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SUMMARIES OF MONITORING REPORTS

**STRATEGIC FRAMEWORK OF PUBLIC ADMINISTRATION REFORM**

# The **Principles** of **Public** **Administration**

**WESTERN BALKANS**

**February**  
**2022**

# Summaries of Monitoring Reports

## Western Balkans

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### The Principles of Public Administration

# STRATEGIC FRAMEWORK OF PUBLIC ADMINISTRATION REFORM

**February 2022**

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\*This designation is without prejudice to positions on status, and is in line with United Nations Security Council Resolution 1244/99 and the Advisory Opinion of the International Court of Justice on Kosovo's declaration of independence.

# Introduction

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## *The Principles of Public Administration and the EU integration path – measuring the fundamentals*

*The Principles of Public Administration*<sup>1</sup> set out what good public governance entails in practice and outline the main requirements to be followed by administrations during the European Union (EU) integration process. Good public governance is key for achieving economic growth, competitiveness and a better quality of life. Democratic governance and the rule of law require capable, accountable and effective public administrations. In its 2014 and 2018 Enlargement Strategies, the European Commission (EC) highlighted public administration reform (PAR) as one of three “fundamentals first” areas of the EU enlargement process: “Addressing reforms in the area of rule of law, fundamental rights and good governance remains the most pressing issue for the Western Balkans. It is also the key benchmark against which the prospects of these countries will be judged by the EU”<sup>2</sup>.

## *A regional series, with a long-term perspective*

SIGMA monitoring reports<sup>3</sup> assess the state of play and progress in improving the quality of national public administrations. Given the geostrategic importance of the Western Balkans to the EU, and the ongoing accession negotiations, Support for Improvement in Governance and Management (SIGMA) conducts regular monitoring of the region. In 2017, SIGMA established a baseline in all areas of public administration. In 2019, monitoring was conducted against selected Principles. The full scope is covered again in the 2021 reports, which compare performance against the 2017 baseline and regional averages. By analysing the long-term perspective, significant changes are identified.

The assessment period was from July 2017 to July 2021. The data collection period was February-May 2021. The COVID-19 pandemic was at its peak, so in-person meetings were replaced by virtual ones. National experts provided invaluable support during this period in securing the necessary data.

## *Thematic summaries to provide key insights and recommendations to decision makers and selected performance data at the regional level*

This document is a compilation of all summaries for the strategic framework of PAR area in the full SIGMA 2021 monitoring reports. It contains a regional summary with cross-administration analysis of the state of play and key trends since 2017, insights from key performance indicators that showed significant change at the regional level and reflections on the way forward for the region. The purpose is to provide a regional perspective for each of the thematic areas, in order to complement the more detailed monitoring reports developed for each administration.

SIGMA wishes to thank the Governments for their collaboration in providing the necessary administrative data and documentation, as well as for their active engagement during the two rounds of validation to improve the factual accuracy of all the information used. The collaboration with the Regional Cooperation Council on the Balkan Barometer has been excellent. We also thank the experts from EU member administrations who contributed to the report. Finally, the support of the EC is, as always, appreciated.

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<sup>1</sup> OECD (2017), *The Principles of Public Administration*, OECD, Paris, <http://www.sigmaweb.org/publications/Principles-of-Public-Administration-2017-edition-ENG.pdf>.

<sup>2</sup> European Commission (2018), *A credible enlargement perspective for and enhanced EU engagement with the Western Balkans*, p. 4, [communication-credible-enlargement-perspective-western-balkans\\_en.pdf](https://ec.europa.eu/external_relations/wb/docs/communication-credible-enlargement-perspective-western-balkans_en.pdf) (europa.eu).

<sup>3</sup> The monitoring reports are published on the SIGMA website: <http://www.sigmaweb.org/publications/monitoring-reports.htm>.

# Methodology

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**Overall approach – focus on implementation and outcomes, analysing a variety of primary data sources against precise criteria and benchmarks for an objective assessment**

The *Methodological Framework for the Principles of Public Administration*<sup>4</sup> contains a set of standard indicators that SIGMA applies consistently to measure the preconditions and enablers of successful reforms (good laws, policies and procedures, institutional structures, human resources) and the actual implementation of reforms and subsequent outcomes (how the administration performs in practice).

The overall approach recognises that no single measurement method can fully capture the complex issues related to organisational and behavioural change. SIGMA uses information from administrative data, surveys, statistics, interviews, etc., which is cross-checked and triangulated to arrive at a balanced assessment.

## **Data sources and validation**

The main quantitative and qualitative methods applied in the framework are:

- Desk reviews of legislation, regulations and reports (the most recent are analysed if adopted before July 2021)
- Interviews (conducted virtually March-May 2021 with 100+ interviewees per administration, including civil society)
- Review of cases and samples of government documentation (the most recent are analysed)
- Observations of practice and on-site verification (conducted virtually March-May 2021 with national expert support)
- Analysis of administrative data from public registries and national statistics (the most recent when possible; otherwise, from 2020)
- Surveys of the population and businesses through the Balkan Barometer (conducted February-March 2021)<sup>5</sup>
- Surveys of 950 contracting authorities across the region (conducted February-April 2021).

Data was collected through SIGMA's tool for data collection, analysis and validation (PAR.IS). More than 10 000 documents were received regionally for analysis. In 2021, hundreds of government officials were provided direct access to SIGMA's detailed working sheets for calculation of numerical sub-indicator values and justifications for fulfilment of each of the criteria, in addition to fact-checking the draft monitoring reports. The monitoring reports show only the overall indicator values; the detailed criteria-level analysis will be accessible in 2022 through a public portal<sup>6</sup>.

## **Indicator values reflect the level of maturity and preparedness of administrations – from 0 to 5**

The indicator values provide an indication of the administrative capacity and overall performance of national public administrations. This provides an indication of the capability to effectively implement the EU *acquis* and participate in the policy-making processes of the EU.

The point allocation is constructed so that an administration can only receive an overall value of 2 on the basis of the quality of its legislative and regulatory framework; a value of 3 cannot be achieved without showing that implementation of key processes is happening in practice; and in order to obtain a value of 4, the administration needs to show a consistent achievement of relevant outcomes. The value of 5 is

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<sup>4</sup> OECD (2019), *The Methodological Framework of the Principles of Public Administration*, OECD, Paris, <http://www.sigmaweb.org/publications/Methodological-Framework-for-the-Principles-of-Public-Administration-May-2019.pdf>.

<sup>5</sup> Regional Cooperation Council, <https://www.rcc.int/balkanbarometer/home>.

<sup>6</sup> OECD, Principles of Public Administration Data Portal [database], <https://par-portal.sigmaweb.org/>.

reserved for outstanding performance and full compliance with the Principles and the standards for good public governance.

In 2021, averages of the indicator values were also calculated for each of the six thematic areas of *the Principles of Public Administration*. This enables a comparison of overall trends across the whole administration over time and across the region

### ***Understanding how the indicator values are calculated***

Across the six thematic areas, the framework is composed of 48 Principles. Each Principle has one or two indicators. There are 52 indicators in total, with 340 sub-indicators and 1 000 individual criteria. Indicator values are presented at the top of the overview tables, on a scale from 0 (lowest) to 5 (highest). The indicator value is based on the total number of points received for the sub-indicators. The point conversion tables are accessible in the Methodological Framework.

If the required information to assess a sub-indicator is not available or is not provided by the administration, 0 points are awarded. All data requested is needed for a well-functioning public administration, and SIGMA does not estimate performance without adequate evidence.

The monitoring exercise of Bosnia and Herzegovina is being conducted in two phases. In 2021, the areas examined were: policy development and co-ordination, accountability and public financial management (PFM), except external audit. In 2022, SIGMA will study strategic framework of PAR, public service and human resource management (HRM), service delivery and external audit. Therefore, regional data comparisons are based on five or six Western Balkans administrations (WB5 or WB6).

### ***Codes used in this report***

<b>ALB</b>	Albania
<b>BIH</b>	Bosnia and Herzegovina
<b>XKV</b>	Kosovo
<b>MNE</b>	Montenegro
<b>MKD</b>	Republic of North Macedonia, (hereafter “North Macedonia”)
<b>SRB</b>	Serbia
<b>WB5</b>	Western Balkan administrations without Bosnia and Herzegovina
<b>WB6</b>	Western Balkan administrations including Bosnia and Herzegovina

# Regional summary

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## *State of play and regional trends*

During 2017-2021, the Western Balkans administrations<sup>7</sup> made further efforts to institutionalise and strengthen the concept of strategic planning of public administration reform (PAR). All administrations have used various government planning documents to prepare and implement different complex reforms in all key substantive areas of PAR<sup>8</sup>. Administrations have also established various formal institutional mechanisms for co-ordination, monitoring and steering reform implementation. Despite these and other positive developments, the actual implementation of planned reforms across the region has been weak. Further efforts are needed to improve the quality of planning, provide stronger political support, enhance financial sustainability and improve monitoring to achieve better implementation results. While formal structures of co-ordination and management of PAR are established in all administrations, additional efforts are needed to make them function more effectively, with more active involvement of all external stakeholders in PAR monitoring and implementation.

