

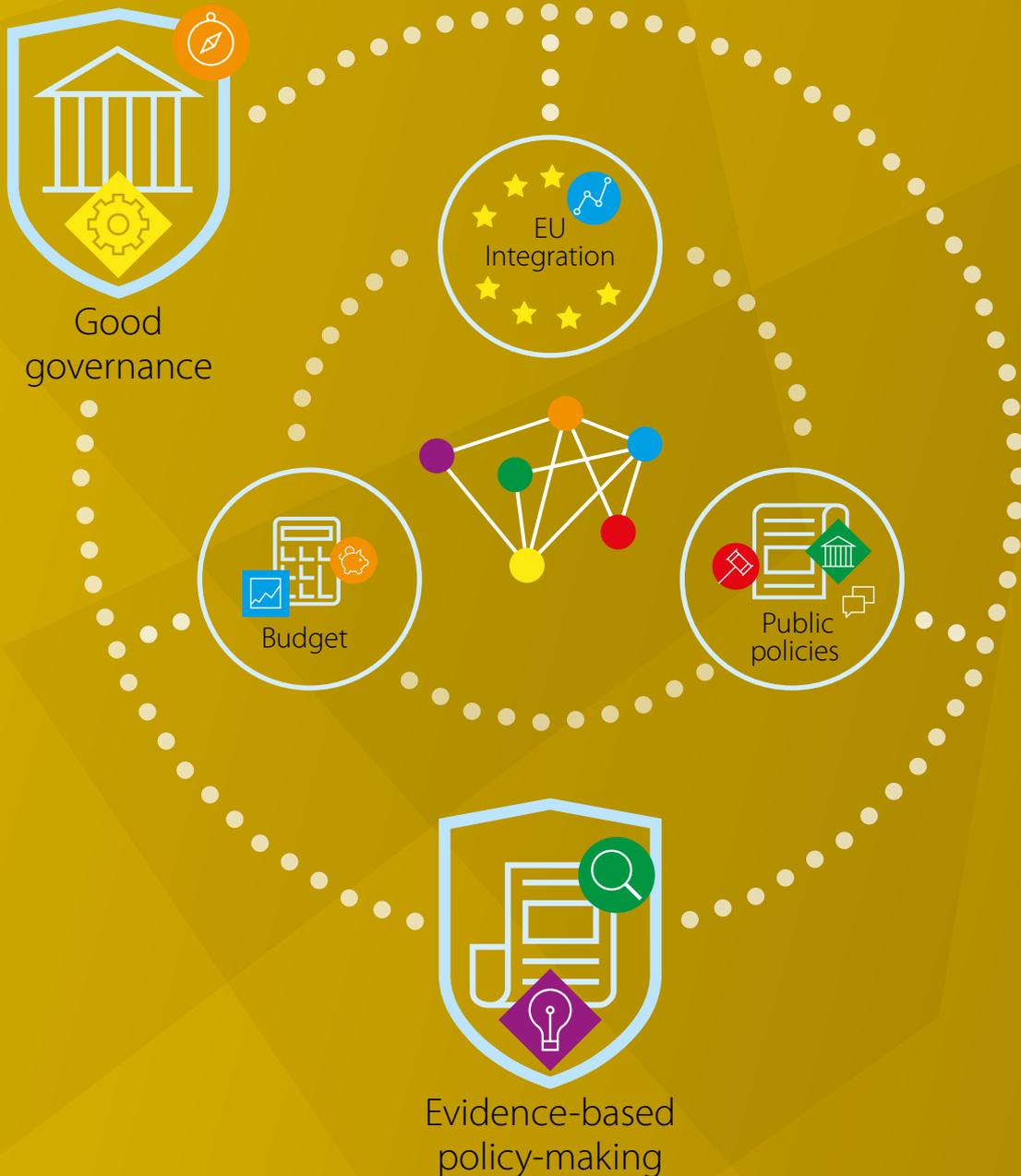


ReSPA

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# National study on the policy co-ordination processes in Montenegro



ReSPA activities are funded  
by the European Union

July 2021



## **National study on the policy co-ordination processes in Montenegro**



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The Regional School for Public Administration (ReSPA) is an inter-governmental organisation for enhancing regional cooperation, promoting shared learning and supporting the development of public administration in the Western Balkans. As such, it helps governments in the region develop better public administration, public services and overall governance systems for their citizens and businesses, and helps prepare them for membership and integration into the European Union (EU). The ReSPA Members are Albania, Bosnia and Herzegovina, Montenegro, North Macedonia, and Serbia, while Kosovo\* is a beneficiary.

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# 1

## Introduction

This analytical paper is part of ReSPA's efforts to strengthen the quality of policy co-ordination in the Western Balkans. It is the result of research and analysis of the system of policy planning and policy co-ordination in Montenegro.

The study aims to present clearly and comprehensively the current situation in the policy co-ordination system, identify and explain the shortcomings and provide possible solutions and recommendations for strengthening the quality of this system.

Following the evidence-based approach, in addition to desk research and analysis of the legislative, methodological, and institutional framework, the author also analysed the assessments of the situation in this area in Montenegro from relevant organizations Organization for Economic Co-operation and Development (OECD), SIGMA, European Union (EU). In addition, the author conducted four in-depth interviews with representatives of the institutions from the Center-of-Government (CoG): a representative of the Secretariat-General of the Government (SGG), a chief negotiator with the EU (European Integration Office - EIO), a representative of the Ministry of Public Administration, Digital Society and Media (MPADSM) in charge of monitoring the implementation of Public Administration Strategy (PAR) strategy, and a representative of the Ministry of Finance and Social Welfare (MFSW) in charge of monitoring the implementation of Public Financial Management (PFM) program.

The analysis took into account the existing Analytical paper on policy co-ordination, prepared by ReSPA in 2020 as well as a questionnaire for its development.

Within the chapter about the current situation, the institutional framework (SGG, MPADSM, MFSW,

EIO) is first presented. The role of these Center-of-Government institutions in the policy co-ordination system is fully assessed. Then, the legislative (*Decree on methodology and process of drafting, aligning, and monitoring of implementation of strategic documents*) and methodological (*Methodology for policy development, drafting and monitoring of strategic planning documents*) framework for strategic planning in Montenegro were presented as formal preconditions for the development of this system. In addition, the work and activities of the Network of Civil Servants for Strategic Planning were presented as an informal framework for policy co-ordination. The analysis within this chapter was completed by presenting the importance of PAR and PFM (along with Economic Reform Program - ERP) strategies in the overall strategic planning system in Montenegro.

In the chapter where we analysed the situation, we opted for the use of data from relevant international organizations (OECD, SIGMA, EU) and the analysis of their reports for Montenegro. In addition, this analysis is complemented by an evaluation of the PAR and PFM strategies and the work of the SGG through its information to the Government and data related to the functioning of the policy planning and policy co-ordination system in Montenegro. This part of the study was complemented by an analysis of the responses from the interview.

In the part of the findings and conclusions, we gave explanations and possible solutions to the problems we pointed out in the previous parts of the study.

Finally, we have developed recommendations for strengthening the quality of this system in Montenegro.

## 1.1. Excerpt from the theoretical framework

A quality, transparent and well-managed process of planning and co-ordinating public policies is at the heart of the democratic maturation of every society. This process is of particular importance for countries in transition and in addition for those on the path to full EU membership. Through the *policy development process*, the government designs concrete activities aimed at the political and economic development of the country. On this path, the government uses various policy instruments from the development of strategies, programs, laws, budgeting, and others. In the *policy planning process*, the government translates the identified priorities into concrete interventions through strategic documents.<sup>1</sup> These are general reasons why the co-ordination of the activities of key institutions within the CoG should be based on clear criteria and procedures while respecting the standards that contribute to the effectiveness and efficiency of this system in the interest of citizens.

