



INDEPENDENT REVIEW OF THE CAPACITY DEVELOPMENT PROGRAMME

*A partnership programme of the Government of Montenegro
Foundation Open Society Institute
United Nations Development Programme*

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SUMMARY

A. INTRODUCTION AND CONTEXT

In February 2003 the Ministry of Justice of the Government of Montenegro presented the *Strategy for Public Administration Reform (PAR) 2002-2006* that reflects the government's commitment to develop its institutions in accordance with benchmarks of best European practice, and gradually to build the capacity of its state system for public administration to a level appropriate for its eventual position within the European Union. It is broadly recognized in the Government's PAR strategy and other documents that national economic, social and administrative reforms are for the most part long-term processes of change, and in many cases, transformational change requiring new and strengthened capacities and substantial levels of external assistance.

Consequently, at the invitation of the Prime Minister of Montenegro, the Foundation Open Society Institute – Representative Office Montenegro (FOSI-ROM) together with the United Nations Development Programme Liaison Office in Podgorica (UNDP-LO) and representatives of the Government established the Capacity Development Programme (CDP) for Montenegro. The CDP has as its main aim the contribution to the successful achievement of public administration reform and development in Montenegro. As a 'pilot' programme with an initial budget of US\$550,000, the CDP is designed to respond flexibly in a dynamic environment by filling priority capacity gaps based on defined needs on a selective basis in three pilot ministries.¹

The CDP pilot programme was envisaged as a partnership to extend for a period of 18 months, with an independent review to be carried after the first year of activity. An independent international expert, supported part time by the former CDP Chief Technical Advisor was engaged to carry out the review over the period November 1-30, 2004 (see Annex A for the Terms of Reference). The Review findings are based on the collection and analysis of information and perceptions collected through interviews with key stakeholders (see Annex B) supplemented by the review and analysis of available documentation (see annex C).

It is recognized that the CDP has thus far had only 11 months of implementation experience and it is far too early to measure performance in terms of results, outcomes or impacts. Rather, this review focuses on an assessment of design, management structures and processes, programme inputs and outputs, the degree to which they have contributed to the achievement of intermediary results and some comment as to whether they are on track to achieving overall programme objectives.

B. OVERALL FINDING

The CDP has set out to do what it was designed to do and is well on its way to achieving its intended outputs and results. Both the partners of the programme and the beneficiary ministries have expressed a high degree of satisfaction with CDP services and support plus the manner in which they have been delivered. CDP support has demonstrated what can be achieved by a relatively modest and lightweight, but speedy and flexible pilot programme response to urgent needs in a complex and rapidly changing policy environment. The programme and especially its management design were also found to indicate the type of development operation for which a partnership mechanism like CDP might be considered better suited quick response mechanisms than the larger and often more cumbersome programmes typical of some other funding agencies.

The main reasons for the positive achievements thus far were found to be primarily in the initial design of the programme, in sound execution and implementation structures and processes, and in the consistent quality of inputs. However, in the current dynamic environment, several challenges will need to be met to ensure that design and implementation modalities of the programme are able to continue as a relevant and value-added service to government reform. The following summarizes the key findings on the main CDP programme components, performance, value-added and strengths, challenges and recommendations.

¹ These were: the Ministry of Education and Science (MoES), the Ministry of Justice (MoJ) and the Ministry of International Economic Relations and European Integration (MIEREI).

C. MAIN FINDINGS

1. Programme Design

The time and effort invested in the CDP programme design appears to have paid off in terms of several practical features, as evidenced by the perceived positive and successful achievement of outputs and intermediary results to date.

- ◆ **Partnership.** The CDP employs a credible collaborative structure that on the one hand preserves the notion that the programme is government managed and on the other hand that implementation is a shared responsibility among the partners – i.e. through the Executive Committee chaired by the government and its funding donor members.
- ◆ **Ownership.** The main drivers of CDP design were found in the national context, driven by government needs and priorities. Programme ownership was found to remain clearly vested with the government. The main evidence for this finding was found (1) in the terms of reference of the CDP Supervisory Board and Executive Committee, and (2) more emphatically in practice – i.e. the ‘culture of ownership’ -- through the active decision-making role of MIEREI as Chair of the Executive Committee, plus the role of the Deputy Prime Minister as chair of the CDP Supervisory Board.
- ◆ **Focus and Complementarity.** Focus was maintained as only the three pilot ministries continued to receive support, along with some ancillary cooperation with the Ministry of Finance and the World Bank (WB) in the development of fiscal impact assessment guidelines. In all cases, CDP support was found to have targeted capacity gaps and took care to avoid areas that were targeted for more substantive support from other donors such as the European Agency for Reconstruction (EAR), the WB, US-AID or others. The focus on three pilot ministries allowed for the concentration of limited CDP resources to meet carefully defined needs for technical assistance.
- ◆ **Flexibility.** CDP programme design emphasized the dynamic nature of the Montenegro political and reform environment and the corresponding need to respond to shifting conditions and priorities. In this regard the programme ‘framework’ document proved to be the right choice by initially identifying needs at the very broad level and subsequently allowing programme management to define and deliver technical assistance on a case-by-case basis aligned to more detailed needs as they emerged during programme implementation.
- ◆ **Experimentation, Learning and the Pilot Approach.** The design and launching of a pilot CDP programme was found to be the right approach under the current circumstances: i.e. phased, incremental and with an eye to the longer-term nature of reforms. The pilot approach itself was seen as a ‘learning’ exercise for both programme management as well as for beneficiary ministries and their impacted staff. For example, the use of process facilitation and consultation, team building, participatory methods, and so on were seen to have generated a positive impact by both ministry management and staff, and had the spin-off benefit of expanding awareness and understanding of the various reforms.

2. Institutional and Management Arrangements

The CDP institutional and management arrangements were found to be the most significant ‘success factor’ in the achievement of results (see Figure (1) on page 7 of the main report), since a prime determinant of and pre-condition for success of this and any such programme rests in accountability, the quality and effectiveness of programme direction plus management and staff. Specific findings of note include:

- ◆ **Supervisory Board (SB),** chaired by the Deputy Prime Minister responsible for PAR, appears to have served its intended purpose. Not only did the first meeting serve as a forum for the exchange of information and reporting on progress, it also served to re-affirm priorities and provide direction to programme management on such matters as strengthening working relationships with the WB and other donors, strengthening work on the horizontal or cross-

ministry plane, and stressing the importance of the three principles of capacity development: sustainability, partnership and dynamism.

- ◆ **Executive Committee (EC)** was found to be the pivotal decision-making mechanism for the CDP. It was found that the EC ensured: (1) continued government ownership and direction, (2) a practical working partnership for the three funding partners, (3) adherence to CDP programme design and concept, (4) effective management control over programme inputs (e.g. selection of experts), and (5) adherence to approved rolling work plans and monitoring of work performed. Meetings of the EC were held on a monthly basis with regular minutes produced serving as a record of decisions made.
- ◆ **Programme Management Unit (PMU)**, accountable to the EC and administered by UNDP, comprises the Programme Manager and two staff. While the present Review cannot serve the purposes of a performance appraisal, the perceptions of those consulted indicate strong and effective performance of this small unit, through their development of professional relationships with government and donor counterpart management and staff, responsiveness to government needs for gap-filling capacity development support, high attention to quality of inputs and outputs, and strong commitment to the programme and reforms in Montenegro.

While the review paints a positive picture of the management arrangements, a number of concerns – generally to be expected in a programme of this nature – were also noted. First, there was potential for duplication or overlap of the SB with other Minister level coordination mechanisms addressing PAR and related areas. Second, the continued leadership of the government serving as Chair was endorsed, but the question as to which ministry or organizational unit in the government might serve in future was open to some options, particularly if a future emphasis of the programme is to help strengthen horizontal coordination and public management capacities in government.

Third, when the programme attracts new funding partners, the question was raised as to whether future membership in the EC should be expanded. If so, should it be structured along egalitarian lines (every funding partner equal, each with a ‘vote’), or depending on the level of funding, would there be some logic for partner differentiation (e.g. senior or junior, major or minor, voting or non-voting). Lastly, should the programme management function (PMU) continue to be resident in and identified with UNDP, there is the risk that the CDP programme as a whole may be perceived as donor or UNDP driven.

3. Achievement of Main Programme Objectives

The CDP’s primary objective is to contribute to the successful achievement of reform and development of public administration in Montenegro. It is understood that the achievement of such an objective can only be measured over the longer term. The CDP secondary objective is more relevant to the current pilot stage of the programme as it is based on the production of outputs seen to contribute to PAR results and longer-term objectives.²

The Review found that considerable progress had been made in the first 11 months of activity in the achievement of the CDP’s secondary objective. For the most part, all of the intended outputs had been produced or were in the process of production. Further, the CDP outputs contributed positively to the filling of priority internal Ministry capacity gaps in those functional areas prescribed by the programme (e.g. make and administer policy, development of legislative frameworks, organizational development, work planning, etc.). (The reader is referred to Section 4 of this report for a detailed accounting of findings on CDP outputs, the nature and quality of assistance, and specific findings for each pilot ministry.)

It is generally recognized that the needs for capacity development in support of the government’s PAR and related reform strategies are great and the CDP has correctly tackled a limited set of

² The CDP secondary objective is to “. . . help selected ministries to meet critical needs for additional capacity to make and administer policy, and attend to the legislative and financial pre-requisites of so doing, in a rapidly changing environment, and while awaiting the benefits of longer-term administrative reform”. Reference, Programme Support Document.

priority capacity gaps. Most of those interviewed, however, felt that in the design of the second phase of CDP, much more attention needed to be given to strengthening horizontal coordination of PAR and related capacity development. In this regard, in the next phase, the secondary objective might be adjusted to reflect a shift in priority and emphasis on developing coordination and public management capacities, especially at the central government level (including the new Institute for Human Resources Management), but also in selected Ministries.

4. Ancillary Programme Activities

Resource mobilization. One of the partners, UNDP, is identified in the programme design to be responsible for this function. It was learned that two resource mobilization project proposals and two concept papers had been prepared and formally submitted to the Governments of Hungary and the United Kingdom, and to the UNDP Democratic Governance Thematic Trust Fund, respectively. However, as yet no additional resources have been mobilized. In some cases, there was no clear perception as to what expectations the government had of the CDP in terms of resource mobilisation, especially considering that “substantial” funds are earmarked by the EAR and the WB for support to PAR. The Deputy Prime Minister, nevertheless, at the June 2004 meeting of the SB directed that CDP mobilize support from other donors and to especially strengthen the partnership with the WB. Mention was also made of the CARDS³ programme which is to assist in the Stabilization and Association Process (SAP). Clearly, there is scope for building stronger synergies with some partners. With the signing of the UN-EU agreement on co-operation a legal framework for this is now in place. A precedent has already been set in Belgrade where the EAR is negotiating a substantial programme with UNDP for CARDS in 2005. However, it would seem that the government should take the lead role in mobilizing resources for the CDP. The current CDP partners, UNDP and FOSI, should facilitate the process.

