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The EU support TO PUBLIC ADMINISTRATION REFORM through the **IPA II**: an overview and lessons learned



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August 2021



The EU support to public administration reform through the IPA II: an overview and lessons learned



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by the European Union

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¹ This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and ICJ Advisory opinion on the Kosovo Declaration of independence

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Abbreviations

	Explanation		Explanation
AL	Albania	ERP	Economic Reform Programme
AP	Action Plan	ERDF	European Regional Development Fund
AV	Achieved value	ESF	European Social Fund
BA	Bosnia and Herzegovina (ISO Code)	ESIF	European Structural and Investment Fund
BiH	Bosnia and Herzegovina	ESRP	Employment and Social Reform Programme
BoP	Balance of Payment	EU	European Union
BD	Brčko District	EUD	EU Delegation
BV	Baseline value	EU 28	BE – Belgium, BG – Bulgaria, CZ – Czech Republic, DK – Denmark, DE – Germany, EE – Estonia, IE – Ireland, EL – Greece, ES – Spain, FR – France, HR – Croatia, IT – Italy, CY – Cyprus, LV – Latvia, LT – Lithuania, LU – Luxembourg, HU – Hungary, MT – Malta, NL – Netherlands, AT – Austria, PL – Poland, PT – Portugal, RO – Romania, SI – Slovenia, SL – Slovakia, FL – Finland, SE – Sweden, and UK – United Kingdom (ISO codes of EU Member States);
CF	Cohesion Fund	GCP	Global Corruption Barometer
CFCU	Central Financing and Contracting Unit	GDP	Gross domestic product
CoM	Council of Ministers	GGF	Green for Growth Fund
CPR	Central Personnel Record	HRMA	Human Resource Management Agency
DESI	Digital Economy and Society Index	HRMIS	Human Resource Management Information SY
DBS	Direct Budget Support	HFR	Horizontal Functional Review
DG	Directorate-General	GS GRNM	General Secretariat of the Government of the Republic of North Macedonia
DG ECFIN	DG for Economic and Financial Affairs	IDDEEA	Agency for Identification Documents, Registers and Data Exchange
DG REGIO	DG for Regional and Urban Policy	ICT	Information and communication technology
DM	Direct Management	IFIs	International Financial Institutions
DM IO	Direct Management with International Organisation	IPMG	Integrated Policy Management Group
DoPA	Department of Public Administration	IPSI	Integrated Planning System Information System
EARDF	European Agricultural Fund for Rural Development	ILO	International Labour Organisation
EDAMIS	Electronic Data files Administration and Management Information System	IPA	Instrument for Pre-Accession assistance
EDIF	Enterprise Development and Innovation Facility	LIDAR	Light Detection and Ranging technology
EDP	Excessive Deficit Protocol (Government debt charts)		
EI	European integration		
EIB	European Investment Bank		
EMFF	European Maritime and Fisheries Fund		

	Explanation
KS*	Kosovo*
LGU	Local Government Units
ME	Montenegro
MFF	Multiannual Financial Framework
MISA	Ministry of Information Society and Administration
MK	North Macedonia
MS	Member State
MoF	Ministry of Finance
MPA	Ministry of Public Administration
MoSLI	Minister of State for Local Issues
MTER	Medium Term Expenditure Framework
NDS	National Development Strategy
NIPAC	National IPA Coordinator
NPISAA	National Programme for Implementation of the Stabilisation and Association Agreement
OECD	Organisation for Economic Co-operation and Development
PA	Public administration
PAR	Public Administration Reform
PARCO	Public Administration Reform Coordinator's Office
pc	Per capita
PEFA	Public Expenditure and Financial Accountability
PFM	Public Finance Management
PFW	Programming Framework
PMO	Prime Minister's Office
ReSPA	Regional School of Public Administration
RIA	Regulatory Impact Assessment
RoL	Rule of Law
RS	Serbia
SAI	State Administration Inspectorate
SBPM	Statistical Business Process Model

	Explanation
SCPC	State Commission for Prevention of Corruption
SDGs	Sustainable Development Goals
SBS	Sector Budget Support
SIGMA	Support for Improvement in Governance and Management, joint initiative of OECD and EU
SIPPC	Strategy for Improving Policy Planning and Coordination
SISEDE	Single information system for the exchange of data among state registers
SMIS	Statistical Management Information System
SSO	State Statistical Office
SRC	Sector Reform Contract
SSC	Sectorial Steering Committee
TFEU	Treaty on the Functioning of the European Union
UCPM	Union Civil Protection Mechanism
UK	United Kingdom
UN	United Nations
UNDESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme
TA	Technical Assistance
TAIEX	Technical Assistance and Information Exchange instrument
TV	Target value
WB6	Western Balkans Six
WB	World Bank
WEF	World Economic Forum
WBIF	Western Balkans Investment Framework
WB6	Western Balkans Six

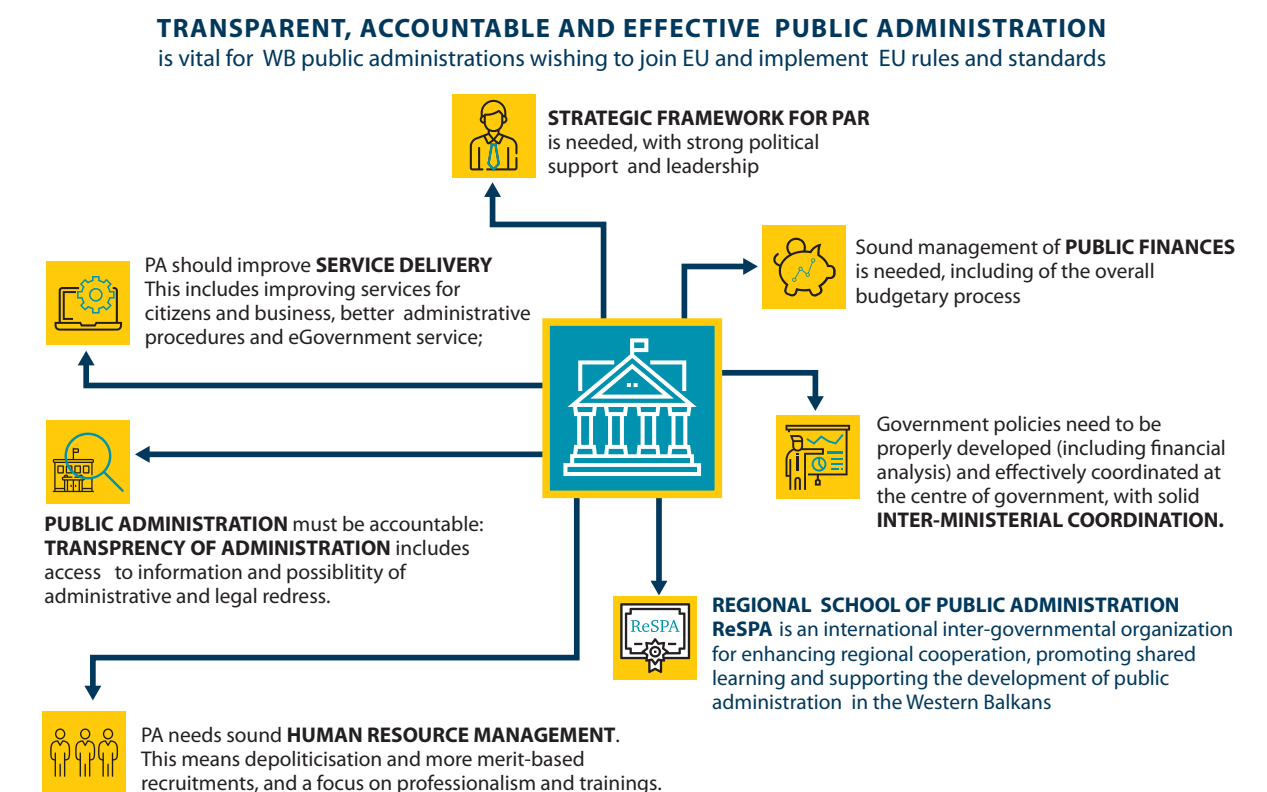
I

APPROACH

1.1. Importance of the public administration reforms within the EU integration process

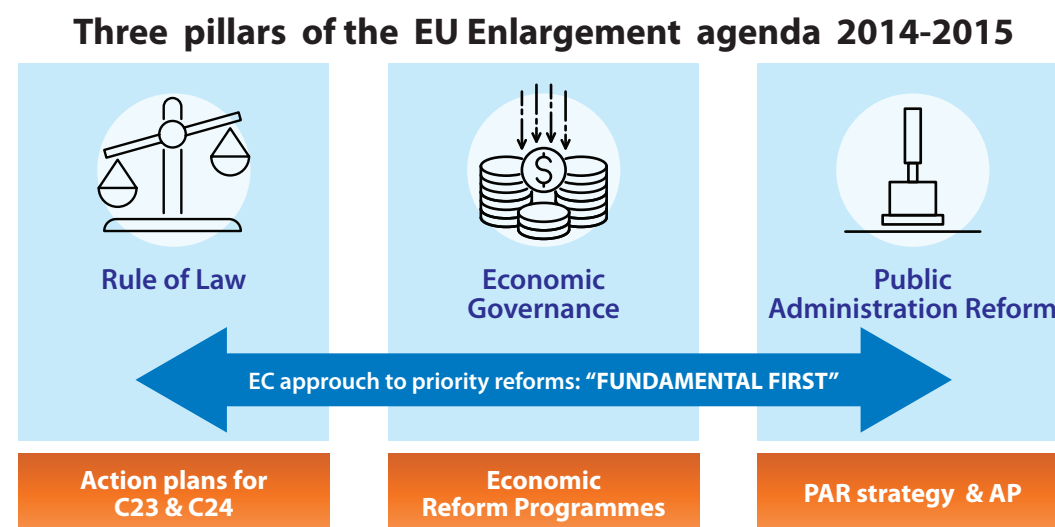
Public administration reform (PAR) is a cross-cutting issue of fundamental importance for success in democratic and economic reforms, and is building a basis for implementation of the EU rules and standards in the Western Balkans administrations. The quality of administration directly impacts the ability of governments to provide public services, to prevent and fight against corruption, and to foster competitiveness and growth. Transparent, accountable and effective public administration is vital for Western Balkans public administrations wishing to join EU and implement EU rules and standards.

Figure 1. Transparent, accountable and effective public administrations as precondition for the successful EU integration process of the WB region



After its emergence and application through soft conditionality during the 5th European enlargement, the **administrative capacity criteria** have rapidly gained importance with the EU enlargement process reaching the Western Balkans, receiving an even greater attention during the accession of Croatia and became in 2014, together with the rule of law and economic governance, one of the three pillars of the new EU enlargement strategy². Namely, Public administration reform (PAR), together with the Rule of Law and Economic Governance, became key priority in the EU enlargement process. The new three-pillar approach is characterized by a strong focus on fundamental reforms that have to be addressed early in the enlargement process. These three pillars are monitored through action plans for the Rule of law chapters (23 and 24), three-year Economic and reforms programmes and PAR strategies and related action plans. A well-functioning public administration plays a fundamental role in the European integration process by enabling the implementation of crucial reforms and efficient accession dialogue with the European Union.

Figure 2. Three pillars of the EU enlargement agenda 2014-2015



Political and legal criteria (RoL pillar), chapters related to the judiciary and fundamental rights and justice, freedom and security will be tackled early in the accession process to allow maximum time to establish the necessary legislation, institutions and solid track-records of implementation prior to the closing of negotiations. All public administration prepared different action plans for monitoring progress in this area (AP for C23 and C24, AP for fight against corruption and organized crime, AP for judiciary reform implementation, etc.).

Regarding **economic criteria (Economic Governance pillar)**, the European Commission also developed economic sub-criteria for the evaluation of a country's readiness for future membership. Gradually, with rising of impact of economic crisis on EU and candidate countries' economies, the European Commission also developed **the economic sub-criteria** for evaluation of readiness for future membership. To enhance their economic governance, the enlargement economies were

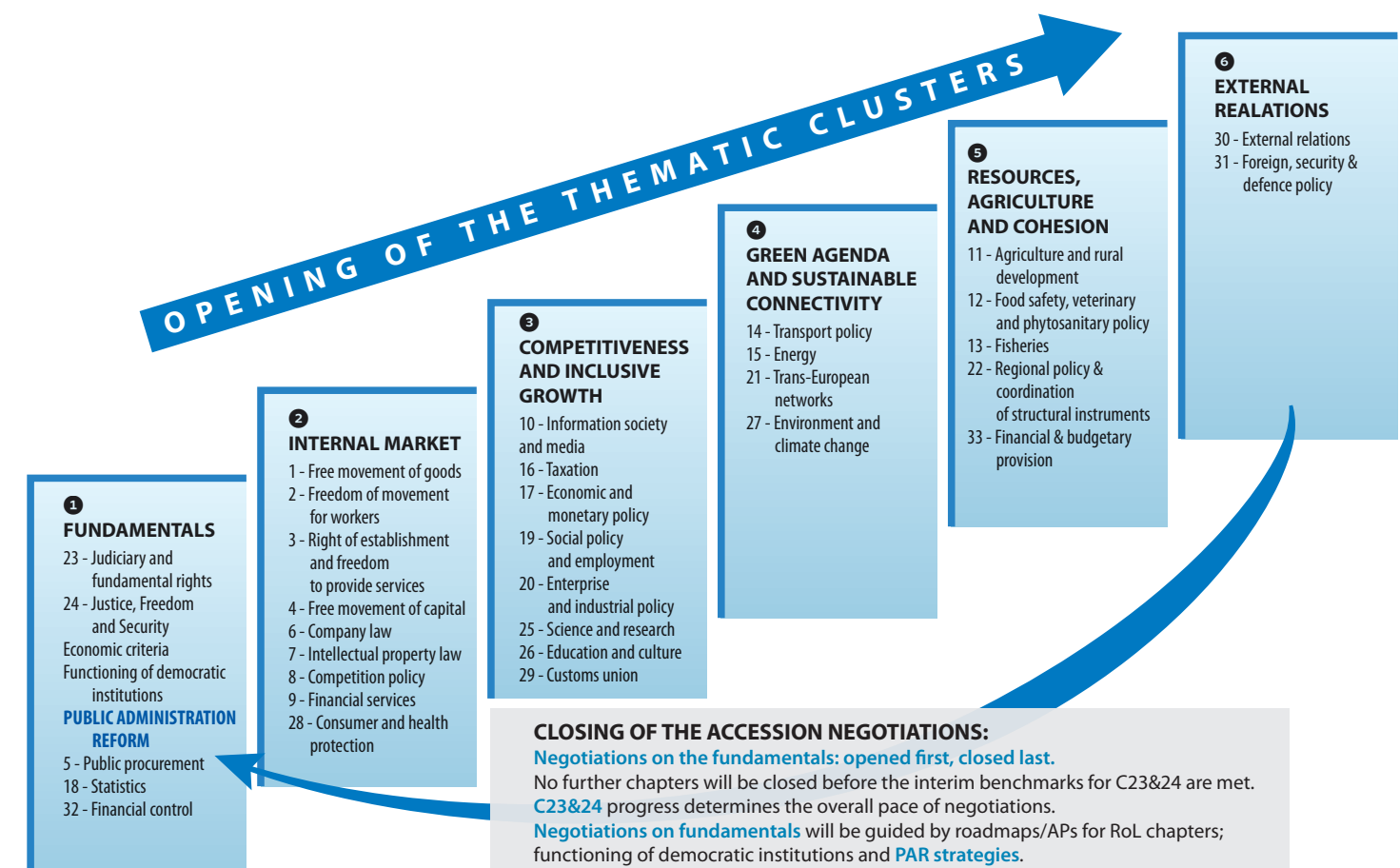
² Bonomi M., (2015). The Emergence and Consolidation of the Administrative Capacity Criteria within the EU Enlargement Policy, *Economic Analysis*, Vol. 48, No. 1-2, 1-18; (<https://core.ac.uk/download/pdf/33812218.pdf>).

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invited to prepare **Economic Reform Programmes** (ERPs), which set out a medium-term macro-fiscal policy framework, together with key structural reforms aimed at supporting the framework and boosting competitiveness. It is a gradual approach towards the EU economic governance mechanism (European Semester), currently called the Economic and financial dialogue with Western Balkans and Turkey with the EU.

Finally, administrative criteria (**PAR pillar**) suggest a well-functioning public administration is a prerequisite for transparent and effective democratic governance. As a foundation of the functioning of the administration at all levels, it determines a government's ability to provide public services and foster the country's competitiveness and growth. It also plays a fundamental role in the European integration (EI) process by enabling the implementation of crucial reforms and organizing efficient accession dialogue with the EU. Hence, the EU accession criteria recognize the need for a public administration with the capacity to pursue principles of good administration and effectively transpose and implement the *acquis communautaire*. This pillar comprises public administration reform process, its strategies and responsible institutions, as well as public finance management programmes.

Figure 3. The thematic clusters of the revised enlargement methodology (2020)



With the new strategy of the European Commission issued in February 2020³, public administration reform was reaffirmed as an area of fundamental reform in the EU’s enlargement policy. Accordingly, PAR joined the areas of rule of law, economic governance, and the functioning of democratic institutions as the basic pillars of reform which will constitute the foundation for the overall assessment of progress of aspiring EU members.

The Regional School of Public Administration (ReSPA) is the inter-governmental organization for enhancing regional cooperation, promoting shared learning and supporting the development of public administration in the Western Balkans. ReSPA Members are Albania, Bosnia and Herzegovina, Montenegro, North Macedonia, and Serbia, while Kosovo*⁴ is a beneficiary. ReSPA’s purpose is to help governments in the region develop better public administration, public services and overall governance systems for their citizens and businesses, and prepare for the membership of the European Union.

1.2. Strategic framework of PAR in the Region: state of play

The Commission defines public administration reform (PAR) in the enlargement context according to six core areas, which are further detailed by the Principles of Public Administration. A well-functioning public administration requires a professional civil service; inclusive and evidence-based policy and legislative development; well-defined accountability lines between institutions and towards citizens; capacity to deliver services to citizens and businesses; and a sound public financial management system. A strategic framework on PAR ensures that reforms in different core areas are sequenced and inter-linked.

The core strategic framework for PAR has been established in all administrations in the Western Balkans region. A few strategic documents formally expired in 2020, and renewed strategic frameworks for the post-2020 period are being prepared or in the approval stage. However, established model for managing the PAR strategies, as well as developed coordination mechanism for monitoring and reporting on the strategies’ action plans, differs between public administrations.

3 Communication from the Commission to the European Parliament, The Council, The European Economic and Social Committee and the Committee of the Region, Enhancing the accession process - A credible EU perspective for the Western Balkans, Brussels, 5.2.2020 COM(2020) 57 final.

4 * This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and ICJ Advisory opinion on the Kosovo Declaration of independence

Table 1. Key strategic framework for PAR and PFM (August 2021)

	Albania (AL)	Bosnia and Herzegovina (BA)	Kosovo* (KS*)	Montenegro (ME)	North Macedonia (MK)	Serbia (RS)
PAR strategy	Cross cutting PAR strategy 2015-2020 (CCPARS) and an extended AP for 2018-2022.	Strategic framework for PAR in Bosnia and Herzegovina 2018-2022 with AP	Strategy on modernisation of Public Administration and AP 2015-2020 ⁵ ; PAR strategy 2021-2026 under preparation;	PAR 2016-2020; PAR strategy 2021-2025 with AP is under preparation;	PAR Strategy 2018 – 2022 with revised 5-year AP;	PAR strategy 2021-2030 and AP 2021-2025
Responsible Institution of PAR AP managing (Monitoring, Reporting)	Department of Public Administration (DoPA)	PAR Coordinator's Office of BiH/ PARCO, and PAR coordinators for FBiH, RS and BD	Department for Management of PAR	Ministry of Public Administration, Digital Society and Media	Ministry of Information Society and Administration (MISA)	Ministry of Public Administration and Local self-Government (MPALSG)
PFM Strategy	Public Finance Management Strategy 2019-2022 with AP	PFM reform strategy in BiH institutions for up to 2026 will be drafted based on PFM strategies at all administrative levels	Public Finance Management Strategy 2016-2021	Public Finance Management Reform Programme 2016-2020 (updated in 2018; extended to 2021)	Public Finance Management Strategy 2018-2021, AP for 2021;	Public Finance Management Reform Programme 2021-2025
Responsible institution for PFM	Ministry of finance and economy	BiH Ministry of Finance and Treasury	Ministry of Finance	Ministry of finance and social welfare	Ministry of finance	Ministry of finance

A few strategic documents formally expired in 2020, and renewed strategic frameworks for the post-2020 period are being prepared or in the approval stage.