The 2021 SIGMA monitoring in the region coincided with a period of transitioning from old to new strategic frameworks of PAR in many administrations of the Western Balkans. During 2020-2021, most administrations in the region were in the process of renewing, updating and/or extending various strategies included in their national strategic frameworks of PAR 2020-2021. The process of formal adoption of several key strategic documents in some administrations, including in Kosovo, Montenegro, and Serbia, was not finalised and completed as of June 2021, the official cut-off date of the SIGMA monitoring exercise. Furthermore, the COVID-19 pandemic, as well as other factors and events, created challenges for some administrations, causing further delays in reform planning, monitoring and reporting. All of these factors significantly affected the individual administration and regional results of SIGMA's monitoring in the strategic framework of PAR area.

The overall regional average for the strategic framework of PAR area indicators in 2021 was 1.2, lower than the 2017 average of 2. Albania and the Republic of North Macedonia (hereinafter 'North Macedonia') were the only administrations that had valid and complete strategic frameworks of PAR as of June 2021. North Macedonia is the only administration that recorded progress in the indicator value since 2017, mainly because its formal strategic planning documents for PAR or public financial management (PFM) areas were approved in 2018; hence, those were not reflected in the baseline figures of 2017. In 2021, at the time of completion of the SIGMA monitoring, Kosovo, Montenegro and Serbia were still finalising their new strategic frameworks of PAR, which has created gaps in various areas of the strategic framework of PAR, negatively affecting the value of many indicators.

## *Despite delays and gaps in the process of development of new strategic frameworks of PAR, the quality of all valid planning documents was found to be adequate*

Since 2017, all Western Balkans administrations have made good progress in further institutionalising strategic planning and monitoring of reforms in all key substantive policy areas based on formal government planning documents. The overall comprehensiveness and quality of the valid PAR planning documents are assessed to be good and adequate to the existing national standards and requirements. In general, PAR is being prioritised in other government planning documents in most administrations, which is important for securing broad support for PAR and ensuring coherence and alignment between different government planning documents. In all administrations, most of the valid PAR and PFM

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<sup>7</sup> The regional summary is based on the findings of the SIGMA monitoring reports of Albania, Kosovo, Montenegro, the Republic of North Macedonia and Serbia. Bosnia and Herzegovina is not included as the monitoring of the strategic framework of PAR area will be conducted in 2022.

<sup>8</sup> The substantive areas, as defined by the Principles of Public Administration, include: policy development and co-ordination, public service and human resource management, accountability, service delivery and public financial management.

strategies are supported with detailed action plans. The majority of the planned reform measures included in the valid action plans are assessed to be reform-oriented, which can contribute to major systemic and institutional improvements. Some administrations did not have valid (approved) action plans to support implementation of strategies, which has negatively affected the overall monitoring results (for example, the 2021 Action Plan of the Better Regulation Strategy 2.0 of Kosovo was not available).

### ***Actual implementation of reforms across the region remained low in 2017-2021***

Formal mechanisms and structures for monitoring and reporting of PAR are established in all administrations, as envisaged in the relevant strategic planning documents. But weaknesses and gaps exist in the actual implementation of planned reforms and in the effectiveness of performance measurement frameworks, particularly the use of indicators to assess the overall progress towards achievement of policy objectives and outcomes. Overall, PAR reporting in the region is focused mainly on the outputs in all administrations. Additionally, there is a practice of preparing and adopting annual implementation reports on PAR planning documents quite late in the calendar year, sometimes in July and August. This practice of late preparation, discussion and approval of annual monitoring reports does not help address effectively all implementation challenges and make timely interventions, based on the findings of monitoring, to improve implementation. The monitoring reports have also revealed several instances of not preparing and/or formally discussing implementation monitoring reports by key decision makers.

The effectiveness of actual implementation of planned reforms is relatively low in all administrations of the region. On average, across all administrations, less than half of annually planned reform activities were fully implemented in 2020. The situation in this regard is unchanged compared to the 2017 monitoring. Weak implementation results can be partly attributed to overly ambitious planning, broader weaknesses and shortcomings in government planning and monitoring systems, and to limited capacities and resource allocation for PAR implementation. For example, in Albania and North Macedonia, on average only about half of the annually planned measures in the respective PAR planning documents were fully implemented in 2018-2020. Serbia recorded an improvement in implementation of its PAR Strategy in 2020 compared to 2017 (61% compared to 33%), while no results were available about the implementation of the Regulatory Reform Programme. Kosovo and Montenegro had not finalised and published the annual implementation results for the PFM strategies as of June 2021 for them to be considered in the monitoring results.

### ***Ensuring financial sustainability of reforms remains a challenge for most of the administrations due to underlying weaknesses in costing, financial planning and the heavy reliance of PAR on external (donor) funding***

All PAR planning documents that were enacted and valid as of June 2021 did include some information about the estimated costs and sources of funding for most planned measures. But the quality of costing is overall rudimentary and does not always provide full information on different types of resource requirements to ensure effective financial planning and monitoring. In all administrations of the region, there is heavy dependence on external sources, such as technical assistance funded by foreign partners and donors. The majority of PAR activities that require additional resources for their implementation are normally expected to be funded by donors. While the planned donor funds are usually available, actual funding of PAR activities from the domestic budget has not been ensured consistently across any administration of the region. The medium-term financial plans and annual budgets are not aligned with the cost estimates from the PAR plans and/or do not even contain the required references to PAR priorities.

***Ensuring that all formal co-ordination and management structures function fully and effectively, with stronger involvement of external stakeholders, remains a challenge in all administrations***

Organisational and managerial responsibility for overall co-ordination, monitoring and reporting of PAR is established in all administrations. Formal structures and mechanisms within the national systems exist to guide and steer PAR implementation. However, these structures and co-ordination mechanisms are not functioning fully and effectively in all areas. For example, the political-level structures for PAR co-ordination in Albania did not meet in 2020-2021. On the other hand, Montenegro had a functioning political-level PAR Council in place, while the administrative-level structure for PAR co-ordination and management was still being established as of June 2021. Regular and close monitoring and co-ordination of reform implementation across different areas is not always possible in most administrations due to the weaknesses in the functioning of administrative-level structures. Active participation and involvement of external stakeholders in the formal structures for monitoring of PAR is not systematically ensured in the regional administrations, except in Montenegro. There is a need to ensure more regular consultation and involvement of civil society organisations in the review, monitoring and validation of reform outcomes.

***The way forward***

- All Western Balkans administrations should plan ambitious reforms but be realistic as to what can be achieved in the short, medium and long term. Additional efforts are needed to ensure timely and full implementation of all planned measures.
- All administrations should ensure regular monitoring and reporting on PAR implementation, focussing more on the outcomes and impacts, and ensuring all external stakeholders are involved. All annual monitoring reports should be prepared and published on time, preferably during the first quarter, to help address implementation challenges.
- The administrations should aim to reduce the reliance of PAR implementation on donor funds and ensure better alignment between the resource estimates in the PAR planning documents and the financial allocations of the area reforms in the state budget.
- All PAR co-ordination mechanisms, at both the political and administrative levels, should be used more effectively to monitor implementation, address implementation challenges and exchange best practices, with active participation of external stakeholders.