Donor coordination. This review found a lack of clarity as to which unit in government is to develop and implement the procedures for donor cooperation and coordination. As noted previously, all those interviewed stated that coordination needed to be strengthened, and this included donor-donor coordination. The MoES has begun a series of informal donor meetings to coordinate development assistance to the education sector. The same process has begun with the Human Resources Institute. However, it seems that there does not exist any central focal point for government-donor coordination for PAR and related capacity development.

Communications and public relations. The ‘marketing’ of any programme such as the CDP is an essential component of strategic management. This function appeared to be in need of some strengthening. Many of those interviewed were not aware of the programme’s activities or achievements outside of their own direct areas of interest. In some cases, a mistaken perception existed that the CDP was a spin-off of the CBF⁴, with the same or similar problems (e.g. paying civil servants). The identity of the CDP as a government programme was in some cases unclear, with some perceiving it more as a donor or UNDP programme.

D. SUMMARY

1. Value-added and Perceived Strengths

A key question raised throughout the course of this review was: *what is the CDP’s value added to the government and to donors?* The following summarizes – in the view of the beneficiary ministries and the funding donors – the main features of the CDP that have added value to government strategies for reform and the filling of capacity gaps. These factors can be reduced to three workable and working elements: good management, good people and trust. The main strengths found are listed in the box on the next page (and described in Section 4 of this report).

³ Community Assistance for Reconstruction, Development and Stabilization.

⁴ The CBF was a multi-donor and government programme launched in early 2001 in support of administrative reforms and capacity building in the Government of Serbia and two ministries at the new state union level. The CBF Review also recommended that a separate module or programme of capacity development be designed in response to requests for support from the Government of Montenegro. See: Mid-Term Review of the Capacity Building Fund, Draft, 13 March 2003, UNDP-Belgrade.

This Review uncovered or confirmed other key 'factors for success' that were either explicit in the programme design and/or became evident during implementation.

Main Strengths of the CDP	
◆	Needs driven
◆	Responsive
◆	Participatory & consultative
◆	Flexible
◆	Pragmatic and tactical
◆	Open & transparent
◆	Clear accountability framework

- ◆ **Government ownership & commitment (leadership)** were reflected during the design stage of the programme and reinforced through the working of the Supervisory Board and Executive Committee. These two mechanisms are in place, they work and they were effective not only in terms of government leadership and ownership (policies, priorities), but also in some risk taking, the managing of expectations and enhancing, albeit to a limited extent, internal government coordination and government-donor coordination on the programme and broader PAR issues.
- ◆ **Working implementation partnership (management)**. Implementation was smooth, management structures and systems through the EC partnership and PMU were set up, and the management culture of results-orientation worked. Each of the partners understood and respected the respective strengths and comparative advantages of the others. The CDP implementation partnership can now be seen as a 'business platform' that can be used to meet new and/or expanding capacity development challenges.
- ◆ **Focus and common sense**. The CDP served the interests of government and the funding donors. The risk of the programme becoming another donor campaign for ideological purposes (as is often the case in donor funded PAR programmes) with little utility at the local level has thus far been avoided. CDP designs and strategies have not taken any flights into policy fantasy and rhetoric, but rather have demonstrably focused on practical and pragmatic results.

E. THE CHALLENGES AHEAD

As a dynamic programme supporting a dynamic PAR agenda, the CDP will need to be adjusted from time to time to ensure that it continues as a relevant, value-added service to government reform. In this environment, it is important to note that the stability and mandate of the current government has been and will continue to be a positive factor for PAR and related programmes. However, as the government moves from a period of policy and normative law making to one of policy implementation, the demands for strategic planning, coordination, monitoring and performance reporting – not to mention resources -- will become substantial, thus adding new and different types of challenges. The demands for capacity development assistance will expand, likely outstripping available resources of the several well-funded donor support programmes.

The Challenge of Mission & Objectives. A first main challenge is to ensure that the programme remains aligned to broader Government reform policies and priorities. It will be vital, therefore, to keep checking that the programme is truly aligned and complementary to parallel developments in implementation of the PAR Strategy/Action Plan. Also vital is to distinguish the CDP's contribution from that provided by others, especially EAR. The CDP's distinctive contribution may continue to bridge the gaps (a) in time, between design and delivery of projected EAR (and other) funding and (b) in the management process, between government's real needs and capacities, on the one hand, and donor-assisted support (including EAR projects), on the other. This opens up several niche areas of continued support such as to the new Institute for Human Resources, strengthening government capacity to absorb external assistance, internal horizontal and donor coordination, among other areas as noted in Section 4.2.

The Challenge of Principles. The value-added features of the CDP are encapsulated to a certain extent in three *underlying principles*: sustainability, dynamism and partnership. The principle of sustainability is being assured through overall government ownership of the programme, as well as ownership at the ministry level. A main future challenge will be the preservation and strengthening of programme ownership by government at more central or senior levels of government, especially if the focus is to shift to supporting horizontal coordination and related central public administration

and public management functions. Sustainability is also seen as highly dependent on civil service reforms, including achieving adequate levels of pay and compensation and the ability of the government to generate its own financial resources.

The principle of partnership has been preserved through the structured and legal arrangements of the current funding partners, and also through the development of a working relationship with the World Bank. But not all working relationships have been smooth. More work is required in not only attracting new funding partners but also in developing a sound working relationship with the EAR. The CDP will need to attract additional resources and new partners from both the government and donor community. As more partners enter, there will be a need for more substantive partnership agreements that clearly set out mutual rights, responsibilities, roles – with the understanding that all partners will share a common vision and objectives, that each partner brings a unique contribution to the partnership, but also that partners will have somewhat different agendas. The challenge of partnerships can also be brought down to the micro level when considering the future role and positioning of the PMU, especially its programme support functions.

The principle of dynamism will continue to be a major challenge, particularly in light of continued uncertainty in the broad policy and political environment (i.e. status of the Union and Republic governments, integration into the EU, regional stability). Other policy linkages will need some clarification as well: e.g. to the PAR as it is implemented, the economic reform agenda, the Development and Poverty Reduction Strategy (DPRS), Millennium Development Goals (MDGs), the SAP, the SAC and possibly others.

F. RECOMMENDATIONS

It is recommended that the CDP continue into a second phase, maintaining its general course, mission and partnership approach to implementation. The main report suggests several ‘targets of opportunity’: i.e. recommendations on design, management and operations for a second phase. The suggestions can be compressed into the following priority recommendations.

(1) Continue to focus, with some adjustments. The focus for the next phase of the CDP might be adjusted in terms of capacity development scope and beneficiary ministries. One option is to cut back on support to MIEREI and focus on building that ministry’s internal donor coordination function (as well as to assist in its rationalization of donor coordination functions with other units of government). Emphasis should continue with the Ministry of Justice, particularly coordination with the new Institute of Human Resources Management. Another option might be to include some of the central agencies of government such as the Office of the Prime Minister (OPM), with special emphasis on central level horizontal coordination capacity development for PAR and related reforms. The Ministry of Finance might also be more formally included to cover other central agency type coordination functions.

(2) Strengthen the Government focal point. Should the next phase of the programme focus more on horizontal coordination and related central PAR capacity development priorities, the direct counterpart government entity should be a central authority having the mandate for such coordination, such as the Prime Minister or a key focal point within his office, as one option. The government chair role at the EC level might change to either one based on rotation (if there is more than one government partner), or a senior central level agency taking on that role. Consideration should be given to amalgamating the Steering Board with the proposed PAR Steering Committee in order to have a single, high level cross-Ministry mechanism for policy, priority setting and coordination.

(3) Strengthen and expand the partnership. The membership, nature and form of the partnership in the next phase should be scaled up (gradually) and strengthened. Resource mobilization should be emphasized and there should be provision for more funding donors to participate. Second, there is an opportunity to formally include other Ministries and/or agencies of government in the SB and/or EC, as well as, in time, actors from the private sector and civil society.

(4) Realign Programme Management Support. Programme management and related support functions should be aligned in such a way that they assure continued cost-effective implementation of the government programme through the partnership modality. While such functions might be located in government or the UNDP, a better option might be to consolidate them within a common services agency or public-private-partnership.

(5) Strengthen Resource Mobilization. The government should take the lead role in mobilizing resources for the CDP. The current CDP partners, UNDP and FOSI, should facilitate the process and the resources of the PMU should be used to provide analytical support to develop targeted resource mobilization documents. The programme might also provide some funding to sponsor high-level government-to-government visits to Norway, Great Britain, Ireland and Brussels.

(6) Strengthen Donor Coordination. In the apparent absence of government or donor leadership on this issue, there is an opportunity for the CDP, on behalf of the government and Deputy Prime Minister, to take the initiative through a number of actions: launching informal meetings and policy dialogue with donors to explore the issue, meeting with government authorities to explore ways and means (e.g. MoJ, MoF, OPM); one-to-one meetings with EAR at the local, Belgrade and Brussels levels. This activity should be factored into the next CDP Workplan for the period January-June, 2005.

(7) Strengthen Communications and Public Relations. More attention should be given to developing communications and public relations capacities for the programme. This should be a specific activity not only in the next work-plan but also the next phase design.

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ACRONYMS

CARDS	Community Assistance for Reconstruction, Development and Stabilization
CBF	Capacity Building Fund
CDP	Capacity Development Program
CTA	Chief Technical Advisor
DFID	Department for International Development (UK)
DPRS	Development and Poverty Reduction Strategy
EAR	European Agency for Reconstruction
EC	Executive Committee (of the CDP)
EI	European Integration
EIU	European Integration Units
EU	European Union
FOSI-ROM	Foundation Open Society Institute, Representative Office Montenegro
ICT	Information and Communications Technology
MIEREI	Ministry of International Economic Relations and European Integration (MIEREI)
MoES	Ministry of Education and Science
MoJ	Ministry of Justice
MoF	Ministry of Finance
MOU	Memorandum of Understanding
NGO	Non-Government Organization
PARIM	Public Administration Reform in Montenegro
PM	Programme Manager
PMU	Programme Management Unit (of the CDP)
PSD	Programme Support Document (of the CDP)
SAC	Structural Adjustment Credit
SAP	Stabilization and Association Process
SB	Supervisory Board (of the CDP)
SPA	Senior Policy Advisor
TOR	Terms of Reference
UN	United Nations
UNDP	United Nations Development Program
WB	World Bank
WTO	World Trade Organization

1.0 INTRODUCTION

1.1 CONTEXT

In February 2003 the Ministry of Justice of the Government of Montenegro presented the *Strategy for Public Administration Reform (PAR) 2002-2006*. The PAR strategy reflects the government's commitment to develop its institutions in accordance with benchmarks of best European practice, and gradually to build the capacity of its state system for public administration to a level appropriate for its eventual position within the European Union. The PAR highlights both the salience and the enormity of the task of modernizing the structures and procedures of public administration and is complemented by a 'Plan of Activities' over three time periods to the end of 2009. While the European Agency for Reconstruction (EAR) and other donors are expected to provide the majority of external technical assistance and funding needed by the government to implement its reforms, it was recognized that other forms of assistance would be needed to fill 'capacity gaps' and to provide complementary support.