The broader theoretical context of policy co-ordination is given in the Analytical Paper on Policy Co-ordination in the Western Balkans (ReSPA, 2020).<sup>2</sup> However, several features need to be pointed out here. First of all, the term CoG will often be mentioned in this study. As the OECD pointed out in its studies, the functioning of institutions within the CoG is crucial for the development and progress of a policy co-ordination and policy development system, ie a system in which the government turns

1 Methodology for policy development, drafting, and monitoring of strategic planning documents, pp. 10

2 Kasemets L, *Policy co-ordination in the Western Balkans*, ReSPA (2020), available at: <https://www.respaweb.eu/25/research#par-7>

its goals into real interventions and actions through policies in the service of citizens. The functions of the CoG include the decision-making process, policy co-ordination at the government level, strategic planning, but also the communication of reforms to citizens and other institutions in the state administration system.<sup>3</sup>

The scope of *the institutional theory of public policies* (according to some authors also the theory of public policy networks) includes the analysis of the so-called *core of the executive power*. Here we rely on the definitions given by Rhodes: "Executive' is used here to refer to *the centres of political authority which take policy decisions*. In other words, the executive institutions are not limited to the prime minister and cabinet but also include ministers in their departments. The term 'core executive' refers to *all those organizations and procedures which co-ordinate central government policies, and act as final arbiters of conflict between different parts of the government machine*. In brief, the 'core executive' is the heart of the machine (...)". He adds that this system is linked and functions as a network of formal and informal structures in the process of public policy management and decision-making.<sup>4</sup>

Managing public policies relies not only on the competencies of the institutions, but also on the possibility and skills to think more analytically and practically at the same time, to be able to carry out reforms, but also to face their consequences. In order to achieve these requirements, the whole system of policy development and co-ordination goes through transformations to achieve all the ideas and priorities that the government sets. Additional context for Montenegro is the accession negotiations with the European Union which is why Montenegro, as a future member state, should be aware that national policies are a part of the EU system of policies and that there is a strong link between the supranational, national and subnational levels that must be aligned to achieve the common goals.<sup>5</sup>

In order to theoretically support our commitment to such a structure of the study presented in the previous section, we should point out the following. The analysis of the process of creating public policies, their co-ordination, and effects is part of political science per se. In this sense, the structure of this study was made on a combination of two analyses in a theoretical sense. The first is related to the *analysis of policy*, intending to deepen knowledge about certain processes, analysing their content (the content of decisions, laws, regulations, strategic documents), analysing their outcome, and the process of their creation. The second is *analysis for policy*, which analyses evaluations, the use of data and statistics defines recommendations to support system improvement, and more efficient decision-making so that this study can eventually be used as an instrument to advocate for specific solutions.<sup>6</sup>

3 For further reading see: Vagi P, Kasemets K, *Functioning of the Centres of Government in the Western Balkans*, OECD (2017), available at: <https://doi.org/10.1787/2bad1e9c-en>. Also see, *The organisation and functions of the centre of government in OECD countries*, OECD (2018) available at: <https://www.oecd.org/gov/centre-stage-2.pdf>

4 Rhodes R.A.W, *From prime ministerial power to core executive*, in: Rhodes, R.A.W, Dunleavy, P. (eds.) *Prime Minister, Cabinet and Core Executive*, Basingstoke, Macmillan, pp. 12.

5 Vukic, Almedina, *Towards more Evidence-Based Policy Making in Montenegro in the Context of Advanced Stage of the EU Accession Negotiations*, NISPAcee 27th Annual Conference From Policy Design to Policy Practice, 24-26 May 2019, Prague, e-proceedings: <https://bit.ly/37V4Ask>

6 Hill, Michael, *The Public Policy Process*, Pearson Longman, Essex, 2005, pp. 4-7.

## 1.2. Framework for policy co-ordination in Montenegro

The nature of the policy co-ordination system in Montenegro can be characterized as highly formal. CoG bodies use formal cabinet meetings to agree on ways to ensure effective policy co-ordination. The most common instruments used are written guidelines, written procedures, which indicate a highly formal way of conducting the process, and a rules-based approach to policy co-ordination.<sup>7</sup> The backbone of the mechanism for translating government priorities into concrete interventions consists of two key documents: *Prime Minister's Exposé and the Government's Medium-Term Work Program (GMTWP)*. This process is co-ordinated by the SGG. Co-ordination of GMTWP implementation is divided between the *High-Level Commission* - a working body consisting of representatives of all ministries from the senior management structure, and the SGG which co-ordinates meetings and prepares conclusions.

*Sector for Government Strategies* is mandated to safeguard the coherence of the strategic planning system by analysing the quality of the structure and the content of sectoral strategic documents and by examining whether they comply with existing overarching planning documents, with the EU acquis, and with other international standards. *Sector for Government Policies* monitor implementation of the GMTWP and draft and monitor implementation of the Government's Annual Work Program (GAWP).

The co-ordination and preparation of Government sessions are located in the *Sector for Government Affairs* at SGG, while the co-ordination of government communication activities is entrusted to the *Public Relations Bureau* within SGG.

The *Ministry of Finance and Social Welfare* is responsible for ensuring that policies are affordable and for the co-ordination of public sector resource planning.

Co-ordination of European integration affairs is the responsibility of the *Office for European Integration*, which is formally part of the Prime Minister's Office.<sup>8</sup>

The role of the Ministry of Public Administration, Digital Society and Media in this process is twofold: on the one hand it regulates the normative framework when it comes to public consultations and the standard of public consultations in the policy making process and on the other hand monitors the implementation of PAR strategy in which co-ordination of public policies is a special segment ie. strategic goal.<sup>9</sup>

Systematization changes in 2021 within the SGG have changed the system of co-ordination of government policies and public policies through the merger of the two sectors for government policies and government strategies. The assessment of the impact of such a change on policy co-ordination has yet to be analysed in the following period.

<sup>7</sup> OECD, *Government at a Glance: Western Balkans*, 2020, available at: <https://www.oecd.org/publications/government-at-a-glance-western-balkans-a8c72f1b-en.htm>

<sup>8</sup> According to ReSPA questionnaire 2020;

<sup>9</sup> Information according to interview with MPADSM representative;

# 2

## State of play in Montenegrin system of policy planning and policy co-ordination

### 2.1. The institutional set-up

Policy development and co-ordination is a horizontal issue that is always set within more than one institution since it incorporates a number of functions, ranging from policy-making to budget planning, inclusiveness, and, in Montenegro, the European integration process. With the new government, formed in December 2020 following the August 2020 elections, some changes within the organization of public institutions have been made. However, the aforementioned functions are still within the competence of five Centre of Government institutions: Secretariat-General of the Government, Secretariat for Legislation, Ministry of Finance and Social Welfare, Ministry of Public Administration, Digital Society and Media and European Integration Office (*table 1*).

Based on the identification of responsibilities regarding policy co-ordination, the SGG has most of the responsibilities within a few of its departments, most of them related to final verification of alignment of priorities in strategic documents, government and ministerial programs, monitoring, reporting and communication of government work. Secretariat for Legislation (SL), on the other hand, is the institution responsible for the alignment of laws and by-laws. As in most other Western Balkans and European countries, the MFSW is responsible for obtaining the affordability of public policies and their alignment with the budgetary framework. As a leading candidate country for the accession to the EU, the alignment with EU policies and obligations stemming from the European integration process is of utmost importance, where the EIO has a leading role. Lastly, but equally important, is the inclusiveness of public policies as well as inclusiveness of the process of their development, although

transparency and inclusiveness are regarded as a specific part of public administration reform (PAR). The MPADSM, as the leading institution for PAR, is responsible for monitoring the inclusiveness of the policy development process through public consultations and debates. Additionally, the new PAR strategy made a step forward identifying policy-making with citizens and for citizens as one of its strategic goals, thereby combining policy development and public consultations and debates.

However, **policy co-ordination competences are dispersed within the CoG bodies**, and while most of them are positioned within the SGG, some of the most relevant – costing, alignment with the budget, European integration process and inclusiveness of public policies - are set in other institutions. Although the **cooperation and communication** between the CoG bodies exists, it is **inconsistent** and not necessarily linked to the key decision-making moments, i.e. preparation of the Government and ministerial working plans or the budget.

On the other hand, the newly formed **Council for Public Administration Reform**<sup>10</sup> is given high importance with the Prime Minister presiding and almost all the ministers and the Chief Negotiator with the EU as members. Still, **the SGG isn't represented** within the Council since the Secretary-General isn't one of the members. This could be a shortcoming in the future since most of the key functions regarding policy development and co-ordination are set within the SGG, while there is no direct representation within the body that monitors the whole PAR process on the national level, of which PD&C is an integral part.

Table 1: Responsibility of CoG institutions in Policy Development and Co-ordination

CoG institutions →	SGG	SL	MFSW	MPADSM	EIO
<b>Responsibility</b>					
Co-ordination of preparation of the government sessions	✓ Sector for Government Affairs				
Ensuring legal conformity		✓			
Co-ordination of preparation and approval of the government's strategic priorities and work program	✓ Sector for Government Strategies				
Co-ordination of the policy content of proposals for government decision, including defining the policy preparation process and ensuring coherence with government priorities	✓ Sector for Government Strategies				

10 The Decision on establishing the Council for Public Administration Reform, adopted on the Government session 15th March 2021, url: <https://bit.ly/3t8M741>

Ensuring that policies are affordable and co-ordination of public sector resource planning	* Sector for Government Strategies		✓		
Co-ordination of government communication activities to ensure a coherent government message	✓ Bureau for Public Relations				
Monitoring of government performance to ensure the government collectively performs effectively and keeps its promises to the public	✓ Sector for Government Strategies				
Handling relations between the government and other parts of the state (the president, the parliament)	✓ Sector for Government Affairs				
Co-ordination of European Integration affairs					✓
Co-ordination of public and inter-ministerial consultations to make sure that policies and legislation are designed in an inclusive manner	* Sector for Government Strategies			✓	

- ✓ full responsibility of the respective institution
- \* partial responsibility of an institution

## 2.2. The legislative and methodological framework for the strategic planning system in Montenegro

It can be said that the process of Montenegro's integration into the EU has significantly encouraged the commitment to regulate the system of strategic planning. Initial analyses of the planning and policy co-ordination system have shown unenviable results. An analysis of the strategic planning system in Montenegro, conducted in May 2017, by the then Ministry of European Affairs, found that Montenegro lacked a system of uniform methods for drafting strategic documents and monitoring their mutual (vertical and horizontal) compliance. The categorization of strategic documents was not defined, so that the difference between the strategy, program, plan, both in structure and in duration, was not established. In addition to the need to map the overall strategic framework, a clear need has been identified for the adoption of a legal framework and accompanying instructions that will regulate the process of defining and adopting strategic documents to improve their structure and content.

