, serving as the measuring "unit value" (and applying to the simplest work), by the corresponding relevant coefficients set up by the Law, the total value being then increased by 0,5% for each commenced year of employment, up to maximum of 20%. The minimum wage is determined by the RS Government.

**Table 3: Republika Srpska Salary Groups and Corresponding Coefficients**

Salary Groups / Functions		Coefficient		
I	- Assistant Minister [...] - Director (Central Unit for the Harmonization of the Internal Audit)	30		
II	- Secretary to a Ministry - Secretary, Deputy Minister and Assistant Executive (RS Administrative Organization)	27		
III	<b>Includes several subgroups</b>	22-16		
IV	- Inspectors	13	14	16
V	- Senior Officers	12	13	15
VI	- Officers with Faculty Diploma	8	9	10
VII	- Officers with High School Diploma	5	6	7

Salaries in the **Brcko District** are determined in gross amount. The payroll, which consists of six subcategories noted with coefficients, is a basic classification of the salary system. The compensation level is determined according to complexity, responsibility, pressure, impact and required education.

At the different BiH administrative levels, as a general rule, neither special bonuses nor additions to the basic salary in the civil service have been envisaged. However, there may be exceptions to this rule. For instance, the BiH Council of Ministers Decision on Salaries envisaged that, should an institution be unable to provide personnel to fill the civil service working positions, the civil servants who temporarily perform these functions in such institution are entitled to a special salary bonus, which should be added to their basic salary. The amount of this special salary bonus may reach 50%. Its value depends on the extent to which the volume of the CSs' work has been increased. The salary basis is not modified by these possible bonuses.

Salaries of **Croatian** civil servants are calculated by determining (i) complexity coefficient dependent on the type of post and the job description, (ii) the salary basis, the result being then increased by 0.5% for every year of service (until a legally defined upper limit is met). The basis for the calculation of the salary is determined by a Collective Agreement (if the salary basis is not specified until the adoption of the state budget, it will be determined by a government regulation)<sup>18</sup>. The salary thus depends exclusively on the post to which the civil servant has been assigned and is not influenced by the performance results.<sup>19</sup>

In case of civil servants performing jobs with special working conditions (namely conditions which could endanger life or cause occupational diseases), the salary is increased by an adequate percentage (up to 20%), in line with the government regulation.

In addition, the Collective Agreement for Civil Servants and Civil Service Employees specifies that salaries shall increase as follows: for nightshift, by 40%; for overtime, by 50%; for work on Saturday, by 25%; for work on Sunday, by 35%; for work in double shifts, by 10%; for work in shifts (rotation work), by 5%.

The basic salary can increase by 8% if the CS is awarded the degree of Master of Science (M.Sc.) and by 15% if he/she is awarded the degree of Doctor of Philosophy (Ph.D.), provided that the degree is not the condition for the job performed by the civil servant, and if this degree is related to the tasks of the post where the civil servant works.

The work on holidays, on a public holiday specified by law or on Easter, entitles to a pay increase of 150% of the normal compensation for the corresponding working time.

According to the Draft Proposal of the Law on Salaries of Civil Servants, civil service posts (corresponding to subcategories and subcategory levels of jobs under the Regulation on Job Classification in the Civil Service) are classified into 12 salary groups (with several overlaps in subcategories and subcategory levels).

Key professional CS jobs (chief advisor and senior advisor – specialist) are highly positioned in the salary system. Their basic salary is equivalent to the basic salary of senior managers. This approach helps to prevent the sometimes harmful practice when professionals deserving career advancement are promoted to managerial positions, without possessing appropriate skills (as management, especially at highest levels, requires other skills than professional ones)<sup>20</sup>. It also replaces the automatic linear determination of higher salaries for managers, and values more equitably the key professional and specialist jobs<sup>21</sup>.

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<sup>18</sup> The basis for 2008 was HRK 5,108.84 (OG n° 34/2008, following a *collective agreement (2005-2008)* establishing an increase of 6% per year).

<sup>19</sup> The *Draft Proposal of the new Act on the Salaries of Civil Servants* envisages a different system, where performance will bear an influence on pay (see section on *Promotion through the Salary Grid*).

<sup>20</sup> i.e. *strategic* competence and vision and *leadership* skills (not “*technical*” or “*administrative*” specialized skills).

<sup>21</sup> More information on this specific point is given in the part of this report dealing with *promotion through the salary grid*.

In the **Macedonian** system, the salary has two components: a basic and an exclusive one.

Although the Macedonian salary system differs from the rest in that the fixed element of the basic salary is determined in “points” (it is not called the “coefficient”, as in most other ReSPA members), the principle for calculating it is the same. The value of the point for the salaries of the civil servants is decided upon on an annual basis by the Government and adopted within a period of 15 days after the adoption of the Budget.

The basic component consists of the basic salary, a supplement to the basic salary for position and a supplement to the basic salary for career.

The basic salary values (a) the educational level specified by the Act for the systematization of work positions and (b) work experience, whereas the educational level is determined for I group (university degree), 200 points; II group (university degree), 200 points; III group (technical school degree), 150 points; III group (high school degree), 100 points.

A major portion of the basic component comes from the supplement to the basic salary for position specified by the Law, as shown in Table 4 below:

**Table 4a: Positions and the Corresponding Points, Group I, fYR Macedonia**

Group	Position	Points
I	Secretary General	660
I	State Secretary	625
I	Secretary of the City of Skopje	615
I	Secretary of Municipality (with town seat)	550
I	Secretary of Municipality (with village seat)	460
I	State Advisor	470
I	Head of Department	450
I	Assistant Head of Department	360
I	Head Division	300

**Table 4b: Positions and the Corresponding Points, Group II, fYR Macedonia**

Group	Position	Points
II	Advisor	235
II	Senior Associate	200
II	Associate	185
II	Junior Associate	155

**Table 4c: Positions and the Corresponding Points, Group III, fYR Macedonia**

Group	Position	Points
III	Independent Officer	150
III	Senior Officer	135
III	Officer	120
III	Junior Officer	100

Finally, the supplement to the basic salary for career provides for four career development steps for each CS position (except for the position of Secretary General, i.e. the State Secretary). These steps are linked to seniority and imply a salary supplement, according to the following scale: A, 5%; B, 10%; C, 15%; D, 20%.