Against this background and at the invitation of the Prime Minister of Montenegro, the Foundation Open Society Institute – Representative Office Montenegro (FOSI-ROM), together with the United Nations Development Programme Liaison Office in Podgorica (UNDP-LO), explored with representatives of the Government the feasibility of establishing a Capacity Development Programme (CDP) for Montenegro. Following a comprehensive consultation process (including agreement on the structure and content of the Programme Document), Cost Sharing Agreements between UNDP, FOSI-ROM and the Government of Montenegro were signed and the implementation of the programme commenced in December 2003.

The CDP has as its main aim the contribution to the successful achievement of reform and development of the system of public administration in Montenegro.¹ As a 'pilot' programme, the CDP is designed to respond flexibly in a dynamic environment by filling priority capacity gaps based on defined needs on a selective basis. The CDP was designed deliberately in order to implement the mainly normative/legal approach of the PARIM² project with active assistance to enable ministries to build new capacities required by modernization of the republican administration. The principles and objectives of the CDP are linked to and supportive of the Government's formal policies and strategies for PAR. By extension, it is also seen to be supportive of higher order policy priorities of the government (e.g. the Economic Reform Agenda, strategies for integration with the European Union (EU), and the Development and Poverty Reduction Strategy (DPRS)).³

1.2 TERMS OF REFERENCE

The CDP pilot programme was envisaged to extend for a period of 18 months, with an independent review to be carried after the first year of activity. The TOR for the Review were finalized and approved by the CDP Executive Committee (EC) in October 2003 (see Annex A). An independent international expert was engaged to carry out the review over the period November 1-30, 2004. The international expert was supported part time by the former Chief Technical Advisor to the programme.

¹ See: *Capacity Development Programme for the State Administration of Montenegro*, September 2003-February, 2005, Programme Support Document, September 2003.

² The Public Administration Reform in Montenegro (PARIM) is being implemented with support from EAR.

³ It is important to note that the development of governing capacities at the republican level in Montenegro has been constrained by the constitutional uncertainties arising from the break-up of the former federal state of Yugoslavia. Those uncertainties have been resolved only partly by the inauguration of the State Union of Serbia and Montenegro in January 2002. In some ways this new constitutional settlement adds to confusion, not only by including provision for a review after three years, but also leaving some imprecision in definition of the relationship between the Union and its Member States. The uncertainties are particularly acute where relations with the European Union, and representation in international organizations, are concerned. They have inhibited some donors (especially the EU itself) from commitment to capacity-building measures for state institutions in Montenegro (for fear of seeming to condone pressures for eventual independence).

As stated in the TOR, the Review comprises the following three activities:

1. *“Review results achieved by individual activities under the CDP, focusing on process, management, partnership, success up to date, and future strategic options for sustainability. .*
2. *“An assessment of the management of CDP . . . based on (the) CDP management intention to establish a streamlined and flexible system . . .*
3. *“Measures to attract donor funding, and enhance coordination with other major players in this field, including the European Agency for Reconstruction, (especially given the common objective of promoting harmonization with EU standards, and convergence with the ‘acquis communautaire’)...”.*

1.3 METHODOLOGY

The Review findings are based on the collection and analysis of information and perceptions collected through interviews with key stakeholders (see Annex B) supplemented by the review and analysis of available documentation (see annex C). Preliminary findings, challenges and options were presented and discussed at a joint government donor session in Belgrade on 9 November 2004 (see Annex B for list of attendees). After that session, follow-up meetings, additional data collection and final analysis were carried out in Podgorica.

It is broadly recognized in the Government’s PAR strategy and other documents that national (economic, social and administrative) reforms are for the most part long-term processes of change, and in many cases, transformational change. The Review not only assesses *achievements* and performance to date as specified by the TORs but also looks at targets of *opportunity* for improvement – a natural process of learning factored into the CDP programme cycle.

Finally, it is recognized that the CDP has thus far had only 11 months of implementation experience and it is far too early to measure performance in terms of results, outcomes or impacts. Rather, the Review has focused on an assessment of initial design, management structures and processes, programme inputs and outputs, the degree to which they contribute to the achievement of intermediary results and some comment as to whether they are on track to achieving overall programme objectives. The CDP programme objectives and planned outcomes are not measurable per se (as they do not have explicit performance measures), but the supporting ‘Results Framework’ does specify intended outputs and output indicators, against which performance can be measured.

1.4 ORGANIZATION OF THIS REPORT

In addition to this introduction, this report is organized into four main sections, supplemented by the annexes:

Section 2 – presents observations and findings on the overall programme, focusing on design, institutional or management arrangements, and financial performance.

Section 3 – presents the more detailed findings on the substantive and management aspects of the programme within the beneficiary ministries, and findings on operational aspects.

Section 4 – presents summary conclusions, an assessment of the value-added of the programme and main challenges that lay ahead.

Section 5 – presents summary recommendations and suggested next steps.

The reviewer expresses his appreciation for the support received from the CDP Executive Committee, management and staff of FOSI ROM and the UNDP Liaison Office, and the Programme management Unit. Special thanks are due to the senior officials in the Government of Montenegro (GoM) and to selected donors for their candid, open and constructive comments. Any errors and omissions contained in this report are of course to be attributed to the author.

2.0 FINDINGS ON MAIN PROGRAMME COMPONENTS

2.1 PROGRAMME DESIGN

The main drivers of the concept and design of the CDP were found in the national context rather than driven by external donor agendas and priorities (as is so often the case in similar such projects). According to the Programme Support Document (PSD), the launching of the programme – in response to a government request – was based on considerable consultation among the partners (Government, FOSI-ROM and UNDP), the development and agreement on the concept, and final drafting and signing of the PSD. The design also evolved in part from the experiences and especially lessons learned from other similar programmes in the region, specifically the Capacity Building Fund (CBF).⁴

Often, the design of such programmes is based on poorly defined needs and/or unrealistic expectations as to what can be achieved. In the CDP case, the design was driven by government needs and priorities, linked to PAR and other national strategies. The time and effort invested in the CDP programme design appears to have paid off in terms of several practical design features, as evidenced by the perceived positive and successful achievement of outputs and intermediary results to date (discussed later on). Six key design features of the programme are discussed in the following, along with a general assessment of their current validity based on 11 months of implementation experience. (Operational and performance related aspects of the CDP are addressed in the next section of this report.)

(1) Partnership. The CDP was established as a partnership of donors and government, with in-built mechanisms and procedures designed to ensure full participation by all the partners in key operational, as well as, overall policy decisions. This characteristic was regarded in the design as essential to the programme's distinctiveness as a mechanism for channeling assistance to support reform of government and public administration in Montenegro, as well as to the efficient implementation of programme objectives. In practice, the 'partnership' was found to be the most significant design feature of the CDP.

Partnerships can be defined on paper (the form) as well as how they work in practice. On paper, the 'UNDP' format for a programme framework document was used and it was signed by each of the three main parties to the agreement: the Deputy Prime Minister of the Government, the UNDP Resident Representative, and the Director of FOSI-ROM.⁵ The agreement sets out the collective understandings and agreements on CDP design, broad needs to be met, objectives and anticipated results, broad resource allocations, programme administration, institutional and management structures (discussed below).⁶ As to the form of this partnership, the PSD sets out a credible structure that on the one hand preserves the notion that the CDP is government managed (as noted in point #2, below), and on the other hand that implementation is a shared responsibility among the partners – i.e. through the Executive Committee and Programme Management Unit.

(2) Ownership. By design, the ownership of the programme was to be vested with the government. Through interviews with the stakeholders and review of available documentation, it was found that after 11 months of activity, programme ownership remains clearly vested with the

⁴ The CBF was a multi-donor and government programme launched in early 2001 in support of administrative reforms and capacity building in the Government of Serbia and two ministries at the new state union level. The CBF Review also recommended that a separate module or programme of capacity development be designed in response to requests for support from the Government of Montenegro. See: Mid-Term Review of the Capacity Building Fund, Draft, 13 March 2003, UNDP-Belgrade.

⁵ The signature page of the programme document is used to satisfy UNDP legal requirements. If the CDP were in fact a government programme, then the signature page might more appropriately be based on a government format, or some blended format that would reflect the identities of each party to the agreement.

⁶ There also exist two separate more legalistic cost-sharing agreements, the first signed between the UNDP and FOSI-ROM, and the second signed between the Government and UNDP (and these according to UNDP procedures and rules). It is in these agreements that administration matters are dealt with, and that UNDP will have prime responsibility for such administration: i.e. the management of budgets, financial reporting, earned interest income, UNDP administrative and support costs, vesting of ownership of purchased equipment and so on. Most of these provisions are to the benefit and/or control of UNDP.

government.⁷ The main evidence for this finding was found (1) in the terms of reference of the CDP Supervisory Board and Executive Committee, and (2) more emphatically in practice through the active decision-making role of the Ministry of International Economic Relations and European Integration (MIEREI) as Chair of the Executive Committee, plus the role of the Deputy Prime Minister in the meeting of the CDP Supervisory Board. Further, ownership was described or discussed most often in terms of the government's prime and exclusive role in deciding on policy and priorities, while the more technical implementation aspects were seen to be the role of the programme partnership and Programme Management Unit (PMU).

However, in certain aspects the perception of the programme appears to be shifting to that of a donor programme, or a UNDP programme. The reasons for this are subtle and are more a matter of optics and presentation, and this aspect as discussed in the next sub-section of this report.

(3) Focus and complementarity. Learning from the CBF and other similar programmes, the CDP restricted its support to only three pilot ministries: the Ministry of Education and Science (MoES), the Ministry of Justice (MoJ) and MIEREI.⁸ Two of these ministries are seen as encompassing horizontal or cross-ministry functions (MoJ and MIEREI) while only the MoES is seen as a traditional line or sectoral ministry. In the case of the MoES, support was provided primarily to internal coordination and ministry level capacity development, rather than to substantive education delivery where other donor assistance was being channelled or planned. As the programme was implemented, focus was maintained as only the three pilot ministries continued to receive support, along with some ancillary cooperation with the Ministry of Finance in the development of fiscal impact assessment guidelines.⁹ In all cases, CDP support was found to have targeted capacity gaps and took care to avoid areas that were targeted for more substantive support from other donors such as EAR, the World Bank (WB), US-AID or others. The focus on three pilot ministries allowed for the concentration of limited CDP resources to meet relatively modest expectations for technical assistance.