At that time, there were tendencies to regulate this system through a kind of binding instruction, to pass a special law, or to pass a bylaw. These solutions were selected based on a comparative analysis of the countries in the region, as well as examples from the Baltic countries. As the need was

expressed to react promptly to meet the EU requirements for the establishment of a system of policy planning and policy co-ordination based on clear principles and procedures, a bylaw was drafted.

The legal basis for its adoption is contained in the Law on State Administration<sup>11</sup>, which prescribes:

- the obligation to ensure the harmonization of strategies and programs adopted by the Government (strategic documents) with strategic and planning documents that determine the general directions of development of Montenegro and financial strategic documents;
- that the manner and procedure of development, monitoring of implementation, verification of compliance of strategies and programs, determination of activities for their implementation, and verification of their compliance are prescribed by the Government. This created the conditions for the adoption of the *Decree on methodology and process of drafting, aligning, and monitoring of the implementation of strategic documents*<sup>12</sup>, with the accompanying *Methodology for policy development, drafting, and monitoring of strategic planning documents*.<sup>13</sup>

The Decree established for the first time a clear categorization of documents establishing the existence of strategies, programs, and plans. In addition, the Decree sets out the principles to be taken into account when planning and drafting strategic documents: (1) the principle of alignment of strategic documents with the most important priorities and goals of public policies; (2) the principle of financial sustainability; (3) the principle of responsibility of state administration bodies in charge of drafting and implementing the strategic document; (4) the principle of interdepartmental cooperation; (5) the principle of transparency; (6) the principle of continuity; and (7) the principle of cost-effectiveness and rational planning. The intention to define these principles was to ensure that draft strategic documents are prepared fully following the Government's priorities, as well as national and international obligations, which correspond to the fiscal reality of Montenegro with economical use of human and material resources, with clear institutional responsibility for achieving certain goals in cooperation with all relevant stakeholders. The additional novelty introduced by the Decree is a sector-based approach to strategic planning in a way that it lays out seven sectors within which strategic documents are developed: 1) democracy and good governance; 2) financial and fiscal policy; 3) transport, energy, and information infrastructure; 4) economic development and environment; 5) science, education, and culture; 6) employment, social policy, and health and 7) foreign and security policy and defence.<sup>14</sup>

The Decree, together with the Methodology, constitutes a flexible mechanism to promote good policy planning principles in individual policy sectors, with a focus on the quality of strategic documents and reports on their implementation. Namely, the Decree specifies that the strategic document, ie the report on its implementation, must be prepared following the Methodology, which provides practical guidelines for developing, creating, and monitoring the implementation

<sup>11</sup> Article 12, paragraph 3, "Official Gazette of Montenegro", No. 22/08, 42/11, 54/16 and 13/18.

<sup>12</sup> "Official Gazette of Montenegro", No. 54/2018 of July 31, 2018, which entered into force on August 8, 2018.

<sup>13</sup> The first edition of the Methodology is publicly available at: <https://www.gsv.gov.me/stratesko-planiranje/strategije>. In the meantime, SGG has created a second updated edition that was published in 2020.

<sup>14</sup> Paragraphs 5 and 13 of the Decree.

of strategic documents quality. The application of the Methodology is binding and it explains in detail the elements of the Decree with specific examples from the current practice of Montenegrin institutions, based on valid strategic documents.<sup>15</sup>

The main goals of the Methodology are: to explain in more detail all the elements of the Decree and to facilitate the preparation, monitoring, and implementation of strategic documents, and to provide a broader picture of the basic rules of policy development and the basic contours of the planning system in Montenegro and as such serve as a manual and basic literature for the Education Program for Professional Development of Civil Servants for Strategic Planning.<sup>16</sup>

The SGG's *Sector for Co-ordination of Government Strategies* plays a key role in the policy planning process. Namely, Articles 17 and 18 of the Decree define the obligation of state administration bodies to submit a draft, and then a proposal, of a strategic document to this Sector for an opinion, and SGG is obliged to issue an opinion on a draft and proposal of a strategic document. In the current practice, after issuing an opinion on the draft strategic document, SGG continuously holds informal consultations and meetings with representatives of ministries to make the strategic document in the proposal of the best possible quality. Opinions are issued on structured forms given in the annex of the Methodology and represent a kind of guide (or checklist) for state administration bodies in the phase of writing a strategic document.

In the process of policy co-ordination, it is important to point out Article 14 of the Decree, which defines the obligation of state administration bodies to submit a proposal for the adoption of a strategic document to SGG as an annual obligation, with an accompanying explanation of the reasons for its adoption. In this way, through cooperation and communication between SGG and state administration bodies, a clear assessment can be made of whether there is a need for a certain public policy issue to be resolved by a strategic document, as well as which form of the strategic document is appropriate for its resolution. The state administration body should clearly explain the reasons for the adoption of the strategic document, ie present the resources it plans to use for the implementation of public policy. With this instrument, the Decree enables SGG to shape the policies that the Government will implement on an annual basis, in the part related to the candidacy of strategic documents, the drafting of which will be planned by the annual work program of the Government.

Two mechanisms contribute to the implementation of the legal and methodological framework for strategic planning and policy co-ordination. These are the already mentioned *Program of Education of Civil Servants for Strategic Planning* and *the Network of Civil Servants for Strategic Planning*.

*The Program of Education* is licensed to strengthen the capacity of civil servants in the field of strategic planning. SGG, in cooperation with the Human Resources Management Authority, developed and accredited this Program, as the first educational program of this type in Montenegro and the region. The program contains 6 ECTS credits and received national accreditation in March 2018. It is intended

<sup>15</sup> According to answers within ReSPA questionnaire.

<sup>16</sup> The first licensed program in this field in Montenegro. In the year 2020/2021, the program was completed by the third generation of participants. The program is implemented in cooperation with the Human Resources Management Authority of Montenegro.

for civil servants who are engaged in the preparation of sectoral strategic documents within their departments. The program itself is divided into six modules that follow the structure and content of strategic documents defined within the Methodology and lasts for six months. The Program is a combination of theoretical and practical work with the facilitation and teaching of domestic and foreign experts. So far, the program has been attended by three generations of civil servants.

*The Network of Civil Servants for Strategic Planning* is the first informal forum for civil servants working on creating and reporting on the implementation of strategic documents. The Network is chaired by the SGG and consists of representatives of all ministries who were also participants in the first cycle of the Program of Education. The Network aims to provide a platform for the exchange of opinions and knowledge in areas relevant to policy planning, as well as to improve inter-ministerial cooperation. Meetings of the Network members are held several times a year, mainly on the occasion of presenting innovations in the system of strategic planning, data exchange, encouraging interdepartmental cooperation, and often due to the organization of additional training provided by the SGG through its projects activities. In the area of policy co-ordination, the members of the Network function as contact points in their ministries for internal communication, presentation of methodological requirements to their colleagues, for communication with other departments and exchange of relevant information as well as the strategic bond between members of the Sector for Government Strategies and civil servants who prepare strategic documents within ministries.

### 2.3. Strategic framework for policy development and co-ordination

One of the key ideas of policy development and co-ordination is to enable a functional planning system. Therefore, this particular area can rather be perceived as a systemic goal per se and a mechanism for establishing clear procedures and institutional settings, as described in the previous two chapters.

For purpose of this study, it is important to underline that there is no strict, formally established, a hierarchy of strategic documents in the strategic planning system in Montenegro under one legal act, in terms of legal definitions per each strategic document and its specific position in the planning system (As there is no Law on Planning System of Montenegro). However, the Decree and Methodology clearly define the categorization of strategic documents and describes their interrelationship and interdependence. Namely, Art 1. of the Decree prescribes the necessity of “alignment with planning and strategic documents determining the general development directions of Montenegro and financial strategy documents, implying overarching strategies.

The Methodology further explains the nature and content of overarching strategies, i.e. which are those key strategic and planning documents in the system (and their relationship with sector strategies):

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- **Strategic and planning documents foreseen by the Constitution:** National Security and Defence Strategy, National Spatial Plan
- **Documents defining key government priorities:** Medium-Term and Annual Work Programs of the Government
- **Key strategy and planning documents defining general development directions of Montenegro:** Montenegro Development Directions, National Strategy for Sustainable Development 2030, Program of Accession of Montenegro to the EU
- **Financial strategy documents:** Montenegro Fiscal Strategy, Macroeconomic Policy Guidelines, Economic Reform Program.

These strategic and planning documents represent a framework for the preparation and development of sectoral strategic documents and all new policy proposals must be aligned with the above-mentioned list. Linkages between the overarching and sectoral strategic documents can be perceived both **vertically** (sectoral strategic documents must be aligned with the overarching strategic documents) and **horizontally** (priorities and goals of all the strategic documents must be mutually aligned).