The Exclusive Component constitutes the second main part of the salary. It is expressed as a percentage of the basic salary and comes in addition to the supplements of salary for position and for career. It is usually calculated “per hour” and includes the following two components:

- addition to the basic salary for specific work conditions (this addition is calculated as a percentage of the basic salary value, according to the following rules: night work, 35%; work in shifts, 5%; work exposed to high risk, 10-30%; work during weekends, 5%; work during public holidays defined by law, 50%);
- addition to the basic salary for overtime work, 35% (or alternatively free time, calculated on the same basis).

The Macedonian civil service system also enables financial gratification depending on performance.

There are two types of rewards: for an “outstanding performance” appraisal mark; and for “exceptional achievements/performance” related to a specific activity/task. In the first case (favourable appraisal), the reward is annual and is equal to the net monthly salary (basic component) of the civil servant. In the second case (exceptional achievements), the civil servant can be rewarded several times in one year; yet the cumulative amount of the rewards may not be higher than his/her net monthly salary.

The 2004 **Montenegrin** Law on Salaries of Civil Servants and State Employees (hereinafter: Law on Salaries) introduced the possibility of a more flexible determination of a CSt’s or state employee’s salary, aimed at providing additional motivation for all those who work in state administration<sup>22</sup>. This meant setting up a salary structure which combines a “fixed” and a flexible or “variable” part.

The fixed part of a salary is determined according to the CS’s or state employee’s job title and promotion, whereas the flexible part depends on his/her success at work. Apart from the fixed and variable parts, there are also supplements for night work (40%), work during national or religious holidays (50%), and overtime work (40%).

The variable part of the salary is granted to a civil servant/state employee with exceptional references or work results. The head of the state authority proposes the amount of the variable part of the salary for a civil servant/state employee, while the decision on disbursement is taken by the Minister of Finance<sup>23</sup>.

The fixed part of the salary is also increased on account of seniority (the longer the service, the higher the percent by which the salary is increased). This increase ranges from 0.5% to 1.0% per year of experience<sup>24</sup>.

Civil servants and state employees are classified into 38 salary grades, depending on complexity, responsibility, significance and working conditions (see Table 5). Different coefficients are then ascribed to these salary grades (see Table 6).

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<sup>22</sup> The improvement of the macroeconomic situation in Montenegro observed in 2007 allowed for the introduction of more stimulating salaries: as from 2008, salary grade coefficients have been increased by 30%.

<sup>23</sup> For this purpose, the Government of Montenegro has earmarked €2.5 million for 2008.

<sup>24</sup> *Seniority* appears to have too large an impact in the Montenegrin system compared with performance. Civil servants and public employees can receive *up to 35%* of the basic pay as a bonus for length of service.

**Table 5: Classification of Civil Servants/State Employees into Salary Grades, Montenegro**

Career grades		Titles	Salary grades	
Civil Servants	State Employees		From	to
<i>Head of Authority</i>		Head of an Administrative Authority and Service, President of the Misdemeanour Council	1	-
		Head of Service	2	-
<i>Management staff and other appointed persons</i>		Secretary of a Ministry, Assistant Minister	3	-
		Assistant to the Head of an Administrative Authority, Judge of the Misdemeanour Council	4	-
		Assistant to the Head of a service, Head of the regional misdemeanour authority	5	-
		Judge of the regional misdemeanour authority	6	-
<i>I grade</i>	<i>I grade</i>	Advisor to a Head, Chief Inspector, Chief authorized officer	8	6
		Independent Advisor I, Inspector I, Authorized officer I, Independent State Employee I	10	8
		Independent Advisor II, Inspector II, Authorized officer II, Independent State Employee II	12	10
		Independent Advisor III, Inspector III, Authorized officer III, Independent State Employee III	14	12
<i>II grade</i>	<i>II grade</i>	Senior Advisor I, Senior State Employee I	17	15
		Senior Advisor II, Senior State Employee II	19	17
		Senior Advisor III, Senior State Employee III	21	19
<i>III grade</i>	<i>III grade</i>	Advisor I, State Employee I	24	22
		Advisor II, State Employee II	26	24
		Advisor III, State Employee III	28	26
	<i>IV grade</i>	State Employee IV	31	29
		State Employee V	33	31
		State Employee VI	35	33
	<i>V grade</i>	State Employee	38	36

**Table 6: Salary Grades with Corresponding Coefficients**

SALARY GRADE	COEFFICIENT	SALARY GRADE	COEFFICIENT	SALARY GRADE	COEFFICIENT
1	9,90	14	6,11	27	4,29
2	9,75	15	5,98	28	4,10
3	9,23	16	5,85	29	3,77
4	8,71	17	5,72	30	3,58
5	8,19	18	5,59	31	3,45
6	7,15	19	5,46	32	3,32
7	7,02	20	5,33	33	3,19
8	6,89	21	5,20	34	3,06
9	6,76	22	5,01	35	2,93
10	6,63	23	4,81	36	2,86
11	6,50	24	4,68	37	2,34
12	6,37	25	4,55	38	2,00
13	6,24	26	4,42		

As already mentioned, the amount obtained by multiplying the relevant coefficient by the basic unit value fixed by the Government is further increased according to the length of employment and may also include in its variable part additional bonuses and supplements.

In **Serbia**, the Law on Salaries of Civil Servants and General Service Employees (hereinafter: Law on Salaries) has introduced a homogeneous and transparent salary system. The main idea behind the system is that the salary for jobs classified in the same rank (i.e. adviser, junior adviser, etc.) should be equal throughout the system. There are very few exceptions to this rule and they are all stated in the Law.