The state of play is largely based on the most recent progress reports of the European Commission for Western Balkan administrations⁶ and a new methodology of reporting, from qualitative towards quantitative measurement of progress since 2015 EC Report (or backsliding in some cases, between two reports). The novelties were the following:

- **A unique overall membership readiness mark/grade**, on the basis of the overall progress made by that EC Report (state of play or statistical indicator of the overall progress), with 5 levels of readiness (static indicators of readiness) - Early stage (1), Some level of preparation (2), Moderately prepared (3), Good level of preparation (4), Well advanced (5);

5 Strategic document plan 2020-2022: Strategy for Public Administration Reform 2021-2026 (Transitional Action Plan drafted for 2020-2021) and Strategy for Better Regulation and Improvement and Planning of Policy Coordination (Transitional Action Plan for previous Better Regulation Strategy 2.0 for 2017-2021, for 2020-2021). (<https://kryeministri.rks-gov.net/wp-content/uploads/2020/06/STRATEGIC-DOCUMENTS-PLAN-2020-2022.pdf>)

6 All reports are available at: https://ec.europa.eu/neighbourhood-enlargement/countries/package_en

- **A unique dynamic mark of progress that the country achieved in the last 12 months, i.e. between two reports** (level of progress or the dynamic mark of progress), with 5 levels of activities (dynamic indicators of progress) - Backsliding (1), No progress (2), Some progress (3), Good progress (4) and Very good progress (5)⁷;

This new style of reporting contributes to a greater transparency in estimation of the integration process and allows better comparative analysis. PAR indicator was recognised as one of key indicators of great significance that have a regional dimension.

These mentioned descriptive indicators can also be converted into quantitative marks, as it is presented in the table below.

Table 2. PAR indicator in the EC reports 2015-2020

PAR indicator	AL	BA	KS*	ME	MK	RS
EC REPORT 2015						
Overall indicator of readiness - state of play	3	1	2	3	3	3
Dynamic - level of progress between reports	4	2	4	3	3	4
EC REPORT 2016						
Overall indicator of readiness - state of play	3	1	2	3	3	3
Dynamic - level of progress between reports	3	2	3	3	3	4
EC REPORT 2018						
Overall indicator of readiness - state of play	3	1	2	3	3	3
Dynamic - level of progress between reports	3	2	3	4	4	3
EC REPORT 2019						
Overall indicator of readiness - state of play	3	1	2	3	3	3
Dynamic - level of progress between reports	3	2	3	3	4	3
PAR - EC REPORT 2020						
Overall indicator of readiness - state of play	3	1	2	3	3	3
Dynamic - level of progress between reports	3	2.5	2.5	3	3	2

Indicator of overall readiness in the area of PAR is almost without changes in this period. Four candidate countries are marked as “moderately prepared”, whilst Kosovo* and Bosnia and Herzegovina are marked as administration with “some level of preparation in the PAR area” and administration in “an early stage” of reform in this area, respectively.

When it comes to the dynamic indicator, observed period is too short for general conclusion on trends, but changes in dynamic are linked with specific circumstances in each administration separately, including changes of organisational structure including political level of coordination, lack of political support, complex process of adoption of a new strategic documents, etc.

According to the EC reports 2020, summary of recommendations related to PAR are the following:

7 In 2020 Report mark “limited progress” is introduced and could be transposed in quantitative mark as 2.5.

Albania:
<ul style="list-style-type: none">• Continue building capacity in line ministries to effectively implement regulatory and budgetary impact assessments for not only legislative but all policy proposals;• Upgrade further the regulatory framework on policy planning and monitoring, and roll out the integrated policy-making system;• Advance preparations to adopt a salary policy for civil servants and connect the human-resource-management information system with the treasury to provide an automated payroll.
Bosnia and Herzegovina:
<ul style="list-style-type: none">• Adopt action plan for public administration reform and strategic framework for public financial management, establish a common performance-based monitoring framework and ensure financial sustainability;• Establish a political decision-making body to steer coordination of public administration reforms across all government levels;• Amend civil service laws to ensure respect of the merit principle at all levels of government and strengthen the capacities of civil service agencies to improve human resource management and trainings
Kosovo*:
<ul style="list-style-type: none">• Make the necessary legislative amendments to the Law on public officials in line with the Constitutional Court ruling, finalise outstanding sub-legal acts and start effectively implementing the law;• Align contradictory special laws with the Law on General Administrative Procedures and address the current backlog of administrative court cases;• Increase accountability in the public sector by implementing the action plan on the rationalisation of agencies and creating a clear framework for managerial accountability and the delegation of responsibilities in public institutions, in line with the new Law on organisation and functioning of state administration and independent agencies;• Ensure full respect for merit-based recruitment and dismissal of public officials, especially senior management.
Montenegro:
<ul style="list-style-type: none">• Draft and adopt new PAR and PFM strategies with realistic objectives, based on the results of the evaluation of the previous strategy, and assessment and the 2019 PEFA, respectively;• Continue with optimisation of the PA through effective implementation of the plan;• Improve citizens' access to public information by finalising the Law on access to information in line with the SIGMA principles of public administration
North Macedonia:
<ul style="list-style-type: none">• Put in place a legislative framework that ensures full respect of merit-based recruitment for senior civil service and other positions;• Finalise the horizontal functional review and start implementing it to ensure clear accountability lines between institutions;• Ensure full implementation of the Law on General Administrative Procedures.
Serbia:
<ul style="list-style-type: none">• Start recruiting senior civil servants effectively through a merit-based procedure and reduce the excessive number of acting positions;• Ensure a strong quality control role of the public policy secretariat to allow for the effective implementation of the law on the planning system;• Put in place a unified, comprehensive and transparent system for capital investment planning and management.

EC PAR indicator will be one of 10 key performance indicators for IPA III - readiness of IPA beneficiaries on public administration reform.

1.3. ESI funds and IPA: selected indicators 2014-2020 and indicative allocations 2021-2027

The Instrument for Pre-accession Assistance (“IPA II”) supports **public administrations of the Region** in adopting and implementing the political, institutional, legal, administrative, social and economic reforms required by the beneficiaries to comply with Union values and to progressively align to Union rules, standards, policies and practices. Through such support, IPA II contributes to stability, security and prosperity in the beneficiaries, providing their citizens with better opportunities and allow for development of standards equal to the ones in the EU⁸.

As part of the EU budget, the EU pre-accession assistance significantly support and prepare administration to future membership and will be replaced with other, numerous funds for cohesion and economic convergence. The most important part for less developed new members will come through numerous funds from cohesion framework⁹. The current practice of the EU support confirms this trend.

We can compare support per EU Member States from **European Structural and Investment Funds (ESIF)** and IPA II per public administration in the Western Balkans region in the period 2014-2020.

ESI funds 2014-2020 amounted to 484.6 billion euros (0.45% of EU28 GDP) and consists of the following:

1. CF (Cohesion Fund)
2. EARDF (European Agricultural Fund for Rural Development)
3. EMFF (European Maritime and Fisheries Fund)
4. ERDF (European Regional Development Fund)
5. ESF (European Social Fund)
6. YEI (Youth Employment Initiative)

8 https://ec.europa.eu/info/sites/default/files/about_the_european_commission/eu_budget/db_2021_programme_statement_instrument_for_pre-accession_assistance_ipa_ii.pdf

9 Article 174 of the Treaty on the Functioning of the European Union (TFEU) provides that, in order to strengthen its economic, social and territorial cohesion, the Union is to aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions or islands, and that particular attention is to be paid to rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps.

Table 3. Selected indicators of the European Structural and Investment Funds and IPA II in the period 2014-2020

ESIF 2014-2020	mil EUR	EU Popula- tion 2020		IPA II (mil EUR)	Population 2020 (mil)	IPA II/pc	IPA II/GDP
ERDF (42.9%)	208,141.19	514, 345,458	AL	639.5	2.85	224.7	0.8%
ESF (17.9%)	86,804.64	GDP 28 MS 2014-2020	BA	552.1	3.49	158.1	0.5%
CF (12.7%)	61,455.29	107,442,416 mil EUR	KS*	602.1	1.78	337.9	1.4%
EAFRD (23.4%)	113,606.70	ESIF/pc in EUR	ME	279.1	0.62	448.8	1.0%
EMFF (1.2%)	5,655.44	942	MK	608.7	2.08	293.2	0.9%
YEI (1.8%)	8,950.65	ESIF/GDP	RS	1,539.1	6.93	222.2	0.5%
TOTAL	484,613.91	0.45%	TR	3,533.0	82.00	43.1	0.1%
WB IPA II/pc : ESIF/pc	25%	TOTAL IPA II per Beneficiary		7,753.6	99,75	77.73	0.1%
		WB6 IPA II per Beneficiary		4,220.6	17,74	237.85	0.7%

ESIF per capita amounted to € 942 or 0.45% of EU-28 GDP. Total IPA II per WB6 public administration is 4.22 billion €. IPA II WB6 per capita¹⁰ amounted 237 € or 0.7% of WB6 GDP in the period 2014-2020 (620,250 mil €).

If we compare ESIF / per capita with IPA II WB / per capita, we see that pre-accession support amounted to only **25%** of the EU cohesion framework, and we can conclude how important this assistance is for the EU Member States for the cohesion and convergence of their economies towards the EU average. Of the beneficiaries in the region, the largest IPA II national support per capita was achieved by Montenegro (448.8 €), and in relation to GDP, on Kosovo* - 1.4%.

At the same time, support by Member State (EU28) was in favour of the less developed:

10 Without amount for Turkey and MB IPA, according to indicative framework revised in 2018.

Table 4. ESIF/pc and ESIF/GDP 2014-2020

ESIF/pc		ESIFG/BDP	
		LV	3.26%
EE	3,653	HR	3.17%
LV	3,241	LT	2.92%
LT	3,117	EE	2.89%
SK	3,019	HU	2.84%
PT	2,673	BG	2.77%
HR	2,652	SK	2.76%
HU	2,560	PL	2.63%
CZ	2,381	RO	2.57%
PL	2,277	PT	2.03%
EL	2,145	CZ	1.89%
SI	1,874	EL	1.86%
MT	1,825	SI	1.31%
RO	1,745	MT	1.18%
BG	1,462	CY	0.71%
CY	1,105	ES	0.51%
EU28	942	EU28	0.45%
ES	863	IT	0.37%
IE	855	FI	0.30%
FI	847	FR	0.21%
IT	749	IE	0.20%
AT	567	AT	0.20%
FR	493	SE	0.13%
SE	425	DE	0.13%
LU	390	BE	0.10%
DE	359	UK	0.10%
DK	336	DK	0.10%
BE	265	LU	0.06%
UK	244	NL	0.05%
NL	151		

Member States that have achieved the largest share in the European Structural and Investment Funds per capita in the Multiannual Financial Framework 2014-2021 are the following: Estonia, Lithuania, Latvia, Slovakia, Portugal, Croatia, Hungary, Czech Republic, Poland and Greece.

Member States that have achieved the largest share in ESI funds in relation to their own GDP are Lithuania, Croatia, Latvia, Estonia, Croatia, Bulgaria, Slovakia, Poland, Romania and Portugal.

The following thematic priorities were financed through ESI funds: a) Competitiveness of SMEs, b) Environmental protection and resource efficiency, c) Social inclusion, d) Network infrastructures in transport and energy, e) Research and innovation, f) Sustainable and quality employment, g) Low CO2 economy, h) Education and vocational training, i) Climate change adaptation and risk prevention, j) Technical support, k) Information and communication technologies, l) Encouraging crisis recovery and resilience, m) The most remote and sparsely populated regions, and n) **support to efficient public administration**¹¹.

The focus of the **EU Cohesion policy in 2021-2027**¹² remains promotion of economic, social and territorial convergence, through sustainable competitiveness, research and innovation, digital transition, the European Green Deal objectives as well as the promotion of the European Pillar of Social Rights. Support within EU27 will be again in favour of the less developed.

11 All calculation are based on data available at <https://cohesiondata.ec.europa.eu/overview> .
12 European Regional Development Fund (ERDF), European Social Fund Plus (ESF+), Cohesion Fund, Just Transition Fund (JTF), European Agricultural Fund for Rural Development (EAFRD), European Territorial Cooperation (ETC), European Maritime, Fisheries and Aquaculture Fund (EMFAF), and part of the Next Generation EU (NGEU). (https://ec.europa.eu/info/sites/info/files/about_the_european_commission/eu_budget/mff_2021-2027_breakdown_current_prices.pdf)

IPA III 2021-2027 will continue to support the beneficiaries in adopting and implementing key political, institutional, social and economic reforms to comply with EU values and to progressively align to the EU's rules, standards and policies. The allocation for the Instrument for Pre-Accession, supporting beneficiaries on their path to fulfilling the accession criteria in MFF 2021-2027, will be EUR **14.161 million** (in 2020 prices). It is a significant increase compared to the MFF2014-2020 amounts, which stand at €12.8 billion in prices of 2020.¹³

*The total value of the new generation of EU cohesion funds at current prices is 544,135 million €¹⁴, which, compared to the EU27 population of 447.32 million, amounts to **1,216 € per capita**. At the same time, the projected IPA III for the Western Balkans beneficiaries per capita in the same period could increase significantly, to about **404 € per capita**, which raises its share in mentioned EU funds in this period to **33%**, which is a significant increase over the previous financial period.*

13 Total operational budget is 13,818.9 mil € and Administrative Appropriations is 342.4 mil €, in total 14,161 mil € in 2020 prices - a significant increase compared to the current MFF amounts, which stand at €12.8 billion in current prices of 2020 (European Council conclusions, Brussels, 21 July 2020, EUCO 10/20. (https://ec.europa.eu/commission/presscorner/detail/en/qanda_20_988)
14 European Commission, The EU's 2021-2027 long-term Budget and NextGenerationEU, Facts And Figures, April 2021; and EUROSTAT data on population in 2020;

II

THE EU SUPORT TO PUBLIC ADMINISTRATION REFORM THROUGH THE IPA II: AN OVERVIEW AND LESSONS LEARNED

1. IPA II 2014-2020 and the Western Balkans Region

IPA II beneficiaries, listed in Annex I of the IPA II Regulation, are: Albania, Bosnia and Herzegovina, the Republic of North Macedonia, Kosovo*, Montenegro, Serbia, and Turkey.

IPA funds are a sound investment not only into the future of the enlargement societies: they serve also the Union's very own political, security and economic interests. It is a strategic investment in a stable, more secure, strong Europe based on common values. IPA II should help beneficiaries in achieving their respective targets related to the 1993 Copenhagen criteria as well as the conditionality of the Stabilisation and Associations process. The success of pre-accession assistance is therefore to be measured against the criterion how effective the assistance was to enhance the capability of the beneficiaries to come closer to the accession benchmarks.

Table 5. IPA II revised indicative allocation and Multi country priorities (2018)¹⁵

Beneficiary	2014	2015	2016	2017	2018	2019	2020	Total
								Mil €
AL	68.7	91.9	82.4	80.2	115.6	99	101.7	639.5
BA	75.7	39.7	47	74.8	102.5	104.8	107.6	552.1
KS*	66.8	82.1	73.9	78.2	100.7	98.9	101.7	602.1
ME	39.5	36.4	35.4	41.3	46.8	45.6	34.1	279.1
MK	81.7	67.2	64.6	82.2	107.7	121.4	84	608.7
RS	179	223.1	202.8	212.2	255.9	229.4	236.9	1,539.10
TR	614	626	620	493	387	395	399	3,533.00
MB IPA	242.3	346.7	435.3	403.4	389.6	578.5	584.4	2,980.20
TOTAL	1,367.70	1,513.10	1,561.40	1,465.30	1,505.80	1,672.60	1,649.40	10,733.80

¹⁵ As laid down in the IPA II Regulation, Article 6(4), the 7-year Indicative Strategy Papers (ISP) were 'revised at mid-term and published in August 2018.

Multi country priorities	2014-2020
A. Horizontal support	964.10
TAIEX and Statistics	133.20
Advisory functions of international organisations	225.70
Civil Society and Media	120.50
Erasmus+ including the youth dimension	312.20
Horizontal measures	172.50
B. Regional structures and networks	186.30
C. Regional investment support	1,438.20
WBIF, EDIF, GGF and other blending instruments	1,413.20
Regional Housing Programme	25.00
D. Territorial co-operation	391.60
TOTAL	2,980.20

Source: Indicative Strategy Papers 2014-2020 for Beneficiaries and MC ISP, EC, 2018;

The IPA II Regulation states that financial assistance shall mainly address **five policy areas**: a) reforms in preparation for EU membership and related institution and capacity-building, b) socio-economic and regional development, c) employment, social policies, education, promotion of gender equality, and human resources development, d) agriculture and rural development, and e) regional and territorial cooperation.

According to data from revised ISPs 2014-2020 (2018) most of the IPA II beneficiaries’ support refers to the reforms necessary for EU membership in two sectors (Democracy and governance; and Rule of law and fundamental rights), i.e. in policy areas **“Democracy and Rule of law” – 42%**. In Albania, for this support goes more than half of the total support (54%)¹⁶.

Table 6. IPA II support: national component per sectors

AREAS AND SECTORS	AL	BA	MK	KS	ME	RS	TR	TOTAL
DEMOCRACY AND RULE OF LAW	54%	40%	31%	44%	39%	45%	41%	42%
1. Democracy and governance	32.6%	19.3%	21.5%	20.3%	23.4%	29.0%	25.9%	25.7%
2. RoL and fundamental rights	20.9%	21.1%	9.3%	11.7%	15.2%	16.0%	14.6%	15.2%

16 Thanks to so-called Performance Award Mechanism, additional assistance is provided in 2017 and 2020. It provided a financial incentive for individual IPA II beneficiaries in case of particular progress made towards meeting the membership criteria and/or efficient implementation of pre-accession assistance. The Regulation twice foresaw the use of the performance reward scheme in the period 2014-2020 (current Multi-annual Financial Framework). The reward was first allocated in 2017, benefitting Albania, Kosovo*, North Macedonia, Montenegro and Serbia with an overall amount of EUR 78 million. The amount allocated for the 2020 performance reward exercise was also EUR 78 million. The Commission proposed to reward the two countries, which had undertaken the most significant steps to advance EU reforms: Albania and North Macedonia. (https://ec.europa.eu/neighbourhood-enlargement/instruments/overview_en);

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COMETITIVENESS AND GROWTH	46%	60%	69%	56%	61%	55%	60%	58%
3. Environment, climate change and energy	4.7%	20.7%	20.3%	23.9%	12.6%	20.9%	12.4%	15.6%
4. Transport	3.8%	7.6%	18.9%	0.0%	10.6%	4.2%	10.5%	8.3%
5. Competitiveness, innovation, agriculture and rural development	28.6%	18.0%	22.3%	20.7%	25.7%	21.9%	27.6%	24.8%
6. Education, employment and social policies	9.4%	13.4%	7.7%	11.7%	12.5%	8.0%	9.0%	9.4%
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%

Source: Indicative Strategy Papers 2014-2020 for Beneficiaries, EC, 2018;

In 2020, in close cooperation with the IPA II beneficiaries, the EC amended a few Country Action programmes in order to support them in **the COVID-19 crisis response** (social and economic recovery):

- Albania (IPA 2019) and Special measure on post-earthquake reconstruction and rehabilitation in 2020 (part I and II)
- Bosnia and Herzegovina (IPA 2019 and 2020)
- Kosovo* (IPA 2019 and 2020)
- Montenegro (IPA 2016, 2018, 2019 and 2020)
- North Macedonia (IPA 2020)
- Serbia (IPA 2019 and 2020).

Abovementioned changes, amounted 389 mil € were part of substantial EU support to the Region in order to support them in the COVID-19 crisis response.

Namely, within the existing MFF 2014-2020, the EU has mobilized in 2020 a package of over **3.3 billion €** to the benefit of Western Balkans citizens for the following priorities:¹⁷

- a) **38 million € of immediate support for the health sector**, through reallocations of some IPA funds, in particular through delivering essential supplies to save lives such as personal protective equipment, tests and ventilators¹⁸, The EU assisted Albania and North Macedonia

17 This includes reallocations from the Instrument for Pre-accession Assistance. Existing IPA support programs are also being adapted and accelerated e.g. EU pre-accession assistance for rural development (IPARD) and for EU-Western Balkans cross-border cooperation (REGIO).