# Albania

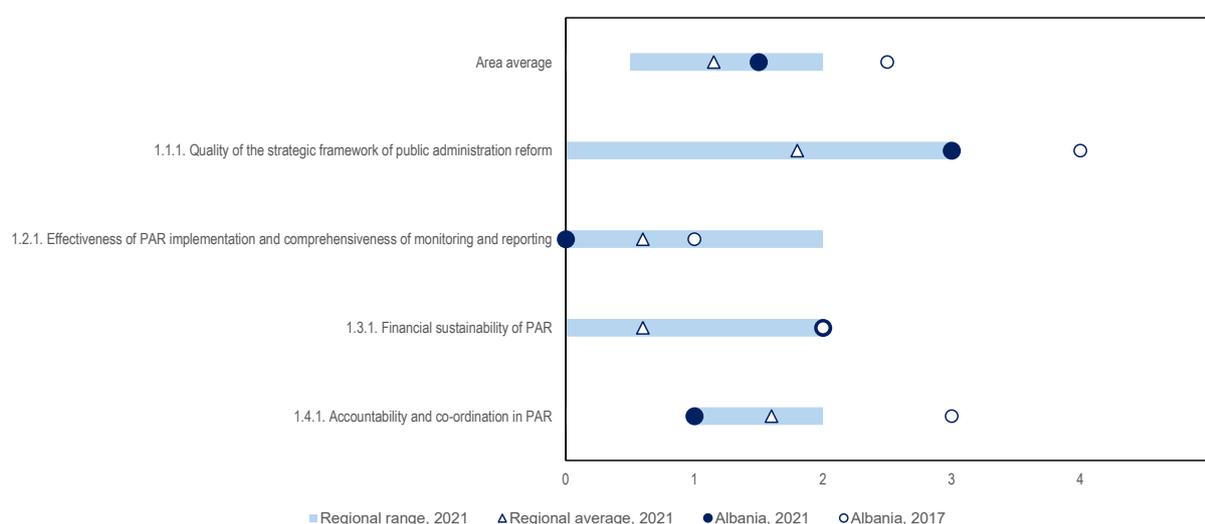
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## Albania

### Summary and recommendations

Since 2015, Albania has been implementing a comprehensive strategic framework of public administration reform (PAR), based on five strategic documents: the Cross-cutting PAR Strategy, the Public Financial Management Strategy (PFM Strategy), the Decentralisation Strategy, the Anti-corruption Strategy and the Digital Albania Strategy. The overall average value of strategic framework of PAR indicators is 1.5, which is higher than the regional average (1.2) but lower than the result in 2017 (2.5). The weaker performance in the 2021 assessment is largely due to additional weaknesses and gaps identified in the quality and development of selected strategies in the strategic framework of PAR.

**Despite being above the regional average, the overall area indicator value lowered compared to 2017, due to weaknesses and gaps identified in selected strategies.**



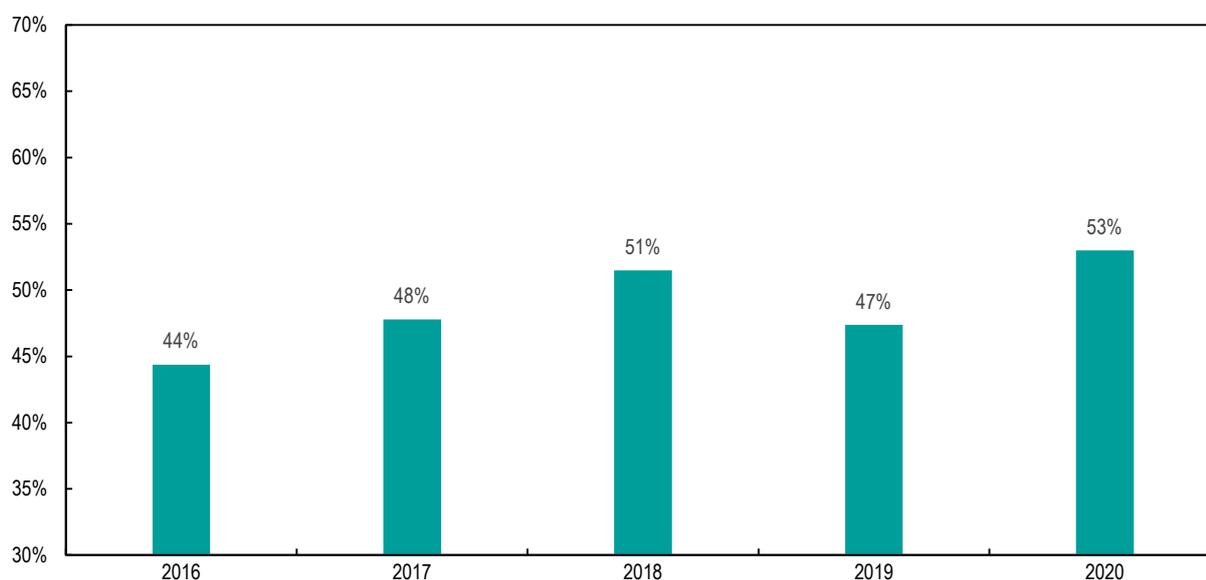
**Albania has ensured the validity of its strategic framework of PAR by extending the lifetime of the strategies from 2020 until 2022-23.** Albania and the Republic of North Macedonia are the only two countries in the region to have valid and complete strategic planning documents covering all key areas of PAR (as of June 2021). The quality of the strategic framework, however, has deteriorated since 2017, because of weaknesses in the quality of selected strategies, their performance monitoring frameworks, and the process of extending their period of validity beyond 2020. The prioritisation of PAR and its coherence with other planning documents is also worse than in 2017, as is the degree to which measures in the latest action plans of certain strategies are oriented toward reform.

A valid strategic framework of PAR has been secured through extensions of the key strategies until 2022-2023



**Effectiveness of implementation of reforms and comprehensiveness of the monitoring and reporting frameworks is assessed as weak.** The pace of reform, as assessed by the level of implemented activities in recent years, has been slow. On average, only about half of the annually planned measures were implemented each year across all five strategic documents in the period from 2016-2020. In general, annual monitoring reports for some of the strategies have not been prepared and published regularly and early enough after the end of the reporting year to ensure effective monitoring. Additionally, the fragmented nature of the strategic framework of PAR, which covers five strategies, creates challenges for the overall co-ordination and monitoring of reforms in all areas.

#### Implementation rate of PAR activities



Source: SIGMA analysis, based on data and information available in officially published reports and information shared with SIGMA during the 2017 and 2021 monitoring assessments (as of June 2021). Full implementation results for 2020 were not available for two strategies, hence those are not included in the calculation.

**Financial sustainability of PAR has been assessed not to have changed since 2017,** despite a slight improvement in the assessment of the actual funding of PAR, as measured by a review of available funds planned for the most expensive PAR activities. Quality of costing, however, remains weak across all

strategies, since the full information is not available. No systematic monitoring and review of the overall financial gap for PAR has been conducted that could explain the delays and low implementation rate.

Organisational and management structures for PAR have been formally established, but they have not been functioning fully and consistently in every area. The political-level bodies, in particular, have not been meeting regularly and frequently enough to guide and steer the overall reform agenda. In fact, **no political-level discussion of PAR agenda issues took place in 2020**. Accountability and co-ordination of PAR is thus assessed to have deteriorated since 2017. The COVID-19 pandemic and the 2019 November earthquake may have created additional challenges for the administration in ensuring the smooth and continuous functioning of the PAR mechanisms. Nevertheless, the lack of regular discussions on PAR at the political level is an issue to be addressed.

**Engagement of external stakeholders in monitoring and consulting on the PAR agenda through the formal co-ordination structures has been limited.** Non-state actors are mainly consulted in writing, as the relevant documents and reports are being prepared. Their involvement and participation in various monitoring structures has been limited, reducing openness and accountability.

### **Short-term recommendations (1-2 years)**

- 1) The Government should ensure more regular discussions and meetings of all political and administrative-level structures responsible for monitoring and co-ordination of PAR across all five strategies included in strategic framework of PAR. External stakeholders and non-government organisations should be involved in the monitoring of PAR more regularly and systematically.
- 2) The Government should review the effectiveness of the current model and the structures for monitoring PAR strategies at the administrative level, with a view to consolidating and streamlining the system, in order to reduce fragmentation and improve co-ordination.
- 3) The Ministry of Justice, the Ministry of Internal Affairs, the Ministry of Finance and Economy and the National Agency for Information Society (NAIS), the Department for Public Administration (DoPA) and other institutions responsible should ensure that all required monitoring reports are prepared and published on time, as required by the relevant performance measurement frameworks. Annual monitoring reports should be prepared and published in the first quarter, after the end of the reporting year.
- 4) The institutions involved in strategic framework of PAR should complete the gaps that exist in the performance indicator frameworks, including finalising the outcome-level indicators and targets, to be able to measure progress towards the reform objectives. Monitoring data and information should be used to help develop a new, improved indicator framework for the next PAR strategic framework.
- 5) The Office of the Prime Minister (OPM), with the cabinet of the minister responsible for PAR, should consider developing a central government website to provide regular and up-to-date information on the Government's strategic framework of PAR, and on its implementation and monitoring.
- 6) The designated Minister responsible for PAR, with other relevant ministries and agencies, should initiate a consultative process for developing a new PAR strategic framework based on the priorities and reform ambitions of the new Government, to cover the period beyond 2022.

### **Medium-term recommendations (3-5 years)**

- 7) The Ministry of Finance and Economy, the OPM and other relevant institutions should ensure that the costing of PAR strategies is consistently and adequately carried out to improve PAR monitoring and implementation. Costing of all strategies included in the new strategic framework of PAR should be based on the same methodology, to allow for effective monitoring and improved financial sustainability of reforms.