As with most other ReSPA members, a civil servant's salary consists of the basic salary and salary supplements, although supplements are very limited and do not comprise a major part of a monthly pay. The basic salary is calculated using a basis and a suitable coefficient (multiplier), the value of which depends on the rank of a civil servant. All coefficient values are clearly stated in the salary grid (see below). The basis is unique for all civil servants. The single basis is determined through collective bargaining for each budgetary year.

The Law on Salaries specifies several types of salary supplements which can be added to the basic salary of a civil servant, without affecting the salary basis or the coefficient. Thus, a civil servant obtains a bonus in the amount of 0.4% of his/her basic salary for each year of employment. There are also supplements for: working night hours (where the addition for each working hour amounts to 26% of the pay for an ordinary hour; working on holidays which are not working days (where the bonus for each working hour is 110% of the value of an ordinary hour); increased workload (where the bonus for 10 days of increased workload is 4-5% of the basic salary, and for 20 days of increased workload 8-10%); for being on-call outside normal working hours (where each hour on-call is worth 110% of the ordinary working hour); as well as for working extra hours. The rule is that when working overtime civil servants are compensated with hours off of their regular work time. However, in cases where a civil servant cannot use the hours off due to the frequency of increased workload, he/she may be given a salary supplement for each hour of overtime work, worth 126% of the ordinary working hour. Special provisions regulate the mutual exclusion between different types of salary supplements. Other bases for additions to civil servants' salaries are discussed in the section "Other Incentives".

As already mentioned, the basic salary in Serbia is calculated, as in other countries, using a multiplier fixed annually and coefficients set by the job classification. All coefficient values are given in the salary grid, which is included in the Law on Salaries. The salary grid consists of coefficients assigned to 13 salary groups, corresponding to the various groups of appointed positions (five of them) and ranks of executorial positions (eight).

Each executorial salary group contains 8 salary classes, which allows for promotion through the salary grid (see Table 7 below). The salary groups corresponding to the five groups of appointed positions are not divided into salary classes, which means that there is no horizontal promotion within a single appointed position.

**Table 7: The Salary Grid, Serbia** (*Law on Salaries of Civil Servants and General Service Employees*)

Groups of appointed positions and rank titles	Salary Group	Salary Class							
		1	2	3	4	5	6	7	8
<i>First group of appointed positions</i>	<b>I</b>	<b>9,00</b>							
<i>Second group of appointed positions</i>	<b>II</b>	8,00							
<i>Third group of appointed positions</i>	<b>III</b>	7,11							
<i>Fourth group of appointed positions</i>	<b>IV</b>	6,32							
<i>Fifth group of appointed positions</i>	<b>V</b>	5,62							
Senior Counsellor (Adviser)	<b>VI</b>	3,96	4,15	4,36	4,58	4,81	5,05	5,30	5,57
Independent Counsellor	<b>VII</b>	3,16	3,32	3,49	3,66	3,85	4,04	4,24	4,45
Counsellor	<b>VIII</b>	2,53	2,66	2,79	2,93	3,08	3,23	3,39	3,56
Junior Counsellor	<b>IX</b>	2,03	2,13	2,23	2,34	2,46	2,58	2,71	2,85
Associate	<b>X</b>	1,62	1,70	1,79	1,88	1,97	2,07	2,17	2,28
Junior Associate	<b>XI</b>	1,35	1,42	1,49	1,56	1,64	1,72	1,81	1,90
Clerk	<b>XII</b>	1,13	1,18	1,24	1,30	1,37	1,44	1,51	1,58
Junior Clerk	<b>XIII</b>	<b>1,00</b>	1,05	1,10	1,16	1,22	1,28	1,34	1,41

The ratio of coefficients is 1:9 throughout the grid. This means that the salary of a top manager in the civil service system (i.e. a director of a special state authority organisation) is nine times higher than the salary of the lowest ranked civil servant in the system. One of the ideas behind the reform of the

pay system was to introduce a salary decompression, in order to provide impetus for creating a career in the civil service, as well as to provide adequate reward for different amounts of responsibility, job complexity and authority<sup>25</sup>.

The Law on Salaries specifies that a civil servant who has just been recruited (in the CS), regardless of his/her rank, is assigned the coefficient of the first salary class of the salary group to which his/her job belongs. The coefficient for a CS who has taken up a job as a head of an internal organisational unit in a state authority (other than sectors, which are led by appointed civil servants, whose salary groups are not divided into salary classes) is increased by two salary classes in relation to the one which he/she held before taking up the managerial assignment. In case a civil servant ceases to head an internal organisational unit, his/her coefficient goes down by two salary classes.

The minister or director can reward those employees who have achieved excellent results in their work, by assigning them coefficients of the second or third salary class of their respective salary groups (or of the fourth or fifth salary class in case of heads of internal organisational units).

Seniority is no longer an autonomous salary component, as it has been integrated into the basic salary. There is still a bonus for seniority (0.4% a year, as recalled before), but it is scheduled to be abolished in 2011<sup>26</sup>. A performance-related pay component, based on performance appraisals, will be introduced in 2011<sup>27</sup>.

Apart from “appointed positions”, CS salaries in Serbia are not competitive with those in the private sector. The current salaries in “executorial” positions are only tempting for young graduates with no previous professional experience. After a few years of service, deserving young professionals often choose to leave their posts for better-remunerated jobs in the private sector. This tendency has been, to a certain extent, tempered by the unfavourable situation in the job market. In this context, the relatively secure job tenure offered by CS posts makes it relatively attractive, in particular for women, who can thus secure a regular income for their households.

### *Promotion through the Salary Grid*

The possibility of promotion through the salary grid, which does not entail a change of rank, job or position, is analysed separately from promotion to a higher rank/position, as the essence of the motivation factor in these two cases is different.