18 The EU is funding the delivery of some 95.000 COVID tests, 500 hospital beds, 450 ventilators, 100 intensive care monitors, 100 containers for triage, 10 ambulances, as well as more than 4.5 million pieces of protective equipment as well as hundreds of medical devices (such as x-rays, ECGs, CT scanners, defibrillators, infusion pumps) and thousands of supplies (such as thermometers, catheters, tubes, syringes, masks). The EU has also covered the cost of 16 long-haul flights carrying 750 tons of medical supplies purchased from other sources.

to cover the immediate needs of their public health systems with up to 4 million € each, Bosnia and Herzegovina with 7 million €, meanwhile Montenegro received 3 million €, Kosovo* 5 million € and 15 million € went to Serbia;

- b) EUR 389 million € to address social and economic recovery needs** (national IPA reallocations); and
- c) a further 455 million € economic reactivation package** for the region in close cooperation with the International Financial Institutions,
- d) a proposal for 750 million € of Macro-Financial Assistance** (180 mil € for Albania, BiH 250 mil €, Kosovo* 100 mil €, Montenegro 60 mil € and North Macedonia 160 mil €)¹⁹ and
- e) 1.7 billion € package of assistance from the European Investment Bank** (preferential loans)²⁰.

Table 7. COVID-19: the EU package for the Western Balkan of 3.3 billion EUR

	To deal with the health crisis	To support business and public sector investment		To kick-start the socio-economic recovery	
	38 mil € of immediate support to the health sector	455 mil € for economic reactivation package in close cooperation with the IFIs	1.7 billion EUR of preferential loans by the EIB	389 mil € reallocation of IPA for social and economic recovery	750 mil € of Macro-Financial Assistance (direct loan to the state budget)
AL	4	50.7		46.7	180
BA	7	80.5		73.5	250
KS*	5	60.0		63.0	100
ME	3	53.0		50.0	60
MK	4	66.0		62.0	160
RS	15	93.4		78.4	-

Furthermore, given their European perspective, the EU is treating the Western Balkans as **privileged partners** by granting them access to many initiatives and instruments reserved for EU Member States.

The Commission is also including the Western Balkans in EU initiatives to tackle the coronavirus crisis like the **joint procurement schemes of protective personal equipment** and has accelerated the implementation of a project with the European Centre for Disease Prevention and Control (ECDC). Initially envisaged for 2021, this project will enhance their capacities to survey and control

19 Proposal for a Decision of the European Parliament and of the Council on providing Macro-Financial Assistance to enlargement and neighborhood partners in the context of the COVID-19 pandemic crisis. 22 April 2020. 2020/0065 (COD)

20 Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions, Support to the Western Balkans in tackling COVID-19 and the post-pandemic recovery Commission contribution ahead of the EU-Western Balkans leaders meeting on 6 May 2020, COM/2020/315 final

communicable diseases, improve their health emergency preparedness capabilities, and support the development of their public health microbiology laboratory systems.

Privileged partnership also includes for instance exempting the region from the EU’s export authorization scheme for personal protective equipment, ensuring the fast flow of essential goods across land borders through “**green lanes**”, and the EU supply of testing material to ensure the correct functioning of coronavirus tests in the Western Balkans. The region is also associated to the work of relevant health bodies.

As a result of the coronavirus outbreak, the Western Balkans has also activated the **Union Civil Protection Mechanism (UCPM)** and has already started to receive assistance through delivery of equipment and repatriation of citizens from the UCPM Member States and Participating States.

The EU is also providing immediate humanitarian assistance **to vulnerable refugees and migrants** amounting to 4.5 million € and 8 million € to address pressing needs in migrant camps across the region.

2. PAR support in IPA II

2.1. Implementation modes with focus on the sector budget support

IPA II funded activities are implemented and managed in various ways>

- Under **direct management**, the implementation of the budget is carried out directly by the Commission either at headquarters or in the EU delegations.
- Under **indirect management**, the Commission entrusts budget implementation tasks to the IPA II beneficiaries or entities designated by them; a development agency of an EU Member State or, exceptionally, of a third donor country; an international organisation or an EU specialised agency and public law bodies, including Member state organisations. In other words, the Commission entrusts the management of certain actions to external entities, while still retaining overall final responsibility for the general budget execution.
- Under **shared management**, implementation tasks are delegated to EU Member States (only for cross-border cooperation programmes with EU countries).
- In the context of direct management, **sector budget support**²¹ is yet another tool for delivering

21 **Budget support** involves ‘(i) dialogue with a partner country to agree on the reforms which budget support can contribute to, (ii) an assessment of progress achieved, (iii) financial transfers to the treasury account of the partner country once those results have been achieved, and (iv) capacity development support’. Budget support is applied by European Commission in three contractual forms: 1) Sustainable Development Goals (SDGs) Contracts to support national policies and strategies in progressing towards the SDGs, 2) **Sector**

pre-accession assistance and achieving sustainable results under IPA II. It consists of financial transfers to the national treasury account of an IPA II beneficiary once certain conditions have been fulfilled and requires performance assessment and capacity development, based on partnership and mutual accountability. As stated in the Financial Regulations (General Budget and European Development Fund) and the related Implementation and Application Rules, the **use of budget support is subject to conditions**. Eligibility criteria have to be met before signing a contract and maintained during its implementation before payments are made.

Sector reform contract (SRC), as all forms of the EU budget support, is subject to the following four **eligibility criteria** covering:

1. National/sector policies and reforms («public policies»);
2. Stable macro-economic framework;
3. Public financial management; and
4. Transparency and oversight of the budget.

Budget support offers a valuable **platform for dialogue** with the beneficiaries (Government, national oversight bodies, civil society, private sector, and other stakeholders) on policies and their financing, objectives and results, consistent with the principles of ownership, transparency and accountability. The EU **direct contribution** to the state budget provides the legitimacy and the opportunity to enter into this dialogue, allowing a comprehensive view on a country's development or reform strategy and ways to achieve it.

Budget support involves **the transfer of financial resources to the National Treasury of a beneficiary**, following the fulfilment by the latter of the agreed conditions for payment set out in the contract. Once the transfer has taken place, budget support funds are used in accordance with the partner country's own public financial management (PFM) systems. The responsibility for the management of these transferred resources rests with the partner government. The Commission's responsibility when accounting for and auditing its resources is to ensure that the stipulated conditions have been met and that resources are transferred to the national treasury in accordance with the financing agreement.

Performance & results assessment - Budget support is directly linked to reforms and developmental results. This implies the existence or building of effective beneficiary's systems to collect information and statistics on results, to monitor progress, and evaluate impact. Performance monitoring systems should be further developed by the government with the support of international partners if needed. Clarity on the choices of indicators, realistic targets, resource requirements and institutional set up, are all important elements for the reliability of the system. The system should also contribute to strengthening the voice and participation of different stakeholders in the beneficiary's budgetary process, structuring the policy dialogue between the government and partners, and ensuring that relevant, reliable and timely information on development results is placed in the public domain.

Reform Contracts to support sector reforms and improve service delivery (SCR), and 3) State Building Contracts in fragile and transition situations. (EC, Budget Support Guidelines, 2017); https://ec.europa.eu/international-partnerships/system/files/budget-support-guidelines-2017_en.pdf

Other important characteristics of a direct budget support are the following:

- **Budget support is results-based.** Whereas other assistance modalities are mostly disbursed against eligible expenditures, budget support is disbursed according to the results achieved. Overall progress regarding policy implementation must be satisfactory, the macroeconomic, public finance, and budgetary transparency eligibility criteria must be met, and variable tranches are linked to specific performance indicators.
- **Alignment with policies and systems together with beneficiary ownership render the results achieved more sustainable.** Budget support finances reforms and activities that are an integral part of a beneficiary's policy-making, planning, budgeting, and execution system.
- **Budget support recognises that developmental progress and sustainable growth depends on sound macroeconomic and fiscal management.** The eligibility criteria ensure that budget support is provided in the context of a stability-oriented macroeconomic framework with a sufficient degree of progress in the management of public finances and domestic revenue mobilisation.
- **Budget support improves accountability and helps to tackle corruption.** Strengthening accountability requires transparency, with a focus on oversight institutions such as supreme audit institutions and parliament, and also civil society participation in the shaping and monitoring of government policies. Eligibility criteria for budget support focus on progress in public finance management and budgetary transparency and oversight. The financing provided through budget support becomes part of the state budget and therefore subject to external audit and parliamentary control. The participation of civil society is encouraged for example through support to 'citizen budgets' by encouraging governments to involve civil society more systematically in policy-making and monitoring processes
- **Budget support can lower the transaction cost of delivering assistance.** It does not require the establishment of parallel systems with separate management, staffing, planning, budgeting, accounting and reporting procedures. Budget support funds are an integral part of a country's state budget.
- **Size and phasing of variable tranches** - while many factors are likely to influence performance, larger variable tranches are expected to have a stronger incentive effect. **No clear rules** regarding the appropriate share of fixed and variable tranches can be defined. A balance needs to be struck between creating incentives and avoiding excessive unpredictability or volatility in disbursements, particularly in more aid dependent contexts. The variable share might be expected to be larger in the following circumstances: the smaller the budget support contract's share of the partner's budget; the weaker its track record of budget support implementation; the weaker the partner's commitment to reform; and/or the higher the risk. EU Delegations should follow a pragmatic approach taking into account the above elements. EU Delegations should also co-ordinate decisions on the size and phasing of variable tranches with other cooperation partners in that public administration. EU Delegations should select, in agreement with the authorities and in co-ordination with other cooperation partners, a limited number of performance indicators for variable tranche disbursement²², from the administration's monitoring and evaluation systems or from the performance assessment framework.

²² The number of indicators of a variable tranche should generally range from 3 to 10. The more focused the objectives of the beneficiary and the smaller the size of the variable tranche, the fewer the recommended number of indicators.

- **Indicators, baselines, targets and assessment methodology should be agreed during the formulation phase and defined – precisely and unambiguously – in the financing agreement.** The data source should be clearly identified and the quality of the data assessed. Changes to the indicators and their targets should be avoided where possible but may be necessary to take account of progress or changes during contract implementation. A minimum time-lapse is however required between the moment the target is set and the moment the result is assessed, in order to avoid undermining the incentive for performance. Financing agreements should therefore include an explicit clause stating that any subsequent revision of indicators or targets can take place upon the request of the Government and subsequent agreement by the responsible Commission Authorising Officer. Note that any change to the targets should be agreed ex-ante or at the latest by the end of the first quarter of the assessed year.
- **Conditions, criteria, procedures and timing for disbursement** should be clearly defined with and understood by the public administration in order to enhance predictability and respect the beneficiary’s budgetary, planning and reporting cycles.
- **Mutual understanding** is a core element of the budget support contract between the EU and the IPA beneficiary. To the extent possible, assessments and decisions regarding disbursements should take place in a timely manner to support the budget execution for the fiscal year into which the funds are to be disbursed. Floating tranches, i.e. without a decision date defined in the financing agreement, should be avoided.
- **What if the conditions for budget support are not currently met?** - EU Delegations should agree with the authorities and in consultation with other cooperation partners on an appropriate and transparent methodology. **Undisbursed funds** should not be ‘recycled’ in later tranches as this can reduce the initial incentive effect of variable tranches. They should be de-committed and where possible **returned** to the beneficiary’s national/multi-annual indicative programme according to the applicable rules, or, if relevant and feasible, allocated to the complementary support component of the contract²³.

23 Nonetheless, the financing agreement may allow for the possibility to waive or neutralise a variable tranche indicator in exceptional and/or duly justified cases, e.g. where unexpected events, external shocks or changing circumstances have made an indicator or its target irrelevant. In these cases, the related amount could either be reallocated to the other indicators of the variable tranche the same year or be transferred to the next variable tranche the following year. The financing agreement may also provide for the **possibility to re-assess an indicator** the following year against the original target, if there was a positive trend and the authorities did not reach the target because of factors beyond their control. Such potential provisions in the financing agreement should not substitute for constant monitoring of the conditions and indicators applicable to disbursements at any time of contract implementation. Problems of this kind must be anticipated to the extent possible and, when needed, be taken into account through an amendment to the financing agreement, early enough not to undermine the incentive effect of variable tranches.

EC, Budget Support Guidelines, 2017; https://ec.europa.eu/international-partnerships/system/files/budget-support-guidelines-2017_en.pdf

2.2. Previous and ongoing support to PAR in IPA II: an overview

Previous and ongoing support to PAR in IPA II is found in all IPA beneficiaries in the Region with different implementation modes.

Table 8. Mapping of PAR support in IPA II

PA and IPA year	Programme	EU contri- bution	Management mode
AL.1. IPA 2014	Support to public administration reform through law enforcement and Innovative ICT processes	6,000,000	Indirect manage- ment (IM)
AL.2. IPA 2014	Sector reform contract for Public Finance Management (40 million for budget support and 2 million for technical assistance, DM with EUD)	42,000,000	SRC and DM
AL.3. IPA 2015	Sector Reform Contract for Public Administration Reform (32 mil €, including 28 mil € for SRC and 4 mil € for complementary activities, IM)	32,000,000	SRC and IM with UNDP
BA.1. IPA 2015	Support to the Public Administration Reform and the Reform of the Statistics system	3,500,000	Direct manage- ment (DM)
BA.2. IPA 2016	Support to Public Sector Management Reform in Bosnia and Herzegov- ina (as part of PAR AP pillar - Human Resource Management)	3,100,000	DM, EUD Bosnia and Herzegovina
BA.3. IPA 2017	EU support to an efficient and responsible public administration	5,700,000	DM, EUD BiH
BA.4. IPA 2017	EU support to public financial management reform	5,100,000	DM, EUD BiH
BA.5. IPA 2019	EU4 Efficient Public Administration	13,000,000	DM, EUD BiH
BA.6. IPA 2020	EU4 Efficient Public Finance Management	7,250,000	DM, EUD BiH
KS*.1. IPA 2014	Further support to PAR process	3,500,000	DM, EU Office in Kosovo*
KS*.2. IPA 2016	Sector Reform Contract for Public Administration Reform (22 mil €) with complementary technical assistance (3 mil €)	25,000,000	SRC, DM
KS*.3. IPA 2017	EU support to PFM reforms (21 mil € for direct budget support and 4 mil € for complementary technical assistance)	25,000,000	SRC, DM
ME.1. IPA 2014	Support to PFM policies	3,600,000	IM
ME.2. IPA 2017	EU Support to Public Administration Reform in Montenegro (12 mil € for direct budget support and 3 mil € for complementary technical assistance)	15,000,000	SRC, IM IO
MK.1. IPA 2017	EU support to Public Administration Reform and Statistics	11,200,000	DM, EUD
MK.2. IPA 2018	EU Support to Public Finance Management (PFM)	18,600,000	DM, EUD
RS.1. IPA 2014	Support to PAR in order to improve organisational and functional structures of the public administration system (restructuring efforts)	2,500,000	IM IO, World Bank
RS.2. IPA 2014	Support to the local self-Governments to foster LSG administration in smooth implementation of regulatory and budgetary reforms	4,450,000	IM, CFCU
RS.2. IPA 2015	SRC for Public Administration Reform (including PFM reform pro- gramme; 70 mil € SRC and 10 mil € through complementary support)	80,000,000	SRC, DM

In the table above programmes related to PAR, PFM and public sector reforms are presented.

2.3. Lessons learned: Sector reform contract for PAR in Albania

According to the European Commission’s reports, the IPA II Sector Budget Support has been positively accepted by the Albanian Government²⁴. Albania has the biggest number of Sector Reform Contracts in the Region (PFM 2014, PAR, and Employment and skills in 2015, Transport, and Fight against corruption in 2016, Justice Reform in 2018)²⁵. In IPA 2020 two financial agreements are planned in this mode: EU for economic recovery and EU for Good Governance²⁶.

The Government of Albania established the mechanism of integrated sectoral/cross-sectoral management in September 2015 to guide and monitor policy development, strategy implementation and evaluation and to strengthen sector and donor coordination through the establishment of integrated policy management groups (IPMGs) and sectoral steering committees (SSCs). The overall coordination structure was revised in 2018²⁷. There are currently five IPMGs (PAR and good governance, competitiveness and investment, employment, integrated land management, and integrated water management) and five SSCs (justice reform, internal affairs, public finance management, connectivity, and environment climate and waste management).

Overall **PAR coordination and management** the process is led by the Integrated Policy Management Group on Good Governance and PAR (IPMG-PAR), which includes eight **thematic groups** (policymaking, civil service and PAR, public services, digitalization, anti-corruption, decentralization, statistics, regional development) and the steering committee for public finance management. The Deputy Prime Minister leads IPMG-PAR, while the Department of Public Administration (DoPA) leads the thematic group on the civil service and PAR.

The **overall objective** of PAR sector reform contract (IPA 2015) is to assist the Government of Albania in enhancing transparency, accountability and effectiveness of the public administration, with greater focus on the needs of citizens and businesses in view of creating a solid basis for the implementation of the EU *acquis*.

In line with the Public Administration Reform Strategy 2015-2020, the **specific objectives** of this sector reform contract are to:

- Improve the financial capability of the government to achieve PAR sector policy objectives;
- Promote PAR sector policies and reforms to:
 - Improve planning and coordination to draft government strategic documents;
 - Establish a transparent and all-inclusive system of drafting laws, which is based on agreed policies and ensures the alignment with the *acquis*;
 - Establish a professional, impartial, independent and merit-based civil service;

24 European Commission, External Evaluation of the Instrument for Pre-accession Assistance (IPA II) Final Report – Volume 2 – June 2017 (https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/ipa_ii_eval_-_final_report_-_volume_2_-_june_2017.pdf);

25 https://ec.europa.eu/neighbourhood-enlargement/instruments/funding-by-country/albania_en ;

26 26 mil € and 35 mil € respectively. In: IPA AIR 2020, 15.2.2021, pp. 26-28. <http://integrimi-ne-be.punetejashtme.gov.al/wp-content/uploads/2021/08/Annual-Implementing-report-IPA-2020.pdf>

27 Prime Minister Order No.157, dated 22.10.2018.

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- Reduce corruption opportunities through ensuring quality and accessibility of public services;
- Enhance accountability of public administration;
- Improve PAR sector governance and institutional capacity at central and local level.

The amount allocated for the budget support component is 28 million € (**26.6 mil €** excluding technical assistance). The amount allocated for the complementary support component is 5 million € (4.5 mil € for complementary technical assistance for SRC PAR and 0.5 mil € for monitoring and communication of SRC PAR)²⁸.

The SRC for PAR is subject to **four eligibility criteria** being met both when the programme is approved and at the time of each budget support disbursement (general conditions for all tranches):

- Implementation of a credible stability-oriented macroeconomic policy;
- Satisfactory progress in the implementation of the PFM reform strategy;
- Satisfactory progress with regard to transparency and the public availability of timely, comprehensive and sound budgetary information;
- Satisfactory progress with regard to the implementation of a credible and relevant public policy by implementing the PAR strategy²⁹.

A first fixed tranche of 7 mil € was disbursed in December 2016. According to the Financial agreement, performance on compliance with **10 agreed indicators** is measured and, based on this progress, 3 variable tranches of a maximum 7 mil € each will follow until 2021³⁰.

Table 9. Performance indicators for SRC PAR in Albania: IPA 2015

Indicators for sector (10 performance indicators for variable tranches)	Baseline (2014)	Milestone (2017)	Target (2020)	Source
1. Number of newly elected mayors, local administrators and councillors trained on the PAR strategy and application of the Civil Service Law	0	30 mayors, 100 local administrators and 100 local councillors trained on Civil Service Law application	All mayors, local councillors and 300 local councillors trained on Civil Service Law application	Minister of State for Local Issues (MoSLI) / UNDP
2. Establishment of a permanent help-desk for on line support to municipalities;	0	On line Help Desk fully established	On line Help Desk fully operational	MoSLI/ UNDP

28 It is envisaged in the first document to sign a delegation agreement with UNDP under indirect management for the implementation of the STAR project. This will capitalise on the existing efforts of other donors to move forward with the territorial administrative reform (3.5 million €). In addition, three service contracts under direct management by the EU Delegation are foreseen for monitoring purposes, communication and visibility, and audit (0.5 million €). https://ec.europa.eu/neighbourhood-enlargement/instruments/funding-by-country/albania_en; Source of these reallocations is from IPA AIR 2020, pp. 27.

29 <https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/albania/ipa/2015/ipa-2015-commission-implementing-decision-and-annex.pdf>

30 A specific contract that was launched in April 2017 carried out the assessment of the general and specific eligibility requirements. The first mission under this contract took place in April 2017. A follow-up was done in October 2017 and similarly, for each year there will be 2 missions: One during the time of the request of disbursement (spring) and an interim one (autumn). Assessment and possible revision of target indicators under this SRC is in process. (IPA AIR 2017, pp. 138-139).