There is also a sort of **mutual alignment at the level of overarching strategic documents** since the GMTWP is prepared based on priorities set out in the Prime Ministers' Exposé that is accepted by the Parliament, mid-term economic policy measures (Economic Reform Programme, Fiscal Strategy, Montenegro Development Directions), obligations stemming from the negotiating process between the EU and Montenegro (Programme of Accession of Montenegro to the European Union), as well as laws and strategic documents.<sup>17</sup>

Further illustration to that, Fiscal Strategy is adopted by the Parliament and based on the Law on Budget and Fiscal Responsibility; ERP is based on overarching and sectoral strategic documents, obligations from the EU negotiation process, and the Law on Budget, a basis for Montenegro Development Directions (MDD) are Fiscal Strategy and other strategic documents, while National Sustainable Development Strategy finds its framework within the UN Agenda for Sustainable Development 2030 and MDD.

And, even though the alignment is a pre-requisite for all of these documents it seems that there are too many horizontal, overarching strategy documents which sometimes lead to overlaps, but also various definitions of key priorities in different documents. For example, the Annual Government Working Program for 2021 defines six priorities, as a summary of the whole Prime Ministers' Exposé, and those priorities are as follows – Rule of Law and Equal Opportunities for all, Healthy Finance and Economic Development, Health and Environment, Education and Knowledge-based Society, Digital Transformation and Montenegro as a next EU Member-state. At the same time, ERP 2021-2023 stipulates that the work of the Government will be based on seven development pillars: Green Economy, Digital Transformation, Regional Cooperation and Connectivity, Improvement of Competitiveness, Social Protection, Equal Opportunities Society, and Good Governance.<sup>18</sup>

<sup>17</sup> Rules of Procedure of the Government of Montenegro, article 28

<sup>18</sup> The need for a more comprehensive view of the Government's long-term priorities and a clearer definition of priorities was also emphasized in interview with OEI representative.

In that sense, more needs to be done in order to **substantially align horizontal strategy documents** and their priorities, bearing in mind that the new GMTWP and MDD will be prepared. This can be a challenge since there are no strict definitions of every of the horizontal strategy documents, its' role in the national strategic framework and guidelines for their preparation. The number of horizontal strategies makes the situation even more complex.

When it comes just to policy development and co-ordination can be positioned within the strategic framework and directly linked to Public Administration Reform Strategy and partially within the Public Finance Management Program, as a pertinent part of PAR.

In terms of categorization and levels explained, **Public Administration Reform Strategy** belongs to the group of sectoral strategic documents and is not directly identified within the Constitution or a specific legal act. However, in terms of its impact on the functioning of public administration and scope, it can, in a wider sense, be interpreted as having a horizontal character as it horizontally covers a significant number of areas, and in addition, this document refers to public administration, local self-government and organizations with public authority.

Public administration reform is primarily aimed at improving the competitiveness of the economy and the quality of life of Montenegrin citizens, as well as meeting the conditions for EU membership, so in this sense, **PAR Strategy represents a tool for preparing Montenegrin institutions for adequate implementation of the EU acquis.** Although **PAR Strategy is fully in line with the methodological criteria for sector strategic document, so a "full-fledged" sector strategy,** its scope covers the entire public administration and its importance as one of the backbones of the EU accession process corresponds to the third pillar of the EU enlargement policy.

One of the goals within the previous PAR Strategy 2016-2020<sup>19</sup>, was objective 4.4. Policy development and co-ordination and it was mostly dedicated to establishing a medium-term planning system, improving strategic planning and RIA. The new strategy, in this sense, will focus on inclusiveness and transparency of public policies, evidence-based policymaking that is responsive to the needs of its users. According to the Government Annual Working Programme 2021<sup>20</sup>, it should be adopted in IV Q od 2021.

**Public Finance Management Reform Program (PFMRP)** was approved in November 2015 and it defined key reform plans for the period 2016–2020 to increase accountability and to ensure sound financial management and good governance in managing public resources. It was based on five pillars, of which the first one, Development of Sustainable fiscal framework, public expenditures planning and budgeting, is the one where policy development and co-ordination was addressed in terms of creating links between medium-term budgetary framework and medium-term Government and ministry planning. This direction will be followed in the new PFMRP 2022-2026, that is, just as the new PAR strategy, planned for IV Q of 2021, being a key part of public administration reform

as a whole. By then, it is planned to continue the implementation of the activities that started in 2020 but were not finalized due to pandemics. Namely, the pace of PFM reform implementation accelerated in 2019 mostly through the support from few IPA Technical Assistance projects related to improving the MTBF and IT system for program budgeting, but the pandemic caused the slowdown of the activities in 2020. This has led to delays in the implementation of full MTBF and program budgeting. As mentioned, there have also been delays in medium-term work planning of Government and ministries, leaving the link between two processes weak and lots of challenges in terms of interoperability of IT systems for program budgeting and medium-term planning.

# 3

## Situation Analysis

### 3.1. Assessment of policy co-ordination in Montenegro in the reports of relevant organizations

In this section, we will analyse the assessments of relevant organizations SIGMA-OECD and EC on policy development and policy co-ordination in Montenegro.

In the latest Report for Montenegro in 2020<sup>21</sup>, the **EC** concluded that Montenegro is moderately prepared for public administration reform. However, it was noted that good efforts continued in the direction of strengthening the framework for medium-term planning, merit-based recruitment, and human resources management. The key recommendations are focused on the *need to adopt new PAR and PFM strategies based on previous evaluations, to continue optimizing public administration and strengthening citizens' access to public information, respecting the SIGMA principles of public administration*. The implementation of the PFM strategy showed shortcomings in terms of full compliance with the European System of Accounts 2010, while some of the most important activities started in 2019, such as the preparation of frameworks for medium-term budget planning, program budgeting, and capital budgeting. The achieved effects of this process will be discussed in the analysis of the PFM strategy in this study. In general, the EC noted that the SGG intensify efforts in monitoring the quality of strategic documents and reports on their implementation, although *co-ordination with relevant development policy stakeholders needs to be further strengthened*.

<sup>21</sup> EC Report on Montenegro 2020, available at: [https://ec.europa.eu/neighbourhood-enlargement/sites/default/files/montenegro\\_report\\_2020.pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/default/files/montenegro_report_2020.pdf)

The adoption of the mentioned legislative and methodological framework for policy planning and co-ordination had a significant impact on the positive assessments of this process by the EC in 2019<sup>22</sup>. The European Commission, in the Report on Montenegro 2019, as part of the assessment of political criteria and rule of law, pointed out that “the legal and procedural framework for strategic planning capacity by central government bodies has been significantly strengthened”. In the part of co-ordination, the establishment of the Network of Contact Points for Strategic Planning (Network of Civil Servants) in the entire public administration was praised, as well as the completion of the first cycle of the Program of Education. This fulfils one of the key EC recommendations in this area to develop a framework for medium-term planning and co-ordination of sectoral strategies. *Linking the medium-term fiscal plan to policy planning remains a key challenge, as well as planning based on evidence that was not made progress.* It was pointed out that it is necessary to improve administrative data collection and its systematic use for policymaking.

Table 2: EC assessment on policy development and policy co-ordination in Montenegro

FUNCTIONING OF DEMOCRATIC INSTITUTIONS AND PAR	Report on Montenegro 2016	Report on Montenegro 2018	Report on Montenegro 2019	Report on Montenegro 2020
<b>POLICY DEVELOPMENT AND POLICY CO-ORDINATION</b>	<p>Policy co-ordination remains weak, improving the process and medium-term policy planning is fragmented and the government does not give it a priority.</p> <p>There are many overlapping strategies without fully developed budget planning.</p> <p>The development of policies based on verifiable data remains only partially ensured.</p>	<p>Policy planning is form-based and is mostly done on an annual basis, as the government does not have a comprehensive medium-term planning framework.</p> <p>The medium-term fiscal plan is not linked to policy plans.</p> <p>The development of policies based on verifiable data remains only partially ensured.</p>	<p>The medium-term planning and reporting system in Montenegro improved by the adoption of the Decree and Methodology.</p> <p>The medium-term fiscal plan has yet to be linked to policy planning.</p> <p>The development of policies based on verifiable data remains only partially ensured.</p>	<p>Montenegro is moderately prepared for public administration reform.</p> <p>SGG intensify efforts in monitoring the quality of strategic documents and reports on their implementation.</p> <p>Co-ordination with relevant development policy stakeholders needs to be further strengthened.</p> <p>Inclusive and evidence-based policy and legislative development remain only partially ensured.</p>

22 EC Report on Montenegro 2019, available at: <https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/20190529-montenegro-report.pdf>

As can be seen from this simplified presentation of the key findings of the EC reports, significant progress has been made with establishing a legislative and methodological framework for policy planning and co-ordination.

However, key challenges remain the true **link of the medium-term budget plan with policy planning, co-ordination with stakeholders from planned policies, as well as evidence-based planning, and the development of databases** within the public administration based on which policies would be planned.