While promotion to a higher rank/position normally entails more responsibility and professional satisfaction, thanks to the new challenges taken up, promotion through the salary grid only contains a financial motivation element. However, it should also be addressed in the context of attractiveness of civil service, especially if it is linked to performance appraisal and if such promotion entails significant salary increases. It can be particularly useful in position systems, but also in more career-oriented systems, as an addition to regular promotion.

Advancement through the salary grid is usually considered part of the professional advancement systems. It is most often - but not always (e.g. **Albania**) - linked to performance and appraisal results, combined with seniority.

In some cases (e.g. **Bosnia and Herzegovina** at the state level), the differences between payment levels are very small, therefore of limited actual motivation effect. In **Croatia** performance is not currently taken into consideration in the remuneration system (civil servants' salaries depend

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<sup>25</sup> There has been resistance to this salary decompression. When the *Budget Law for 2008* had anticipated an increase in salaries of 8% for the year, the trade unions and the government agreed that this increase would be applied mainly through the “coefficient” so as to reduce the ratio between lowest and highest salary to 1:6.

<sup>26</sup> The idea is now to pursue the rationalization effort and to create a global unified salary system, applicable to all public servants (or, at least, to most of them). This idea is, however, meeting with resistance. Some professional groups request a differentiated “base salary” for their staff.

<sup>27</sup> Until now performance appraisals have not had an impact on remuneration. The appraisal system needs yet to be thoroughly tested and managers need to be given sufficient training on appraisal methods. The performance pay components of the *Law on Salaries* were meant to be applied in 2008 and 2011 after a trial period of the new performance appraisal system, but this has been postponed.

exclusively on their posts), but this situation is expected to change. In the **Croatian** Draft CS Law under discussion, performance and efficiency assessments have been linked to the possibility of salary increases (or decreases, if the CS's performance is ranked as "not satisfactory").

In the **Albanian** system a civil servant cannot advance without obtaining a higher-rank position, which requires competition. This means that a civil servant cannot obtain a permanent increase of salary based on performance. On the other hand, annual (one-off) bonuses are awarded to the civil servants with the best marks in the annual appraisal, depending on budget.

At the **BiH state level**, the results of professional performance assessment must be taken into consideration when decisions are to be taken on the promotion of a civil servant into a higher category, within the same position (internal payment grid). However, the difference between payment levels within the same position is very small, and this system is not used in practice.

In the **BiH Federation**, the salary level is increased in case of promotion of a civil servant to a higher position. However, on the basis of his/her performance, a civil servant's salary can also be increased even though his/her position remains the same (by assigning him/her a higher coefficient).

In **Republika Srpska**, if the professional performance of civil servants from the IV, V, VI and VII salary group is estimated as "excellent (+)" in the appraisal process, they will be promoted to the next payroll category.

Similarly, according to the **Brcko District** regulations, promotion of civil servants and employees into a higher level of payroll category within the same position is based on a positive assessment of their professional performance. An immediate higher level of payroll category is chosen if the civil servant has been evaluated with the mark "completely satisfies the expectations" in the last four years, or with the mark "exceeds expectations" in the last two years. This type of promotion is limited to a position corresponding to the sixth degree in the payroll category (including the basic level of payroll).

The salaries of **Croatian** civil servants currently depend exclusively on the posts to which civil servants have been assigned, and they are not influenced by the performance results achieved by the CSs. However, the Draft Act on the Salaries of Civil Servants provides for 12 salary brackets, each of them with its specific coefficient used for calculating the corresponding salary amount. Salary increase by moving up through salary brackets (within the salary group in which the job is classified) will no longer be automatic (based on seniority), but will be related to the performance of the civil servants. The performance and efficiency assessment will thus be linked to the possibility of a salary increase for high performing civil servants, or, on the contrary, of non-promotion (or even of assignment to a lower salary bracket) for those civil servants who demonstrate poor work performance.

Salary of a well performing civil servant is to be moved up by one salary bracket in the salary grid, if (a) he/she has been assessed as "excellent"; (b) if he/she has been assessed as "outstanding" for the second consecutive time; or if he/she has been assessed as "good" (or higher) at least three consecutive times.

In the **Macedonian** salary system promotion through the salary grid is known as "*horizontal promotion*", meaning that a civil servant keeps his/her position but may advance to a higher salary degree ("career degree"). The Macedonian CSL and its bylaws define the conditions for such promotion. Two basic conditions should be fulfilled: (a) a minimum of 3 years in the civil service (or in the lower "career degree"); (b) positive marks in the annual appraisal of civil servants.

Every position, except the Secretary position, has four "career degrees". A given "career degree" enables the CSt to a (career-linked) supplement to the basic salary according to the following scale:

- Degree A, 5 %;
- Degree B, 10 %;
- Degree C, 15 %;

- Degree D, 20 %.

In addition to these rules, and as an exception to the general rule, each “outstanding” performance mark shortens the minimum period necessary for promotion for one year, while each negative, “unsatisfactory” performance mark extends it for one year.

The **Montenegrin** system also envisages promotion into a higher salary grade.

The CSL provides that a civil servant/state employee shall be promoted to a higher salary grade if, during a period of three years, he/she receives thrice the appraisal mark “good” or twice the appraisal mark “excellent”.

In **Serbia** as well, the CSL specifies that a civil servant may advance without changing position by assignment to a higher salary class. Detailed conditions for such promotion are regulated by the Law on Salaries of Civil Servants and General Service Employees.

According to the Law on Salaries, this type of promotion is tightly related to the annual performance appraisal of civil servants. It thus occurs after two or three consecutive annual appraisals where appropriate marks are received. In case these appraisal-related conditions are met, promotion to a higher salary class occurs automatically<sup>28</sup>.

A civil servant advances by two salary classes if he/she receives an “outstanding distinction” mark two years in a row. There is also the possibility of advancing by one salary class in other cases (a “distinction” mark or a combination of “outstanding distinction” and “distinction” two years in a row, a “satisfactory” mark or any combination of “satisfactory” and “distinction” three years in a row).