3. Establishment of a comprehensive performance management system for monitoring municipal performance.	0	Performance monitoring system established	Performance monitoring system fully operational	MoSLI/ UNDP
4. Share of estimated funding needs of the five selected sector strategies that are covered by the medium term budget program (1)	42% (2014)	70%	80%	Sector Reform Contract for PAR, Reports
5. Rate of implementation of the National Plan for European Integration (2)	47.8% (2015) 56.4% (2016)	80%	90%	SRC for PAR
6. % of important primary legislation adopted in the given year accompanied by full regulatory impact assessment - RIA (3)	RIA not yet in place	30%	All RIA prepared are assessed as of good quality	SRC for PAR
7. Average score for quality of public consultation process (4)	5.25 (2015)	6.5	7.5	SRC for PAR
8. Rate of implementation of the annual recruitment plan (5)	66.5% (2015) 77% (2016)	85%	90%	SRC for PAR
9. Scope of institutions in which HRMIS is used to generate payroll (6)	Not operational in 2015	In all state institutions, Independent institutions, 50% of LGUs	In all state institutions, Independent institutions, and LGUs	SRC for PAR
10. Effective human resource management on dismissal in place (7)	59%	Reduced by 7% compared to 2016	Reduced by 15% compared to 2017	SRC for PAR
11. Backlog of final court decisions in relation to civil servant appeals is enforced (8)	21% (2014) 53% (2015)	50%	At least 60%	SRC for PAR
12. Public services provided at a higher level of automation (9)	132 out of 363 services are delivered at 0 level	100 at higher level than 2016 ³¹	150 at higher level than 2018	SRC for PAR
13. Access to information (10)	Register not established	At least 70% of requests dealt with on time and according to art. 15	At least 85% of requests dealt with on time and according to art. 15	SRC for PAR

The specific conditions for disbursement for variable tranches are listed in the Annexe of Financial Agreement.

With regard to the IPA 2015 SRC for Public Administration Reform, due to the impact of the **earthquake in November 2019 and the COVID-19 pandemic in 2020**, Annex IA Budget Support of the Financing Agreement for the IPA 2015 Action Programme for Albania was amended as follows:

- The amounts budgeted for Indicators **1, 2, and 4** were reallocated to other indicators. These three indicators were suspended due to the impossibility to organise the constant coordination, interaction and trainings needed for the achievement of the targets in the light of the health-related restrictions. The related funds are reallocated to indicators that were not affected by the crisis.
- Indicators **6 and 10** (6. HRMIS generates payroll reports for all state Administration institutions, independent institutions and all local government units (LGUs) employing civil servants and 10. Decrease by 1/3 the share of public information requests refused by public authorities in 2020 compared to the baseline of 2019) were postponed by one year so shall be assessed

31 Level 1 - 394 Level 2 - 189 Level 3 - 210 Level 4 - 255 (2016), IPA AIR 2016, National IPA Coordinator, 15.2.2017;

in 2021 for the progress made during 2020 (Achievement: by end 2020; Assessment by May 2021; Disbursement by September 2021).

The Compliance Review for the SRC PAR was held entirely online; it was recognised that Albania has demonstrated the continuation of the improvement of the functioning and capacities of the public administration but due to the post-earthquake and COVID-19 pandemic, the progress undertaken in public administration and public finance management slowed down. 5 out of the 8 indicators subject of assessment were assessed as fully compliant, specifically: **3, 5, 7, 8 and 9**.

Main characteristics and lessons learned of the PAR direct budget support in Albania:

- According to the Annual Implementation Report 2020, total **amount disbursed** cumulatively is 13,487,043 € (out of 26,600,000 €), i.e. **51%**. The overall achievement of the targets for the SRC PAR shall be reported in the AIR 2021, given the 1-year postponement. Due the exceptional circumstances of the COVID-19 pandemic, in several cases targets for indicators have been postponed by one year, therefore not allowing for a complete analysis. Completed SRCs are the IPA 2014 SRC Public Financial Management (PFM) with a **78.6%** disbursement rate, the IPA 2015 SRC Employment and Skills with a **84.6%** disbursement rate, the IPA 2016 SRC Transport with a **83.6%** disbursement rate and the IPA 2016 SRC Anti-corruption with a **70.1%** disbursement rate³².
- **Drafting Sector Reform Contracts** is still challenging for Albanian institutions, although the experience from IPA II has been largely positive. In this case, the beneficiaries (including the leading institution in the sector benefitting from Sector Budget Support instrument) have not only to go through a new and complex learning process, but also have to act within a tight timeframe³³.
- **General benefits of the budget support** could be summarized as follows:
 - The BS benefits extend not only to supporting the **objectives of the sectors** but also to the impact on the administrative culture.
 - Another positive element is that Sector Reform Contracts can provide not only budget support but also **technical assistance** aimed at enhancing the capacity of the beneficiary institutions.
 - Benefit of the BS instrument could be also the reduction of the problem related to the **lack of absorption capacities of IPA funds**. This does not mean that in this new mechanism the administration doesn't imply a process of selection in order to benefit budget support but it is obtained on the basis of results-based. The financial disbursement is made on the basis of the level of implementation of agreed indicators and the agreement on disbursement of financial tranches. In this form, where the reward is linked to the outcome, the political and administrative will is stimulated towards achieving the defined objective.
 - Expected results of SCRs should be an expression of sectorial policy/reform priority of the government and as a result, this mechanism stimulates the **inter-institutional**

32 (<http://integrimi-ne-be.punetegashtme.gov.al/wp-content/uploads/2021/08/Annual-Implementing-report-IPA-2020.pdf>)

33 <http://integrimi-ne-be.punetegashtme.gov.al/wp-content/uploads/2021/08/Annual-Implementing-report-IPA-2020.pdf>

co-operation. The Institutions part of the budget support have a 'strong argument' to present in order to ensure the obtaining of sufficient funds to implement the measures agreed in the Sector Reform Contracts. These commitments may even have a financial effect beyond the EU Budget Support deadlines.

- An important process in the implementation of IPA II is **the process of monitoring** the overall policy or reform performance as well as the agreed indicators that are part of the strategic document on which sector policy/reform is based. Hence the establishment of monitoring mechanisms is crucial. In Sector Reform Contracts, Monitoring and Evaluation are clearly defined. However, the culture of monitoring and evaluating policies in the Albanian administration needs to be further strengthened³⁴.
- The Government's priorities in the field of PAR focus on the implementation of the **Integrated Planning System**³⁵, by creating the conditions for introducing a performance orientation in the policy planning and budgetary processes and by improving institutional capacity to monitor results at the strategy and program levels; The Integrated Planning System ensures that public policy and finance are managed in efficient harmonized and integrated manner. Based on the Council of Ministers Decision no. 290 dated 11.4.2020, "For the creation of Government Integrated Planning System Information System (IPSIS)", central institutions are obliged to create strategic documents, define policies, costing measures planned under strategies, approve policy items and monitoring their implementation through IPSIS. The main goal is to create a **state database of the IPSIS**, which aims at reorganizing the design of strategic and medium-term policies, programming, budgeting, monitoring, evaluation and coordination of policies in order to avoid fragmentation and duplication between government key policies and financial planning processes.
- **The integrated planning system needs strong coordination and adequate human resources** as well as further capacity building to secure sustainability.
- There is a need to **improve capacities in drafting policies**³⁶, as well as the capacity to implement regulatory impact assessments in the line ministries in order to ensure coherent and sound strategic framework for the reforms in all sectors, as well as the need to enhance the capacity of the relevant units at the PMO.

34 EU policy hub, Budget support and sector approach mechanism in Albania: Lessons learned, HUM Monitor, Issue Brief, 30 May 2019 (<http://www.eupolicyhub.eu/wp-content/uploads/2019/06/Budget-Support-2019-brief-en.pdf>);

35 Integrated Policy Management Groups (IPMG) - enabling cooperation at political level for the integrated sector/cross-sector approaches in priority areas (Government priorities); Sector Steering Committees (SSC) - enabling cooperation at political level and inter-institutional coordination within sector of special importance; and Thematic Groups (TG) - enabling cooperation at technical level as well as with development partners within the specific sectors of the respective priority areas.

36 Policy drafting and strategic planning capacity across the state institutions varies greatly from institution to institution. Some of the strategic documents and accompanying action plans are well drafted with required impact assessments conducted, alignment with other relevant strategic and planning documents ensured, implementation costs estimated and included in the mid-term budget.

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- **Policy monitoring capacity in line ministries** should be advanced further, to ensure that the progress towards achieving the policy goals is monitored, analysed and evaluated, and the revision of policies or drafting new policies is based on evidence and evaluation results.
- Budget support for PAR is close to completion and paves the way for follow up action to further strengthen reform implementation. In general, the conclusions from lessons learnt have supported the **needs for additional technical assistance (TA)** to further implement the civil service reform, the reform of subordinated agencies and independent institutions, improving services delivered to citizens, and supporting municipalities, among others, to clarify competences and strengthen capacity.
- Moreover, lessons learned from ongoing sector budget support programmes highlight the need for **political leadership, commitment and strong coordination, and stability of the public administration**, especially for cross-cutting reforms to be implemented across government, both at central and local levels, and for further engagement through policy dialogue.
- Regarding Public Administration Reform, the implementation of the IPA II actions, including SRC for PAR has contributed to achieve **the objectives** set out in the PAR Strategy and Digital Agenda;

2.4. Lessons learned: IPA II PAR support in Bosnia and Herzegovina

Due to its complex constitutional arrangement, Bosnia and Herzegovina does not have a unified approach to planning, policy-making and coordination, nor does it have a single government (center of government) for the entire administration. The BiH Council of Ministers and the governments of the Federation of BiH, Republika Srpska and Brčko District have separate, constitutionally defined roles and responsibilities in policy making and coordination. Therefore, the development and implementation of uniform and coherent policies and ensuring effective coordination within and between different levels of government remain a **major challenge**.

To improve **the policy-making system**, a series of activities focusing on establishing i.e., improving the coordination of the content of policy proposals function at all administrative levels and strengthening the institutional and administrative capacity to implement this function were planned to make sure that policy proposals put forward to the Council of Ministers for its approval are well prepared and aligned with the priorities of the Council of Ministers i.e. governments.

Through IPA 2015 action "**Support to the Public Administration Reform and the Reform of the Statistics system**"³⁷ (3.5 mil €), the Public Administration Reform Coordinator's Office (PARCO) is

37 The realization of the PAR is conducted through the PAR fund; while on the other hand, the IPA has affirmed itself as a second biggest donor in this sector. Some of the subsectors, such as the subsector of statistics, are not related to the PAR strategy at all. However, the support to statistics is provided through IPA as a constituent part of this sector (IPA Annual Implementation Report (Annual Report on the implementation of IPA II assistance under direct and indirect management by Bosnia and Herzegovina submitted by NIPAC, 9 March 2019, page 22).

supported in strengthening the institutional framework, in managing the implementation of the PAR Strategic Framework (coordination and monitoring) and in addressing ad hoc needs within the PAR sector³⁸.

Through implementation of IPA 2017 action “**EU support to an efficient and responsible public administration**” (5.7 mil €) three areas will be covered:

- Improving the system of human resources management in the public administration at all levels of government by supporting further development of policy and legislative framework, as well as building the individual and institutional capacities.
- Further strengthening the BiH statistical system by increasing the number of indicators produced according to EU standards, adopting a plan for the development of agriculture statistics and establishing a framework for quality management system and compilation of monthly Balance of Payments (BoP).
- Enhancing the technical capacity of the Agency for Identification Documents, Registers, and Data Exchange (IDDEEA) necessary for smooth support to the current and planned e-service users enabling all citizens, companies and civil society to complete their transactions with the public administration in a transparent, secure, simplified and expedited way, at lower financial costs³⁹.

The 2018-2022 Strategic Framework for Public Administration Reform in BiH⁴⁰ defines key reform requirements for the improvement of the system of strategic, medium-term and annual planning aligned with the budget planning and the European integration process, as well as the requirements for strengthening the organisational and human capacities for effective policy implementation in the institutions at all administrative levels.

Table 10. Institutions / bodies responsible for PAR by levels of government in BiH

Government level	Council of Ministers of Bosnia and Herzegovina	Government of the Federation of Bosnia and Herzegovina	Government of the Republika Srpska	Government of the Brčko District
Institution/ bodies responsible for PAR	Office of the Chairman of the Council of Ministers - Public Administration Reform Coordinator's Office	Ministry of Justice	Ministry of Administration and Local Self-Government	Mayor's Office

38 It also supported the BiH statistical institutions in improving and developing the statistics system and implementation of the Strategy for Development of Statistics of BiH 2020 (to improve National accounts by introducing Regional accounts; strengthening Business Statistics and introducing quality criteria and quality reporting on balance of payments statistics). https://ec.europa.eu/neighbourhood-enlargement/instruments/funding-by-country/bosnia-herzegovina_en

39 https://ec.europa.eu/neighbourhood-enlargement/sites/default/files/ipa_2017_040524.01_eu_support_to_an_efficient_and_responsible_public_administration.pdf

40 Adopted by the Council of Minister on 25 September 2018.

The foundations and the backbone of the **management and coordination mechanism** are institutions, bodies and appointed function holders, as identified by the regulations of each administrative level as the responsible actors for PAR (at the level of the Council of Ministers of Bosnia and Herzegovina, the Government of the Federation of Bosnia and Herzegovina, the Government of the Republika Srpska and the Government of the Brčko District of Bosnia and Herzegovina). Each level of government ensures further development of institutional, organisational and human capacities for a more efficient implementation and monitoring of public administration reform according to its possibilities and needs, and constitutional competences.

For the purposes of coordinating the implementation of a common policy, each administrative level delegates its own representatives to the **intergovernmental working bodies at the level of political and operational management and coordination**. The activities of the intergovernmental working structures are based on the principles defined by the Common Platform⁴¹, while the detailed roles, responsibilities, the work subject matter and work procedures are further elaborated and harmonised among the respective levels of government.

PAR coordinators at the entity and the Brčko District of BiH levels within their respective levels of government organise and coordinate the work of working bodies and activities related to public administration reform. Twice a year, they meet with the implementation structures to discuss the progress of implementation of the identified measures and activities, their more effective implementation, and the development of recommendations for the progress report.

The Public Administration Reform Coordinator's Office, together with the entity coordinators and coordinator of the Brčko District of Bosnia and Herzegovina is responsible for ensuring the monitoring and evaluation system in the implementation of measures and activities in the field of public administration reform and reporting on the progress achieved, and professional and technical support to the coordination of the public administration reform⁴².

The objective of IPA 2019 action “**EU4 efficient public administration**” (13 mil €⁴³) will be to improve quality and inclusiveness of policy making system, including robust statistics, greater accountability in public administration and ability to provide e-services in line with EU standards. Overall, it is expected that this Action will ensure better openness, greater accountability, higher quality policies and fully operational e-services.

41 Common Platform on the Principles and Implementation of the Strategy on PAR in BiH Action Plan 1, CoM of BiH, Government of FBiH, Government of RS, Government of BD, April 2007, Sarajevo.

42 Strategic framework of public administration reform in Bosnia and Herzegovina 2018-2022, March 2018, pp. 52-60. (<https://parco.gov.ba/en/dokumenti/rju-dokumenti/>)

43 Direct management (project approach, in order to achieving all six expected results) – 11.2 mil €, and 1.8 mil € for the twinning contracts envisaged under this action to contribute to achieving results 4 and 6.

Table 11. IPA 2019 BiH: EU4 efficient public administration

Objective	
This Action aims at contributing to the implementation of PAR and further development of the effective, accountable, professional public administration which provides better services to the citizens and business.	
Expected results	Key performance indicators
Result 1: The system of policy making and planning is improved through open and participatory processes, quality control, supervision and monitoring of the implementation of policies at all the levels of administrative authorities in Bosnia and Herzegovina. Result 2: Improved overall organisation of public administration Result 3: Strategic framework and capacities for management and coordination of public administration reform are further developed to ensure progress in fulfilment of requirements of the EU integration process in PAR area Result 4: Statistics production in Bosnia and Herzegovina is expanded and further harmonised with the EU standards and the use of administrative sources is increased Result 5: Increased availability of precise spatial data of high resolution Result 6: Strengthened the Identification Documents, Registers and Data Exchange (IDDEEA) system for the improvement of the security, quality and availability of e services provided to citizens, business community and public institutions in area of Open Data	<ul style="list-style-type: none">• Adequacy of the policy and regulatory framework to manage central government institutions (SIGMA indicator)• Strength of basic accountability mechanisms between ministries and subordinated bodies (SIGMA indicator)• Coverage and scope of PAR strategy (SIGMA indicator)• Volume of statistical data sent to EUROSTAT• % of surface measured by LiDAR (Light Detection and Ranging) technology
Assumptions:	
<ul style="list-style-type: none">• BiH remains committed to the process of EU integration and the PAR process;• The beneficiary institutions have enough capacity to fully participate in the implementation of actions;• Achieved the necessary inter-institutional cooperation and coordination among the users;• Access to relevant statistical data available;• Agreed date for agriculture census in Bosnia and Herzegovina and financial sources provided.	
Main condition for implementation of PAR related activities:	
<ul style="list-style-type: none">• Main condition is existence of mid-term PAR strategy and appropriate structure for implementation of reform measures.• All necessary legal preconditions for the implementation of the proposed action to support the land administration sector are in place, since the direct coordinating authorities are responsible for INSPIRE service provision and will be responsible for final acceptance and confirmation in accordance with already existing legislation and standards.• Failure to comply with the requirements set out above may lead to a recovery of funds under this programme and/or the re-allocation of future funding.	

Public Administration Reform Strategic Framework and associated Action Plans includes **performance indicators** to ensure measurement of the reform effects.

Some of the **lessons learned** from implementation of the PAR Strategy point out in particular to the following:

- The need to clearly **define the roles and responsibilities of all stakeholders** in implementation at the political, operational and technical level through the mechanism of management and coordination of the implementation of the Strategic Framework, and ensure their functionality. it is necessary to ensure clear political support for further public administration reform and strengthen the role of PAR Coordinators for all administrative levels In the next strategy period, it is necessary to ensure clear political support for further public administra-

- tion reform and strengthen the role of PAR Coordinators for all administrative levels;
- The need to further improve the monitoring and evaluation system according to the **performance indicators** (focus on assessment of achieved results).
 - **PAR AP costing:** the need to plan and demonstrate financial resources for implementation of planned strategic measures. The planned reform measures need to be timely recognised in the medium-term and annual plans of institutions and administrative bodies identified as implementers of these measures.
 - **Ensure continuous cooperation and coordination of donors** in the field of PAR through established and functional management structures of the PAR Fund (PAR Fund), but also through other forms of donor contribution (particularly through EU financial support mechanisms). This also implies the readiness of the BiH authorities to continue co-financing the PAR Fund together with donors in the field of public administration reform, which is necessary in order to provide additional financial resources for the implementation of joint and individual reform measures.
 - Ensuring compliance of the management and coordination structures with **the monitoring and reporting system on the implementation of the PAR Strategic Framework**. A uniform monitoring and reporting system for the implementation of reform measures at all levels of government is a prerequisite for monitoring and improving the implementation of the Public Administration Reform Strategic Framework not only for the implementation of joint but also individual reform measures. Monitoring and reporting will be carried out in accordance with constitutional competences⁴⁴.
 - **Policy development and coordination in PAR AP 2021-2022:**
 - In order to establish an efficient and functional **planning system**, activities will be undertaken to develop i.e., improve legal framework for strategic, medium-term and annual planning, monitoring and reporting; develop i.e., improve methodological framework for long-term/sectoral planning; build capacity for the implementation of the planning, monitoring and reporting systems at all administrative levels and strengthen IT support to the planning process. This would create a precondition for significant pre-accession sectoral assistance and an opportunity to attract EU IPA funds.
 - To improve the **evidence-based policy-making system**, activities will be undertaken to develop i.e., improve the methodological framework for regulatory impact assessment and strengthen analytical capacity at all administrative levels through improved application of analytical tools, which will enable policy makers to be better informed about the possible options and regulatory instruments, and impacts of regulations and policies or the means necessary for implementation, so that they can opt for an appropriate solution. Another planned activity is aimed at developing an information system to support the drafting of regulations, and thus contribute to better standardisation, transparency, efficiency and effectiveness of the drafting process.

44 Strategic framework of public administration reform in Bosnia and Herzegovina 2018-2022, March 2018, pp. 19-20.

- In addition, support will be provided for the establishment of a **database of all legal regulations** adopted by the authorities at all administrative levels, thus enabling **free access** to citizens and businesses to all laws and bylaws, including consolidated texts.
- **The public consultation process** at all administrative levels will be improved through the revision of the legal framework governing the public consultation and public participation and through the establishment i.e., improvement of e-Consultation portal. This will enable greater public participation in the policy implementation planning, development and monitoring phases.
- There are activities planned to improve **cooperation mechanisms** between executive and legislative bodies at all administrative levels for the benefit of better coordination of policy and regulation planning and adoption.
- One of the key areas of the PAR Strategic Framework 2018-2022 requires public administration to manage public finances carefully, by building a functional PFM system. This system should encompass all stages of the budget cycle – from formulation to execution, including procurement, financial management and control and internal audit, and ensure the existence and efficient work of an independent external audit supervision over PFM.⁴⁵ Hence, **PFM reform strategy** in BiH institutions for up to 2026 will be drafted based on PFM strategies at all administrative levels.