(4) Needs driven / gap-filling. The main modus operandi for the CDP was found to be in the deployment of national, regional and international experts to provide a range of technical, policy and professional services to assist pilot ministries develop priority internal capacities that were not otherwise being addressed. Much of the initial work focussed on carrying out functional reviews or capacity assessments, leading to further recommendations on capacity development (e.g. organizational structuring, work planning, training, ICT deployment and related areas). Each delivery of support or programme 'action' was based on defined needs reflected in a specific Terms of Reference (TOR). Each TOR and subsequent recruitment was reviewed and approved by the EC, thus assuring programme delivery responding to needs and filling capacity gaps on a case-by-case basis. Further evidence of the needs driven and capacity gap-filling nature of the CDP was found in the deployment of regional and international expertise on a short-term assignment basis which enhanced the control of quality on the one hand and the minimization of costs on the other hand.¹⁰ The review also found that the nature of needs varied considerably, and that capacity gaps were filled by a wide range of technical, professional and expert assistance. However, the need to improve horizontal PAR policy and implementation coordination capacities (within the government) and related donor coordination were stated most often as an area of increasing attention.

⁷ This is often not normally the case in similar donor funded programmes in other countries (e.g. the CBF) where donors frequently are seen to 'drive' the programmes due to typically weak programme management or execution capacities in government, lack of higher level PAR strategies, absence of clear lines of accountability within the government, absence of a direct programme counterpart, among other factors.

⁸ The Government of the Republic of Montenegro website identifies some 15 Ministries plus various secretariats and central agencies – a potentially large and complex demand for capacity development assistance.

⁹ The minutes of the Local Programme Appraisal Committee (LPAC) meeting for the CDP noted the unanimous agreement of all parties that no additional ministries would be added to the CDP until after a comprehensive evaluation had been completed. This is seen as a lesson learned from the CBF and other similar programmes where the pressure and rationalization to add additional ministries or 'beneficiaries' can be great. No doubt, the initial limited budget for the programme was a major incentive to keep the ministry focus narrow. The LPAC meeting, held on 22 July 2003, was attended by the Minister of MIEREI, the Director of FOSI-ROM, the head of UNDP-LO, and other government t and programme staff (ref. LPAC minutes).

¹⁰ As is so often the case in similar programs, the tendency is to recruit such expertise over the medium to longer term.

(5) Flexibility. PAR and other reforms are seen to be highly dynamic and subject to change, especially in the initial stages of development as the legislative, implementation and organizational frameworks are being worked out. The CDP programme design emphasized the dynamic nature of the Montenegro political and reform environment, and the corresponding need to respond to shifting conditions and priorities. In this regard, the programme ‘framework’ document proved to be the right choice, by initially identifying needs at the very broad level and subsequently allowing programme management to define and deliver technical assistance aligned to more detailed needs as and when they emerged during programme implementation.¹¹ While such design and programming flexibility can be subject to abuse (i.e. by responding to specific needs that were never envisaged in the initial concept), this was found not to be the case as considerable control was applied over the process through the work of the PMU and applied decision-making of the EC.

(6) Experimentation, learning and the pilot approach. The design and launching of a pilot CDP programme was found to be the right approach under the current circumstances: i.e. phased, incremental, with an eye to the longer-term nature of reforms. As a pilot, neither the government nor funding partners could be seen as committing themselves over the longer term to a particular course of development action. The initial phase of the CDP was set at 18 months, a reasonable enough period to help build initial basic capacities in the three pilot ministries, and to adapt and experiment with new techniques, capacity development solutions and methodologies. The pilot approach itself was seen as a ‘learning’ exercise for both programme management as well as for beneficiary ministries and their impacted staff. For example, the use of process facilitation and consultation, team building, participatory methods, and so on were seen to have been a positive impact by both ministry management and staff, and had the spin-off benefit of expanding awareness and understanding of the various reforms.¹² Secondly, room for potential mistakes was factored into some of the actions. For example, the ‘functional review’ in one of the ministries did not warrant this description following principles of functional analysis, examining only higher-level re-organization matters. This was seen as appropriate at the time.

Targets of Opportunity. Not much can be suggested in terms of improving the design for an envisaged next phase of the CDP, other than to continue to re-enforce those sound features already factored in the current design. However, based on discussions with government and programme staff, the following may be seen as design opportunities in the next phase:

Opportunity #1.1 - Focus. It was suggested by several of those consulted that the focus for the next phase of the CDP might be narrowed in terms of capacity development scope and broadened in terms of potential beneficiary ministries. One option is to cut back on support to MIEREI and focus on building that ministry’s internal donor coordination function (as well as to assist in its rationalization of donor coordination functions in other units of government). Another option is to include some of the central agencies of government such as the Office of the Prime Minister (OPM), with special emphasis on central level horizontal coordination capacities for PAR and related reforms. The Ministry of Finance might also be more formally included to cover other central agency type coordination functions (e.g. central-local coordination issues with the Ministry of Justice on decentralization and local governance, the financial dimensions of donor coordination, etc.).¹³

Opportunity #1.2 - Partnerships. The membership, nature and form of the partnerships in the next phase should be opened up. First, as noted later on in this report, resource mobilization will become more important in the future, and there should be provision for more funding donors to participate in the partnership (e.g. as members of the EC, SB or some other such mechanism). Second, there may be a need to formally include other Ministries and/or agencies of government in the SB and/or EC. The nature of the partnership agreement

¹¹ The usual UNDP and donor practice is to develop more detailed ‘project’ or ‘programme’ documents that define detailed activities, outputs and results over the programme time period – an often difficult if not impossible task in the early stages of major change programmes. Also, the period of most such programmes is usually 2-3 years – an impractical length of time over which to plan up front the delivery of detailed outputs or results.

¹² This was seen as especially important from a number of interviewees where a major change in public administration is from a centralized ‘command-and-control’ style to one based on service provider – client relationships and performance.

¹³ An inquiry should be addressed to the SIGMA-PMU unit in OECD regarding its own intentions with respect to review of central machinery of government in Montenegro, and possible collaboration with the CDP.

(legal form) should also be revisited and strengthened in terms of the type of document used, definition of roles and responsibilities, rights and duties, comparative strengths of each partner and so on.

Opportunity #1.3 – Strategic management. As the PAR and other government reform strategies move from legislative to implementation phases, the CDP could benefit from stronger strategic management in terms of programming support to horizontal and central management / coordination functions of government, to individual ministries on a selective basis, and to PAR as a whole with a concerted effort at coordination with EAR. This implies placing the current case-by-case TORs approach (i.e. one that responds to individual and discrete needs as they arise) within a strategic management or programme approach. This also implies continuing with the use of a general ‘framework’ document (or PSD, to preserve the need for flexibility and focus) supplemented by general rather than detailed ‘sub-programme’ or ‘sub-project’ plans for each beneficiary ministry or central organizational unit of government. Such sub-programme documents would also clearly identify those capacity gaps to be filled and how they would relate to broader PAR related capacity development support provided by the EAR, the WB and other major donor-funded programmes.

Opportunity #1.4 - Pilot Approaches and Innovation. The use of pilots should also continue in future phases of the CDP. In fact, the next phase could still be considered as a continued pilot, focusing on support to initial implementation of selected PAR and related public management capacity development. The next phase should look at innovation and the adaptation of innovation more seriously, learning from experiences, and then documenting/sharing those experiences across government. For example, the planned evaluation of the performance appraisal process in the Bureau of Education may generate useful lessons and good practices for adaptation in other ministries.¹⁴

2.2 INSTITUTIONAL AND MANAGEMENT ARRANGEMENTS

Figure (1) on the next page graphically illustrates the institutional and management arrangements of the CDP, as described in the PSD. This structure was well conceived and has been effective in practice. The review found these arrangements to be the most significant achievement of the CDP, since a prime determinant of and pre-condition for success of this and any such programme rests in the accountability, quality and effectiveness of programme direction, management and staff. It was learned that considerable attention was given to these arrangements at both the design stage and during the initial implementation stages of the programme.

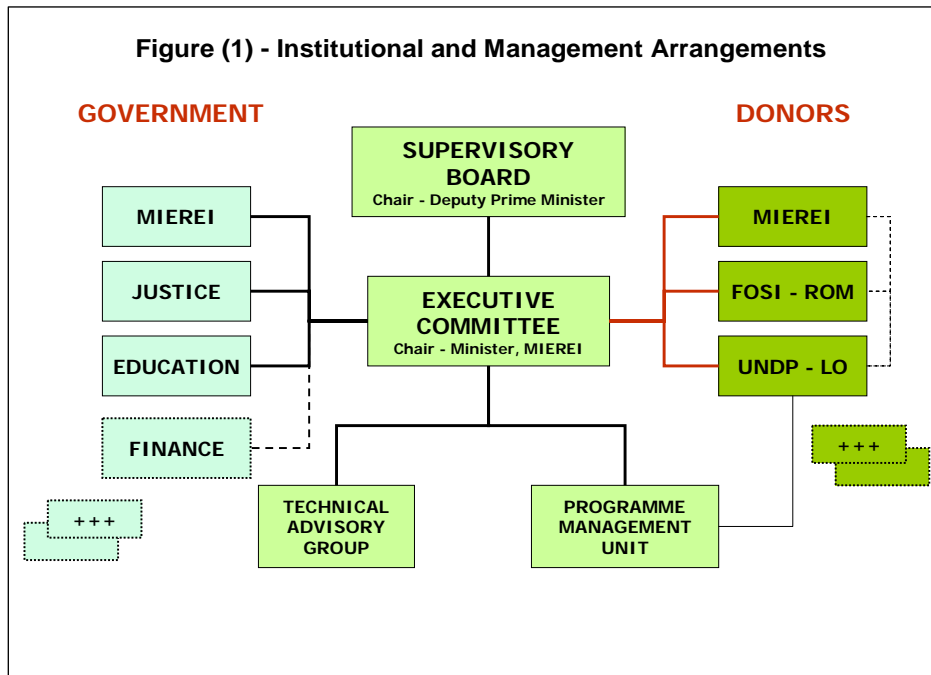
(1) Supervisory Board (SB). The PSD states that the “. . . overall decision-making authority for the management of the programme will be vested in a Supervisory Board for the Capacity Development Programme of the Government of Montenegro” and is to be chaired by the Deputy Prime Minister charged with responsibility for the Government’s Strategy and Action Plan for Reform of Public Administration (PSD, Section 4.A).¹⁵ A subsequent TOR was developed for the SB, setting out its role, membership, frequency of meetings, powers of delegation, method of

¹⁴ PAR and the other envisaged socio-economic reforms for the Republic of Montenegro and its planned integration with the EU will depend on a broad set of changes and innovations. Many of the good and best practices within the EU and other developed economies are to be adapted to Montenegro, including new and innovative methods for public management, administration and service delivery. Each national context is different, and solutions that work in one country generally cannot be implemented in another without at least some adaptation or adjustment. In the discussion on the diffusion of innovation, a great deal has been written. Why do some innovations and practices diffuse more quickly than others? Why do they adapt in some societies more readily than in others? Part of the answer comes from the history of the development and diffusion of technology. According to some, at least four factors influence acceptance (of an innovation, a good practice, a new technique, a new idea). These might include: (1) “. . . relative economic advantage compared with existing technology.”, (2) “. . . social value and prestige, which can override economic benefit (or lack thereof); (3) “. . . compatibility with vested interests; and (4) “. . . the ease with which their advantages can be observed ..”. From Diamond, J., *Guns, Germs, and Steel: The Fates of Human Societies*, W. W. Norton and Company, New York, 1999, pp 247-248 (New York Times best seller and Pulitzer Prize winner).