The transitional provisions of the Law on Salaries specify a temporary regime of promotion, whereby a maximum of 20% of the civil servants working in any ministry or other state authority can be promoted in 2009 and 2011, which the Law defines as the two years when promotion will be based on the temporary regime.

Advancement through the salary grid represents a remedy to the limited possibilities of promotion to higher-ranking job positions within the civil service.

### C. Scholarships and Training Opportunities

Access to training, as well as specific scholarship opportunities, can be attractive for all employees, and especially young university graduates seeking employment.

Countries in the region have implemented various approaches to training, but all of them consider training and life-long education of civil servants important. However, training and additional education is not always related to career development, which might thwart the effectiveness of these instruments in increasing the attractiveness of civil service.

Systems of training are not discussed here as they are treated in great detail in a separate ReSPA publication<sup>29</sup>.

#### *Training and Education Abroad and/or Requiring a Scholarship*

Training courses abroad (especially long courses leading to university degrees and other types of official certification), as well as study programmes, usually require substantial financial resources. In many cases civil servants are awarded scholarships to benefit from such programmes.

Scholarships and training received abroad are treated under a separate heading because, unlike regular in-country training activities planned by the relevant HRM/HRD authorities, they usually

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<sup>28</sup> Inspired by the World Bank, the *Law on Salaries* is very restrictive concerning remuneration components beyond *standard salaries* (such as overtime or bonuses). In practice, the only way left for managers to reward the best performing civil servants with a pay rise is through *vertical promotion* (assignment to vacant positions classified in higher ranks).

<sup>29</sup> Available at: [http://www.respaweb.eu/images/ReSPA\\_Publications/csts\\_final\\_230209.pdf](http://www.respaweb.eu/images/ReSPA_Publications/csts_final_230209.pdf).

trigger creation of separate rules, where, as a compensation for the investment consented, a temporary obligation to remain at work in the civil service is imposed on the beneficiary of such a scholarship.

An **Albanian** civil servant may benefit from the training outside the country within the training programs offered by an institution in accordance with the general training strategy designed by the Department of Public Administration (DoPA). At the end of such training, the civil servant is required to remain in service for no less than two years, or otherwise to compensate the institution for the expenses incurred.

A civil servant may also benefit from training outside the country on his/her own initiative when related to his/her particular duty, and for a period not exceeding six months. In such cases approval is granted in response to a joint proposal of his/her manager and the director of personnel, and with the approval of the head of the institution. At his/her own initiative, a civil servant may also attend trainings for more than 6 months outside or inside the country when related to his/her current duty. During this period the civil servant is suspended from the Civil Service.

Training outside of Albania, organized by the CS's institution, means that the civil servant is off-duty. During the training period (up to six months), the civil servant is entitled to the basic salary. When the training period exceeds 6 months, the civil servant is no longer entitled to a salary, whereas his/her family receives a supplement. In the case of training of up to 6 months initiated by the civil servant, he/she is compensated with 30% of the basic salary.

Conditions for gaining scholarships in **BiH (state level)** are regulated by the Decision on Scholarships for Specialist Postgraduate Studies in the Country and Abroad. The maximum period granted for a scholarship is 24 months. During the period of his/her postgraduate studies abroad the civil servant is entitled to 100% of his/her net salary. A scholarship recipient keeps his/her rights regarding pension and health insurance. The other rights and obligations are regulated by a contract concluded between the scholarship recipient and his/her employer. For the scholarship paid from donation or budget of up to four months, the CS is obliged to remain in service for at least one year. If a scholarship was received for more than four months, the recipient is obliged to continue his/her work in civil service for at least three years. Otherwise, costs of a scholarship/education have to be compensated to the funding institution.

Selection of scholarship recipients is based on public competition procedures announced by the CSA on its website and/or on the website of the institution providing the scholarship. When needed, public competition for scholarship may be announced by other means (public broadcasting). The CSA appoints a selection committee. One member of the committee has to represent the University in which the scholarship is to be granted. If the knowledge of a foreign language is one of the preconditions for getting a scholarship, then the candidates are obliged to prove their knowledge by a certificate. After a public competition is held, a list of all applicants with their respective results is set up. The applicants with good results on written tests have to pass an interview with the commission. The final list ranking all applicants is to be established based on the following criteria: (a) knowledge of topic of education: max. 30 points; (b) interview with applicants: max. 30 points; (c) previous educational record: max. 20 points; (d) importance of the post-graduated study topic for the work of civil servant: max. 10 points; (e) recommendations: max. 10 points.

In 2005, a "Scholarship for Postgraduate Specialist Study" in European universities in the fields of European law, economy, European integration and public administration management was initiated. The Project PASS ("Public Administration Scholarship Scheme"), funded by the EC, offers 15 scholarships per year and a significant number of specialist courses. The CSA of BiH Federation, as well as the CSAs of Republika Srpska and Brcko District participate in all scholarship programmes of the BiH CSA (state level). The legal basis for this cooperation is the memorandum of understanding signed at the end of 2006.

In the **BiH Federation**, the civil servant attending professional education programmes (study trips, specialist studies, etc.) is obliged to continue his/her work in the Civil Service upon finishing his/her

course for at least twice as long as his/her education. In case of termination of employment before the expiry of that period, the civil servant is obliged to reimburse the whole amount received for his/her education (scholarship, travel and accommodation costs, etc.). In some extraordinary cases the Director of the CSA can lift the obligation to reimburse all or part of those costs.

On the basis of a **Brcko District** Mayor's Decision, civil servants are entitled to reimbursement of the costs of their magisterial or doctoral studies when the study area is in line with their regular job performance and duties.

CSs may obtain scholarships and approval of paid leave for additional education outside the civil service.