# Kosovo

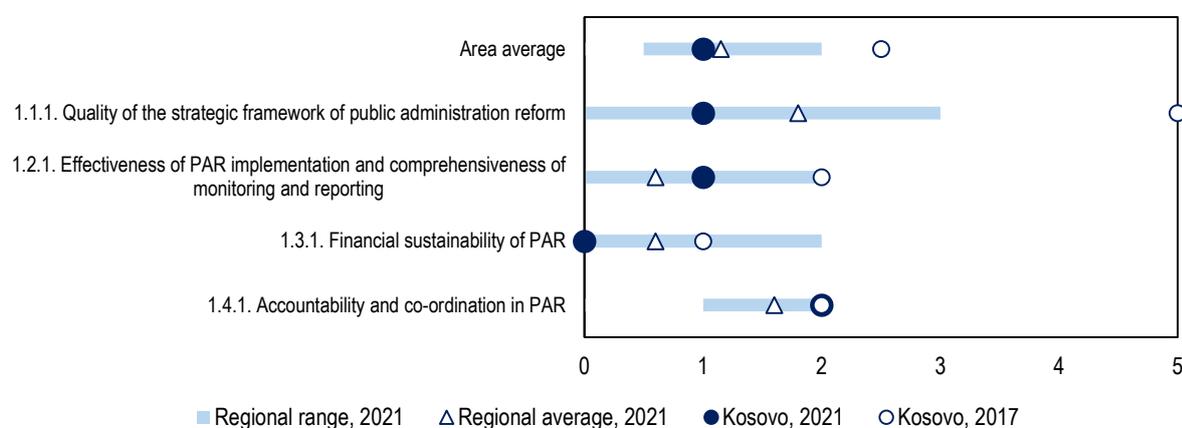
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## Kosovo

### Summary and recommendations

As of the end of June 2021, the strategic framework of public administration reform (PAR) is only partially in place in Kosovo. The average indicator value for this area has decreased from 2.5 in 2017 to 1 in 2021. This is mainly due to the expiry of the Public Finance Management Reform Strategy (PFM Reform Strategy), which has not been extended by the Government or replaced with a new plan for reform, which means the strategic framework of PAR is incomplete.

#### Indicators have deteriorated as key PAR policies and action plans are not in place



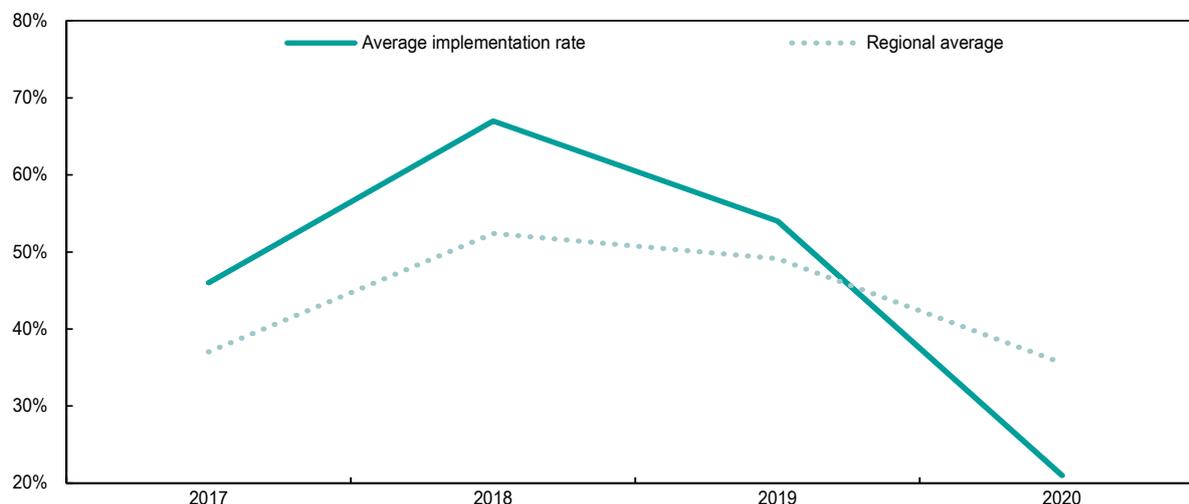
**The Government has defined the strategic framework of PAR consisting of four strategies covering the five thematic areas of PAR, but only two of the strategic plans are in place.** The Strategy for the Modernisation of Public Administration covers public service and human resource management (HRM) as well as accountability and service delivery. The Strategy for the Improvement of Policy Planning and Co-ordination covers one part of the policy development and co-ordination area. However, PFM is not covered by a duly adopted planning document following the expiry of the PFM Reform Strategy in 2020. In addition, one of the strategies in the area of policy development and co-ordination, the Better Regulation Strategy 2.0 (BRS), lacks a valid action plan for 2021. Therefore, the quality of the strategic framework of PAR cannot be comprehensively assessed. The Government's central planning documents recognise PAR as a priority, but the legislative commitments from PAR strategies are not consistently included to the legislative plans of the Government. Consultation with external stakeholders has not led to their genuine involvement in PAR planning.

**A well-functioning monitoring and reporting framework is only partially in place, as the development of annual monitoring reports is inconsistent.** The 2020 monitoring report on the PFM Reform Strategy has not been prepared by the time the data collection for this assessment was completed (July 2021), and none of the reports are publicly available. While outcome-level information is used for monitoring, detailed descriptions of the performance indicators are not fully in place. Reports are developed without the involvement of civil society organisations (CSOs). The overall implementation rate of reform activities and the fulfilment of reform objectives is low.

**In the absence of valid planning documents for some aspects of PAR, the financial sustainability and quality of costing cannot be assessed.** A review of the most expensive activities set out in the planning documents for 2020 revealed that, while funds are available for the donor-funded activities, budget allocations for activities to be financed from the state budget are less than the amounts estimated in the respective PAR plans. The implementation of PAR relies heavily on donor support.

**Co-ordination of PAR is functional at the political level through the Ministerial Council for Public Administration Reform (MCPAR), but not at the administrative level.** There are no active co-ordination bodies for individual PAR strategies at the administrative level other than for the PFM Reform Strategy. Non-governmental stakeholders are not involved in the established co-ordination structures. Assignment of managerial responsibility for reform activities is incomplete.

#### The implementation rate of PAR activities has been in decline since 2018



Source: Annual reports of PAR strategies.

#### Short-term recommendations (1-2 years)

- 1) The Government, under the institutional leadership of the Office of the Prime Minister (OPM), the Ministry of Finance (MoF) and the Ministry of Internal Affairs (MIA) should approve a new comprehensive strategic framework of PAR covering the period beyond 2022. The new framework should comply with all the domestic content-related and procedural requirements established for strategy development.
- 2) The Government should consider further reducing the number of PAR strategies to minimise the co-ordination and monitoring burden during implementation and free up capacity for actual implementation.
- 3) The Government should establish one fully functional administrative-level co-ordination body for monitoring and reporting on all PAR strategies, comprising senior-level representatives of all key implementing institutions.
- 4) The Government should include the representatives of non-governmental organisations in PAR co-ordination at both the political and administrative levels.
- 5) The MoF, in co-operation with the OPM and the MoI, should include in the Medium-term Expenditure Framework a clear reference to the total cost of the national PAR policy, including recurrent expenditures of the key institutions involved, on both an annual and medium-term basis. Regular financial monitoring of the strategic framework of PAR should be carried out to help ensure all planned activities are implemented smoothly.

#### Medium-term recommendations (3-5 years)

- 6) During the development of the next action plans under the strategic framework of PAR (those entering into force from 2024 and 2025), the Government should review the functioning of the strategic framework of PAR and its ability to address potential challenges, to ensure the achievement of final reform objectives and targets.
- 7) The Government should strengthen the financial planning for PAR and gradually increase the domestic funding for PAR to reduce overreliance on donor financing.