One of the basic principles of the EU enlargement policy is a quality public administration that can implement the *acquis communautaire*. At the request of the EC, **SIGMA-OECD**, in this regard, has developed the *Principles of Public Administration*, which are a kind of guidelines for candidate countries for EU membership. In the area of policy development and co-ordination, SIGMA's principles 1, 3, and 5 can be considered crucial for the work of the Government.

*Principle 1* requires that government institutions fulfil all the functions crucial to a well-organized, consistent, and competent policy-making system<sup>23</sup>: it implies, inter alia, co-ordination of the content of each public policy at the stage of proposing a Government decision and compliance with Government priorities. *The lack of a GMTWP, the lack of clear guidelines for its development, as well as guidelines for developing strategic documents* were highlighted in the SIGMA report on monitoring the principles of public administration in Montenegro from 2017<sup>24</sup> as key challenges within this principle. It was pointed out that policy and fiscal plans are not sufficiently co-ordinated, and that most strategic documents do not have a clear financial assessment. Also, *the lack of institutionalized co-ordination of CoG bodies to prepare GAWP and prepare sectoral strategies* was noted.

*Principle 3* requires that policy planning is carried out following Government priorities, to ensure the coherence of Government planning documents and to establish a formal system of strategic planning, within which the narrow Cabinet directs the process of drafting and ensuring coherence of sectoral strategies and quality control. In its report from 2017, SIGMA specifically looked at the degree of compliance with this parameter in Montenegro *due to the then non-existence of the GMTWP and official guidelines for the development of strategic documents*.

The focus of *Principle 5* is monitoring and reporting: it is necessary to report regularly and transparently on the implementation of Government planning documents and to develop a system of monitoring and reporting to the Government on the implementation of sectoral strategic documents. *In this part, it was stated that there is no legal framework governing the obligation to report.* In addition, it is stated that *reporting is process-based and output-oriented, while the objectives are not related to the relevant outcome indicators, which prevents clear monitoring of achievements*.

23 SIGMA, The Principles of Public Administration, Montenegro, 2017, p.19, available at: <http://www.sigmaweb.org/publications/Monitoring-Report-2017-Montenegro.pdf>

24 Ibid, pp. 21-23;

The SIGMA report from November 2019<sup>25</sup> provides an assessment in the field of service delivery, digital services, and public procurement systems. An assessment of the implemented activities and reports on the implementation of PAR and PFM strategies in these areas is given.

Since the 2017 SIGMA's report assessing the policy planning and policy co-ordination process, several important recommendations have been addressed through changes in the public administration system in Montenegro. First, in terms of Principle 1, in January 2018, the Medium-Term Work Program of the Government of Montenegro for the period 2018-2020 was adopted. Then, from August 8, 2018, the mentioned Decree and Methodology are in force. Also, in terms of principle 3, by adopting these documents and the constant efforts of the then Government to ensure a greater degree of co-ordination of sectoral policies and better quality of strategic documents, a major step forward was achieved concerning the said SIGMA assessment, through joint work of all ministries and the SGG to improve policy planning and policy co-ordination. In the part of Principle 5, Article 18 of the Decree explicitly stipulates the obligation to prepare an annual and final report on the implementation of the strategic document, which are submitted to the Government and on the preparation of which more detailed guidelines can be found in the accompanying Methodology. In addition, in 2020, SGG published a *Reporting Guidelines document*, which elaborates the requirements of the Methodology and provides more detailed instructions on how to prepare annual and final reports on the implementation of strategic documents.

One of the challenges for the next medium-term planning cycle is the failure to produce a final report of the previous GMTWP 2018-2020. In this situation, the **development of a new GMTWP will be faced with a lack of relevant data**, a loss of continuity. Work on drafting the GMTWP has not yet begun.

Recommendations from the 2017 SIGMA's report, which are still relevant (assessment based on the analysis of the system and the involvement of the study author in several important processes related to policy planning and policy co-ordination):

- SGG co-ordinated the process of drafting the GAWP for 2021. However, due to personnel changes, this role was fully taken over by the Sector for Government Strategies instead of Sector for Government Policies. Significant efforts have been made to guide ministries in submitting proposals for the development of GAWP as detailed as possible. However, although there has been a significant change in the preparation in comparison with the preparation of previous GAWPs, especially in organizing public consultations and trying to insist on the alignment of the ministry's goals with the priorities of the Prime Minister's expose, clear, detailed guidelines for methodological approach as well as *procedures for co-ordinating process are still lacking*.
- *An evidence-based approach to policy planning remained one of the problems*. The author of the study worked on the analysis of the draft strategic documents through previous consulting engagements in SGG and through conversations with previous and current heads of the Sector for Government Strategies. According to that experience, a significant number of new

strategic documents in their analysis of the situation do not use relevant data that would more specifically indicate the problems in this area and that would be used for better goals and indicators definition. In addition, only some ministries maintain informal databases that are usually not available to other bodies, and these databases are rarely used within ministries in the preparation of new strategic documents.

According to the OECD Report 2020, the instruments used by the CoG in the Western Balkans in policy co-ordination, in addition to being highly formal, are at least based on initiatives in the form of task forces (around 50%) while performance management as an instrument is represented in less than 20% of cases. Consequently, the report concludes that quality remains a challenge in terms of impact assessment of regulations and policies.<sup>26</sup>

### 3.2. PAR Strategy 2016-2020 and PFMRP 2016-2020 evaluations, reports and key conclusions

Public Administration Reform Strategy 2016-2020 and Public Finance Management Reform Program were two strategy documents that were prepared and drafted following the SIGMA principles of public administration which made them, at the very beginning, two of the most advanced documents in Montenegrin strategic framework when it comes to structure and contents. Even before the new legal and methodological framework for strategic planning was in place, the two strategies already contained some of the key elements envisaged with the Decree and Methodology, such as outcome-level indicators, detailed costing, monitoring, reporting, and evaluation mechanisms. Also, both documents had full indicator passports, which allowed a better and common understanding of measurements. Additionally, both documents had envisaged evaluation of implemented documents as a basis for the preparation of new PAR and PFM strategies. A mid-term evaluation of PAR strategy 2016-2020<sup>27</sup> was conducted during 2020, for the period 2016-2019, and a final evaluation of PFMRP was conducted during 2020 and I Q of 2021, for the period of implementation of PFMRP, 2016-2020.

The evaluations of these two documents gave an insight into the state of affairs and set an outline for the next steps to be made in order to fully achieve the potential of reforms. Some of the aspects, such as policy dialogue for both PAR and PFM that is organized at three levels: political, strategic, and technical, can be seen as cornerstones of successful implementation of reforms. The process has given fruit in some of the most significant aspects of policy development and co-ordination, such as inclusiveness, the establishment of criteria and guidelines for drafting, implementing, monitoring, and reporting for strategic and mid-term planning, building capacities for implementation of these guidelines. On the other hand, a systemic approach to sustain these results and build upon them is not acquired, linkages between the process of policy planning and program budgeting are evident, but are not established.

<sup>26</sup> OECD, Government at a Glance: Western Balkans, (Chapter 4.2), 2020, available at: <https://www.oecd.org/publications/government-at-a-glance-western-balkans-a8c72f1b-en.htm>

<sup>27</sup> Mid-term Evaluation of PAR Strategy 2016-2020 (MNE) available at: [Srednjoročna evaluacija Strategije reforme javne uprave 2016-2020 u Crnoj Gori \(www.gov.me\)](http://www.gov.me)

Table 3: Findings of PAR Strategy 2016-2020 and PFMRP 2016-2020 evaluations regarding PD&amp;C

	Mid-term evaluation of PAR strategy 2016-2020	Final evaluation of PFMRP 2016-2020
Issues relevant for policy development and co-ordination	Development and co-ordination of public policies <sup>28</sup> was one of six priority areas that were addressed.	The PFM objectives were defined separately from the PAR Strategy and PD&C was mostly regarded within Pillar I Sustainable fiscal framework, public expenditures planning and budgeting – one of the five pillars of PFMRP and in part of the Medium-term Budgetary Framework. <sup>29</sup>
Key achievements in policy development and co-ordination	<p><b>Relevance and ownership</b> of the strategy were achieved as a result of an inclusive and consultative process.</p> <p>Enhancement of the systems for planning, co-ordination, and monitoring of the implementation of government policies:</p> <ul style="list-style-type: none"> <li>- established frameworks, approaches, and methodologies that are meant to improve policy-making practices and better quality of policy documents.</li> <li>- three mechanisms for strategic planning were established and implemented: <b>opinions</b> for quality-check of strategies and reports following the Decree, <b>Network of Civil Servants for Strategic Planning</b>, and the <b>Education Program for Civil Servants for Strategic Planning</b>.</li> </ul>	<p><b>Initiation of reforms</b> in domains where no sectoral strategy was yet existing.</p> <p><b>Established fundamentals for the top-down framework for MTBF</b> and activities in PFM address the shortcomings in strategic planning.</p> <p><b>Good cooperation and co-ordination with external stakeholders.</b> Specifically, two TA projects for improving program budgeting helped steer the reform internally.</p> <p>The <b>incentive for preparing medium-term work programs of the ministries and MTBF in pilot ministries</b> started in 2019 and was implemented during the year. Same ministries were chosen for this activity – Ministry of Economy, Ministry of Agriculture and Rural Development, Ministry of Sustainable Development and Tourism – except Ministry of Defense, which was included for MTBF.</p>