The **Croatian** Ministry of European Integration and Foreign Affairs is in charge of a special scholarship program for talented young civil servants who want to pursue postgraduate studies in EU-related areas. In such cases, full scholarships are provided to successful candidates, who are contractually obliged to spend at least 3 years in service upon successful completion of the study programme. Should a civil servant resign earlier, there is an obligation for him to reimburse all or part of the cost of the scholarship.

According to official statistics, this programme has turned out to be very successful in retaining young talented civil servants. In other cases when the state grants a study scholarship to a civil servant, he/she must remain in service for at least twice the duration of the study program. These programs are especially successful, given that postgraduate degrees influence the pay and promotion of civil servants.

**Macedonian** civil servants are entitled to an unpaid leave of up to two years for professional development (in case the latter is not financed by the institution), at personal request and with the approval of the corresponding state/administrative body. Upon completion of the training program, civil servants are obliged to return to work within 15 days and are to be assigned to the job most in line with the position they previously held.

However, CSs often decided to leave the CS after completing the training and to take up other jobs in the public, private or non-governmental sector. Measures have been taken consequently. According to the CSL, CSs are now obliged to sign an agreement with their institution, regulating their mutual rights and obligations, as well as the requirements for expert training and development<sup>30</sup>.

In **Montenegro**, following a public announcement, a state authority may award a scholarship when this appears necessary and if financial means are provided. Also, a civil servant (or a state employee) is entitled to apply for special training when this is of importance for the work of the state authority. A contract on special training will then be signed. Upon completion of such training, the beneficiary may not resign before the end of twice the period he/she spent in training. Otherwise, the funding authority may claim the restitution of expenses.

In **Serbia**, additional education with state scholarship contributes to the attractiveness of the CS. When selecting a candidate for scholarship, a public administration body organises an internal competition and advantage should be given to the candidate who has obtained the best marks in the last three consecutive annual performance appraisals. However, no centralised scholarship system has been established yet, offering scholarships for priority areas (e.g. European integration related programmes). Nevertheless, some of the main elements of such systems, which are most commonly found in the neighbouring countries, are in fact enshrined in the CSL itself.

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<sup>30</sup> In 2007, a sectoral policy document was adopted: *Policies for Attracting and Keeping Young Graduates in the Civil Service*. Among other goals, the new measures taken were intended to contribute to a reduction of unemployment in the country. These measures were, *inter alia*: a *Protocol of Cooperation* signed between the Government and the universities, stating that every year 100 top students would be employed by the CS; a *Contract for Cooperation* signed between the CSA and the universities intended to provide the students with an opportunity to volunteer into various state institutions, and hence gain experience for their future employment; *scholarships* provided by the Government for international undergraduate studies on EU issues, with an obligation for the scholars to work within the CS for a period of 2 years after their graduation in order to contribute to the process of European integration of FYR Macedonia.

The Law, accordingly, obliges the recipient of a scholarship for additional education to work in the same public administration body for at least twice the time spent on the program. A special contract is, thus, made between the recipient and the institution, regulating the rights and obligations of the recipient. If a civil servant leaves the institution before the expiry of the contractual obligation, he/she must reimburse the entire cost of the scholarship in a single instalment. However, if the contract stipulated that additional education is pursued with the objective of filling in a vacancy and the recipient is not transferred to that vacant position upon successful completion of the study programme, the recipient's obligations related to work and reimbursement of costs are waived.

#### **D. Job Security and Other Incentives**

One of the qualities of civil service contributing significantly to its attractiveness as an employer is a significantly higher job security offered by the legislation in comparison to the private sector, although in practice it is not always the case. From a legal standpoint civil servants are employed permanently (for life) and termination of employment can occur only in situations which are strictly specified by law, but the practice may be different in different countries.

##### **Other Benefits**

Various other elements can be regarded as additional incentives to attract talent to the civil service. These elements include: paid leaves (for child birth, serious illness or death of a family member, taking of a professional examination, celebration of a religious holiday, change of place of residence); stable and flexible working hours; regular remuneration for working overtime; strict observance of national holidays which are non-working days; equal treatment for women; increased facilities to take loans for purchasing apartments; in some cases, opportunities to work outside the CS (e.g. **Croatia**).

Many of these advantages are granted by the Western Balkans Region governments. The most common benefits (e.g. paid leaves, regular remuneration for working overtime) are offered by all governments. In addition, each country often provides a specific combination of other benefits.

This section highlights some of common incentives which have not been covered above, but are also included in the civil service legislation in the region. Other, subjective incentives, such as the possibility to represent the country in national or international events, to actively participate in the processes of European integration and modernization of the public services, although important sources of motivation, especially for high-level managerial CSs, are not covered in this publication.

**Albanian** CSs are entitled to take annual paid leave, as well as leaves of absence in case of child birth, marriage, illness of family member, change of place of residence and other cases (these conditions are specified by a Council of Ministers Decree).

In **Bosnia and Herzegovina**, at the **state level**, civil servants are entitled to additional paid leave during one calendar in the cases of marriage, death of a family member, serious illness of a family member, changing place of residence, child birth, celebration of a religious holiday, taking of a professional examination. The additional paid leave must not exceed six working days during one calendar year.

Additional advantages are provided to civil servants by a number of ministries which have contracts with retailers offering CSs a possibility to buy certain goods on credit.

The **BiH Federation** and **Republika Srpska** offer paid leaves to civil servants in the same cases.

The Collective Agreement for Civil Servants in **Croatia** includes a possibility of aid for covering medical participation fees and buying orthopaedic aids; compensation of salary for the first 42 days of sick leave<sup>31</sup>; aid in case of death in the family, as well as in case of occurrence of serious

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<sup>31</sup> This is significantly higher than the compensation guaranteed under the regulations on health insurance. After the expiry of 42 days of sick leave, further sick leave period is calculated in line with the regulations on health insurance.

disability; aid in case of prolonged sick leave (longer than 90 days); Christmas bonus; presents for children for St. Nicholas' Day; and other similar facilities<sup>32</sup>.