# Montenegro

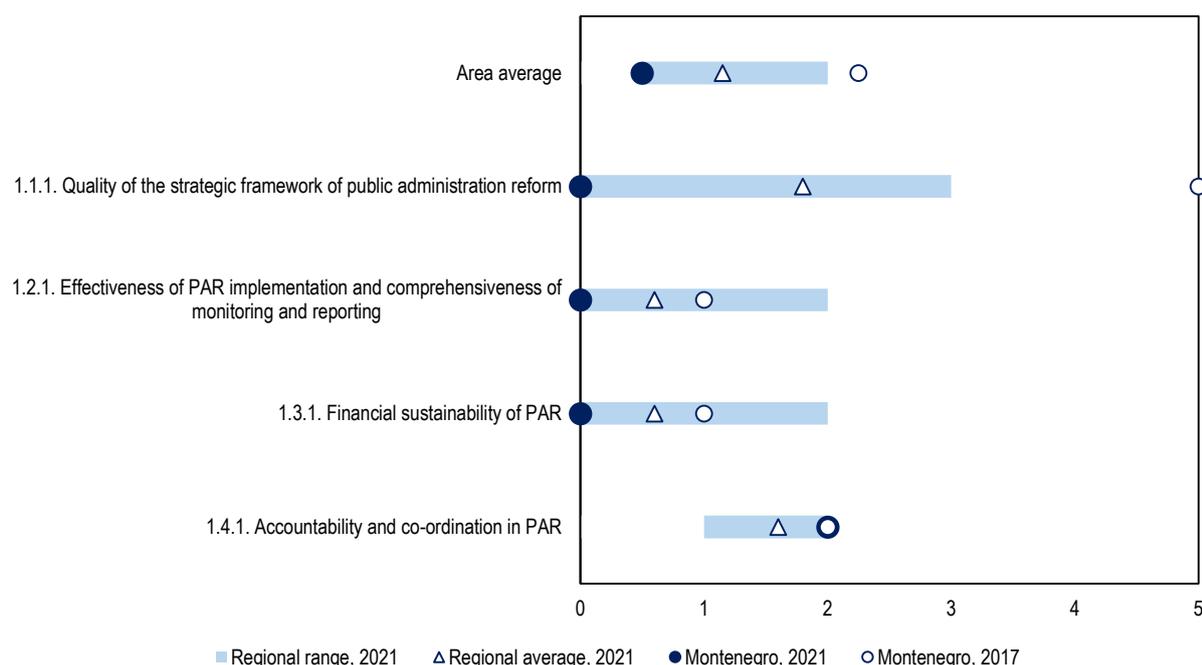
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## Montenegro

### Summary and recommendations

Montenegro is in the transition phase of establishing a new strategic framework of public administration reform (PAR). The average indicator value in the area of strategic framework of PAR in Montenegro has decreased from 2.25 in 2017 to just 0.5 in 2021. This is due to the expiry of the two key PAR strategies in 2020, while the preparation of new strategies covering all key areas has not been completed on time.

**The expiry of PAR strategies left a strategic vacuum and results in a significant reduction in the indicator values**



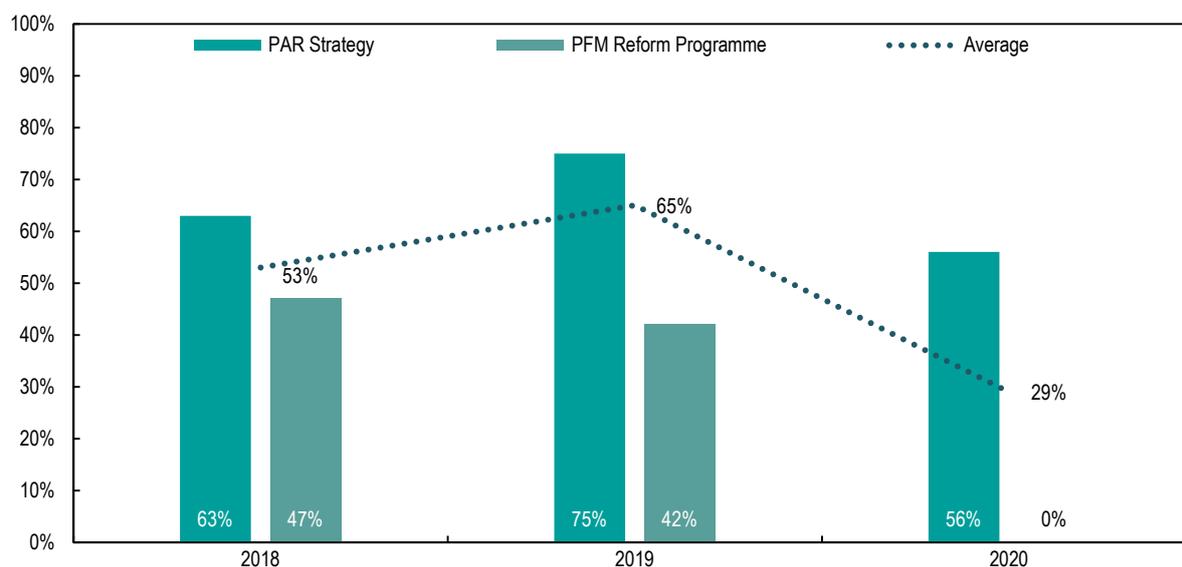
**Since the expiry of the Public Administration Reform Strategy (PAR Strategy) and the Public Finance Management Reform Programme (PFM Reform Programme) in 2020, the new strategic framework for PAR in Montenegro is not in place yet.** However, PAR is comprehensively recognised as a priority in key government central planning documents, including the Exposé of the Prime Minister, the Montenegro Development Directions and the Montenegro's Programme of Accession to the EU. Work on the development of a new PAR Strategy and a new PFM Reform Programme is ongoing, with the involvement of the implementing institutions of the strategies as well as the non-governmental stakeholders.

**The monitoring and reporting system for PAR is also incomplete, given that the key planning documents have expired and new ones, which would further elaborate the key monitoring and reporting details, are not in place yet.** The monitoring frameworks for the expired PAR Strategy and the PFM Reform Programme were functional during the implementation of the two strategies, and the quality of monitoring reports has improved. Nevertheless, while the 2020 report on PAR Strategy was adopted in April, the report on the implementation of the PFM Reform Programme was approved only in late July. This was too late to provide timely and meaningful insights for steering 2021 activities. **The implementation rate of reform activities was modest during 2018 and 2019, and it slowed even further in 2020. Less than half of the PAR objectives from the previous strategic framework were achieved by the final deadline.**

**In the absence of valid planning documents for PAR, the financial sustainability and quality of costing of PAR commitments could not be assessed.** The availability of funds, based on the review of the most expensive activities planned for implementation in the expired planning documents for 2020, is in place for the donor-funded activities but cannot be verified for activities requiring national budget resources. The actual financing of PAR measures included in the expired PAR plans relied heavily on donor assistance, which can undermine the sustainability of reforms.

**Accountability and co-ordination in PAR is only partially established.** The PAR Council is the political-level co-ordination body and includes representatives from the non-governmental organisations as members. However, in 2021 it did not discuss or approve the annual reports on PAR strategies and held the first meeting only in July to discuss the scope and draft objectives of the upcoming PAR Strategy. While the overall institutional and managerial responsibility for PAR is established, responsibility for implementing individual PAR activities cannot be assessed, as the new planning documents are still under development and the responsibilities have not been assigned. Administrative-level co-ordination, which significantly improved for the previous PAR Strategy under the leadership of the Ministry of Public Administration, Digital Society and Media (MPADSM), is currently not in place.

**The annual implementation rate of activities from the PAR Strategy has been higher than the one for PFM Reform Programme, but decreased in 2020**



Source: Annual reports of the above-mentioned strategies.

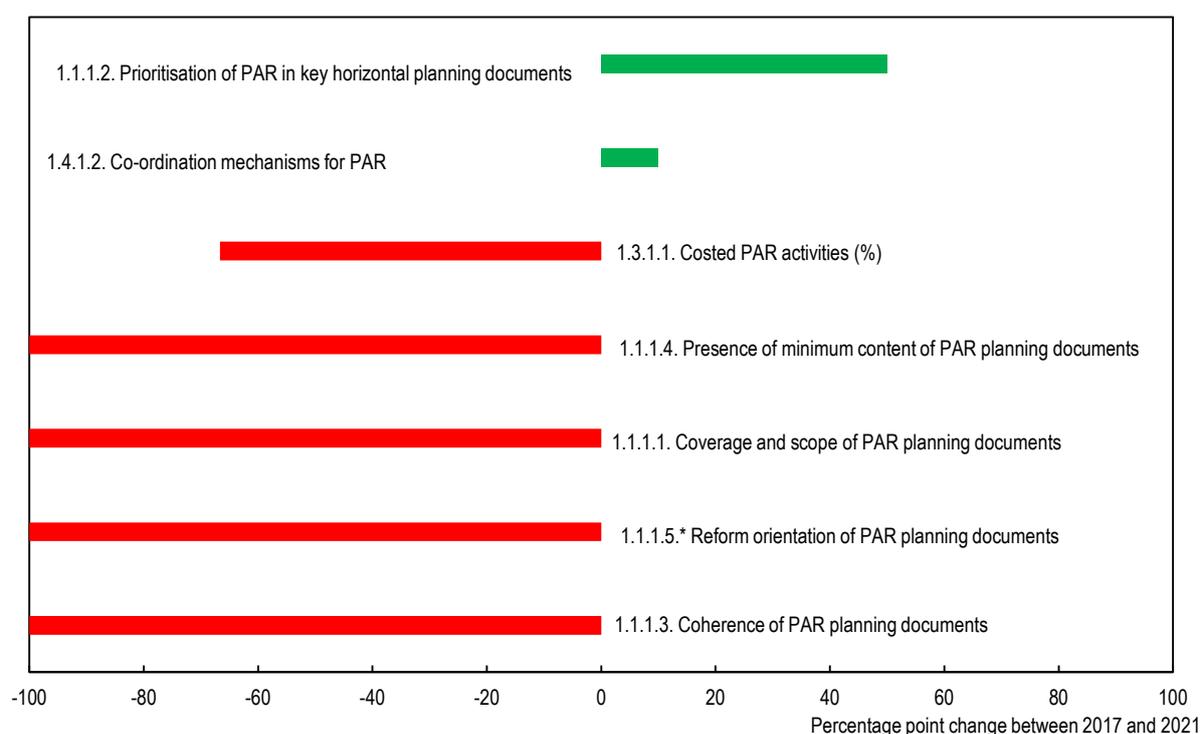
### Short-term recommendations (1-2 years)