2.5. Lessons learned: Sector reform contract for PAR in Kosovo*

The sector budget support supports implementation of three key strategies of the Public Administration Reform (PAR) strategic package: the Strategy for Improving Policy Planning and Coordination (2017-2021), the Better Regulation Strategy (2017-2021) and the Public Administration Reform Modernisation Strategy (2015-2020)⁴⁶. The first two strategies form Pillar I of the strategic package and address the PAR core area of policy development and coordination. The third strategy forms Pillar II and addresses three core PAR areas: public service and human resources management, service delivery and accountability.

The **priority objectives** supported under sector budget support are the following:

- **Pillar I (Policy Development & Coordination):**
 - The first priority objective is the consolidation of the government’s fragmented planning system, especially including the interface with resourcing processes through budget and aid. This objective is addressed under **the Strategy for Improving Policy Planning and Coordination (SIPPC)**, which provides a roadmap for linking the main strategic planning processes and documents at government and sector level (i.e. the “National Development Strategy” – NDS, the “Economic Reform Programme” - ERP, sector strategies, Government Annual Work Plan) with the resourcing process (Medium Term Expenditure Frameworks - MTEF and aid coordination).

45 Bosnia and Herzegovina, PAR AP 2021-2020 (<https://parco.gov.ba/en/rju/o-rju-2/strateski-okviri-za-rju/>);

46 Available at: Reforms in public administration - <https://mpb.rks-gov.net/ap/page.aspx?id=2,31>

- The second priority objective consists of improving the evidence basis of policy and legislative development, addressed through **the Better Regulation Strategy**. The core of this strategy focuses on introducing regulatory impact assessments, which should replace the current Concept Paper system, developing more systematic public consultations with stakeholders and supporting further efforts with regulatory simplification.
- **Pillar II (Public/Civil Service, Service Delivery, and Accountability)**
 - The key objectives under this pillar are to develop the civil service system; rationalise procedures for administrative service delivery and to improve internal and external accountability of institutions. These objectives are addressed in **the Public Administration Modernisation Strategy 2015-2020** and its first 3-year action plan. The PAR modernisation strategy aims to improve management, monitoring and implementation of the civil service legislation. It also aims to improve service delivery, especially the quality and accessibility of administrative services to citizens and businesses, based on reasonable administrative procedures and using client-oriented delivery methods based on inter-operability of government’s ICT systems and databases. It also aims to address accountability of institutions through harmonising lines of responsibility across and within institutions, clarify the standards of conduct required to their employees and make administrative action more transparent in its dealings with members of the public⁴⁷.

With assistance of OECD SIGMA, detailed **costing** of the new PAR strategic package was carried out in 2015. The costing was based on the completed action plans. The financing gap has been estimated to be EUR 23.500.000, or 10% of the cost of reforms in current action plans for the period 2016-2018. It should however be noted that the costs of implementing these three strategies until 2020 is likely to be higher, for example in the service delivery area, where additional financing pressures could be expected in the 2018-2020 period.

The Sector Reform Contract (SRC) is linked to **the objectives** of the Kosovo* Public Administration Reform (PAR) Strategic Package. The Financial Agreement is signed on 17 November 2017⁴⁸.

Table 12. PAR budget support in Kosovo*: Intervention logic⁴⁹

	OVERALL OBJECTIVE
IMPACT	The overall objective of the sector budget support is to assist Kosovo* in enhancing accountability, transparency and effectiveness of its public administration, with a focus on the needs of citizens and businesses. This objective is consistent with the implementation objectives of the Kosovo* PAR Strategic Package.
	Indicator of impact level: Composite indicator, (average Score of Government effectiveness and Regulatory Quality, World Bank) – percentage rank (0-100) Baseline value (2016): 45.45 , Milestone (2018)– 47; Final target (2020) – 53; Achieved value (2019) 39.18 ⁵⁰ ;

47 https://ec.europa.eu/neighbourhood-enlargement/instruments/funding-by-country/kosovo_en

48 Decree on ratification of international agreements, No. DMN-009-2017, IPA 2016, Kosovo* ; (<https://gzk.rks-gov.net/ActDocumentDetail.aspx?ActID=15707>)

49 European Commission, IPA 2016, Albania, Sector reform contract for the Public Administration Reform, [https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/ipa2016_ks_action_programme_part_ii_annex.docx .pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/ipa2016_ks_action_programme_part_ii_annex.docx.pdf)

50 Worldwide Governance Indicator; <https://info.worldbank.org/governance/wgi/Home/Reports>

	SPECIFIC OBJECTIVES
1.	To improve government's policy and legislative planning system and procedures
OUTCOME	Indicators: <ol style="list-style-type: none"> Ratio between total funds estimated in the sectoral strategies and funding identified for corresponding sections within medium-term budgetary framework (MTBF) BV (2014) – 20%, Milestone (2018) -30%, Final target (2020) – 50% Extent to which ministries are oriented towards policy development (SIGMA baseline measurement for respective years)
2.	To contribute to better regulation and financially sustainable policies through inclusive and evidence based policy and legislative development
	Indicators: <ol style="list-style-type: none"> Extent to which public consultations is used in developing policies and legislation (SIGMA baseline measurement for respective years)
3.	To increase effectiveness, professionalization and de-politicisation of civil service
OUTCOME	Indicators: <ol style="list-style-type: none"> Extent to which political influence on the recruitment and dismissals of senior managerial positions in the public service is prevented (SIGMA baseline measurement for respective years) Extent to which the remuneration system of public servants is fair and transparent and applied in practice (SIGMA baseline measurement for respective years)
4.	To improve service delivery to citizens and businesses
OUTCOME	Indicators: <ol style="list-style-type: none"> Extent to which citizen oriented policy for service delivery is in place and applied (SIGMA baseline measurement for respective years) Average number of days needed to set up a business BV (2015) – 11, Milestone (2018) – 10, Target value (2020)-9;
5.	To improve accountability of Kosovo* public administration
OUTCOME	Indicators: <ol style="list-style-type: none"> Extent to which the overall structure of ministries and other bodies subordinated to central government is rational and coherent (SIGMA baseline measurement for respective years) Extent to which the right to access public information is enacted in legislation and applied in practice (SIGMA baseline measurement for respective years) Reduction of the backlog of the administrative justice cases BV (2015) – 5380, 2018 – 10%, 2020 – 20% (Reports from Kosovo* Judicial Council and Ministry of Public Administration)
	INDUCED OUTPUTS: POLICY DEVELOPMENT AND COORDINATION
1.1	Improved policy and legislative planning, coordination and monitoring
OUTPUT	<ol style="list-style-type: none"> 1.1.1. The programming of external assistance from development partners is integrated into the cycle for the resourcing of government policies BV (2015)-0%, Milestones 30% of external assistance integrated with Governmental policies, Final target (2020) – 50%; 1.1.2. Annual implementation backlog of planned commitments in the central planning documents (% of total Government Annual Work Programme commitments carried over to next year) BV (2014) 48,5%, Milestone 2018 – 60%, Final target 2020 – 90%
2.1	Policies and legislation increasingly developed according to inclusive and evidence based approach
OUTPUT	<ol style="list-style-type: none"> 2.0.1. Increased number of policy documents (strategies, laws and Concept documents) that meet requirements set in the Government's Rules of Procedure (including internal and external consultation, fiscal impact assessments). BV (2015)- 29%, Milestone 2018 – 40%, Final target 2020- 60%; 2.0.2. Number of Regulatory Impact Assessments used when adopting new legislation BV (2016) – 0%, Milestone 2018 – 30% of adopted legislation is accompanied by RIA, Final target 2020 – 50%

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3.1	Increased professionalism and improved management of human resources in public administration
OUTPUT	<ol style="list-style-type: none"> 3.0.1. Law on Salaries, Law on Civil Service and Law on Organisation of Public Administration are developed according to inclusive and evidence based approach and in line with the Principles of Public Administration; BV 2016 –Concept papers and Laws not yet developed, Milestone 2018 – Package of Laws adopted by the Assembly, Final target 2020 – At least 60% of recruitment of the previous year based on merit; 3.0.2. Increased number of implemented recommendations of Ombudsperson related to civil service BV 2015 – 24,5%, Milestone 2018 – 50%, Final target 2020 – 60%; 3.0.3. Increased percentage of minority representation in Kosovo* civil service at the central level (including managerial positions), BV 2015 – 7,63%, Milestone – 8,63%, Final targets – 9,63%
4.1	Administrative services for citizens and businesses are improved
	<ol style="list-style-type: none"> 4.0.1. Number of services provided through one stop shops BV 2014 – 4, Milestone 2018 – 5, Final target 2020 – 7;
4.2.	Administrative burden for both citizens and businesses are reduced
	<ol style="list-style-type: none"> 4.2.1. Reduced percentage of special administrative procedures contradicting Law on General Administrative procedures BV 2016 - , Milestone 2018 – 15%, Final target 2020 – 60%
5.1	Increased rationalization of the public administration with improved accountability lines
	<ol style="list-style-type: none"> 5.1.1. Percentage of key recommendations of the roadmap of for incremental rationalisation of the administration implemented BV (2016) Roadmap not yet adopted, Milestone 2018 – 20%, Final target 2020 – 30%
5.2	Improved public access to governmental documents
	<ol style="list-style-type: none"> 5.2.1. Increased number of processed requests to access public documents BV 2015 – 80%, Milestone 2018 – 85%, Final target 2020 – 90%
5.3	Improved public access to administrative justice
	<ol style="list-style-type: none"> 5.3.1. Law on Administrative Disputes is developed according to inclusive and evidence based approaches. BV 2015 - . Milestone 201 – 8 – 10% reduction in disposition time of administrative cases, Final Target 2020 – 20% reduction in disposition time of administrative cases
	DIRECT OUTPUTS
	Improved final space for the government to pursue PAR
	Indicator: Percentage of tranches disbursed on time and in accordance with the amounts agreed in the SRC BV 2016 – there is financial gap for the implementation of the PAR strategic package, Milestone – 15% of the disbursement plan realised, Final target 2020- Up to 100% of the disbursement plan completed;
	Continued political dialogue with the Kosovo* Government on PAR
	Indicator: Policy dialogue to continuously include accountability, improved policy planning and implementation of PAR strategic package and their reflection in the annual budget cycle and MTEF BV 2016 – Annual PAR Special Group meetings, Annual High Level meetings on PFM, SAA meetings, Ad-hoc meetings; Milestone 2018 – Some progress in accountability; Actions planned for 2018 reviewed and adjusted Final target 2020 –Substantial progress in accountability, Costing and budgeting of the next strategy and action plan informed by policy dialogue
	Key institutions for PAR and the areas with major risks strengthened by using specific support measures
	Indicators: <ol style="list-style-type: none"> Number of complementary TA contracts designed and successfully implemented BV 2016 – 0, Milestone 2018 – 2, Final target 2020 – 3; Volume (amount) of EU funds disbursed BV 2016 -0, Milestone 2018 – 750,000 €, Final target 2020 – 2,5 mil €

A comprehensive monitoring and evaluation system for the overall strategic package of PAR is functional	
	1. Number of strategies that include comprehensive M&E system (in addition to the four PAR strategies reflected in the baseline) Baseline year 2017 – 4, Milestone 2018 – 4, Final target 2020 – 6;

Based on the achievement of these results, the EU plan to disburse its agreed funds (**22 million €**) in the fiscal years 2018, 2019, 2020 and 2021. Financial assistance will be disbursed annually through one fixed (5,5 mil € upon the signature of the Financial Agreement provided that general conditions for disbursement are met) and three annual variable tranches (up to 5,5 mil € each, provided that, for each year, the general conditions for disbursement are met) One compliance with the general conditions for disbursement is confirmed, annual variable tranches of a maximum 5,5 mil € will be calculated according the disbursement procedures).

Table 13. Performance indicators used for variable tranche calculation

Results and performance indicators used for disbursements	Disbursement per variable tranches, in €	Weight %
Indicator 1: SIPPC indicator (Strategy for improving policy planning and coordination, pillar 1) <i>Improved policy and legislative planning, coordination and monitoring</i>	400,000	8%
1.1 At least 60% of 2018 National Programme for Implementation of the Stabilisation and Association Agreement (NPISAA) short- measures implemented (SIPPC indicator)		
1.2 At least 70% of 2019 NPISAA short-term measures implemented (SIPPC indicator)		
1.3 At least 80% of 2020 NPISAA short-term measures implemented (SIPPC indicator)		
Indicator 2: Better regulation strategy (PAR pillar 2) <i>Policies and legislation increasingly developed according to inclusive and evidence based approach; Improved public access to governmental documents</i>	400,000	8%
2.1 At least 50 % of draft sector strategies/policies, concept documents and primary laws adopted by the government in 2018 have been subject to public consultation in line with the Minimum Standards for Public Consultation (Better Regulation Strategy Indicator)		
2.2 At least 70 % of draft sector strategies/policies, concept documents and primary laws adopted by the government in 2019 have been subject to public consultation in line with the Minimum Standards for Public Consultation (Better Regulation Strategy Indicator)		
2.3 At least 100 % of draft sector strategies/policies, concept documents and primary laws adopted by the government in 2020 have been subject to public consultation in line with the Minimum Standards for Public Consultation (Better Regulation Strategy Indicator)		

Indicator 3: PAMS indicators (PA Modernization Strategy) and EU Reform Agenda <i>Increased professionalism and improved human resources management in public administration</i>	900,000	15%
3.1.1 Publication of an annual report on disciplinary measures taken in 2018 against civil servants for violating provisions of ethics and anti-corruption (PAR Modernization Strategy indicator) - delivery date Q1 2019		
3.1.2 Government adopts legislative amendments necessary to enable, on the basis of a court decision, the suspension of the public officials indicted for corruption-related criminal offences and the removal of the public officials convicted for corruption-related criminal offences (European Reform Agenda); - delivery date Q1 2019		
3.1.3 Assembly of Kosovo* adopts legislative amendments necessary to enable, on the basis of a court decision, the suspension of the public officials indicted for corruption-related offences and the removal of the public officials convicted for corruption-related offences (European Reform Agenda); - delivery date Q1 2019		
3.2.1 Enforcement of court rulings suspending public officials indicted for corruption-related offences (European Reform Agenda); - delivery date Q1 2020		
3.2.2 Enforcement of court rulings removing from their public post officials who have been convicted for corruption-related offences (European Reform Agenda). - delivery date Q1 2020		
3.3.1 Enforcement of court rulings suspending public officials indicted for corruption-related offences (European Reform Agenda); - delivery date Q1 2021		
3.3.2 Enforcement of court rulings removing from their public post officials who have been convicted for corruption-related offences (European Reform Agenda). - delivery date Q1 2021		
Indicator 4: PAMS indicators (Public Administration Modernization Strategy) <i>Administrative services for citizens and businesses are improved; Administrative burden for citizens and businesses are reduced</i>	700,000	13%
4.1. At least 15% of special administrative procedures contradicting the Law on General Administrative Procedures have been brought in line with the law or abolished (PAMS indicator) - delivery date Q1 2019		
4.2 At least 30% of special administrative procedures contradicting the Law on General Administrative Procedures have been brought in line with the law or abolished (PAMS indicator) - delivery date Q1 2020		
4.3 At least 60% of special administrative procedures contradicting the Law on General Administrative Procedures have been brought in line with the law or abolished (PAMS indicator) - delivery date Q1 2021		
Indicator 5: Better Regulation Strategy 2.0 <i>Improved policy and legislative planning, coordination and monitoring; Administrative burden for citizens and businesses are reduced</i>	800,000	16%
5.1 Staffing of the Government Coordination Secretariat (CGS), Strategic Planning office (SPO) and Legal Office (LO) under the Office of the Prime Minister (OPM) increased by 10 newly recruited professional staff to ensure sufficient capacity for administrative burden reduction and improved policy planning - delivery date Q1 2019		
5.2 Concept Document on Administrative Burden Reduction adopted by the government (Better Regulation Strategy indicator) - delivery date Q1 2020		
5.3 At least 10% licences and permits for economic operators simplified, merged and/or abolished against the 2014 baseline - delivery date Q1 2021		

Indicator 6: PAMS indicators <i>Increased rationalization of the public administration with improved accountability lines</i>			
6.1.1	Approved amendments to the relevant legislative documents to ensure that at least 7 independent bodies currently reporting to the Assembly will be abolished or integrated within governmental structures - delivery date Q1 2019	1,100,000	20%
6.1.2	Assembly adopts in package the Law on Organization of Public Administration, the Law on Civil Service and the Law on Salaries delivery date Q1 2019		
6.2.1	At least 7 independent bodies currently reporting to the Assembly abolished or integrated within governmental structures - delivery date Q1 2020		
6.2.2	At least 10 agencies under the government and with less than 50 employees have been merged or abolished or integrated as an organisational unit within the ministerial hierarchy - delivery date Q1 2020		
6.3	At least 17 agencies under the government and with less than 50 employees have been merged or abolished or integrated as an organisational unit within the ministerial hierarchy - delivery date Q1 2021		
Indicator 7: PAMS indicators <i>Increased rationalization of the public administration with improved accountability lines</i>			
7.1.1	At least 70% of central government institutions to which Ombudsperson has addressed recommendations between 1 January - 30 November 2018, have replied with a letter within the legal deadline of 30 days. - delivery date Q1 2019	600,000	10%
7.1.2	At least 40% of recommendations to central government institutions issued in 2017 and 2018, to which central government institutions have replied positively, have been implemented - delivery date Q1 2019		
7.2.1	At least 90% of central government institutions to which Ombudsperson has addressed recommendations in the period 1 January - 30 November 2019, have replied with a letter within the legal deadline of 30 days. - delivery date Q1 2020		
7.2.2	At least 50% of all recommendations to central government institutions issued in 2018 and 2019, to which central government institutions have replied positively, have been implemented - delivery date Q1 2020		
7.3.1	At least 95% of central government institutions to which Ombudsperson has addressed recommendations between 1 January - 30 November 2020, have replied with a letter within the legal deadline of 30 days. - delivery date Q1 2021		
7.3.2	At least 60% of all recommendations to central government institutions issued in 2019 and 2020, to which central government institutions have replied positively, have been implemented - delivery date Q1 2021		
Indicator 8: PAMS indicators <i>Increased rationalization of the public administration with improved accountability lines</i>			
8.1	Draft Law on Administrative Disputes adopted by the Kosovo* Assembly - delivery Q1 2019	600,000	10%
8.2	The calculated disposition time of administrative cases (excluding appeals on administrative fines) is reduced by 20% - delivery date Q1 2020		
8.3	The calculated disposition time of administrative cases (excluding appeals on administrative fines) is reduced by 30% - delivery date Q1 2021		
		5,500,000	100%

The EU support to public administration reform through the IPA II: an overview and lessons learned

The main activities to implement the budget support package are policy dialogue⁵¹, financial transfer, performance assessment, reporting and capacity development.

The EU also supports implementation of the SBS through a **complementarity technical assistance** of **3 million €**. The complementary activities comprises the following activities:

1. Improving the horizontal outreach capacities of the Ministry of Public Administration (MPA) and the Office of the Prime Minister (OPM) to ensure that centrally designed reforms are also implemented in individual institution at the central and local level (TA 1.7 mil € for improving of policy analysis capacities, improve HRM functions and strengthen communication part);
2. Support to monitoring and evaluation for PAR strategic package, including support for statistical system (0,7 mil €);
3. Supporting the implementation of the monitoring and evaluation framework for the measurement of the specific targets and indicators. (0,6 mil €);

High-level political support to PAR is ensured through **the Ministerial Council on PAR** (MCPAR) which report to the Kosovo* government. Apart from the Minister of Public Administration which serves as its Chair, the MCPAR comprises the Office of the Prime Minister, Minister of Finance, European Integration, Local Government Administration, Justice and Trade and Industry. Other are invited if needed.

The PAR management structure addresses the following areas: a) policy development and coordination, managed by the OPM, covering the Strategy for Improvement of Policy Planning and Coordination 2015-2018 and it's AP, and Better Regulation Strategy 2015-2020 and it's AP; b) Public service and HRM, administrative service deliver and accountability, managed by MPA, covering Public Administration Modernisation Strategy 2015-2020 and it's AP; and c) Public finance management, managed by Ministry of Finance, covering the PFM Strategy 2016-2020 and Public Internal Financial Control Strategy 2015-2019;

The leading role in coordination of the implementation of the PAR strategic package is with the MPA. The MPA's Department for Management of PAR acts as the secretariat of the Ministerial Council on PAR and coordinate the overall monitoring system at technical level.