Other important measures designed to attract and retain qualified staff in the Croatian CS include flexible working hours in office (with a possibility to work from home), as well as an entitlement to work assignments outside the civil service (excluding, of course, situations of conflict of interests)<sup>33</sup>.

**Macedonian** civil servants have the same rights as other citizens with regard to facilities related to loans for purchasing apartments (and other loans). However, banks grant these loans more easily to CSs than to most other citizens due to the comparatively much higher job security in the civil service.

Civil servants are also entitled to other benefits, including DSA for official travelling and the coverage and reimbursement of several categories of expenses:

- expenses for using personal vehicles for official purposes;
- expenses for separation from family;
- moving expenses;
- transportation expenses (to and from the office, if the distance between home and office is longer than 2.5 km);
- meals costs;
- expenses for field work;
- expenses for funeral in case of civil servant's death;
- expenses related to compensation for natural disasters; (viii) expenses for long-time illness.

During a civil servant's use of annual leave, the salary remains unchanged, though it excludes the salary supplement. Also, the institution in which the civil servant is employed is obliged to provide protection to the civil servant if he/she is directly threatened, assaulted or is subjected to similar acts relating to the performance of his/her official tasks.

Finally, though informally, the CS is a more attractive work place for women, especially in terms of possible maternity plans and related maternity leaves.

The **Montenegrin** CSL guarantees the right of a civil servant/state employee to a salary compensation during the annual vacation, provides for a 13th monthly salary, and provides for compensation in a variety of other specified circumstances, such as:

- temporary inability to work due to illness;
- maternity leave;
- paid leave and expert training for the needs of the state authority;
- separation from family.

Specific entitlements include:

- reimbursement of expenses for sustenance during work,
- per-diems for an official trip locally or abroad,
- use of private vehicle for official purposes,

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<sup>32</sup> It should be underlined that the rights listed by the *Collective Agreement for Civil Servants* are also incorporated in the *Basic Collective Agreement for Public Services* (branch collective agreement). However, due to a more efficient work of their trade unions, these rights are often agreed upon at higher levels than those decided for the civil servants.

<sup>33</sup> *Decree of 22 March 2006 on Possibilities of Work for Public Servants in other Workplaces and in Part-time Work.*

- severance pay (when retiring),
- assistance in case of illness, including long-term illness (and also in case of illness or death of a family member),
- assistance to the CSt's family in case of his/her death.

A number of civil servants have benefited from the possibility of taking loans with reduced interest rates and with a longer repayment period for the housing purposes<sup>34</sup>.

**Serbian** civil servants have the right to a refund of travelling expenses to and from work, for the time spent on a business trip in the country or abroad, for accommodation and food while working outside the office location, as well as to refunding of expenses incurred through a temporary or permanent transfer to a different working location (different town).

A number of other advantages granted to civil servants (and, more generally, to those employed by State institutions) are defined in the Special Collective Agreement for State Authorities.

These advantages include:

- longer annual paid leave/vacation (criteria for extending the minimum length stipulated in the general labour law include marks obtained through performance appraisal, work conditions, length of work experience, job complexity and education level, invalidity and care for children and/or members of immediate family);
- compensation when a civil servant cannot use the annual paid leave through the employer's fault;
- additional paid leave (days off) in various cases, such as childbirth (for husbands) or adoption of a child, passing of a state exam (or an exam which is part of additional education of professional training), marriage, serious illness or death of a family member, blood donation, etc;
- special provisions for unpaid leave, such as in cases of education or specialisation undertaken at the CSt's own initiative, taking care of a sick member of family, private affairs, etc;
- special provisions for safety and health at work;
- solidarity-based financial assistance in cases such as long or difficult illness of the CSt or employee, or of a family member, rehabilitation, invalidity, death of the CSt or employee, etc;
- jubilee and annual awards; etc.

[Back to Table of Contents](#)

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<sup>34</sup> In co-operation with commercial banks, the Government of Montenegro and the Ministry of Finance granted 250 housing loans with a repayment period up to 30 years, with a grace period and favourable interest rates to employees of public administration and health institutions.

# CONCLUSIONS

## *SUMMARY OF THE FINDINGS*

**Comparative Overview of Factors of Attractiveness of  
Civil Service in the Western Balkans Region**

## Recruitment Rules and Practices

The new CS regulatory frameworks supported progress in depoliticisation of recruitment, in particular with respect to the higher-level managerial posts. Further progress will however depend on how fast and thorough the implementation of the new rules is.

Further effort and consideration can also be given to the costs of application procedures for the applicant; transparency of the selection criteria; construction of “short lists” allowing non-arbitrary appointment decisions and similar practical matters.

Inadequate recruitment procedures may have lasting harmful effects, On the other hand, thorough and fair recruitment choices will have lasting favourable effects for the attractiveness of the public administration as an employer of choice.

## Appraisal Regulations and Practices

Annual performance appraisals are prescribed by regulation in all countries reviewed. The respective provisions also, as a rule, touch upon the appraisal criteria and methods. They incorporate effectiveness, efficiency, professional values and other similar assessment criteria. However, in practice performance appraisal schemes are not working well in any of the countries considered in this paper.

## Vertical Promotion

Systems such as **Albanian** and **Macedonian**, which are closer to the position approach, stimulate a higher inflow of professional candidates from outside the public administration (e.g. persons with relevant experience in the private sector, or persons who graduated abroad). This brings about new working methods, ideas and approaches, increases diversity, and therefore the potential creativity and intellectual stimulation of the professional environment.

On the other hand, systems favouring internal promotion and career development, such as **Croatian**, **Montenegrin** and **Serbian**, may be more efficient in stimulating civil servants to excel in their work and seek professional advancement. Certain position-based systems also adopt career elements related to promotion, as is the case of **Bosnia and Herzegovina** where internal competitions are introduced to enhance professional advancement opportunities.