- 1) The MPADSM and the Ministry of Finance and Social Welfare (MoFSW) should finalise the new PAR Strategy and the PFM Reform Programme, with proper costing and the development of the indicator specifications to ensure effective monitoring. Public and interministerial consultations should be carried out before the final drafts are prepared for the decision of the PAR Council and the Government.
- 2) The Government should establish functional administrative level co-ordination bodies for both strategies, consisting of senior-level representatives of all key implementing institutions as well as non-governmental organisations, to support the implementation of the future strategic framework of PAR.
- 3) The MoFSW, as the lead institution for monitoring the PFM Reform Programme, should ensure that the reports on the implementation provide clear and accurate information about the implementation results, including on the progress towards achievement of the ultimate policy objective.
- 4) Annual monitoring reports on new reform strategies should be prepared and published earlier in the year, aiming for finalisation during the first quarter, to increase their relevance and impact.
- 5) The MoFSW, in co-operation with the MPADSM, should include in the annual and medium-term budget plans a clear reference to the total cost of the national PAR policy (e.g. as a separate budget programme), including recurrent expenditures of the key institutions involved.

### Medium-term recommendations (3-5 years)

- 6) During the development of the next action plans for the PAR Strategy and the PFM Reform Programme (entering into force from 2024 onwards), the MPADSM and the MoFSW should undertake a review of implementation progress to be able to address potential implementation challenges and to ensure a higher implementation rate of the final objectives and targets.
- 7) The Government should gradually increase the domestic funding for PAR to reduce the overreliance on financing by donors and ensure better financial sustainability of reforms.

### Improvements in prioritisation of PAR and with the functioning of co-ordination mechanisms, but regression elsewhere mainly due to absence of valid PAR planning documents



Note: \* marks where points have been deducted because data was not available or of poor quality.

# Republic of North Macedonia

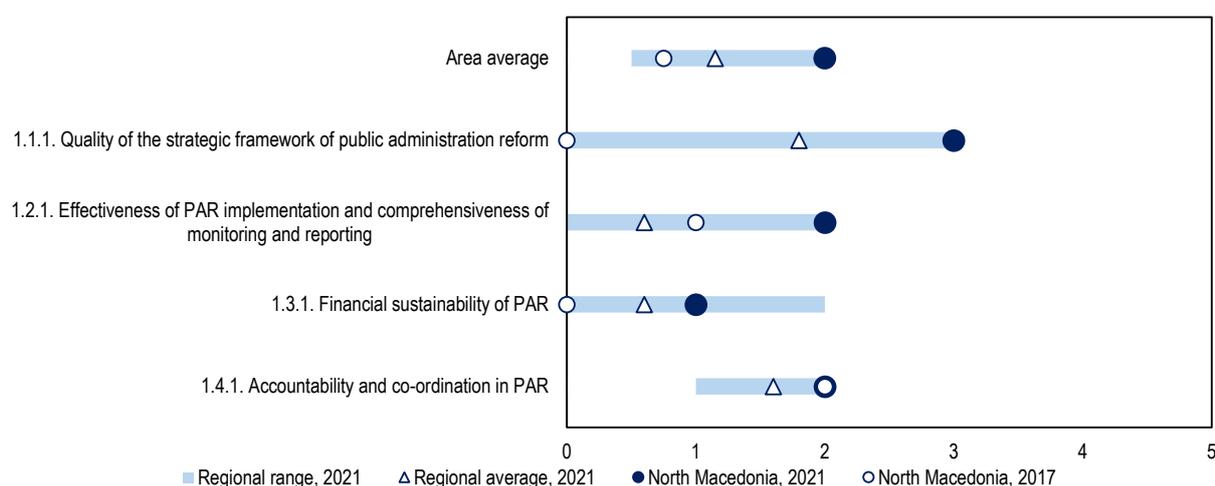
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## Republic of North Macedonia

### Summary and recommendations

Compared to 2017, North Macedonia has made solid progress in the area of strategic framework of public administration reform (PAR), but some gaps and weaknesses still exist in the monitoring framework, co-ordination and the implementation of reforms. The average value of the four strategic framework of PAR indicators for North Macedonia is 2, which is higher than the value given in 2017 (0.8). It is also the highest in the region as of the end June 2021. Albania and North Macedonia are the only countries in the region that had valid and complete strategic frameworks covering all key areas of public administration as of the end of the assessment period in June 2021. North Macedonia has made solid progress in three out of four components of the strategic framework of PAR, but significant challenges exist, particularly with regard to effective monitoring and implementation of the planned measures.

**Visible progress has been made in three out of four main strategic framework of public administration reform indicators compared to 2017. Accountability and co-ordination in PAR remain the same value, but still above the regional average.**

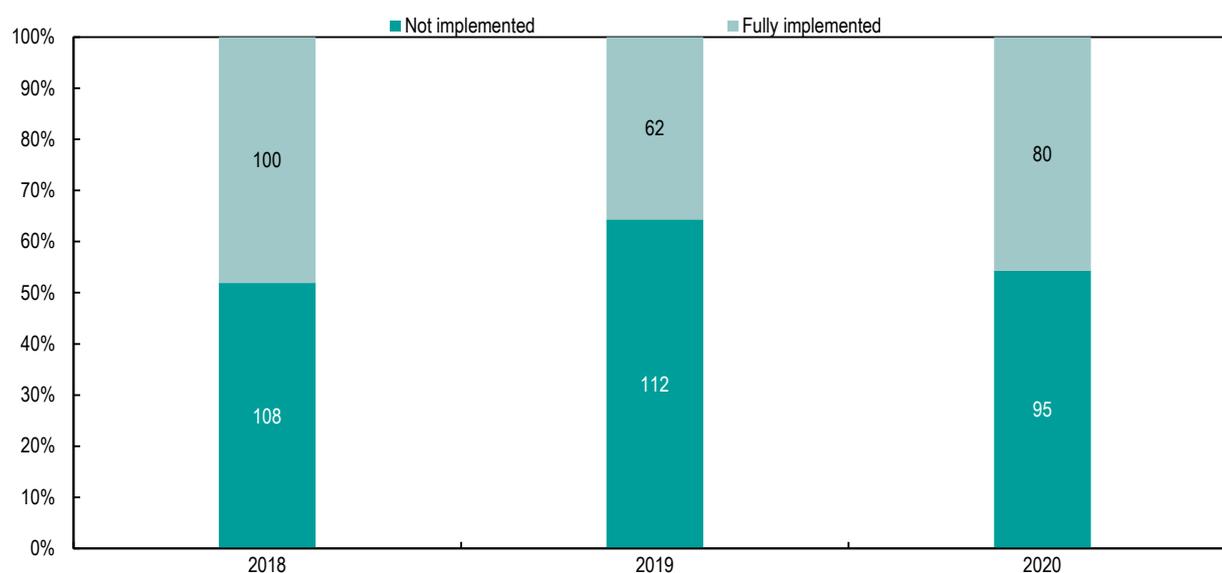


**The overall quality of the strategic framework of PAR has improved since 2017, following the adoption of two strategic planning documents in 2018 and the establishment of key co-ordination structures for PAR.** The current strategic framework covers all key areas of public administration and public financial management (PFM). Nevertheless, gaps and weaknesses still exist, particularly in the area of the prioritisation of PAR and alignment of PAR strategic documents with other key government planning documents, such as the Government Annual Work Programme (GAWP) and Economic Reform Programme. Both strategies are due to expire in 2021-2022, which necessitates active work on developing new strategic planning documents to ensure the continuity of reforms.