28 Objectives: A comprehensive and rational system of planning, co-ordination and monitoring implementation of Government policies established; Increased use of analytical tools for drafting of legislation and better quality of consultation among stakeholders when drafting policies;

29 The following objective was included in the original PFMRP: *The MTBF reflects Government policies and policy goals and contains fixed spending ceilings for all first level spending units.*

	Considerable efforts invested in developing the national capacities to lead the reforms, design new laws and strategies, as well as to use new models, practices, methodologies, and tools.	
Key challenges in policy development and co-ordination	<p>Fragile results of reforms in strategic planning due to <b>lack of institutionalization and co-ordination mechanism</b>, being still steered by an externally funded project and not the public administration itself.</p> <p>The long-term sustainability is threatened by internal and external factors, such as <b>staff turnover in institutions; frequent leadership changes; system-wide weaknesses of institutional performance management and monitoring mechanisms; and limited use of the newly acquired competencies, skills, and knowledge</b></p>	<p><b>Reduced ownership</b> of GoM and delay of activities, since the implementation of the reforms and the required funding, relied predominantly on external donor support.</p> <p><b>Mechanisms for linking MTBF with sectoral strategies were problematic</b> and no activity linking specifically strategic planning with MTBF was included.</p> <p>The <b>planning process for the capital budget is separate from the rest of the budget planning</b> and capital projects are not linked to sector programs in the budget.</p> <p>The effort of preparation of medium-term work programs for ministries focused on this task specifically, with little or <b>no input from the MTBF</b>.</p>

Similar conclusions in this area have been given in the Final Report for the implementation of PAR Strategy 2016-2020<sup>30</sup>, identifying strongest developments in strategic planning framework, optimistic steps made in enhancing public consultations process and RIA assessment, while on the other hand recognizing the low level of achievement of outcome level indicators, that were set quite ambitious bearing in mind the circumstances in which the activities were implemented during 2020. On the other hand, some of the indicators that give a picture about improvements in policy planning were not included in the PAR Strategy at the time of adoption.

For example, the SGG monitors the quality of strategy documents and reports regularly and the improvements are noted. Specifically, there has been a reduction of the number of strategies to 59 in January 2021, since many of earlier strategies have expired, which now opens the possibilities for a more co-ordinated approach in policy development. Full alignment of new strategy documents with the criteria defined in the Decree and the Methodology has reached 69% in 2020 thereby exceeding

30 Final Report for the implementation of PAR Strategy 2016-2020, available at: [Završni izvještaj o sprovođenju Strategije reforme javne uprave 2016–2020. godine \(www.gov.me\)](http://www.gov.me)

the planned target defined in the GMTWP 2018-2020.<sup>31</sup> There have been some improvements in reporting on outcomes (43% 2020, 36% 2019) and finances (46% 2020, 26% 2019) and SGG prepared Guidelines for reporting on the implementation of strategy documents, as an auxiliary didactic material for unifying preparation of reports and insist on outcome-oriented reporting.<sup>32</sup>

Coordination of PAR and PFM development exists and is based on clear procedures. However, in the new planning cycle, it is necessary to devise a mechanism that will further engender the planning and implementation of these two documents. Sectoral budget support can be a framework for defining such a mechanism.<sup>33</sup>

At the same time, full implementation of the legal and methodological framework requires adequate human, financial, technical resources, which is addressed through vivid activities of the Network and within the Education Programme for Strategic Planning. The pandemic affected these activities to some extent, transferring most of them to the online platform. However, a significant issue is identified when it comes to the valorisation of human capital built through the Network and Education Programme.

Namely, 60% of Network members think that **the Network should be formalized**, with a defined role and activities regarding strategic planning and policy development. They also believe that the high-level officials should be included within the Network or a Government body in order to **gain political support** for reform required in the area of policy development and co-ordination.

Co-ordination and co-operation on a technical and operational level is also a pre-requisite of effective reform and in that sense, the skills of civil servants who have gone through the Education Programme and are members of the Network should be used.<sup>34</sup>

Another important issue for policy co-ordination, evidence-based policy planning, has been improved through these activities. Still, it requires a systemic solution to use the available resources from other institutions – MFSW, MPADSM, NIPAC Office, MONSTAT, and find a way of establishing permanent cooperation with them and the academic community.<sup>35</sup>

Concerning this, additional aspects of linking policy and budget planning should be taken into account. Two TA projects – Improving budgetary system, multiannual budgetary planning, and internal public finance control system and Improving IT system for budgetary planning – have begun in 2019, intending to enhance fiscal sustainability and public finance management through

31 Information on the implementation of legal framework for strategic planning with recommendations for improving the planning system, 2021, available at: [Informacija o sprovođenju pravnog okvira za strateško planiranje s preporukama za unapređenje planskog sistema \(www.gov.me\)](http://www.gov.me)

32 Ibid.

33 According to the views of MPADSM and MFSW representatives presented at the workshop on the occasion of the presentation of the draft of this study.

34 Ibid.

35 Information according to interview with SGG representative

the implementation of MTBF, outcome-oriented budgeting based on relevant indicators and improvement of the existing IT system in line with these changes. The MFSW prepares Fiscal Strategy and Macroeconomic and Fiscal Policy Guidelines adopted by the Government, which are the bases for MTBF. A new methodology for program budgeting has been developed, but it still isn't adopted and fully implemented. There is also the existing IT system for budget planning that should be upgraded to respond to the needs of the new program budgeting methodology.<sup>36</sup>

**A tight connection between long-term and mid-term strategic framework and annual budget and Government work program is missing.** Budget for 2021 was designed as the first step to full program budgeting, with a set of programs, sub-programs, activities and relevant indicators. At the same time, new GAWP for 2021 contains priorities, goals and indicators, but different to the ones defined in the budget. If the practice would continue it could lead to disjunction of these two processes rather than to their alignment.

For the time being, **IT systems** for program budgeting, medium-term planning of the Government and the ministries and strategic planning **don't interrelate.**

36 Information on improving budgetary system and multiannual budgetary framework, 2020, available at: [Informacija o unapređenju sistema budžetiranja i višegodišnjeg budžetskog okvira \(www.gov.me\)](http://www.gov.me)

# 4

## Findings and Conclusions

### 4.1. Alignment between policy and budget planning

Based on the above-described state of play and best practices in EU and OECD countries, there should be better alignment of policy and budget planning, through the establishment of an integrated strategic planning process. This refers to the government strategic planning system that links the strategic priorities of the Government and the relevant sectoral policies with the mid-term and annual budget planning process thus providing a mechanism for the Government to identify those policy objectives it considers most important (priority setting) and ensures that adequate resources are allocated to those priorities through the budget process.

The strategic communication between the departments and MFSW in the part of cost planning of sectoral strategic documents is not adequate, more specifically the assessment of the financial framework is done only after the strategic document is prepared in the form of a proposal. The role of the MFSW representatives in the working groups is most often related to the reference to the budget limit for that spending unit.<sup>37</sup>

In this sense and based on the three-year rolling plan, the plans for the first outward year's sectoral policies and estimates become the basis for the subsequent year's policy planning and budgeting, taking into consideration the analysis of the economic conditions and results achieved in the implementation of the policies in the previous year. This approach would also require:

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<sup>37</sup> Information according to interview with MFSW representatives

- a balanced top-down and bottom-up process that is repeated every year and designed according to a specific methodology,
- identifying the key stages in the planning process, the activities performed in each of the stages (including the outputs), the integrated strategic and budget planning calendar, as well as the roles and responsibilities of the key players in the co-ordination of the process,
- review of new policy priorities by relevant institutions, i.e. MFSW and SGG,
- definition of levels of intervention within program budgeting that correspond to the ones identified in public policies, setting the mechanism for monitoring and reporting on the outcomes through a set of indicators to achieve a better connection with key policy priorities and provide decision-makers with quality information, leading to informed and evidence-based decision making and policy planning,
- provide interoperability between IT systems for program budgeting and medium-term and strategic planning to avoid duplication of activities and provide automatic information exchange.

The approach would eventually lead to a stimulating environment for managerial liability and responsibility, that is based on facts, evidence, and outcome-oriented.