¹⁵ The membership of the SB as noted in the PSD includes: the Minister of International Economic Relations and European Integration (deputy chair), Minister of Justice, Minister of Education, Minister of Finance, Resident Representative of the UNDP, and FOSI-ROM, with provision for adding new funding donors and beneficiary ministries.

decision-making (consensus and minimum quorum). The SB has met once (June 30, 2004) and minutes of that meeting were prepared, approved and disseminated.¹⁶

It would appear that the SB has served its intended purpose. Not only did the first meeting serve as a forum for the exchange of information and reporting on progress, it also served to re-affirm



priorities and provide direction to programme management on such matters as strengthening working relationships with the WB and other donors, strengthening work on the horizontal or cross-ministry plane, and stressing the importance of three principles of capacity development: sustainability, partnership and dynamism.

One concern regarded the potential for duplication or overlap of the SB with other Minister level coordination mechanisms, such as that envisaged for oversight of the PAR. The present Review did not have time to look into this issue in detail. Other concerns related to the frequency of meetings and nature of decision-making authority, especially as the PAR enters implementation.

(2) Executive Committee (EC). The EC was found to be the pivotal decision-making mechanism for the CDP. It was found that the EC ensured: (1) continued government ownership and direction, (2) a practical working partnership for the three funding partners, (3) adherence to the CDP programme design and concept, (4) effective management control over programme inputs (e.g. selection of experts), and (5) adherence to approved rolling work plans and monitoring of work performed. The committee, chaired by the Minister of MIEREI, has its membership restricted to funding partners only. Meetings of the EC were found to have been held on a monthly basis with regular minutes produced serving as a record of decisions made.¹⁷ As with the SB, a TOR for the EC has been prepared that clearly sets out its role, authorities and modus operandi.

Several options were articulated over the future role and membership of the EC, should additional funding donors and beneficiary ministries be attracted to the CDP. First, the continued leadership of the government serving as Chair was endorsed, but the question as to which ministry or organizational unit in the government might serve in future was open to some options. The role of MIEREI may continue as a 'beneficiary' ministry and could still serve as the direct donor counterpart and leading government Ministry for the programme. Other options might include a

¹⁶ All members of the SB attended that meeting at the offices of the MoES, plus other attendees included 7 donor representatives and CDP programme staff.

¹⁷ It was learned that the meetings of the EC were held initially in the MIEREI offices. However, due to a lack of space at MIEREI the meetings have since been held at the UNDO-LO offices. At the least, the venue for such meetings should be government, with the possibility of rotating among each of the partner's office facilities.

central agency organization (say, within the OPM or the OPM itself), the MoF or MoJ in a leading role, or perhaps the chairmanship structured on a rotating basis.

Second, with respect to new funding donors, future membership in the EC might be structured along egalitarian lines (every member equal, each with a 'vote'), or depending on the level of funding, there might be some potential for partner levels (e.g. senior or junior, major or minor, voting or non-voting). While options may exist, the important thing to keep in mind is that future partnership and committee structures will need to serve the interests of its membership, should that membership change.

(3) Programme Manager (PM) and Programme Management Unit (PMU). The PSD states that *"... UNDP will appoint a programme manager to assist the executive committee in its responsibility for provision of programme inputs, i.e. expert advice, training, and equipment"* (PSD, Section 4, D).¹⁸ The PSD clearly lays out the role and responsibilities of the PM, and these are further elaborated in the position's TOR. The PM is supported by a small PMU, envisaged in the PSD as consisting of administrative staff for secretarial support, operational logistics and finance (basically, the internal operations support of UNDP). Currently, the PM is in place, and the PMU consists of two staff: a CDP Deputy Programme Manager, and a CDP Programme Assistant. All PMU staff are based in the UNDP-LO offices and were recruited through open, competitive processes, thus permitting formal programme activities to commence by December, 2003.¹⁹

The PMU was found to be highly regarded and valued by both government beneficiaries and the funding donors. While the present Review cannot serve the purposes of a performance appraisal, the perceptions of those consulted indicate strong and effective performance of this small unit, through their development of professional relationships with government and donor counterpart management and staff, responsiveness to government needs for gap-filling capacity development support, high attention to quality of inputs and outputs, and strong commitment to the programme and reforms in Montenegro.

Some concerns were expressed over the current and future positioning of the PMU. As described in the PSD, the staff of the PMU *"... will receive necessary training and induction from the UNDP Country Office (in Belgrade) and Liaison Office (in Podgorica), and will be accountable to the Head of the Liaison Office for a preliminary period, after which they will be responsible directly to the Minister of International Economic Relations and European Integration"* (PSD, Section C). The noted underlying assumption is that UNDP will directly 'execute' the programme until such time as the government builds adequate internal capacities for national programme execution. Further, the PSD and intent of the programme management function is that it should be directly supportive of the Executive Committee -- i.e. the partnership -- and not UNDP or the government. It was perceived by a number of those interviewed that the PMU is more associated with UNDP rather than with the CDP partnership.²⁰ The seeming confusion can fuel some perceptions that the CDP is a donor or UNDP driven programme.

The lines of accountability as stipulated in the TORs for the Programme Manager, as distinct from the PMU, may need some additional clarification. The PSD states simply that the PM is to assist the EC, and is to be directly responsible for programme administration (i.e. to manage the PMU and to ensure proper systems and procedures are in place), preparation of CDP work plans, 'supervising' the implementation of work plans by ministries, preparing EC and SB meetings, and procurement of goods and services. It would seem that most of these functions relate to

¹⁸ In the same section, the PSD states that *"...The programme manager will be appointed, following an open competition, jointly by agreement between UNDP, FOSI-ROM and the Minister of International Economic Relations and European Integration (MIEREI)".* The procedure as followed.

¹⁹ As reported in the first CDP Programme Progress Report dated 29 January 2004, *"Complicated and rather time consuming procedures related to recruitment of staff and procurement of equipment for Programme Management Unit caused a delay of three months in starting programme operations (Programme Document was signed in September 8th 2003 whereas the programme implementation begun on December 1st 2003."* In addition to the PMU staff, an international Senior Policy Advisor was recruited and supported the programme for the first few months.

²⁰ This is reinforced not only by the fact that the staff occupy UNDP office facilities, use UNDP e-mail addresses and phone numbers, carry UNDP business cards (although with the CDP programme designation noted). Such visible 'trappings' of identity are important, and should be changed to reflect the CDP identity.

programme administration and the provision of support services, rather than to substantive aspects of programme management (i.e. direction, planning, controlling, resourcing).

Targets of Opportunity. The institutional and management arrangements for the CDP have been effective and efficient. They provide a sound *business platform* from which to execute and implement programme activities. A few areas for strengthening might be considered.

Opportunity #2.1 – Government Direction and Coordination. As the CDP continues into a second phase, it could provide stimulus for a strengthening of high-level coordination of public administration reform policy and its implementation. Officially, a Council for State Administration Reform has been set up in accordance with the Government's official PAR Strategy, but the review could not ascertain how often this body met or how effective it is. The current SB might be amalgamated or simply blended with existing high-level steering and coordination mechanisms for PAR. It would be preferable to have such a body continue to be chaired by the Deputy Prime Minister responsible for PAR. The CDP could, over the next few months, explore this issue with the government and key donors (especially EAR).

Opportunity #2.2 – Executive Management. As part of the design process for the next phase of the CDP, options for the strengthening of the executive levels of the partnership should be explored (the Executive Committee, the modalities of UNDP execution). The concept of the Executive Committee should continue, and its membership restricted to funding partners from both government and the donor community. Further, the overall accountability or governance structure of the programme should be revisited to ensure that the authorities, roles and responsibilities of various structures (SB, EC, PM, PMU, Partners) are properly balanced. Secondly, the government chair role at the EC level might change to either one based on rotation (if there is more than one government partner), or a senior central level agency taking on that role (e.g. the Office of the Prime Minister (OPM)). In any event, should the next phase of the programme focus more on horizontal coordination, the direct counterpart should be a central entity having the mandate for such coordination.

Opportunity #2.3 – Programme Management. Programme management may be seen as both a function and as a position. As a government programme, the control over management should continue to be vested with the government, and this is currently the case with the government as chair of the EC. However, much of the programme management function can be contracted out through a contract for service with an individual (programme or project manager) or with an organizational entity such as a private company. The Programme Manager 'post' could be transferred formally into government, or it could remain as a contracted out function (as it is at present, by UNDP). However, the post might be better positioned within a more neutral entity, where it might serve the interests of the programme partnership (the EC) and each of the separate partners. Such a neutral entity might be a common services agency or public private partnership, as discussed below. Further, the role, responsibilities and authorities of the PM should be reviewed to ensure that its mandate can be effectively discharged.

Opportunity #2.4 – Programme Management Support (PMU). As with the programme management function and post, two options for the future positioning of the PMU have been set out in the PSD: UNDP or Government. The argument can be made that neither option would be in the best near-term or longer-term interests of either government or donors. Programme management and related support functions are often contracted out in most developed countries, since most of the functions are process related. Some may argue that such process related functions as procurement, training, recruitment, and so on are not core functions of government and can be more cost-effectively delivered by the private sector, by non-government organizations, a common services agency or public-private-partnership (or PPP, that could include as partners government, one or two donors, and private sector/civil society organizations). From first impressions, it would seem that a PPP or common services agency type of approach would be in the best interests of both the government's PAR strategy and the economic reform agenda, since a PPP would help develop or tap into strengths of the private sector, encourage private sector employment.²¹ Options and their relative advantages and disadvantages should be explored during the design of the next phase of the CDP. As the PMU function may expand, a basic 'business plan' should be

²¹ Such an option would also help reverse the perception that the CDP is a UNDP or donor driven programme.

developed for it, outlining the mission, services, organizational structure, budgets and performance measures.