**The actual effectiveness of reform implementation, as measured by the rate of full implementation of the annually planned activities, has been weak.** Less than half of the annually planned PAR measures were fully implemented in 2018-2020. This highlights underlying weaknesses in the PAR planning, as well as potential gaps in resource allocation for reforms in public administration, which hinders full implementation of all planned measures. Key processes and structures for effective monitoring and reporting are established for both strategies. Annual progress reports are prepared and published regularly for both planning documents, but the process is often delayed and concluded very long after the end of the reporting period. This reduces the overall impact and relevance of monitoring and does not help address potential implementation issues on time. Assessing the progress of reforms towards the ultimate policy objectives is not possible, as the relevant outcome-level indicator framework is incomplete.

**The financial sustainability of reforms is weak.** Cost estimates are provided in the relevant planning documents, but confirming the source of funding for all planned measures requiring additional resources for implementation is not possible due to methodological issues. In general, financial monitoring of reforms is not conducted through annual progress reports and meetings to highlight potential gaps and weaknesses. Potential gaps in funding the reforms could be one reason for the overall low implementation of PAR activities.

***Relatively slow implementation of planned reform activities in the PAR and PFM areas (annually planned and fully implemented activities), 2018-2020***



Source: Annual monitoring reports of the PAR Strategy and PFM Reform Programme.

**Organisational and management structures for PAR co-ordination, at both the political and administrative levels, are established, but they do not meet regularly or frequently enough to monitor PAR implementation effectively.** Consultation and engagement with non-governmental organisations (NGOs) is not systematically done, particularly for the Public Administration Reform Strategy 2018-2022 (PARS). External stakeholders are primarily engaged during written consultation on draft planning documents or monitoring reports, but are less engaged through the formal monitoring structures.

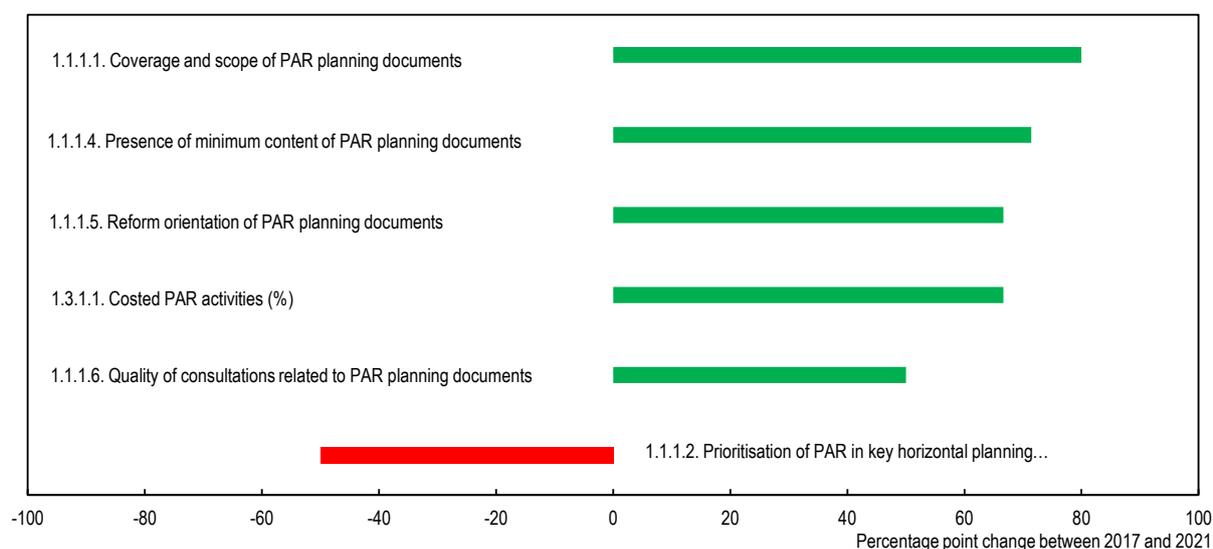
### Short-term recommendations (1-2 years)

- 1) The Ministry of Information Society and Administration (MISA) and the Ministry of Finance (MoF), as the two key ministries responsible for PAR and PFM reforms, should monitor the implementation of planned reforms more closely to address potential issues and bottlenecks, including gaps in resource allocation and funding.
- 2) The MISA, through the relevant co-ordination structures, should strengthen its internal capacities for overall co-ordination and monitoring of the whole PAR agenda and ensure closer, more regular discussion of implementation issues with other key institutions, such as the General Secretariat (GS) and the MoF.
- 3) The MISA and the MoF should prepare and publish annual monitoring reports early in the reporting year and aim to complete the process, ideally by the end of the first quarter after the end of the reporting year. Findings of the monitoring report should be discussed thoroughly, with the involvement of external stakeholders, and corrective measures should be taken to address implementation issues.
- 4) The MISA and the MoF should develop and approve a new comprehensive PAR and PFM strategies beyond 2021-2022. The elaboration of new strategies should be based on a robust evidence and performance measurement methodology and ensure the active participation of all internal and external stakeholders.
- 5) The relevant co-ordination bodies for PAR and PFM reforms should engage and consult more actively with key external stakeholders and non-state actors throughout the monitoring process, including involving them in consultative meetings.

### Medium-term recommendations (3-5 years)

- 6) The MoF, the MISA, the GS and other relevant institutions should develop and introduce a new methodology of costing strategic documents, to be used for financial planning, costing and monitoring of the strategic documents. The administration should ensure adequate funding of all reforms and conduct more regular financial monitoring of strategies to ensure financial sustainability of reforms.
- 7) The MISA and the MoF should initiate evaluation of the co-ordination and monitoring structures of the PAR and PFM strategies, particularly the functioning of the political- and administrative-level bodies based on the past experience, to ensure more effective functioning and better co-ordination across the two main reform areas.

***The five highest percentage point increases and decreases for all sub-indicators in the area compared to 2017. Many sub-indicators recorded progress compared to 2017. However, the prioritisation of PAR in key government planning documents was found to have weakened***



# Serbia

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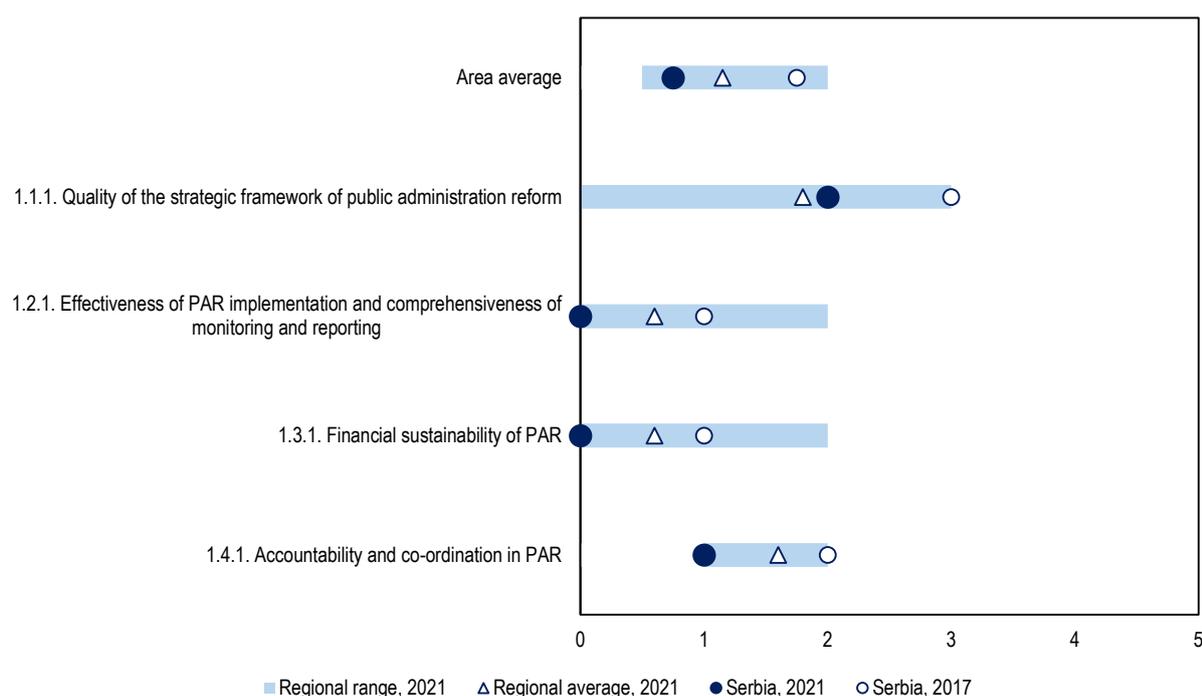
## Serbia

### Summary and recommendations

During 2020-2021, Serbia has been transitioning from its previous strategic framework of public administration reform (PAR) to a new one. The process was not finalised as of the end of the assessment period (30 June 2021). While most of the new policy documents were adopted, one programme was not formally approved and the monitoring and co-ordination system was not yet completed. Therefore, the assessment results should be read keeping in mind the context of the renewal of the strategic framework during the SIGMA assessment. Gaps and weaknesses were observed in the overall strategic framework of PAR, when assessed against SIGMA's Methodological Framework, resulting in relatively weaker indicator values.