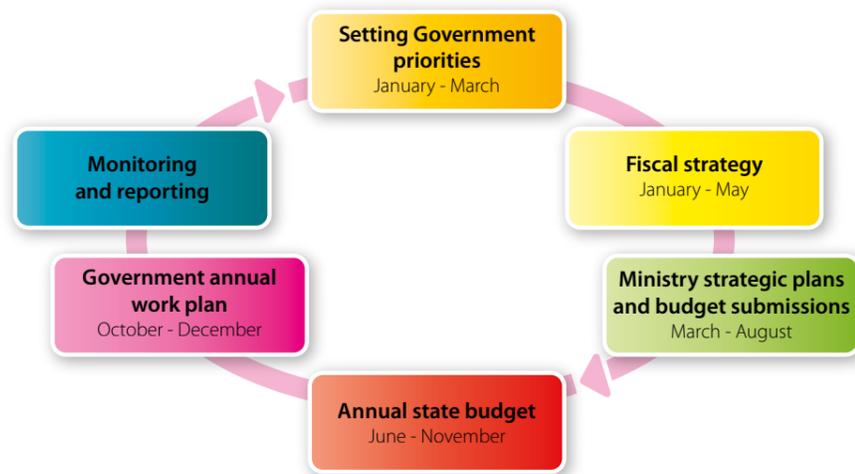


Figure 1: Indicative time-frame of activities for the integrated strategic planning process<sup>38</sup>

38 In line with the proposed time frame is this OEI's response from the interview - Policies prepared and approved within the current year may adversely affect budget implementation and resource efficiency. Therefore, **the preparation of the strategic document needs to be aligned with budget planning.** The financial needs of the implementation of the strategic document must be assessed in parallel with the obligations and priorities of the annual budget. Hence, spending units submit their budget requests for the next budget year to the Ministry of Finance in September of the current budget year, on the basis of which the Ministry updates the medium-term budget framework, ie prepares the annual budget proposal. For that reason, it is necessary for the proposer of the strategic document in the period until September (current year) to implement the policy planning process and plan the financial construction for its implementation.

## 4.2. Co-ordination mechanism

For the integrated strategic planning system to work effectively there is a need for close cooperation and co-ordination between the key players in the system – the CoG bodies, including the SGG, the MFSW, and the EIO, as well as the line ministries - at all stages of the process. Each of these players has a distinctive role in the system, but their interaction and cooperation throughout the different stages are crucial.

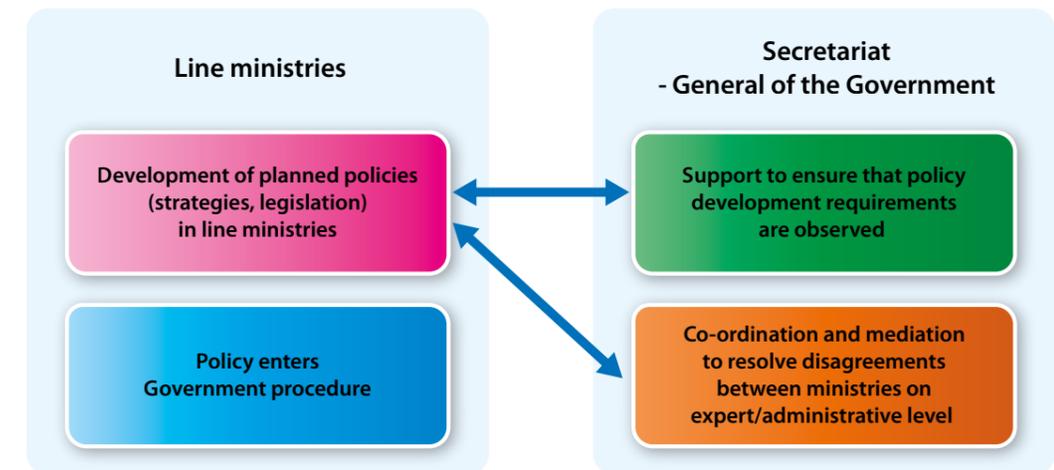


Figure 2: Competences and relations between line ministries and SGG

A co-ordination mechanism that supports the strategic planning process usually includes three levels of co-ordination bodies:

- **Political level** – the functions of the political level in the co-ordination mechanism is to steer the overall integrated strategic planning process, to review the central planning documents, to ensure coherence and linkages between the strategic planning, budgeting, and EU accession processes, to review annual reports on progress in implementation of the Government strategic priorities and sectoral policies and to make decisions at the different stages of the planning process

The structure and composition of the political level co-ordination body should be carefully reviewed to ensure functionality in the specific country context. It is essential to ensure that the political co-ordination body has the power to make decisions and that there is no duplication of responsibilities with other bodies/committees and its' decisions should be formally approved by the Government.

- **Technical level** – the functions of the co-ordination at the technical level are to ensure that there are clear linkages between the Government priorities, the MTBF, and the annual budget, to ensure that the EU accession program is integrated into or aligned with all central planning documents, and to prepare planning documents, analyses, and reports to be submitted to the political level co-ordination body.

- **Operational level** – co-ordination at the ministry level should be led by the strategic planning department or an assigned civil servant(s) responsible for strategic planning which should regularly cooperate with the SGG, MFSW, and EIO in the relevant stages of the strategic planning process.

In this respect, the strategic planning department or the civil servant assigned for strategic planning is responsible for internal co-ordination (within the ministry) with the police departments, as well as for co-ordination with other ministries and implementing agencies relevant for the specific policy sector to ensure a co-ordinated approach in planning and reporting especially about horizontal policy issues.

This system is already recognized in the system of co-ordination and policy planning in Montenegro. In this manner, we provide examples of PAR and PFM that have the operational and political level of co-ordination of the process of drafting these strategic documents.<sup>39</sup>

#### 4.2.2. Model of forming an additional mechanism for policy co-ordination

In the previous parts of this study, we described the work of the Network of Civil Servants for Strategic Planning as an informal mechanism that complements the policy co-ordination process in Montenegro. Assessment of its work so far is based on the analysis of the current composition of the Network, the results of the survey among members of the Network conducted by SGG, as well as information for the Government on the implementation of the Decree and Methodology, as well as the direct work of the study author who co-ordinated the work of the Network as an external associate within SGG.

Members of the Network are participants in the first generation of the mentioned Education Program. The composition of the Network mostly consists of civil servants, most often in the capacity of advisors. A small number of members were managers and expert staff, while only a few members were elected Government officials.

The original idea that the composition of the Network reflects all levels of government administration proved unsustainable. First of all, the commitment of the managers (Head of Departments, Secretaries-General) was not at a high level due to all other engagements and activities. Also, personnel changes at the head of the ministries affected the changes in the position of individual members of the Network from among the elected officials. Finally, the political changes of 2020 further highlighted the unsustainability of the informal character of the Network.<sup>40</sup>

The results of the survey from 2020 among Network members showed that most members rate the work of the Network as good or excellent. The questionnaire highlighted its importance for

<sup>39</sup> Information according to interview with MFSW representatives.

<sup>40</sup> Similar challenges to staff turnover at the level of the overall policy coordination system were identified in the OEI's responses to the interview.

networking of civil servants and exchange of experiences but also highlighted *the problem of insufficient visibility of the Network itself*. As we already mentioned the majority of members who participated in the survey believe that the Network *should be formalized through the adoption of an appropriate act* and that its members should come from the expert and managerial staff of ministries, with the co-ordinating function of SGG.<sup>41</sup>

One of the additional challenges in the work of the Network and the realization of the full capacity of its work is the *unrecognizable position* of the members of the Network in the administration bodies in which they work. In addition, the positions of strategic planning officers were not recognized in the most systematization of the administration bodies. Until 2021, strategic planning and reporting monitoring departments existed only within the Ministry of the Interior and Ministry of Defence. From 2021, with the adoption of new personnel plans, such units are envisaged in the Ministry of Economic Development and the Ministry of Public Administration, Digital Society, and Media (at the level of the Directorate).

*Key challenges: Informal character of the Network; insufficient visibility of the work of the Network and its members; the system largely does not recognize the positions of strategic planning officers through personnel plans, and does not recognize strategic planning units through the plans of the organization of ministries; the combination of operational and political levels in one informal body proved unsustainable.*

Based on the identified challenges, we believe that it is *necessary to propose a model of formalization of the Network to recognize it and strengthen its position in the policy co-ordination system*. The challenge is also to meet the requirements for the composition of the Network to be a combination of representatives of the operational and political level of civil servants in line with previously mentioned three level co-ordination process.

Accordingly, we believe that it is *necessary to separate these two levels within the proposed model*.

Conditionally speaking, a “permanent” level would be **operational** and would consist of civil servants working at the level of head of sectors and advisors. This level would function through a clear division into public policy sectors following the Decree. Each of the seven sectors would have its co-ordinator from the SGG.

The **political level** of the Network should be composed of representatives of management and expert staff. This can be the Council or the Commission for Strategic Planning. This process implies that a *specific legal act* would determine the composition and competencies of this body, but would also recognize the operational level (which can conditionally continue to function under the name of the Network of Civil Servants for Strategic Planning) and its competencies.

<sup>41</sup> Information on the implementation of legal framework for strategic planning with recommendations for improving the planning system, 2021, available at: [Informacija o sprovođenju pravnog okvira za strateško planiranje s preporukama za unapređenje planskog sistema \(www.gov.me\)](http://www.gov.me)



Figure 3: Model of forming an additional mechanism for policy co-ordination

# 5

## Recommendations

### 1. Further improve the legal framework for strategic planning.

It is recommended to adopt a **higher legal act** that would define the steps from the plan for drafting a strategic document to the finalization of the draft strategic document and its adoption by the Government. The aim is to precisely define the role of overarching strategies and the relationship of coherence between them and them with sectoral strategies. This would set guidelines and procedures for drafting overarching strategic documents. In addition, this legal act should provide for the harmonization of other legal solutions that provide for the adoption of strategic documents with a different structure and content in relation to the existing methodological criteria.