2.3 CDP FINANCIAL PERFORMANCE

Figure (2) below presents current CDP budget and programme expenditures data. A bit more than half of the US\$ 550,000 budget has thus far been committed, and about 40% has been expended or disbursed. It is interesting to note the strength of the funding contribution from the government, which underscores their commitment to the programme. A few additional observations can be made on the expenditure pattern.

FIGURE (2) – CDP Budget and Expenditures (year-to-date)		
Budget Contributions:		
Government	\$ 200,000	36 %
FOSI	\$ 200,000	36 %
UNDP	\$ 150,000	28 %
Total	\$ 550,000	100 %
Committed	\$ 299,400	54 %
Expenditures by Main Input:*		
International Experts	\$ 55,100	26 %
Regional Experts	\$ 15,400	7 %
National Experts/RAs	\$ 47,000	22 %
ICTs / equipment	\$ 17,600	8 %
Training/Seminars	\$ 16,300	8 %
Travel & advertising	\$ 8,200	4 %
PMU Costs	\$ 54,600	25 %
Total Expenditures	\$214,400	100 %
* Rounded, information provided by the PMU		

- ◆ The bulk of resources has been expended on the delivery of expertise (55% of the total), and most of that through national and regional experts. The use of international experts has been kept at a minimum, usually through very short-term and very focused assignments.
- ◆ A relatively small percentage of the budget has been expended on ICTs (mostly for the procurement of computer equipment, networks, related software and training), formal training events and travel. Most of the training support was delivered informally by the contracted experts, through the transfer of know-how, coaching and mentoring.²² The use of ICTs is of increasing importance in public administration and is becoming essential to modern management and service delivery.
- ◆ The PMU costs on the surface appear to be high (25% of the total). But as explained in the preceding section, the majority of PMU services are of a substantive 'program' rather than administrative nature (i.e. the Programme Manager and Deputy Programme Manager in particular spend the bulk of their time in assisting the beneficiary ministries in articulating their needs, coordinating support, supporting the EC in assigned management functions such as reporting and monitoring, and related functions. While the PMU does not have any cost accounting systems, they estimate that 70% or more of the PMU expenditures pertain to substantive programme matters. Conversely, 30% or about US\$ 16,000 (or 7-8% of the total expenditures) would relate to purely administrative matters for which UNDP charges the agreed administrative fee. These estimates could not be confirmed.
- ◆ The 'delivery rate' for the programme would appear to be a relatively low (39% of the total budget expended thus far and 54% of funds committed) relative to the elapsed duration of the project (61%). This was explained by programme staff to be a function partly of the relatively late start to the programme and partly to the careful recruitment of experts (i.e. an emphasis on quality rather than quantity).²³ With a

²² The largest single item under the travel / advertising line was to advertise the post for the Senior Policy Advisor – an expenditure in the order of US\$ 5,400 was felt by local programme management to have been largely unnecessary.

²³ As explained by programme staff, expenditures and delivery rates can be easily increased through the procurement of ICTs and/or the recruitment of international expertise and/or 'study tours' – which are common approaches in many similar programmes.

number of recruitments in the pipeline, the PMU expects that the budget balance will be committed and expended by the end of June, 2005 or within the 18 month term.

- ◆ The delivery rates combined with some noted delays in recruitment could be explained in part by limited capacity absorption rates in at least one or two of the Ministries (MIEREI and MoJ).

Figure (3) below presents a breakout of expenditures on national, regional and local expertise by beneficiary ministry. A total of 15 experts have been recruited thus far, and of these, the majority have been national (7) and regional (5) experts. The programme management overheads for such a high volume of experts would be considerable (e.g. separate TORs, contracts, reporting, outputs produced).

**Figure (3) - Deployment of Technical Expertise
by Beneficiary Ministry (Year-to-date)**

Ministry	National Experts / RAs	Regional Experts	International Experts	Total Expended
MIEREI	3 \$ 6,000	2 \$ 7,400	2 \$ 48,000	7 \$ 61,400
Justice	2 \$ 11,000	1 \$ 5,500	- -	3 \$ 16,500
Education	2 \$ 30,000	2 \$ 2,500	1 \$ 7,100	5 \$ 39,600
Total	7 \$ 47,000	5 \$ 15,400	3 \$ 55,100	15 \$ 117,500

Notes: 1) X - Number of experts
2) US\$ - Expenditures to date
3) Figures rounded
4) Figures provided by PMU

MIEREI has been the main beneficiary in terms of expertise received: about half of the experts (7) accounting for a bit over half of the expenditures. The relatively low utilization of expertise in the Ministry of Justice was explained by delays in identifying and selecting an appropriate regional expert in one of the departments.²⁴

Finally, it should be noted that the Programme Manager and to a lesser extent the Deputy Programme Manager function at least part time in the capacity of national experts, rendering advice and technical assistance to the beneficiary ministries.

Targets of Opportunity.

Opportunity #3.1 – Develop PMU budgets. PMU budgets and costs should be broken out by substantive programme support and administrative support. Consideration should be given to setting up a basic cost accounting and time reporting system for PMU staff to permit more accurate reporting of expenditures.

Opportunity #3.2 – Emphasize ICTs. Future design and budgets for the programme should look more seriously at the role of ICTs in both the management of the programme and in supporting capacity development in the beneficiary ministries (i.e. in transforming administration and service delivery). The MoES serves as a good example of the thinking and strategic planning for ICTs in ministry administration and education services delivery.

²⁴ As explained by the PMU and Deputy Minister, the expertise in the MoJ case was not available. The Review did not have the time to look at this issue in detail.

3.0 FINDINGS ON CDP PERFORMANCE

3.1 SUBSTANTIVE PERFORMANCE

(1) Achievement of Programme Objectives

The primary objective of the CDP is to contribute to the successful achievement of reform and development of public administration in Montenegro “... as a vital element in the pursuit and achievement of the UN Millennium Development Goals, and in accordance with the Government's own Strategy and Action Plan for reform of public administration, and thus in conformity with the Constitutional Charter, and general European principles of democratic accountability and the rule of law.” The secondary objective is to “... help selected ministries to meet critical needs for additional capacity to make and administer policy, and attend to the legislative and financial pre-requisites of so doing, in a rapidly changing environment, and while awaiting the benefits of longer-term administrative reform.”

As noted, the CDP's approach to the achievement of these objectives is to assist the three pilot government ministries on a case-by-case basis in filling priority capacity gaps, based on defined needs. For a pilot programme in the domain of a nascent PAR, the setting of such output based performance measures is appropriate. The CDP's limited budget has been used to deliver a diverse range of expertise and other inputs to help produce a set of 'intended outputs' and 'output indicators'. There are no indicators in the PSD whereby the achievement of the primary objective can be measured, as it is too early in the process to measure such achievement.²⁵ However, achievement of the secondary objective can be measured through the production of the intended outputs along with collected perceptions from the beneficiary ministries as to their impact on internal capacities.

Main Finding. The present review did not have the time or resources to assess all of the CDP outputs in detail or to assess their impact on ministry capacities. However, based on the interviews and review of some of the key documentation (outputs), the Review found that considerable progress has been made in the first 11 months of activity in the achievement of the CDP's secondary objective. For the most part, all of the intended outputs have been produced or are in the process of production.²⁶ Further, based on perceptions collected from the beneficiary ministries, the CDP outputs have contributed positively to the filling of priority internal Ministry capacity gaps in those functional areas prescribed by the programme (e.g. make and administer policy, development of legislative frameworks, organizational development, work planning, etc.). The production of these outputs is for the most part seen as 'intermediary' results on the way to the achievement of the defined programme objectives. The following sub-sections present selected findings on the nature of CDP capacity development assistance along with cases of substantive programme performance at the ministry and overall programme levels.²⁷ Suggested 'targets of opportunity' for future CDP design are presented at the end of each sub-section.

(2) General Nature of CDP Assistance

The Review found that the CDP delivered a wide range of technical assistance and support to the pilot ministries. The box on the following page lists the main **types of assistance** CDP was found to have channelled to government. It can be noted that a considerable amount of CDP assistance

²⁵ The PSD also states that the “... most desired *outcome* of the programme in the long term is that the government of Montenegro should obtain a system of public policy and management apt for eventual its eventual position within the European Union, and meanwhile adequate both to enable Montenegro to avail of the beneficial effects of European integration as a process, and to fulfil its role and share in supporting the fulfilment of international obligations incumbent on the state union of Serbia and Montenegro, including those of an economic nature”. The CDP in its current stage quite correctly does not provide for any measurement of achievement of this outcome as it is much too early in the process.

²⁶ The intended outputs are listed in the 'Programme Results and Resources Framework', Section 5 of the PSD.

²⁷ **Note on attribution.** It is important to note that the observed successes and achievements are not entirely attributable to the programme, since most of the work in Ministry capacity development was done by government staff themselves. Attribution to the CDP was found mostly to be in the form of selected technical inputs, process facilitation and related areas, as discussed later on in this sub-section.

was in the form of 'soft services' such as coaching, mentoring, team building – assistance that was found to be especially valued by the ministries. For the most part, assistance was provided by the national, regional and international experts through what is often referred to as 'process facilitation'. In other words, the CDP

experts were reported to have worked closely with government counterpart staff and in most cases became a member of the 'ministry team'. Such working arrangements were found to have facilitated the overall transfer of know-how, learning and the mainstreaming of advice and other forms of assistance/outputs into ministry operations. CDP in these respects provides a very useful

preparation for 'twinning' arrangements planned by the EAR. The CDP approach is seen to offer a more precise and flexible kind of assistance, which will continue to be needed by ministries to enable them take advantage of the 'twinning' with counterpart ministries of other states.²⁸

Box 1 - Types of Assistance Provided by the CDP

- Process facilitation
- Technical advice
- Analytical support
- Network building
- Work planning
- Development of TORs
- Information sharing
- Seminars & workshops
- Expert advice
- Policy advice
- Team building
- Coaching & mentoring
- Organizational development
- Support to bid processes
- Training & skills development

The **quality** of outputs and of the assistance provided by the CDP experts, consultants and research assistants was perceived as good or commensurate with the needs of the ministries at these early stages of reform planning and implementation. In other words, the focus was found to be on the production of basic, practical and readily useable outputs or advice, rather than on more sophisticated or complex versions. One example of this was found to be in CDP assistance in the development of the Fiscal Impact Assessment Guidelines - which is seen as basic, preliminary and implementable by those ministries having minimal internal capacities. The over-riding philosophy both government and the CDP appeared to be one of 'keeping it simple'.²⁹

The CDP has contributed to the production a large **quantity** of tangible outputs in the form of documents. Most of these are internal CDP administrative and management outputs such as work plans and reports, but several are noteworthy contributions to ministry 'knowledge' and 'information resource' bases. In this latter group, noteworthy examples were the production of the Montenegrin Educational Information System (MEIS) strategy and the 'Clippings Book' for the MoES. These were seen by the Minister as significant contributions to overall education reforms.