The average indicator value for the area of strategic framework of PAR in Serbia is 0.8 in 2021, compared to 1.8 in 2017, while the regional average in 2021 is 1.2. Many of these weaknesses are expected to have been addressed with the adoption of the new Regulatory Reform Programme<sup>9</sup>.

**Low indicator values reflect the incomplete strategic framework of PAR, but the quality of the assessed strategic documents has improved since 2017**



<sup>9</sup> The Regulatory Reform Programme was approved by the Government on 18 November 2021. <https://rsjp.gov.rs/cir/vesti-cir/%D1%83%D1%81%D0%B2%D0%BE%D1%98%D0%B5%D0%BD-%D0%BF%D1%80%D0%BE%D0%B3%D1%80%D0%B0%D0%BC-%D1%83%D0%BD%D0%B0%D0%BF%D1%80%D0%B5%D1%92%D0%B5%D1%9A%D0%B0-%D1%83%D0%BF%D1%80%D0%B0%D0%B2%D1%99%D0%B0%D1%9A/>

**All substantive areas of PAR are covered in the strategies, except for policy development and co-ordination, as the Regulatory Reform Programme was not adopted by the end of assessment period.** The PAR strategic documents<sup>10</sup> adopted in 2021 are coherent and reform-oriented. However, not all areas of PAR are equally prioritised in the Government Programme and Economic Reform Programme. They provide measures for selected PAR areas, namely public service and human resource management (HRM), service delivery and public financial management (PFM). Policy development and co-ordination is not featured in any of the government planning documents. The substantive quality of the adopted documents (i.e. the PAR Strategy for 2021-2030 and its related action plan, and the PFM Reform Programme and its action plan) has improved. While public consultations on the PAR Strategy 2021-2030 were systematically carried out, the direct participation of civil society representatives in developing the PFM Reform Programme was limited.

**The monitoring and reporting system for the PAR agenda is established for all strategies, but it is not consistently applied or used in practice across all PAR areas.** PAR monitoring reports are published regularly for the PAR Strategy and the PFM Reform Programme. However, no report is available for the Regulatory Reform Programme for 2020. The quality of the PAR Strategy report has improved and the implementation rate has also increased considerably (from 33% in 2017 to 61% in 2020). Although the performance indicator framework is complete, it has not been used systematically for reporting purposes. While PAR Strategy reports include detailed information on the achievement of outcomes and separate activities, PFM reports lack this information. This makes it difficult to learn from past periods and to steer implementation more strategically. Finally, representatives of civil society organisations (CSOs) are not consistently involved in monitoring PAR reforms.

**Although costing has improved with cost estimates being provided for nearly all PAR agenda activities using a unified costing methodology, the costing information needs further improvement.** While costing of the new PAR Strategy is detailed and comprehensive following a unified methodology, the evidence for availability of a detailed breakdown of costs into different categories, such as one-off and recurrent costs, was not provided for the PFM Reform Programme. Furthermore, actual financing for PAR activities is not ensured as domestic funding sources of selected largest reform measures were not possible to identify and confirm, and the implementation of PAR in Serbia depends heavily on donor funding (59%).

#### Implementation rate of PAR-related activities has improved for the PAR Strategy, but reporting is still patchy

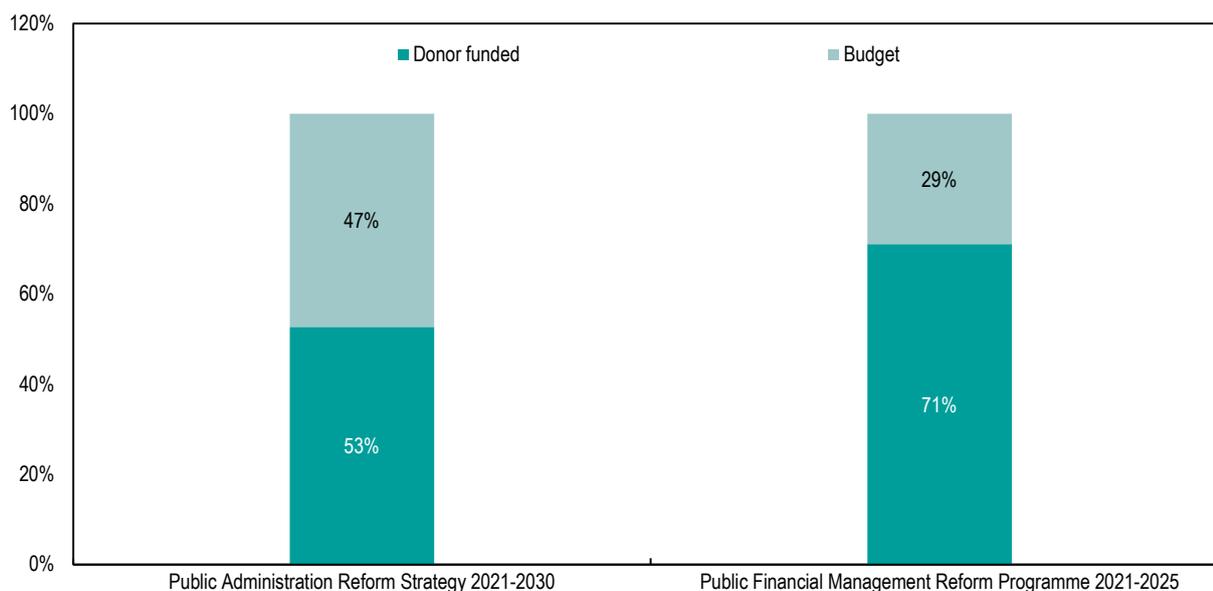
Year	PAR Strategy	PFM Reform Programme	Regulatory Reform Programme
2020	61%	Not available*	Not available
2016	33%	37%	Not available

Note: \*It was not possible to calculate the implementation rate for the PFM Reform Programme activities for 2020 based on the published report.

Source: SIGMA's calculation, based on the available data, officially published reports and information shared with SIGMA during the 2017 and 2021 monitoring assessments (as of June 2021).

<sup>10</sup> Public policy documents according to the Law on the Planning System.

### Implementation of PAR in Serbia relies heavily on donor funding



Source: Planning documents for above-mentioned PAR strategies. This does not include information about costing of the Regulatory Reform Programme (which was not approved as of 30 June 2021).

**Accountability and co-ordination in PAR are only partially established. With the renewal of the strategic framework, there is now one political level body (PAR Council), which should improve co-ordination.** An administrative-level co-ordination structure was not renewed by the end of the assessment period, which makes it problematic to provide effective monitoring of the implementation of the new strategic framework of PAR. The functioning of the co-ordination structures has been irregular in the past. CSOs are not systematically engaged in the co-ordination of the PAR agenda, though evidence shows they are for the co-ordination of the PAR Strategy.

#### Short-term recommendations (1-2 years)

- 1) The Government should, after adoption of the new Regulatory Reform Programme, finalise establishment of the relevant monitoring structures to ensure the new policy framework for PAR is complete and fully functional.
- 2) The Ministry of Public Administration and Local Self-Government (MPALSG), in co-operation with the Ministry of Finance (MoF), should establish at the administrative-level co-ordination bodies and ensure they are fully operational, as foreseen in the PAR Strategy. Furthermore, regular discussions on the implementation of the PAR agenda should also be ensured, with the active participation of key external stakeholders and civil society representatives.
- 3) The PAR Council should convene regularly and fully leverage its leadership to improve the implementation of the PAR agenda across the Serbian administration and to achieve PAR objectives and results envisaged by the new PAR Strategy.
- 4) The Government should allocate sufficient resources for implementation of the envisaged PAR-related activities.
- 5) The MoF and Public Policy Secretariat, in collaboration with MPALSG, should improve the quality of monitoring and reporting of the PFM and Regulatory Reform Programmes, including monitoring of the progress towards achievement of PAR objectives, and implementation of activities.

#### Medium-term recommendations (3-5 years)

The Government, with support from the MoF, should strengthen the quality of costing and consider increasing the share of domestic resources to finance PAR activities and reduce dependency on donor financing.

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