Lessons learned:

- Following the strategic objectives set forth by the Strategy for the Modernisation of Public Administration 2015-2020, **a package of laws as the legislative reform pertaining to public administration reform has been drafted and approved in early 2019**. Namely, the Law on Public Officials for the reform of civil service area, the Law on salaries to set the rules for the salaries to be paid for public employees by the state budget and the Law on the organisation and functioning of state administration and independent agencies reforming mainly the institutional accountability and setting the ground for the agency rationalisation process. However, due to review by the **Constitutional Court** as per the request of the Ombudsperson Institution, of the Law on salaries and the Law on public officials, and the subsequent decision of the Constitutional Court in June 2020, the law on salaries is declared

⁵¹ Engagement in dialogue around conditions and government reform priorities, the verification of conditions and the payment of budget support.

as unconstitutional and will have to be re-drafted whereas the Law on public officials will need to be amended to fully enter into force.

- There is also an **Action Plan for the Rationalisation of Agencies**, but due to the frequent changes of governments and inability of the Assembly to work, the agency rationalisation process has stalled.
- **The main outstanding challenge for the implementation of public administration reform has been the frequent political changes.** This has gone in parallel with political and constitutional challenges related to the new package of laws on public administration reform as mentioned above. In this regard, this is a challenge for **the Ministry of Internal Affairs**, which will have to amend the Law on public officials and re-draft the Law on salaries in the public sector. This legislative process is affecting the Law on the organisation and functioning of state administration and independent agencies since implementation of the three laws should go hand in hand.
- Consolidation of a strategic planning system is the beginning of a lengthy process. However, **development of realistic plans and the capacity to allow for timely implementation remains a major challenge** and Kosovo* continues to face difficulties meeting deadlines set out in its strategies and work plans.
- Some progress was made in improving cooperation between civil society and the government in the area of public administration reform. Further efforts are needed to ensure meaningful involvement and cooperation also at local level⁵².

2.6. Lessons learned: Sector reform contract for PAR in Montenegro

The general objective of this Sector Budget Support⁵³ is to contribute to sustainable growth and to improve competitiveness through the creation of a more transparent, efficient and service-oriented public administration in Montenegro. This is done by supporting the implementation of the Public Administration Reform Strategy 2016-2020.

The specific objectives are the following:

1. optimization of the number of employees in public administration;
2. improvement of human resources management;
3. Improvement of the quality and availability of public services provided;
4. Improvement of the transparency of public services.

The objectives of the programme are strictly interlinked, which underlines the sectoral approach of this operation and implies an intense policy dialogue in the context of the EU accession process.

The four specific objectives of the PAR Strategy 2016-2020 are, in fact, responses to four groups of key

52 IPA III, Draft Strategic Response Kosovo*, 2021, pp. 20-21.

53 EU Support for Public Administration Reform in Montenegro, IPA 2017, Part 2, IPA 2017/040-217.04/ME/, Financial Agreement signed on 16 January 2018;

related problems, to which this strategic document responds through the development of measures and activities, in order to achieve specific results. The link between each specific objective and the related problems, problem drivers and solutions are presented in the next table – **Intervention logic**⁵⁴.

Table 14. PAR budget support in Montenegro: Intervention logic

	Expected results	Indicators	Baselines (2015)	Target 2018	Final Target	Sources and means of verification
Overall objective: Impact	1. To contribute to sustainable growth and to improve competitiveness through a more transparent, efficient and service-oriented public administration	Composite indicator Government effectiveness (WB), and Regulatory Quality (WB)	Percentile rank (0 to 100 best)	Percentile rank (0 to 100)	Percentile rank (0 to 100)	World Wide Governance Indicators Report (WB)
			Government effectiveness: 60.10	Government effectiveness: 62.00	Government effectiveness: 65.00	
			Regulatory quality: 60.10	Regulatory quality: 62.00	Regulatory quality: 65.00	
		Global Competitiveness Index (Public Sector Performance)	Percentile rank (0 best to 138) 69/138	68/138	66/138	Global Competitiveness Report (WEF)

54 **The intervention logic** is the logical link between the problem that needs to be tackled (or the objective that needs to be pursued), the underlying drivers of the problem, and the available policy options (or actions actually taken) to address the problem or achieve the objective. The intervention logic is an important tool for both communication and analysis. The intervention logic is used in both prospective Impact Assessments and retrospective evaluations. Thus the intervention logic sets out the chain of expected effects between the policies implemented and the specific and general objectives to be achieved. These expected effects can be envisaged as links in a chain beginning with the expected **output** of the policy, which leads to specific **results**, and which then leads to the expected positive **impacts** on the policy objectives. Each link, in turn, is associated with a set of **indicators** which can be used for the purpose of assessing impact or performance. Measurement of impacts is done at the level of the general objectives (using impact indicators), results at the level of specific objectives (using results indicators) and outputs at the level of instruments/measures (using output indicators). This indicator hierarchy is shown in the following diagram. European Commission Staff Working Document, Better Regulation Guidelines, 7 July 2017 SWD (2017)350. (<https://ec.europa.eu/info/sites/default/files/better-regulation-guidelines.pdf>)

Specific objective(s): Outcome(s)	1. To optimize the number of civil servants in the public administration in line with state budget constraints and European integration challenges.	Extend to which the institutional set-up enables consistent HRM practices across the public service**	4 (2014)	Indicator in line with the SIGMA Baseline Assessment**	5	Primary: PAR Annual Monitoring Report
		Number of civil servants in state authorities (including org. with public powers) and local self-government units (including public services)*	Number of employees in central level institutions (according to the data provided by the Plan of Internal Reorganization of the Public Sector in 2015) - 44.409 (2014) 39.306 (2017)	-3%	-5%	Secondary: SIGMA Baseline Assessment and monitoring reports
		Indicator in line with PAR Performance Monitoring Framework	Number of employees in local self-government units and public services established by local self-government units (according to the data provided by the MoF). 11.646 (2014) 12.174 (2017)	-5%	-10%	
		Ratio of annual wage bill to current expenditures	27%	25%	23%	Budget Execution Reports
	2. To enhance human resources management	Extent to which the training system of public servants is in place and applied in practice**	4/5 (2017)	Indicator in line with the SIGMA Baseline Assessment	5	NGOs reports on the implementation of the PAR Strategy
		Percentage of institutions which apply personnel plans in accordance with regulations*	30%	50%	95%	
	3. To improve the quality and accessibility of public service delivery	No. of one-stop-shops that provide services for more than three different public institutions**	1	2	3	Indicator in line with the SIGMA Baseline Assessment**
	4. To improve the transparency of public services by making the exercise of the right to free access to information more effective	Share of public information requests refused by the public authorities**	24% (2014)	20%	15%	

High Level Induced output	1. Human resources in the Public administration optimized according to the identified needs	1.1 Degree of implementation of the National rightsizing plan (PAR Optimisation)	0%	50%	100%	
		1.2 Percentage of corrective measures of the Administrative Inspection Service implemented out of the total number of recommendations.	0% (2014)	40%	80%	
	2.1 Human resources recruited according to public administration priorities.	2.1 Percentage of recruitments in state authorities and public agencies compared to the Annual Personnel Plan	0% (2014)	50%	95%	Primary: PAR Annual Monitoring Report
	2.2 Civil servants and employees professional development planned according to PA needs	2.2. Degree of implementation of the Strategic Planning for the Professional Development and Training of Public Servants	0% (2014)	40%	80%	Secondary: SIGMA Baseline Assessment and monitoring reports
	3. Simplified and swifter public administrative procedures (easier exchange of data)	3. Percentage of key registers which are connected and which perform automatic data exchange*	0%	80%	100%	HRMA Annual Report NGOs reports on the implementation of the PAR Strategy
	4. Improved access to public information	4.1 Number of complaints due to "administrative silence"*	950(2017)	-5%	- 10%	
		4.2 Share of Agency's decisions on information requests annulled by the Administrative Court*	64,22% (2014)	60%	50%	

Lower level induced outputs	1.1. Administrative capacities in the PA optimised	1.1. National rightsizing plan adopted*	No national rightsizing plan	National rightsizing methodology adopted	National rightsizing plan implemented	Primary: PAR Annual Monitoring Report
	1.2. Increased accuracy of data on number and career of public civil servants and employees	1.2.1. Central personnel record (CPR) consolidated and connected with the salaries records of the MoF*	CPR not updated and not linked to the salary registry	CPR updated and linked to the salary registry	CPR kept updated, oversight ensured, HRMA regularly reports on it	Secondary: SIGMA Baseline Assessment and monitoring reports
		1.2.2. No. of investigations launched by the Administrative Inspectorate	0 (2014)	20	30	NGOs reports on the implementation of the PAR Strategy
	2.1. Increased capacity to plan and manage new recruitments	2.1. Annual Personnel Plan mandatory for all state authorities, public agencies and local self - government authorities *	Annual Personnel Plan not mandatory	Mandatory for 50% of institution (50% of civil servants)	Mandatory for 95% of institution (95% of civil servants)	
	2.2. Improved capacity to manage civil servants' and other employees' professional development according to the needs of an efficient, service-oriented and more transparent public administration	2.2 Strategic Planning for the Professional Development and Training of Public Servants adopted*	No strategic planning	Strategic planning adopted	Strategic Planning implemented	
	3. Interoperability among key electronic state registers established and availability of data from registers to users assured	3. Single information system for the exchange of data among state registers (SISEDE) established*	SISEDE does not exist	Single information system established (4 registered interconnected for exchange of data)	Single information system fully operational (7 registers)	
	4. Law on free access to information properly implemented	4.1 Share of civil servants directly engaged in free access to information who received training in the last year	0% (2014)	10%	30%	
		4.2 Share of public authorities maintaining websites in line with regulatory requirements*	0% (2014)	40%	70%	
		4.3 No. of citizens' awareness campaigns launched	0	1	3	

Direct outputs	• Increased share of external assistance funds made available through the national budget.	• Transfer of 12 mil € to the beneficiary country state budget (fiscal years 2018, 2019,2020)
	• Better coordinated policy dialogue and conducive to the implementation of the PAR Strategy	• Continued political and policy dialogue with the Government in the area of PAR
	• Improvement of human resources capacities for the achievement of PAR specific objectives	• Targeted technical assistance provided to the main implementing institutions
	• Improved macroeconomic and budget management	• Comprehensive medium-term Fiscal Strategy adopted, including the completion of consolidation measures for the correction of the budget deficit and public debt

Budget support is provided as direct untargeted budget support to the National treasury (the first fixed tranche of 4 mil € (2018) and two variable tranches up to 4 mil € each (in 2019 and 2020) following the fulfilment of the specific conditions. The costs of PAR AP 2018-2020 are fully calculated through sector budget support which is treated as part of the national budget.

Main characteristics and lessons learned of the PAR direct budget support in Montenegro:

- At the beginning of December 2018, **the first fixed tranche** was paid for sector budget support in the amount of 4 million € for the implementation of PAR AP 2018-2020. However, the delay in payment affected the implementation of some measures from the AP (14 project planned within the SBC).
- Selected indicators and their ponders for the variable tranches** are the following:
 - PAR optimisation plan – rightsizing targets (reduction of number of employed on state level and local self-government level in line with milestones and final targets: state level reduction for 3%, i.e. 5% and local level for 5% i.e. 10%); up to 1.000.000 € - 25%;
 - Reduction of number of complaints due to “administrative silence” (for 5%, i.e. for 10%); up to 400.000 € - 10%;
 - Central personnel record (CPR) consolidated and connected with the salaries records of the Ministry of Finance; up to 600.000 € - 15%;
 - Strategic Planning for the Professional Development and Training of Public Servants adopted; up to 1.000.000 € - 25%;
 - Single information system for the exchange of data among state registers (SISEDE) established; up to 400.000 € - 10%;
- In November 2019, the first variable tranche was paid in the amount of **2.077.000 € instead of 4.000.000 €**, since some indicators were not achieved in line with targets.
- The biggest “gap” was in PAR optimisation plan:** instead of reduction of number of employed civil servants in public administration for 5% and 10%, it increased on both levels by 8%⁵⁵. There are a few explanation for this trend: first of all, the targets turned out to be over-ambitious; second, focus on optimization process and discipline has been gradually reduced; then came the COVID-19 pandemic and finally, after the election, there was a reorganization of a large number of institutions in the new government.

55 Ministry of Public Administration, Digital Society and Media, Ministry of Public Administration, Digital Society and Media, Report on the implementation of the Public administration optimization plan 2018-2020 for 2020, with reference to the implementation of the entire document, 7 July 2021;

Table 15. PAR optimisation plan 2018-2020: gap between targeted and achieved values

	Baseline 2017	Target 2020 %	Target 2020 no.	Result 2020 %	Result 2020 no.
Employed – central level	39.059	-5%	37.106	+8%	42.193
Employed – local level	12.174	-10%	10.957	+8%	13.235
Total	51.233		48.063		55.428

- **The Central personnel record**, in spite of a new ICT support for HR information system, has become out of date due to all these changes and reorganizations⁵⁶.
- The planned amount for the realization of activities according to the AP was amounted to 3.613.800 €. Having in mind the **delay in the payment** of the first variable tranche, as well as **the amount of approved funds**, it was negatively impacted on the dynamics of the implementation of activities planned in 2018 and 2019;
- Sector budget support (SBS) is a **relatively new instrument** of the European Commission that is still in the phase of harmonization with national standards and procedures in the public administrations where it is implemented.
- **The performance indicators** on the degree of realization of which the payment of funds from the SBS program depends were not identical to the indicators defined with the PAR Strategy 2016-2020, and led to **different interpretations** by the Commission and the Ministry of Public Administration (MPA). Precisely in order to eliminate this shortcoming, the Ministry of Public Administration, in October 2019, initiated the change of the mentioned indicators in order to harmonize with the strategic goals and deadlines of the PAR Strategy, which was accepted by the Commission.
- Also, it is important to note that funds in the amount of **1.9 million €** that were not disbursed under the first variable tranche in 2019 were not lost and that the same, in accordance with the provisions of the Financial agreement, **can be disbursed** at the end of the program depending on the overall degree of realization of the performance indicator. Consequently, the MPA initiated a request to the European Commission to **redirect** this amount to finance the project **“e-Services and digital infrastructure as a measure to combat the virus COVID-19”**, which was positively evaluated and finally approved, thus contributing to the maximum use of available funds in the past. The realization of the mentioned project is in progress.
- Complementarity activities amounted 3 mil € implemented in line with the programme and in cooperation with UNDP and other line ministries and agencies⁵⁷;

56 HRMA, Analysis of the situation with HR management in 2020, 7 July 2021, pp. 39-40.
57 1. Support to the elaboration and implementation of a National Rightsizing Plan - 500.000 €, IM, MPA; 2. Support to update and upgrade the Central personnel record (HRMIS) and connection with the salaries records of the Ministry of Finance - 450.000 €, Service, MoF, HRMA; 3. Capacity development for Human Resources Planning, Professional Development and Training - 500.000 €, Service/Twinning, HRMA; 4. Support to upgrade the Single information system for the exchange of data among state registers (SISEDE) - 450.000 €, IM, MPA;

- These challenges are also lessons learned in terms of **financial sustainability and costing of the Action Plan** that will be relevant during the development of a new PAR strategic document⁵⁸.

2.7. Lessons learned: PAR support in North Macedonia

Following the adoption of **the Public Administration Reform Strategy and the action plan for the period 2018-2022**, at the beginning of 2018, the main challenges in this sector can be grouped into the following topics:

- to improve the professionalism, transparency, accountability and independence of the public administration at central and municipal level;
- to strengthen the effectiveness of the organization of the public administration;
- to improve the quality of the services to citizens and businesses and equal and free access to public information with a particular focus on development of e-services and e-procurement;
- to increase the training to central and local government administrations and raise public awareness to ensure implementation of the Law on General Administrative Procedures;
- the challenges related to decentralisation include the strengthening of all transferred competences and yet to-be-decentralised to ensure the full implementation of all relevant laws and strategies across the country;
- Finally, the capacity of the Ministry of Information Society and Administration (MISA) to drive and coordinate public administration reform needs to be improved⁵⁹.

PAR strategy 2018-2022⁶⁰ is focused on development of a depoliticized, efficient, effective and accountable public administration that provides quality and easily accessible services to citizens and the business community. The work of public administration should be based on European principles and values and contribute to sustainable economic development, the rule of law, social cohesion and prosperity.

5. Capacity development for the Administrative Inspection Service - 250.000 €, Twinning, Administrative Inspection Service; 6. Capacity development and awareness for the Agency for the Protection of Personal Data and Free Access to Information - 250.000 €, Twinning, Agency for the protection of personal data and free access to information; 7. Capacity development for MONSTAT - 250.000 €, Service, MONSTAT; 8. Civil society oversight & awareness activities - 50.000 €, Grant, CSOs; 9. Visibility, communication (internal/external) and management change - 50.000 €, Service, MPA; 10. Support to the Policy development and coordination, with focus on establishing a medium term strategic planning system - 250.000 €, Service, Office for European Integration;
58 Ministry of Public Administration, Digital Society and Media, Final Report on the Implementation of the Public Administration Reform Strategy 2016 –2020, with a review of activities for 2020, March 2021, pp. 13-14;
59 NIPAC Office, Annual Report on the implementation of the assistance under IPA, North Macedonia, February 2020; (<https://www.sep.gov.mk/data/file/Dokumenti/IPA-AR-2019.pdf>);
60 PAR strategy 2018-2022 is adopted in February 2018 (https://mioa.gov.mk/sites/default/files/pbl_files/documents/strategies/par_strategy_2018-2022_final_en.pdf);

Figure 4. PAR strategy 2018-2022 – strategic framework

POLICY AREAS
<div><div>1. Policy-making and Coordination;</div><div>2. Public Service and Human Resource Management;</div><div>3. Responsibility, Accountability and Transparency;</div><div>4. Public Services and ICT Support to Administration.</div></div>
GENERAL GOALS
<div><div>G1: Effectively, efficiently and inclusively designed policies;</div><div>G2: Expert and professional administration, free from political influence;</div><div>G3: Responsible, accountable and transparent work of the institutions; and</div><div>G4: Delivery of public services in a fast, simple and easily accessible manner.</div></div>
RESULTS
<div><div>• Depoliticized public administration and restored trust of citizens in the institutions;</div><div>• Functional legal state and rule of law;</div><div>• Improved policies that will ensure development in all spheres of society;</div><div>• Built structures and administration capacities prepared for the EU accession negotiations process;</div><div>• Institutionally reorganized and optimized public administration;</div><div>• New and retained professional and competent administrative officers;</div><div>• Simplified and more effective application of modern information technologies;</div><div>• Responsible, accountable and transparent institutions, managers and employees;</div><div>• Quality services delivered to citizens and businesses.</div></div>

IPA 2017 action „EU support to Public Administration Reform and Statistics” supports the implementation of the Public Administration Reform Strategy, and the Strategic Development Plan of the State Statistical Office (SSO).