(3) The Case of MIEREI

The example of CDP's assistance to MIEREI is seen to be an instructive case of successful development of administrative capacity and public management.³⁰ MIEREI was formed in February 2003 by combining functions previously allocated in the Government of Montenegro to Ministries of Foreign Affairs and of Trade, along with some new functions relating to actual and anticipated consequences for the Republic of Montenegro of European integration. While the new Ministry's competences thus comprised largely functions of policy coordination in relation to other parts of Government, and representation in international institutions, it was also charged with tasks like promotion of exports and inward investment, and regulation of external trade, that directly affect the country's main economic interests. This Ministry may, therefore, be regarded as exposed at the front edge to the new conditions arising from opening of the internal market and effects of European integration, as well as obliged to assume functions in international relations that are new to Montenegro at the republican level.

In effect, the Ministry started from scratch, with a minister new to government, and a very basic minimum staff either transferred from other ministries or freshly recruited for probationary service. The major challenge facing the Ministry was how to reconcile the demands within Montenegro for

²⁸ It would seem that EAR at the present time might not be prepared to provide this kind of more hands-on assistance, though it would appear essential to make twinning economical and effective.

²⁹ It was noted by a few of the interviewees that some of the developed laws and regulations may be overly complex and/or costly to implement. One example of this is the law or regulation on the setting up of the new Human Resources Agency, seen by some as becoming an unnecessarily bureaucratic and procedures-bound organization. No assistance has been provided by the CDP in this area as yet.

³⁰ These findings are based on the analysis done by the David Coombs who was engaged to assist the present Review.

an independent treatment of international economic relations, and separate approach to European institutions in particular, with the intention of the European and international organizations themselves to enforce the Belgrade agreement of March 2002, and apply strictly the constitutional provisions establishing the State Union of Serbia and Montenegro. While those provisions nominally assigned competences for external relations to the State Union, there remained sufficient ambiguity and uncertainty to have allowed the Republic of Serbia to retain its own Ministry for International Economic Relations with active responsibility for Serbian interests with regard to European Union. Coming later on the scene, the Montenegrin ministry had much less direct access to external assistance, and faced a situation in which the substance of most of its areas of competence had already been assigned to a Ministry of External Economic Relations at the level of the State Union, which relevant European and international actors treated as the competent representative of both republics for these matters.

Alternative sources of external assistance to the MEIREI. Whereas the European Union might at the time have appeared to be the obvious source of assistance to the new Ministry in building administrative capacity, available support from the Community Assistance for Reconstruction, Development and Stabilization (CARDS) programme and from the European Agency for Reconstruction (EAR) had to be channelled by way of the State Union, and through the Office of European Integration in Belgrade. Support was thus provided from EAR for basic ICT equipment and for a succession of international consultants to the Minister, as well as indirectly for basic training of Montenegrin civil servants in European integration (through a general programme for Serbia and Montenegro). However, the Ministry's capacity to make use of these opportunities was severely limited, while its own power of decision was extremely restricted, for example, in selecting and managing the advisory or training facilities provided.

In any event, assistance from EU sources for building essential capacities in European Integration (for example, through twinning arrangements) for the State Union as a whole is not envisaged to come on stream until 2005. Meanwhile, the EAR's office in Podgorica has concentrated its efforts on assistance to a general programme of public administration reform for Montenegro, in which normative and strategic aspects at present are emphasized rather active measures of capacity development. The latter are expected to be available from the Agency for Human Resources Management, which is being established with EAR support (mainly for construction of the Agency's new premises), but this Agency will not be fully operational for some time yet, and so far needs funding to provide such assistance. Meanwhile, the Ministry obtained support from the USAID to establish and staff a small office for World Trade organization (WTO) affairs.

Direct assistance provided by CDP. Following a more general proposal submitted by the MEIREI in the summer of 2003, during initial negotiations with FOSI-ROM and UNDP to establish the CDP (finally achieved in September 2003), a working plan for specific outputs and activities was directly negotiated with the Minister and her immediate staff in December 2003 and January 2004. This was one of the main tasks of the Senior Policy Adviser (SPA), who was appointed provisionally by the CDP Executive Committee to serve as Chief Technical Advisor (CTA), and also as special adviser to the MEIREI on European integration (at the Minister's personal request).

Both timing and content of the work plan were adjusted frequently during the ensuing four months, as the actual needs of the Ministry were better specified, partly as a direct effect of advice provided by CDP. The following main outputs were delivered, in accordance with the work plan:

- ◆ The SPA provided assistance in response to specific requests from the Minister in drafting policy statements and speeches on behalf of the Government of Montenegro, and designing a longer-term plan of activities for the Ministry's own department for European integration.
- ◆ The SPA also gave special guidance to the staff responsible for organization in Montenegro of the training programme provided by the Office for European Integration in Belgrade, conducting direct consultations with both that Office and the College of Europe, which was contracted to provide the training. He also participated in some parts of the programme itself, particularly as a backstop to the programme (poor communication with Belgrade led to occasional last-minute hitches in the programme).
- ◆ Recognizing the lack of core personnel (no Deputy or Assistant Ministers, or General Secretary) as a crucial obstacle to progress, and following early consultations with the small

group of young and relatively inexperienced staff in the Ministry, the SPA designed terms of reference both for the PMU of the CDP to provide substitute capacity, in the form of short-term national consultants to assist the minister directly, and also to provide one-off missions by international experts to help the Minister prepare basic organization plans for the Ministry as a whole, and the Department for European Integration in particular.

- ◆ An international expert was provided to assist the Minister in an overall organizational review, include specific recommendations for re-allocation of certain functions, and for improvement of business procedures. (The Ministry has subsequently described this as a functional review; though following principles of functional analysis, the review does not in reality warrant this description, and the Ministry was far too embryonic in form and operation to have been able to benefit from a conventional functional review.)
- ◆ Another international expert from Macedonia, a high-ranking official dealing with European affairs in Macedonia, provided a similar organization review of the department of European Integration as well as specific recommendations for the future activities of that department, and also relating to the establishment and development of a special unit for aid coordination.
- ◆ From August 2004 a part-time expert from Slovenia, with direct experience of managing European affairs in the government of Slovenia, has been provided to give continuing advice and guidance to the Minister. The Ministry has also been given technical support, advice and training in the efficient use of ICT equipment, and application of software.

Results of CDP assistance. Over the period of six months since CDP support commenced, the Ministry was found to have been transformed into a fully operational unit, using relatively modern methods of managing both the policy-making process and its own organization, and capable of formulating its own needs and plans in relation to both other administrations and international donors. Morale of the existing staff was found to have noticeably improved, while additional key staff have been appointed. The Ministry has developed its organization and business procedures generally in accordance with initial recommendations made by the experts (and staff use the language and concepts thus introduced). Additional positive features of CDP assistance found to have been delivered to MIEREI are noted in Box 2.

Future challenges. While considerable progress has been made in MIEREI through support from the CDP, several 'capacity development' challenges remain. It is not certain at this stage as to whether there is a future role for CDP in the ministry (other than to perhaps support building capacities for donor coordination), but the following challenges were noted: (1) the new "twin track" approach by EU to Serbia and Montenegro will place new demands on the Ministry and especially its department for European integration; (2) this pressure will fall on the government as a whole, and a key issue will be development of "focal points" in Ministries into European Integration Units (EIU); (3) attention should be paid to the significance of EIUs for general coordination of government within and between ministries (it should be noted that European integration affects most aspects of public policy, and demands above all coordination of national positions both within and between sectors); (4) especially important for the Ministry to be able to determine both for itself and other ministries, what is needed from future CARDS and EAR support, including 'twinning' arrangements (which do not work well unless the recipient administration knows what it wants and how to get it); and (5) the role of MEIREI in overall donor coordination needs to be considered, especially in relation to CDP itself, and its governing bodies.

Box 2
Positive Features of CDP Support to MIEREI

- ◆ Speed and relevance of the response to urgent needs of the Ministry, with minimum of bureaucratic procedures for delivery.
- ◆ Transfer of relevant know-how and expertise (use of regional experts with direct experience of high-level work in ministries has proved particularly appropriate).
- ◆ Emphasis on change management, and instilling a sense of commitment and purpose in the personnel of the Ministry.
- ◆ Innovation in methods and techniques of public management, based on best practice.
- ◆ Emphasis has been less on direct provision of policy advice as such (which was not requested) than on enabling the Ministry to determine what advice it needs, how to get it, and how to use it once obtained.
- ◆ Support to this ministry was particularly important in view of overriding importance of European integration to the economic and political development of Montenegro and across all sectors of public policy.

(4) Ministry of Justice

Some of the CDP achievements in the other two pilot ministries (Justice and Education) have already been touched upon, and it is not the intent here to present detailed findings pertaining to them.³¹ However, during the course of interviews and discussions with government officials and other concerned parties, a number of issues arose that merit some mention. The CDP has been active in two departments or sectors of the MoJ: the Judiciary Department and the Department for Local Self Government. Support to the Judiciary Department has thus far been limited to the provision of a full-time national consultant working as a Research Assistant. As already noted, there has been some delay in the recruitment of the Expert Consultant for Judiciary Reform. Nonetheless, management of the Directorate indicated their satisfaction with the quality and quantity of assistance provided by the CDP through the services of the Research Assistant (RA). It was not clear whether this particular input is developing capacities or simply supplementing the work of internal staff that could otherwise be carried out by a staff person. In either case, it was maintained that several 'capacity gaps' were being filled, including support to research in analyzing laws and various EU legal frameworks.

The Department of Local Self Government has been receiving services and support through a regionally based Expert Consultant for Local Self Government and Public Administration³² and a national consultant as a Research Assistant. The department is currently significantly understaffed and is about to embark on the implementation of local self-governance reforms (e.g. decentralization, developing local administrative capacities, etc.). The main concern raised by the department was the considerable lack of sufficient capacities to plan or implement the envisaged decentralization and local governance reforms. In fact, without additional substantive staff and donor support, it is not likely that the envisaged reforms can be implemented. The CDP inputs are providing some stopgap supplemental capacity support, including strategic advice on the development of reform implementation strategies. As these longer-term plans and strategies are being rolled out, the Ministry commented that the CDP itself would need to continue develop its strategic planning in order to respond to the growing needs.