At present, in countries with the position-based CS systems, such as **Bosnia and Herzegovina** and **fYR Macedonia**, promotions are managed through advancement in the salary grid. In **Albania** (also in this group), vertical professional advancement is usually difficult, because competitions for new positions are usually opened to external candidates. According to the information collected, the links between performance and promotion are also weak in Albania.

Exceptionally, fast track promotions are possible, such as in the case of **Croatia** and **Serbia**. Also, on the whole, the links between performance and promotion tend to become tighter (e.g. **Montenegro** and the new regulations in **Croatia**).

## Salary Systems

Regulatory frameworks for salaries in ReSPA members are diverse. While in **Albania** and **fYR Macedonia** salaries of civil servants are principally regulated by the Civil Service Laws, in **Montenegro**, **Serbia**, **Republika Srpska** and **Brcko District** in **Bosnia and Herzegovina** there are separate laws regulating salaries. Where no separate laws exist, secondary regulations determine the details of the salary provisions.

All countries organise salary groups, which is a common practice, though they may differ in approach and rationale, as this report has shown. As a rule, supplements are added to a basic salary, which is calculated according to a standard formula. In some systems supplements constitute a large part of a civil servant's salary (e.g. **Albania**, **fYR Macedonia**), in others supplements or additions are issued only in extraordinary circumstances (additional working hours, working on public holidays, etc).

Seniority is taken into account in all countries. All systems in the region have annual salary increases based on duration of employment, i.e. the employment record. The basic salary of a civil servant is thus increased by a certain percentage (usually 0.4 or 0.5 percent, though in **Albania** it is as high as 2 percent) with every year of employment. A ceiling determined by the employment record (**Albania**) or the percentage of supplements achieved (**BiH, fYR Macedonia**), limits the automatic salary increases.

At the same time, new trends related to remuneration schemes emerge. A general trend is to introduce a performance-related component of a salary, and to accordingly reduce the weight of the seniority factor. In **Serbia** it is now envisaged to eliminate the seniority factor altogether and replace it by a performance-related salary component (this should be achieved by 2011). In some countries performance-related bonuses are awarded annually (**Albania, fYR Macedonia**). Performance-based promotion through the salary grid has also been instituted (e.g. **Montenegro, Serbia**). The **Macedonian** system contains both performance-based bonuses and performance-related promotion through the salary grid. For the time being, however, in spite of the new trends favouring a more merit-based system of remuneration, performance has still, in fact, little impact on the CS salaries. The efficacy of performance-related pay schemes in increasing the motivation of civil servants remains to be demonstrated as well as their impact on the overall improvement of public institutions' performance.

Salary components linked to training exist in three countries (**Albania, Croatia** and **fYR Macedonia**), expressing their commitment to enhance competence and skills of their civil servants.

Salary supplements linked to over-time and special (difficult, unusual or dangerous) working conditions exist in all countries reviewed.

Advancement through the salary grid is usually included as part of the professional advancement systems. It is most often - but not always (e.g. **Albania**) - linked to performance and appraisal results, combined with seniority.

In some cases (e.g. **Bosnia and Herzegovina** at the state level), the differences between payment levels are very small, therefore of limited actual motivation effect. In **Croatia** performance is not currently taken into consideration in the remuneration system (civil servants' salaries depend exclusively on their posts), but this situation is expected to change. In the **Croatian** Draft CS Law under discussion, performance and efficiency assessments have been linked to the possibility of salary increases (or decreases, if the CS's performance is ranked as "not satisfactory").

Linking promotion to the results of performance appraisal requires that the appraisal methodologies are relevant and reliable, and that the assessments carried out are objective and fair. The relevant issues are still being addressed and discussed, which is not guaranteed in any of the countries considered in this paper.

## Training

All countries consider training and life-long education of civil servants important. It is widely understood that training is a critical tool for improving quality of the services provided by the public administration.

Training and scholarship opportunities can attract to the public administration young university graduates seeking employment, and can also help retain them.

Different systems and approaches to training are in place in ReSPA members' public administrations<sup>35</sup>. Training and education are sometimes directly related to career development and promotion. Even more often, they are related to performance appraisal. In all cases, they are considered a key tool in establishing a merit-based CS system.

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<sup>35</sup> Systems of civil servants training are discussed in great detail in a separate ReSPA regional publication: *Civil Service Training Systems in the Western Balkans region* (2008).

CS training regulations in the region share many common features. In **Albania**, training is considered as a right on the part of the civil servant and as an obligation on the part of the public administration. However, training is not compulsory. In all other countries and entities of the region, training is a legal obligation for all civil servants.

In addition to induction training and regular in-service training, which both significantly enhance the chances of successful recruitment and/or career development (e.g. **BiH, Croatia, Montenegro** and **Serbia**), all countries offer opportunities for scholarships and training abroad. As compensation for the investment thus consented, a temporary obligation to remain at work in the civil service is usually imposed on the beneficiaries of such scholarships.

### **Job Security**

Job security is usually granted in all CS laws in the region. Civil servants are employed permanently (for life) and termination of employment can occur only in situations which are strictly specified by law, but practices may markedly diverge from what is stated in legislation.

Despite variations between systems, civil service is allegedly in all countries the safest employer. As a rule, CS job security is significantly higher than in the private sector. This relative advantage is assumed to constitute one of the main attractiveness factors of PA jobs, as voiced by many in the countries concerned. This attractiveness factor also becomes more pronounced in the context of high unemployment.

### **Other Incentives**

Other elements integrated in the CS legislation and systems may provide additional incentives to attract talent to the public administration. These elements include: paid leaves (for child birth, serious illness or death of a family member, taking a professional examination, celebration of a religious day, change of place of residence); stable and flexible working hours; regular remuneration for working overtime; strict observance of national holidays which are non-working days; equal treatment for women with regard to men; increased facilities to take loans for purchasing apartments; in some cases, opportunities to work outside the CS (e.g. **Croatia**).

Many of these advantages are legally stated.

[Back to Table of Contents](#)