Table 16. PAR strategy 2018-2022 – Intervention logic

OVERALL OBJECTIVE	IMPACT	Baseline value	Target 2020	Final target 2022	Sources of verification
To reform public administration in line with the Principles of Public Administration	Progress made towards meeting accession criteria	Moderately prepared	Advanced level of preparation	Advanced level of preparation	EC Report
	Composite indicator (average of: Government Effectiveness, Burden of Government Regulation and Regulatory Quality), 1 (worst) - 100 (best)	60.58 (2014)	Above 65	Above 70	SIGMA assessment /baseline measurement report / Monitoring report WB WEF

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SPECIFIC OBJECTIVE	OUTCOME INDICATORS	Baseline value	Target 2020	Final target 2022	Sources of verification
1. To optimise overall institutional framework, enhance public service delivery and strengthen ethics, integrity, transparency and accountability of public administration.	• Percentage of indicators included in the SIGMA baseline measurement report being improved	Total No of indicators: 98	Improvement in 30% of the indicators	Improvement in 50% of the indicators	SIGMA assessment reports
	• Percentage of user satisfaction with the administrative services and servants	1=3.48	5=76	5=76	Annual Report of MISA SIGMA assessment reports
		2=12.02	4=15	4=15	
		3=84.48	3=7	3=7	
			2=2	2=2	
	• Corruption Perception Index (Score And Positive Trend) and Global Corruption Barometer (GCB)		1=1	1=1	Transparency International
		45 (2014) AND 37 (2016) GCB - 3 red, 2 orange (2015-2016)	45	50	
		GCB - 3 red, 2 orange (2015-2016)	Improvements in at least 2 indicators	Improvements in at least 3 indicators	
2. To improve the quality and availability of statistical data and enhance their use in development and coordination of public policies.	• Percentage of statistics aligned with EU acquis (Social, Business and National Accounts)/Compliance level calculated with the method of Eurostat’s strategy for statistical cooperation under IPA II increased to 85% based on the currently existing EU acquis in statistics;	55% (2015)	85%	95%	Eurostat Strategy for Statistical Cooperation with the Enlargement Countries 2014-2020 SMIS+ reports EDAMIS reports
	• Availability of statistical infrastructure for rational and efficient statistical production (business register, population register and other registers linked to each other in an interoperable way);	partial	Upgrade of the key registers in line with Eurostat standards	Full interoperability achieved among the key registers	Peer review/ Eurostat assessments
	• Availability of IT infrastructure for efficient statistical production (Integrated data collection system, IT system for classification management, Metadata driven IT system for editing, imputation, validation, aggregation and analysis)	none	Integrated data collection system put into function (2021)	IT system for classification management put into function (2022) 30% of surveys processed with metadata driven IT system for editing, imputation, validation, aggregation, analysis and dissemination (2023)	Key programming documents (Economic Reform Programme - ERP, ESRP – Employment and Social Reform Programme, sector strategies, etc. - indicators dashboard)
	• Use of harmonised statistics in state planning (Indicators dashboard / Number of indicators/harmonised statistics used in strategic planning, monitoring and reporting on key documents i.e. Economic Reform Programme, Employment and Social Reform Programme, key sector strategies)	30%	50%	70%	

RESULTS	RESULTS/OUTPUT INDICATORS	Baseline value	Target 2020	Final target 2022	Sources of verification
Result 1.1- Streamlined and optimised institutional framework	Extent to which the overall structure of ministries and other bodies subordinated to central government is rational and coherent (SIGMA score)	2 (2014)	4 (2020)	4	SIGMA Base-line measurement reports/ Assessment reports
Result 1.2 - Strengthened systems ensuring transparency, integrity and ethics in the public institutions	Number of institutions which implement integrity policy	1 (2016)	50 (2020)	75	SCPC
	Percentage of institutions applying transparency standards	0	50%	100%	Commission for rights to free access to public information
	No of whistleblowing cases	0 (2015)	15	30	SCPC
	Number of requests for information refused/unanswered in breach of the law	(figure still to be provided) / 650	Less than 10%	Less than 10%	Commission for rights to free access to public information
Result 1.3 - Improved delivery, quality, number and scope of public services to citizens and to business (e-Government)	Number of services accessible and available by Single point of contact	N/A	100	100	MISA - Annual reports
	Percentage of users vs target users' ratio of e-services	n/a	15%	15%	Regular OSS system performance monitoring reports Changes of laws and/or by-laws (Official Gazette)
	Pilot statistics on the performance by body and public officers involved in service delivery	n/a	15 institutions 50 public servants	20 institutions 100 servants	
	Coverage of OSS umbrella system established (percentage of relevant institutions covered)	5 (2016)	80%	100%	
Result 2.1 - Improved alignment with the <i>acquis</i> in the field of macroeconomic, business and social statistics	GDP statistics on quarterly level by expenditure approach at current and constant prices	75% available indicators, 10-day time lag, missing data series 1995 - 1999	90% available indicators, no time lag, data series 1995-1999 available	95% available indicators	EDAMIS reports SMIS+ reports EC Progress report for chapter 18 Statistics SSO web site and reports Changes of laws and/or by-laws (Official Gazette)
	Percentage of indicators compiled for EDP notification tables in accordance with ESA 2010	5 %	80%	95 %	
	Number of improved statistical methodologies and surveys	n/a	3 (2020)	5	
Result 2.2 - Capacity in production and dissemination of EU compliant statistics is strengthened	Percentage of SBPM sub-processes (Statistical Business Process Model) covered by standard metadata driven tools	0	At least 25%	At least 30%	SSO web site

Source: IPA 2017, EU support to Public Administration Reform and Statistics;

Assumptions for achieving mentioned results and measured them with performance indicators are the following:

- The Government further supports the reform of the regulatory and institutional framework in line with EU standards and policies

- The administration implements the newly adopted PAR Strategy according to the adopted action plans.
- Financial and human resources necessary to implement the reform are allocated and made available timely and in line with the milestones of the PAR Strategy 2018-2022
- Cooperation with all partners is assured (State Administrations, Institutions, CSOs, private sector, etc.)
- Cooperation among the owners of administrative data sources is ensured
- Relevant staff of Public Administration is maintained with adequate skills and turnover contained
- Government is willing to change administration operations to take advantage of the functionality offered by the new technologies
- The national support system for SMEs responds to the business sector needs.

In light of the previous and ongoing support, a number of **lessons learned** have been derived:

- **Strong political commitment and support** ensures the sustainability of achieved results; hence the need of ownership and commitment of decision-makers heading the bodies involved in PAR and statistics. Indicators for this commitment is, inter alia, ensuring funds for the PAR Strategy implementation.
- **Further inclusion of the CSOs and other key stakeholders in the policy and legislative development and decision-making process**, is crucial for improving quality of policies and legislation, preventing corruption, improving access to information and increasing transparency. Therefore, involvement of the CSOs in monitoring the implementation of the PAR Strategy through the established mechanisms (Sector working groups, CSOs - IPA platform, regular consultations in the context of the preparation of the country report) will be backed-up by a more dedicated involvement of the CSOs in monitoring the implementation of the PAR Strategy (achieved through a grant under the Civil Society Facility or the EU integration facility)
- **A more transparent communication strategy on implementation of the PAR** is necessary to promote the EU support and to better engage citizens in monitoring the reforms. Particularly in the sectors such as PAR and Statistics, traditionally suffering a deficit of citizens' attention, innovative and attractive way of visibility and communication, are needed to reach society and gain the social support for the reforms and for the EU policy. Implicitly, greater interest of the public drives and stimulates political commitment and consensus.
- The sector assessment indicates that it is indeed necessary to improve the management of the public administration reform and the sector coordination. **MISA needs to strengthen its human management and retention policy** and focus on training of the public servants. Adequate measures to address this finding have been included in the NIPAC Action Plan. Even though the closure of these recommendations is still pending, efforts are being made by NIPAC office and MISA to implement suitable solutions. The establishment of a sector working group for PAR and Statistics in 2016 is a key step in improving sector coordination and the reform management.

- On a more technical note, the projects need to be carefully **prepared and planned** while focus on sustainability and impact must be maintained since the programming stage. Complex projects, i.e. in the statistical area, require constant monitoring and involvement of the stakeholders⁶¹.
- Some of the recommendations important for efficient implementation of the PAR AP:
 - It is necessary additionally strengthen capacities of **General Secretariat of the Government of the Republic of North Macedonia** (GS GRNM) as “Centre of Government” to ensure full coordination of the public administration reform process in different policy sectors (GS GRNM);
 - Following the finalization of upgrades to the electronic **HRM Network platform**, it is necessary to conduct **survey** to measure customer satisfaction that would be implemented each year (MISA).
 - To establish team of contact persons of all institutions that would be part of the **reorganization process**, with a view to attain a streamlined implementation of this complex reform (MISA);
 - To strengthen continuous dialogue with institutions that conduct administrative procedures, with a view to **implement recommendations for improvement of the administrative procedure system** (MISA, State Administrative Inspectorate - SAI).
 - Given that the largest portion of activities are under the competence of MISA, there is a clear lack of human resources to attain timely implementation of all activities anticipated under this priority area; In addition, funds anticipated under the AP are not always sufficient to implement some of the activities; There is need of **larger horizontal coordination** between institutions to timely obtain relevant data; Hence, it is necessary to establish **wider working groups and to include expert assistance** to timely and full implement activities (MISA) and to **secure adequate budget support**, as well as financial and expert support from donors (MISA);
 - IT support: Part of the institutions still face a lack of high IT levels, i.e. they operate with older IT systems; It is necessary to horizontally strengthen financial capacities of institutions for upgrades and development of IT systems (MISA, GRNM);
 - **Measuring progress by performance indicators** remains a challenge. Available human resources are not always adequate to be able to continuously perform measurements, and data are not always available. In addition, it is useful to review indicators and passports thereof (MISA)⁶².

61 IPA 2017, EU support to Public Administration Reform and Statistics (https://ec.europa.eu/neighbourhood-enlargement/sites/default/files/ipa_2017_040200.3_mk_european_support_to_the_public_administration_reform_statistics.pdf)

62 Annual report on implementation of 2018-2022 PAR strategy Action plan for the period January – December 2019, September 2020 (https://mioa.gov.mk/sites/default/files/pbl_files/documents/rja/srja_godishen_izvestaj_2019_finalna_verzija_eng.pdf);

2.8. Lessons learned: Sector reform contract for PAR in Serbia

The **overall objective** of this sector reform contract (PAR SRC – IPA 2015) is to improve efficiency, accountability and transparency of public administration and the quality of service delivery and management of public finances. This goal will be achieved by supporting the Government in implementing measures that form part of Serbia's public administration reform (PAR) strategy and action plan, and in the public financial management (PFM) reform programme. Hence, implementation responsibilities concerning the SBS and the complementary support are shared between several key institutions: Ministry in charge of Public Administration; Ministry in charge of Finance and the Public Policy Secretariat.

The **institutional and organizational structure** for coordination, monitoring, reporting and evaluation of the overall PAR process in Serbia consists of three levels: the Council for Public Administration Reform as the political level of coordination, the Inter-Ministerial Project Group as the administrative level of coordination (expert level, inter-sectoral), along with the Ministry of Public Administration and Local Self-Government (operational level).

A specific **coordination structure** has been established for the guidance, management, coordination and monitoring of the actions included in the PAR SRC. The Government of Serbia has established Operational Teams to share information, coordinate activities and monitor progress of PAR SRC implementation. The first meeting to facilitate **the Platform for policy dialogue** on the implementation of the SRC for the PAR took place on 12 June 201. ⁶³

The **specific objectives** are:

1. To improve accountability of administration through restructuring of central government administration
2. To improve policy development and coordination, including increased participation of citizens and civil society organisations in the policy-making process.
3. To contribute to professionalization and de-politicisation in the human resources management
4. To improve service delivery and administrative simplification by improving the quality of the inspection services
5. To improve management of public finances, especially to contribute to more transparent budgeting process, to improve internal control.

The total value of the SRC is EUR 80 million, of which EUR 70 million will be disbursed through sector budget support⁶⁴ and EUR 10 million through complementary support (through 4 technical support contracts)⁶⁵.

63 European Commission, External Evaluation of Serbian Public Administration Reform Strategy, 21.4.2019;

64 Agreement signed on 5 December 2016.

65 This measure is planned to be implemented through four contacts, and it should ensure technical assistance to support the PAR and PFM areas to design, guide, coordinate, monitor and report on the implementation of the reform agendas; for the implementation of visibility and communication measures and for the assessment of the achievement of targets and indicators. (Available reports on <https://monitoring.mduls.gov.rs/dokumenta.html>).

The support is targeted at the achievement of the following **key results**⁶⁶ presented in the table:

Table 17. PAR budget support in Serbia 2015-2020: objectives and performance indicators

OVERALL OBJECTIVE	
IMPACT	PAR strategy 2014-2020: Further improvement of work of Public Administration in accordance with principles of the European Administrative Space and provision of high quality services to citizens and business entities, as well as the creation of public administration which shall significantly contribute to the economic stability and increase of the living standard. Indicator of impact level: Government effectiveness (World Bank) – percentage rank (0-100) Baseline value (2016): 55.77 Target value (2020): 53-56; Achieved value (2020) 52.37 ⁶⁷
	SPECIFIC OBJECTIVE(S): OUTCOME(S)
1.	Improved organisation and functions of the central government administration
	Support contributes to the Measure 1.1 of the PAR action plan: Organisational and functional restructuring of the public administration by implementing by 2020 evidence-based measures for optimisation of the public administration with respect to the work processes, organisational structures, the number and effectiveness of institutions and number of employees. Indicator: Optimised, coherent and rational structure of public administration in sectors covered by restructuring and downsizing. Target value (TV): 50%-70% of measures planned for 2020 in the AP for HFR (horizontal functional reviews) implemented by the end of 2020.
	The achievement of this result will be based on a number of functional reviews, which are implemented since 2015 with IPA support by the World Bank. These are the horizontal functional reviews of the central government, the vertical functional reviews of key sectors for PFM and for EU acquis (Ministry of Finance and Ministry of Agriculture and Environment), and the horizontal review of the service delivery in health, education and social sectors. The efficiency of the central government was very low, as confirmed by the SIGMA baseline assessment. The ongoing functional reviews will provide the evidence needed for the centre of government to decide on the necessary restructuring and the most optimal allocation of the limited human, institutional and financial resources. This should improve accountability lines within administration and increase efficiency of the Serbian public administration. In parallel, the Government established structures in order to create conditions for the implementation of the plans designed as a result of the functional reviews. The actions are rolled out gradually, starting from a limited number of sectors and processes, and expanding gradually, so that the modifications can be absorbed by the public administration. The European integration functions in particular are aligned to the needs of the accession process. The Ministry of Public Administration and Local Self- Government is in lead of the actions for reaching this result, with support of the line ministries concerned.

66 Sector Reform Contract (SRC) for Public Administration Reform (PAR), IPA 2015/038-444;
https://ec.europa.eu/neighbourhood-enlargement/sites/default/files/pdf/serbia/ipa/2015/pf_04_sector_reform_contract_for_public_administration_reform.pdf

67 Ministry of Public Administration and Local Self-Government, Report on implementation of PAR AP 2018-2020 in 2020; (<https://monitoring.mduls.gov.rs/dokumenta.html>)

2.	Improved public policy development and coordination
	<p>The support links to the measure 1.3 of the PAR action plan: Improvement of the system for management of public policies of the Government by establishing by the end of 2020 the legal and institutional framework for integrated strategic management and adoption of mid-term work plans of state administration bodies harmonised with the strategic priorities of the Government and the programming budget.</p> <p>Indicator: The share of the number of proposals of strategic documents and action plans harmonized with the policy management methodology in the total number of strategies and action plans adopted by the Government during a calendar year</p> <p>Baseline Value, BV (2017): 67.9 % (according to preliminary criteria)</p> <p>Target Value, TV (2018): 55% (according to improved criteria harmonised with the Law on the Planning System of the Republic of Serbia) ; TV (2019): 65% ; TV (2020): 90%</p>
	<p>The goal is to improve the system for management of public policies of the Government in terms of planning, analysis, creation, adoption, monitoring and evaluation and coordination. The SIGMA baseline assessment reveals that currently there is no integrated coordination, monitoring or evaluation of central level policies, and this has resulted to lack of efficiency and effectiveness of the work of the Government. The activities will focus on development and adoption of a policy development and monitoring system, including methodology, templates and mechanisms for receiving and responding to policy monitoring reports. The system will strengthen institutional and human resources and make operational a Management Information system that allows for online monitoring and reporting. The institution responsible for this is the Public Policy Secretariat of the Republic of Serbia.</p>
3.	Increased participation of citizen and civil society organisations in the policy-making process
	<p>The support contributes to the measure 5.1 of the PAR action plan, especially involvement of civil society organisations (CSO) and citizens in the process of creation, implementation and monitoring of the public policies at national and local level: Improving conditions for participation of interested public in the work of public administration with increased access to information on the work of public administration and public finance</p> <p>Indicator 1: Share of information bulletins published by the uniform IT system for access to, processing and presenting Information Bulletins by 2020.</p> <p>BV (2017): 0</p> <p>TV (2018): legal framework adopted ; TV (2019): 25% ; TV (2020): 50%</p> <p>Indicator 2: Share of laws which during the preparation stage were subject to consultations according to the Law amending the Law on State Administration</p> <p>BV (2017): 0% ; TV (2018): 20% ; TV (2019): 50% ; TV (2020): 70%</p>
	<p>The SIGMA baseline assessment reveals that although some work has been done in this field, public consultations are often done too late in the legislative and policy development process and that neither CSOs nor decision-makers are informed on the results. The support takes on board the results of the process taken by CSOs and the Office for Coordination with civil society for the preparation of the draft strategy for the creation of an enabling environment for civil society development and the relevant action plan. The responsible institution is the Office for Cooperation with Civil Society</p>

4.	Improved merit-based human resources management system within the public service
	<p>The support links to the measure 2.1. of the PAR action plan: Establishing a coherent system of labour relations and salaries in the public administration based on transparency and fairness</p> <p>Indicator 1: Share of appointed positions posts filled by competitions relative to the total number of appointed positions filled in state administration bodies and services of the Government</p> <p>BV (2017): 31% ; TV (2018): 36% ; TV (2019): more than 40% ; TV (2020): more than 50%</p> <p>Indicator 2: Share of public administration employees to whom a fair and transparent salary system applies</p> <p>BV (2017): 0% ; TV (2018): 0% ; TV (2019): 60% ; TV (2020): 100%</p>
	<p>SBS programme will support improvement of a merit based public service system, in a phased approach. The action responds to the regular findings in the Commission's Progress reports about politicisation in the civil service. It also responds to the SIGMA baseline assessment, where it is noted that the lack of functional human resources management (HRM) at central government level is considered a factor of instability for the policy implementation process. The achievement of this result will entail a number of activities including the adoption by the Government Policy Paper for the establishment of the modern HR management system, the amendments to the Civil servant Law which would lead to the adoption of new systems of competences for civil servants.</p>
5.	Reduced administrative burden to citizens and businesses through support to the reform of the inspection services
	<p>The support contributes to the measure 4.3. of the PAR action plan: Introduction and promotion of mechanisms which ensure quality of public services</p> <p>Indicator 1: Number of reports compiled based on surveys of citizens' satisfaction with the services received from state administration bodies and bodies of LSG</p> <p>BV (2017): 0 ; TV (2018): 50 ; TV (2019): 100 ; TV (2020): 173 ;</p> <p>Indicator 2: Average quality ranking of training provided in the SKIP centre</p> <p>BV (2017): 0 ; TV (2018): 3 ; TV (2019): 4 ; TV (2020): 4,5 ;</p>
	<p>The support especially addresses the inefficiency and lack of coordination among various inspection services, which is not only a risk in terms of corruptive practices but also creates an enormous administrative burden to citizens and businesses. The support focuses on a number of activities including ensuring clear guidelines on the new Law on the Inspection Service, the establishment of a functional inspection co-ordination mechanism, creation of a Coordination Commission website, a business process analysis for all inspections at the national level, and a common IT platform for all national-level inspections (e-Inspector Information System). The institution responsible is the Ministry of Public Administration and Local Self Government.</p>
6.	Improved planning and budgeting of public expenditures
	<p>The support in this areas links to second pillar of the PFM reform programme: Planning and Budgeting of Public Expenditures.</p> <p>The support aims at improving the overall budget planning by emphasising the importance of result based planning, better link between allocated expenditures and policy objectives, and accompanying Serbia in the gradual introduction of programme based budgeting. The activities for this result have distinct targets, achieved in a phased approach. In the first phase, the target was to improve the quality of budget preparation process. In the following years line ministries have to progress in meeting the indicators included in the previous year's annual budget, The institution responsible for these actions is the Ministry of Finance.</p>

7.	Gradually established sector-based medium-term expenditure frameworks (MTEF)
	<p>Support in this area links to the second pillar of the PFM reform programme: Planning and Budgeting of Public Expenditures.</p> <p>At the start of the programme, Serbia scores very low in this area in the SIGMA baseline assessment. The actions entail the gradual change of the methodology within the Ministry of Finance allowing for the preparation of sector-based MTEF documents (Medium-Term Expenditure Framework), linked closely to the programme budgeting. Ultimately, the outcome of this action is the gradual improvement of the percentage of the annual budget expenditures in relation to the MTEF forecast. However, in the period of the intervention, it is expected that after the first MTEF document for the PAR/ PFM sector is produced in 2015 as part of the pre-conditions to the SRC, the Ministry of Finance continue to cover the relevant national sectors one by one in the following years. Ultimately, the budget will incorporate the priorities identified by the four sectors covered by MTEF planning, which links the budget expenditures in the mid-term period to programmatic goals that are sector wide, rather than institutionally based. The responsible institution for the action is the Ministry of Finance.</p>
8.	Improved implementation of internal control in the public administration
	<p>The support in this areas links to the fourth pillar of the PFM reform programme: Effective Financial Control.</p> <p>At the start of the programme, both the Commission annual progress reports (on Chapter 32 – Financial control) and the SIGMA baseline assessment point out the lack of progress in the past years. Despite work at technical level for a number of years, managerial accountability was not fully embedded in the management culture. Internal control was not well developed and internal audit was not often used for the purpose it has been designed. The expected outcome of this is the improved internal control environment and internal audit functions both at the central and local government level. Budget users will have to have to produce the annual statement by managers about the quality of respective Financial Management and Control systems. The responsible institution for the actions is the Ministry of Finance.</p>

Fulfilment of these objectives are **conditions** for the funds disbursement.