### 2. Establish a mechanism for co-ordination of integrated strategic planning.

Define a **methodology** for linking strategic planning, medium-term planning of the work of the Government and ministries with the planning of the medium-term budget framework. The aim is to align government-level policy planning with the multi-annual fiscal framework.

Establish a **mechanism** for co-ordinating this process at several levels in order to provide political support and establish a permanent working body to deal with these issues. Define a clear calendar of activities with periods in which this body should consider setting Government priorities, fiscal strategy, budget, work program and monitoring and reporting on these processes (See model proposal in Figure 1)

Within the co-ordination mechanism, and in accordance with the calendar of activities, **define a**

**clear role of the MFSW, SGG, MPADSM and OEI** in the form of assessing the compliance of sectoral strategic documents with the Government's priorities, budget framework, public involvement and EU accession process. This type of cooperation is not known in the current practice, and can be resolved through regular meetings of representatives of these bodies. In addition, such a mechanism would allow for a clear role of the MFSW in the medium-term work programs of ministries.

Bind and improve existing **IT solutions** for strategic planning, medium-term planning and medium-term budget planning. The aim is to develop a unique and sustainable solution in the interest of civil servants and to avoid duplication of data.<sup>42</sup>

**Strengthen cooperation with the NIPAC office** in order to strengthen the co-ordination of planning and programming of IPA support with the planning of strategic documents and better definition of priorities and withdrawal of funds from the EU.

### 3. Improving the policy co-ordination mechanism

**Formalization of the Network of Civil Servants for Strategic Planning** through the establishment of two levels of management of the co-ordination process - politically in the form of the Council / Commission for Strategic Planning and the second operational level. Adoption of a formal act establishing this mechanism and defining the roles and responsibilities of these two levels of the Network.<sup>43</sup> (See proposed model in Figure 3)

**Strengthening the regional character of the Network.** We believe that the proposed model through regional cooperation and support of ReSPA should be presented in the countries of the region in order to form national networks. In addition, it is recommended to establish a Regional Network of Civil Servants for Strategic Planning composed of representatives of national Networks. Regional networking can also be at the level of representatives of public administration bodies dealing with strategic planning.

**Strengthen the capacities of SGG** in order to co-ordinate the work of the Network. Strengthen the capacity for mediation and management of sectoral groups within the Network in order to ensure uniform implementation of the Decree and Methodology and avoid possible overlaps in policy planning.

**Improve the institutional framework for strategic planning.** It is recommended that the positions of *officers for strategic planning be recognized in the personnel plans in public administration bodies*. The next step would be to form strategic planning units in all public administration bodies. The aim is to strengthen the policy co-ordination mechanism at the level of ministries, enhance inter-ministerial cooperation and strengthen communication between these units and the Network. The goal is to

<sup>42</sup> It is necessary to accelerate the digitalization of the entire coordination process (including those related to the OEI), so that staff turnover and reorganization of the state administration would not affect the institutional memory in certain areas of activity to such an extent – OEI's responses to the interview.

<sup>43</sup> This is also recognized by representative of MPADSM and stated in the interview as a recommendation: Improving the planning and co-ordination process through better institutional organization, strengthening the capacity of officials, better visibility of officials for strategic planning and better co-ordination with the EU partner in both the advocacy and IPA segments.

obtain a systemic solution within public administration bodies and valorisation of acquired skills and knowledge of strategic planning while minimizing inter-ministerial personnel flow<sup>44</sup>.

**Strengthen the roles and composition of existing Government commissions.** In this section, the aim is to encourage the full use of existing mechanisms that would be a significant added value to the proposed model of formalization. Commissions based on their composition (ministers; state secretaries) should strengthen their role as mediators and forums for harmonizing opinions and procedures for better coordination of public policies. The composition of the commissions should include a representative of the Government Strategies Department, which has data and analyzes on the functioning of the policy development and policy coordination system.

### 4. Encourage evidence-based planning

Encourage the **development of internal databases** in ministries that would be available through an integrated IT solution. The aim is to provide relevant data for new policy planning cycles.

**Outcome oriented monitoring and reporting.** Clearly define performance indicators in program budgets, in medium-term work plans of ministries that will be regularly reported. This implies the production of indicator passports in accordance with methodological requirements.

**Strengthen cooperation with MONSTAT** by adjusting the visibility and readability of their data and involving their representatives in the work of the Network.

<sup>44</sup> This was also highlighted by MPADSM representatives at the study presentation workshop. More precisely, the challenges of non-existence of knowledge transfer and achieving continuity as a result of personnel changes are highlighted.

# 6

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## Annex

### Questions for interviews

The aim of the questionnaire is to obtain responses from relevant civil servants involved in the policy co-ordination process. The questionnaire will cover the areas of co-ordination of the strategic planning process and quality control of strategic documents determining the public policies of the Government of Montenegro, co-ordination of the new Public Administration Reform Strategy, co-ordination of the Public Financial Management Program and co-ordination of Montenegro's EU integration process.

Relevant stakeholders have been identified. Written answers to the questionnaire were sent by Ms. Marija Hajduković, acting Director of the Strategic Planning Directorate at MPADSM and Ms. Zorka Kordić, chief negotiator of Montenegro with the EU. The interview was done with Ms. Slobodanka Burić and Ms. Tanja Musterovic, Directorate for State Budget, MFSW, and Ms. Almedina Vukic Martinovic, acting Head of the Sector for Government Strategies, SGG.

The questionnaire contained the following questions.

### I General Questions

1. Describe the role of your institution in the process of policy development and co-ordination?
2. When you look at the work done so far, please state (and, if necessary, clarify) the priorities for improving the policy planning and co-ordination process from the perspective of your institution?
3. What are the advantages of the existing system of planning and policy co-ordination?
4. What are the shortcomings of the existing system of policy planning and co-ordination?
5. Considering that inter-ministerial cooperation is a precondition for quality policy planning, how would you describe the cooperation with other institutions that belong to the CoG in this area?
6. Considering that inter-ministerial cooperation is a precondition for quality policy planning, how would you describe cooperation with other departments outside the institutions of the CoG? How does this cooperation affect the policy planning and co-ordination process?
7. List the proposals for improving this system in the state administration of Montenegro.

**II Specific Questions**

1. What has been your institution's contribution to the process of planning the Public Administration Reform Strategy so far, taking into account its character as a horizontal strategic document?
2. What has been the contribution of your institution so far in the process of planning the Public Financial Management Program (PFM)?
3. How is your institution involved in writing new PAR and PFM strategic documents? Indicate changes in the approach to design co-ordination, data collection methodology and inter-ministerial cooperation compared to the previous planning cycle.
4. Are these two documents recognized as a political priority in Montenegro?
5. How is the planning of these two strategic documents linked? Explain, as far as possible, formal and informal ways of co-ordination when planning these two strategic documents that you are familiar with or in which you have personally participated?
6. Coherence of strategic documents is one of the principles set in both the legal (Decree) and methodological (Methodology) framework for policy planning and co-ordination in Montenegro. How do you assess the alignment of strategic documents from the perspective of your institution? If you have alignment information, please provide it.
7. The principle of financial sustainability implies that when planning and implementing strategic documents, the fiscal constraints defined by the annual and medium-term budget framework are respected. How has this principle been respected in the planning process so far from the perspective of your institution?
8. What are the advantages and disadvantages of the mechanism of harmonization of planned finances for the implementation of the activities of strategic documents and the annual budget framework?
9. Are you familiar with the medium-term budget planning process? How do you think the system of policy planning and co-ordination should be linked to this process?
10. Are there special instructions for other institutions for the preparation of the work program of the Government, the work program of the ministries, the preparation of the program budget? Were they submitted to the institutions during the preparation of these documents, ie the budget law?
11. Is there a single mechanism for assessing the fiscal, economic, social and environmental impacts of policies? Which institution (s) is / are in charge of conducting such an assessment and how is it conducted? Is there such an assessment mechanism for the transposition of EU regulations, ie the harmonization of national legislation and the strategic framework with EU policies?
12. Are the priorities in the work programs of the Government, the PAR and PFM Strategies in line with the European integration process? In what way?

13. How is donor support, ie EU support managed through IPA funds at the level of ministries managed? How is this system linked to the national budget framework?
14. Is the way of managing budget funds and donor support defined through the work programs of the Government, work programs of ministries, overarching and sectoral strategic documents, e.g. for the overall implementation of these documents, individual objectives and / or activities?
15. To what extent is information on the preparation of the work program of the Government, ministries, PAR, PFM and Program of Accession of Montenegro to the EU (PAM) available to the general public? How is communication with stakeholders during the preparation of these documents?
16. How regularly is the implementation of these documents monitored and reported? Are the reports available to the public and are they published regularly on the websites of the competent institutions?
17. Is the satisfaction of citizens, ie stakeholders, with the proposed solutions in the work programs of the Government, ministries, the PAR, PFM and PAM checked? Are the suggestions and proposals of interested parties taken into account and to what extent when defining the final proposals of these documents?

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