The **general conditions** for disbursement of all tranches are as follows:

- Satisfactory progress in the implementation of the Public Administration Reform policy and continued credibility and relevance thereof;
- Implementation of a credible stability-oriented macroeconomic policy;
- Satisfactory progress in the implementation of the PFM reform programme;
- Satisfactory progress with regard to the public availability of timely, comprehensive and sound budgetary information.

According to the envisaged dynamics in the implementation of Sector budget support component, 70 million EUR will be indicatively disbursed through **6 tranches, 3 of which are base tranches and 3 variables**.

In line with the procedure relevant for disbursement of **variable tranches**, positive assessment of progress in implementation of this reform process will be precondition for disbursement of variable tranches.

Depending on the fulfilment of specific objectives, defined in the PAR Strategy and accompanying action plans, the European Commission decides on the disbursement of funds on an annual basis, through fixed and variable tranches based on requests, namely on the basis of the Self-Assessment Report:

- **The first payment:** at the end of 2017, Serbia submitted the first Self-Assessment Report on the implementation of the 2016 Sector Reform Contract with a request for payment of two fixed and one variable tranche, based on which the European Commission approved a disbursement to the budget of the Republic of Se. Namely, after assessing progress made in the area of PAR, the EU approved, on 30 October 2018, payment of the first financial request for the fulfilment of commitments agreed in the SRC, in the amount of 30.5 million €⁶⁸.
- **The second payment:** based on the second Self-Assessment Report dedicated to public administration and public finance reform for 2017 and the first half of 2018, another 13 mil € is transferred to the Serbian budget from the EU in December 2019 due to the success achieved within the reform of PAR and PFM⁶⁹.
- **The third payment:** based on the third Self-Assessment Report, another 8.25 mil € is transferred to the Budget from the EU in December 2020 due to the success achieved within the reform of PAR and PFM which enabled direct support to the budget in the amount of a total of 52 million €. ⁷⁰
- As part of a **package of support measures in the fight against the consequences of the COVID 19** pandemic, the European Commission approved the use of the remaining funds under this instrument, which formally enabled the full amount of 70 million euros to be used in 2020-2021 by submitting the fourth self-assessment report at the end of this extended period. By other words, implementation of the SRC PAR is extended by 2021. The final results will be presented in the fourth Self-Assessment Report and estimated by the Commission.

The EC has also supported **the Government Optimisation Program in partnership with the World Bank** under IPA II (2014-2020). The Program for Results on Modernization and optimization of Public Administration was a budget support to the Republic of Serbia, intended for implementation of predefined obligations, amounting in total to 69 million €. This program supported the implementation of two out of five objectives of the PAR AP: (i) establishment of a coherent merit-based civil servant system and improvement of human resource management; and (ii) improvement of public finance and public procurement management. The Word Bank Program is harmonized with the PAR SRC. Both supports used the same monitoring structures, thereby reducing the opportunities for duplication of resources and multiple reporting on different indicators. Using the same indicators, the World Bank Program provided the opportunity for greater synergy with the PAR SRC⁷¹.

Lessons learned, could be summarised as follows:

- **Level of implementation of PAR PA 2018-2020:** cumulative results clearly indicate critical ones points of functioning of public administration. Despite numerous notable successes,

⁶⁸ European Commission, External Evaluation of Serbian Public Administration Reform Strategy, 21.4.2019; <http://mduls.gov.rs/wp-content/uploads/190524-Final-Evaluation-Report-EN.pdf?script=lat>

⁶⁹ <http://mduls.gov.rs/en/announcements/another-eur-13-million-in-serbias-budget-from-the-eu-due-to-the-success-achieved-within-the-reform-of-public-administration-and-public-finance/>

⁷⁰ <http://mduls.gov.rs/obavestenja/isplaceno-jos-8-250-000-evra-za-napredak-u-reformi-javne-uprave-u-okviru-programa-sektorske-budzetske-podrske/?script=lat>

⁷¹ World Bank, Modernization and Optimization of Public Administration Program, Republic of Serbia, Technical assessment, April 20, 2016 (<http://documents.worldbank.org/curated/en/2016/05/26354542/serbia-modernization-optimization-public-administration-program-technical-assessment>);

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over a three-year programming period (2018-2020) only 39% of the planned results (measures) were achieved. The same number remained unrealized, and 22% is still in the implementation phase. Results achieved at the specific level objectives further emphasize less optimal planning and inadequate alignment of reforms with existing capacities in public administration (human and financial) and indicate that they are the only ones two specific objectives (Objective 2 - 60% and Objective 4 - 50%) exceeded 50% of expectations in the process of realization (measures) in relation to everything other objectives (Objective 1 - 43%, Objective 3 - 20%, Goal 5 - 20%)⁷².

- In the next period, **the areas of specific focus should be:** a) efficient implementation of HRM system in practice (enforcement of established legal framework, including professionalization of public administration, change management and stronger political support; b) provisions and associability of public services and digitalization (access to e services for all, digital literacy, flexible public administration); c) further reform in the area of local self-government; and c) more efficient public policies coordination);
- As one of the important lessons learned in the PAR process (and efficient implementation of PAR SRC) is a **need for more effective communication and cooperation**, not only between state bodies, but also with citizens, the economy and other stakeholders. Building trust is confirmed necessity in this process, as in the reform process itself⁷³
- Added to this is the need for **more harmonized capacities of stakeholders involved in the PAR strategy implementation**. Performance of institutions in the implementation of measures / activities from AP PAR (2018-2020) is such that only 25% of institutions achieved the planned results, which again indicates planning which clashed with the subsequent increased workload and, in parallel, the reduction of the number of employees and the rationalization in public administration. In addition, it points to the need for improvement of PAR management and coordination system through more adequate definition of the roles (competencies) of the body who participate in the process. Strong support from all stakeholders (institutions, but also citizens / economy) is a key item in the process reforms, such as "ownership" of the process itself and results. The PAR Strategy (2021-2030) clearly recognizes (and integrates) these principles, along with the principle of managerial accountability, as some of the most important in terms of the success of future reforms⁷⁴.

To conclude, more efficient, more rational and less expensive public administration is needed, but at the same time more effective and better suited to the new, dynamic and complex needs of the public administration on its pathway to joining the EU.

⁷² Specific objectives are: 1. Improvement of organizational and functional Public Administration subsystems, 2. Establishing a coherent merit-based civil service system and improve human resources management, 3. Improvement of public finances and procurement management, 4. Increasing legal certainty and improvement the business environment and quality of public services provision, and 5. Increasing citizens' participation, transparency, improving ethical standards and accountability in performing public administration tasks .

⁷³ European Commission, Public Administration Reform in Europe: Conclusions, lessons learned and recommendations for future EU policy, 2018; <https://ec.europa.eu/social/BlobServlet?docId=20210&langId=sk>

⁷⁴ Ministry of Public Administration and Local Self-Government, Report on implementation of the PAR AP 2018-2020, <https://monitoring.mduls.gov.rs/dokumenta.html>

III

IPA III and PAR

1. IPA III proposal

IPA III 2021-2027 will continue to support the beneficiaries in adopting and implementing key political, institutional, social and economic reforms to comply with EU values and to progressively align to the EU's rules, standards and policies.

The allocation for the Instrument for Pre-Accession, supporting beneficiaries on their path to fulfilling the accession criteria in MFF 2021-2027, will be **14.161 million €** (in 2020 prices). It is a significant increase compared to the MFF 2014-2020 amounts, which stand at 12.8 billion € in prices of 2020.⁷⁵

For the period 2021-2027, the new instrument should allow for sufficient **flexibility** to take into account evolving circumstances.

No fixed or indicative national/geographical envelopes will be established, although a principle of **"fair share"** allocation for beneficiary countries will be integrated, as well as a **"performance-based principle"**. Performance will be part of the process of accessing to funds, which will be based on **criteria** such as:

- project/programme maturity,
- absorption capacity,
- administrative capacity,
- expected impact and progress on rule of law, fundamental rights and governance.

Therefore, no additional performance reward mechanism will be needed. Increased financial flexibility could be achieved by strengthening **possibilities for reallocating funds** within the instrument, in particular between and within facilities.

Establishing a reserve within IPA could be considered; this would mean that a share of the total budget (e.g. **10 %**) **could be kept unallocated to cater for unforeseen needs** (e.g. migration) provided the carry over for commitments is allowed⁷⁶.

⁷⁵ Total operational budget is 13,818.9 mil € and Administrative Appropriations is 342.4 mil €, in total 14,161 mil € in 2020 prices - a significant increase compared to the current MFF amounts, which stand at €12.8 billion in current prices of 2020 (European Council conclusions, Brussels, 21 July 2020, EUCO 10/20. (https://ec.europa.eu/commission/presscorner/detail/en/qanda_20_988))

⁷⁶ Commission Staff Working Document, IMPACT ASSESMENT Accompanying the document Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing the Neighbourhood, Development and International Cooperation Instrument Proposal for a COUNCIL DECISION on the Association of the Overseas Countries and Territories with the European Union including relations between the European Union on the one hand, and the Greenland and the Kingdom of Denmark on the other ('Overseas Association Decision');

Table 18. IPA III 2021-2027 windows and thematic priorities⁷⁷

I Rule of Law, fundamental rights and democracy	II Good governance, legal harmonisation, strategic communications and good neighbourly relations	III Green agenda and sustainable connections	IV Competitiveness and inclusive growth
2,091 mil € - 15.1%	2,293 mil € - 16.6%	5,867 mil € - 42.5%	3,083 mil € - 22.3%
1. Judiciary 2. Fight against corruption 3. Fight against organised crime/security 4. Migration and border management 5. Fundamental rights 6. Democracy 7. Civil Society	1. Good governance 2. Administrative capacities and legal harmonisation 3. Good neighbourly relations and reconciliations 4. Strategic communications, surveillance, evaluation and communication activities	1. Environment and climate actions 2. Transport, digital economy and society, Energy	1. Education, employment, social protection and inclusive policy, and health 2. Private sector development, Trade, Research and Innovation 3. Agriculture and rural development 4. Fishery
Thematic priorities of IPA III – Territorial and cross border cooperation (485 mil €, 3.5%)			
1. Promoting employment, labour mobility and social and cultural inclusion across borders through, inter alia: integrating cross-border labour markets, including cross-border mobility; joint local employment initiatives; information and advisory services and joint training; gender equality; equal opportunities; integration of immigrants' communities and vulnerable groups; investment in public employment services; and supporting investment in public health and social services; 2. Protecting the environment and promoting climate change adaptation and mitigation , risk prevention and management through, inter alia: joint actions for environmental protection; promoting sustainable use of natural resources, coordinated maritime spatial planning, resource efficiency and circular economy, renewable energy sources and the shift towards a safe and sustainable low-carbon, green economy; promoting investment to address specific risks, ensuring disaster resilience and disaster prevention, preparedness and response; 3. Promoting sustainable transport and improving public infrastructures by, inter alia, reducing isolation through improved access to transport, digital networks and services and investing in cross-border water, waste and energy systems and facilities; 4. Promoting the digital economy and society by inter alia the deployment of digital connectivity, the development of e-Government services, digital trust and security as well as digital skills and entrepreneurship; 5. Encouraging tourism and cultural and natural heritage ; 6. Investing in youth, education and skills through, inter alia, developing and implementing joint education, vocational training, training schemes and infrastructure supporting joint youth activities; 7. Promoting local and regional governance and enhancing the planning and administrative capacity of local and regional authorities; 8. Enhancing competitiveness, the business environment and the development of small and medium-sized enterprises , trade and investment through, inter alia, promotion and support to entrepreneurship, in particular small and medium-sized enterprises, and development of local cross-border markets and internationalisation; 9. Strengthening research, technological development, innovation and digital technologies through, inter alia, promoting the sharing of human resources and facilities for research and technology development.			

Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing the Instrument for Pre-Accession Assistance (IPA III) Proposal for a COUNCIL REGULATION establishing a European Instrument for Nuclear Safety complementing the Neighbourhood, Development and International Instrument on the basis of the Euratom Treaty, SWD/2018/337 final, Brussels, 14.6.2018, pp. 91-92.

77 European Commission, Proposal for a Regulation of the European Parliament and of the Council establishing the Instrument for Pre-accession Assistance (IPA III), COM(2018) 465 final

EC PAR indicator is one of 10 key performance indicators for IPA III.

Key performance indicators for IPA III:

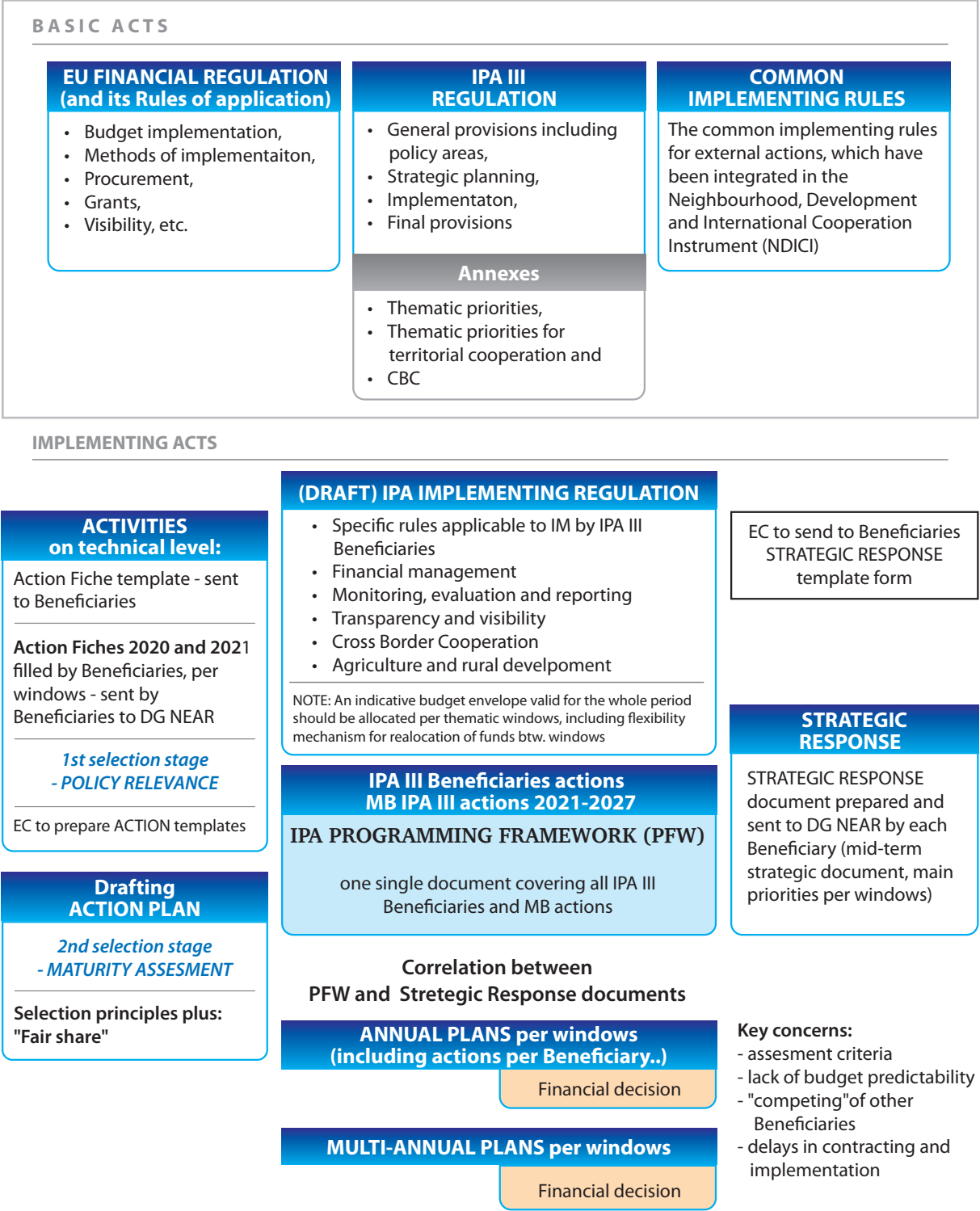
- I Composite indicator⁷⁸ on the readiness of enlargement countries on fundamental areas of the political accession criteria (including Democracy, Rule of Law (Judiciary, Fight against corruption and Fight against organized crime) and Human Rights) (source European Commission).
- II **Readiness of IPA beneficiaries on public administration reform** (source European Commission).
- III Composite indicator on the readiness of candidate countries and potential candidates to the EU acquis (source European Commission).
- IV Composite indicator on the readiness of candidate countries and potential candidates on fundamental areas of the economic criteria (functioning market economy and competitiveness) (source European Commission).
- V Public social security expenditure (percentage of GDP) (source ILO) or Employment Rate (source: national statistics)
- VI Digital gap between the beneficiaries and the EU average (source: European Commission DESI index)
- IIIV Distance to frontier (Doing Business) score (source World Bank)
- IIIV Energy intensity measured in terms of primary energy and GDP (source EUROSTAT)
- IX Greenhouse gas emissions reduced or avoided (Ktons CO2eq) with EU support
- X Number of cross-border cooperation programmes concluded among IPA beneficiaries and IPA/EU MS (source European Commission)

2. Towards IPA III programming framework

IPA III assistance will be planned through an IPA **Programming Framework (PFW)** such as a strategy document focusing on accession process priorities covering all specific objectives of the IPA III regulation for the whole period and providing both content and indicative allocation. The PFW will be **one single document covering all IPA III Beneficiaries and Multi-Beneficiary actions**. The PFW will organize programming through the so-called “Windows” (that represent a re-grouping of those sectors used throughout IPA II) in line with IPA III specific objectives.

78 The three composite indicators are elaborated by the European Commission on the basis of the reports on Enlargement, which also draw from multiple, independent sources.

Figure 5. IPA III indicative framework



Source: Indicative framework (author's scheme).

The PFW will be drafted by DG NEAR in consultation with IPA Beneficiaries, other DGs and other donors and will be adopted as an **implementing act**. However, **IPA III legal framework** is not adopted yet (IPA III Regulation and IPA III Implementing Regulation).

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On their side, Beneficiaries recently drafted so-called “**Strategic Responses**” documents, describing how they intend to benefit from the funding opportunities offered under the windows as presented in the PFW. Beneficiaries provided an overview of the main priorities per each Window, based upon national sector strategies and financing, national and regional sector priorities for IPA III, other donors funded programmes, existing implementation capacities, etc. A list of envisaged actions supplement the Strategic Responses; identified actions contained minimum information to allow an assessment of their relevance.

The access to funding under the various windows is based **on relevance and maturity** of proposed actions: most relevant and mature actions are to be selected by the Commission and to be included in **Annual or Multi-annual plans**.

The EC will adopt **Financing decisions for the annual and multi annual actions** grouped by window and comprising actions proposed by different Beneficiaries.

IPA III programming process will then consist of the correlation between the PFW (task of DG NEAR) and the Strategic Responses (prepared by the Beneficiaries). It has to be expected that in face of a PFW that covers the whole programming period, the Strategic Responses⁷⁹ will be designed on a mid-term time range similarly to what was done during IPA II with the Sector Planning Documents.

The whole IPA III framework is presented in the previous figure.

The selection of the proposed actions for IPA III financing occur in two stages:

1. **Actions** are selected in a first stage according to their policy relevance and in a second stage according to their maturity (this is ongoing process for proposed programmes for 2021 and 2022). Only those actions that will receive a green light at the stage of policy relevance will be further developed and transformed into fully-fledged programme/action proposals and then more accurately described in Programme/Action Documents for IPA III programming.
2. The second selection stage, based on technical maturity, will consider for adoption only those programmes/actions that are sufficiently mature and ready to be implemented. Those actions assessed as not mature enough but still relevant in terms of policy will be submitted for financing at a later stage, once they will be considered mature⁸⁰.

Assistance under IPA III shall be implemented in direct management or in indirect management in accordance with the Financial Regulation through annual or multi-annual action plans and measures⁸¹.

PAR remains one of the pillars of the EU enlargement process.

79 **The drafting process of the Action Fiches for IPA 2021 and 2022** proved challenging for the following reasons, which were further exacerbated by the COVID-19 pandemic and restrictions on meetings and workshops: (i) the lack of National Sector Strategies covering the period post-2020 (in many cases extended to 2022 through Action Plans; (ii) difficulties in coordination by lead institutions, due to the large number of stakeholders involved; (iii) delays in the finalisation of the IPA III legal framework and particularly the absence of methodological guidance and the programming framework; iv) the request to anticipate the preparation of Action Fiches before drafting the National Strategic Response; (v) lack of information on the selection criteria to be used during the strategic relevance assessment process; and (vi) some institutions faced some difficulties in preparing the Action Fiches, since the template did not allow for a clear description of the envisaged activities.

80 Tabossi Rudiero, Position paper on IPA Beneficiaries on IPA III (2021-2027), draft, NAXTA, September 2019.

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