A couple of other operational issues were raised by those interviewed. First, it was reported that a considerable percentage of the RA's time is spent on translating various documents (from English to the local language and vice versa). The translation requirement was also reported to exist to varying degrees in other departments and ministries. This points to the possible need for a better managed translation function, as it would be needed across ministries, and perhaps shared with other countries in the immediate region. Second, some felt that internal coordination within the ministry needed to be strengthened, particularly as decentralization proceeds and the need for managing central-local relationships gains prominence. Both of these areas could benefit from future CDP support. Liaison with the European union's development agencies will be especially important in this respect (translation/interpretation on the scale required is more suited for a large-scale funding agency).

Note on the new Human Resources Institute. As previously noted, a new *Institution for Human Resources Management* has been set up as a quasi-autonomous agency within the Ministry of Justice (also referred to as the Human Resources Agency).³³ Based on a meeting with the new Director, it was learned that this institute will have a total complement of 23 staff and will be organized into 4 sectors (addressing the main functions of recruitment, professional development, civil service and HR database management and general administration). It was recognized by the

³¹ The Progress reports prepared by the PMU and submitted to the Executive Committee summarize the work performed in these two ministries up to April, 2004.

³² This consultant was a former senior civil servant in the Local Self Government Directorate of the Ministry of the Interior of the Government of Slovenia.

³³ This is a component of the government's PAR strategy where it is stated: "At the operational level, the Government will establish an Institution for Human Resources Management, which will be responsible for:

- setting up an internal labor market within the Administration
- an uniform management and development of the most important human resources within the Administration
- providing a systematic and permanent training for civil servants
- the development of work methods and techniques within the Administration, and
- coordinating the administrative work at the central and local level of the administrative system."

Extracted from Strategy of the Public Administration Reform in Montenegro, January 2003, Version 1.1, section on summary contents of the document.

Director, as well as by others interviewed, that it will take some time for the Institute to develop as a viable operation (there are at present only 3 staff). Most of the funding support is expected from EAR through the PARIM-II project, but it was mentioned that additional assistance will be needed from other donors.

In the short to medium term, the government will be proceeding with the implementation of many of its PAR and related reforms, and ministries may not be able to wait for the new Institute's services, and may source (training, staffing, management development, etc) solutions from other venues. Further, there were some concerns (based on experiences in other countries) that the new Institute may become an unwieldy regulatory and constrained services central bureaucracy, rather than a central policy agency overseeing service delivery by other (decentralized) entities -- the stated philosophy of the PAR strategy. In any event, the Institute is or will become an important central agency for PAR and civil service development and by extension capacity development. The potential linkages of the CDP to the Institute will need to be carefully explored.

(5) Ministry of Education and Science

The CDP has been active in two departments: the Bureau of Education and the Cabinet of the Ministry (i.e. selected ministry level service and support functions). For both departments, the CDP has provided a range of national, regional and international expertise and advice. Those interviewed expressed a high degree of satisfaction with the quality, timeliness and responsiveness of CDP to meeting priority needs. Of particular note was the process whereby the work was done in consultation, meetings and participation of staff. This approach was stated to have expanded the awareness and understanding of reforms in the ministry.

One of the areas of support in the Bureau of Education was the development of a methodology for Introduction of Quality Assurance in the Education System – beginning with primary and secondary education. The methodology was developed by the Bureau with support from the CDP expert with participation of some of the academic institutions. The manager responsible for the area reported that they were not completely satisfied with the overall process, due to limited resources allocated from the state budget for this purpose, but generally they were on track and saw the process as a learning and experimental activity. Another concern related to noted resistance to reforms by some staff, but that the workshop approaches to training had helped to mitigate such resistance. A reasonable programme approach had been applied to the development and delivery of this medium term to longer-term training programme. Current plans are to evaluate the training programme in December, and after that to fine tune the methodology and roll it out to rest of schools. The CDP is called upon to support that evaluation.

The Ministry Cabinet has been supported through the provision of two national consultants:³⁴

- ◆ *“An Expert Consultant for Information and Communication Technology to assist the Minister with designing of Education Management System and to build the capacity of ministry staff to a level sufficient both to ensure appropriate support to the implementation of ICT into the education system in Montenegro; and*
- ◆ *“An Expert Consultant for Public Information and External Relations to be responsible for the substantive content of the public information programme, and at the same time assist the Minister to establish a permanent department for public information and communication, as part of the management of structural adaptation and change.”*

The Review found that the support had been delivered according to plan, and was well received by the Minister. Both the ICT and public relations units had recently recruited 'trainee' staff (with the help of the CDP experts) who will take over the work of the CDP experts. This planned transition, transfer of know-how and overall capacity development are seen as potentially successful and effective means of ensuring sustainability of result after the formal CDP component has ended. Another significant input was the development of the MoES website, reported to be the most popular of all government websites. The Ministry Cabinet has also received support from short-term international consultants, and these were seen as catalysts in such areas as functional reviews, expert advice, motivation, focus on the practical and immediate need for unit start-up, responding to requests from the Minister (extended staff function) and transfer of know-how.

³⁴ As extracted from the CDP Programme Progress Report, January 29, 2004, Section B.2, page 4.

(6) Note on Ministry of Finance. The status of this Ministry as a formal member of the CDP and of the Supervisory Board is uncertain, although the Deputy Prime Minister had suggested that it be formally invited as the fourth partner (ref. Minutes of the SB Meeting, June 30, 2004). Nonetheless, the CDP was found to have worked closely with the MoF and the World Bank (WB) in the development of draft Fiscal Impact Assessment guidelines, as noted previously. This was seen as an example of the CDP supporting horizontal or cross cutting capacity development, and area that the Deputy Prime Minister has suggested that the CDP concentrate on in future.

Targets of Opportunity. The needs for capacity development in support of the government's PAR and related reform strategies are great and the CDP has correctly tackled a limited set of priority capacity gaps in a few pilot ministries. It is beyond the scope of this review to present areas or priorities for capacity development support in a future phase of the programme, as this will depend on a secondary needs assessment (i.e. following from that done in developing the current programme). However, emerging from the interviews, there seemed to be a consensus that the CDP not only continue by building on its current base, but also that it should take in the following considerations.

Opportunity #4.1 – Programme Objectives. As a pilot, the CDP is expected to achieve its secondary objective. The primary objective is seen as much longer term in nature. In a next phase of the program, the secondary objective should be adjusted to reflect a shift in priority and emphasis on developing coordination capacities, especially at the central government level, but also in selected Ministries (e.g. MoJ). This is discussed further in Section 4.2.

Opportunity #4.2 – Entry and Exit Criteria and Strategies. It is not too early to develop exit and entry strategies for assistance to specific ministries. For example, the criteria for the selection of ministries in the pilot programme (PSD, Section 3) should be updated to make it more specific as to why some ministries will be selected for support and others not. Once a ministry becomes a beneficiary of the programme, it is not clear when assistance will be ended, other than to say that the short-term capacities have been developed (but in the real world, such capacities will continue to be developed for a long time).

Opportunity #4.3 – New Government Partners. The Ministry of Finance should be formally invited to be a partner of the programme. Also, the key central government entity responsible for central level PAR policy and implementation coordination, the office of the Prime Minister and/or Deputy Prime Minister, should also be invited as formal partners.

Opportunity #4.4 – Institute of Human Resources Development. Following from the above suggestions, the CDP should formally seek the participation of the new Institute as a beneficiary agency and possibly partner in the programme (e.g. through membership in the SB, member of the EC or some other such mechanism). It was clear from meetings with the Institute, MoJ and EAR that there will be a considerable demand for capacity development support beyond that which may be provided through the EAR CARDS and PARIM programmes. This will require close coordination with EAR and other donors. The CDP programme could provide some short-term international policy advice to the Agency in strategic implementation planning, the scoping of its new services and development of second-level policies and regulations.

Opportunity #4.5 – Information Resources Management. The PMU has on their system over 250 documents produced by the programme, not including many substantive documents that are within the ministries. The PMU is planning to develop a programme website (accessible through the government portal), and this could be a convenient repository for most documents that might need to be accessed internally and externally. In addition, the PMU should continue to strengthen its information resources management capability that will allow for the easy storing, access to and sharing of programme information.³⁵ This could be achieved through use of the envisaged website, use of shared drives and ATLAS, a sophisticated corporate (UNDP) information management system.³⁶

³⁵ CDP has in place a database and roster of all experts, international and national. The Review was informed that this database is also used to avoid the lengthy/complicated procedures of UNDP recruitment. In addition the performance of all experts is evaluated. The roster could be shared with the government and other donors.

³⁶ However, programme staff commented that the training on this system was not satisfactory, and some time will be needed to make full use of all of the systems features.

Opportunity #4.6 – Lessons Learned / Case Studies. Depending on the availability of resources, the programme should develop case studies of capacity development that might support learning in other organizations. Lessons may emerge from the MoES on the application of the quality assurance training methodology, as well as other areas (e.g. the MIEREI case as described above). These can be documented in a simple format for entry onto the envisaged website.

3.2 FINDINGS ON PROGRAMME OPERATIONS

Several aspects were reviewed in order to assess the overall efficiency and effectiveness of programme operations. Certain activities were assigned to the programme by the EC or SB that were not of a direct, substantive capacity development support nature. These included resource mobilization and donor coordination along with more routine operational functions such as work planning, reporting and the rendering of programme advice to the partners. Generally, it was found that the CDP programme operations were effective (they did what they were supposed to do) and efficient (they did not constitute an undue programme overhead). Findings for each area are discussed briefly in the following, along with suggested targets of opportunity.

(1) Resource mobilization. One of the objectives stated in the design of the CDP is resource mobilization (ref. PSD, Section 3, last paragraph). Here it is stated that one of the partners, UNDP, is to be responsible for this function. The Review was informed that two project proposals and two concept papers had been prepared and formally submitted to DFID, the Government of Hungary and the UNDP Democratic Governance Thematic Trust Fund. However, additional resources have not yet been mobilized. IN some respects, it is not certain as to what expectations the government has of the CDP, especially considering that substantial funds have been earmarked for support to PAR by EAR, WB and other donors. The Deputy Prime Minister at the June meeting of the SB directed the CDP to mobilize support from other donors, and to especially strengthen the partnership with the WB. No central database or information repository was found in the government that would identify current and prospective donors and potential levels of funding.

Mention was made of the CARDS programme which is to assist progress in the Stabilization and Association Process (SAP). According to information available on the European Commission's website, assistance through the CARDS programme to Serbia and Montenegro is concentrated in three main areas: (1) support for good governance and institution building, focusing on public administration reform, justice and home affairs (rule of law), customs and taxation, (2) economic recovery, regeneration and reform, and (3) social development and civil society. It would seem that the first area is a prime source for the mobilization of resources for the CDP³⁷ although most of the implementation of CARDS is to be carried out by EAR through the Public Administration Reform in Montenegro (PARIM) programme and possibly other programmes.

Other major potential sources of existing funding are the Structural Adjustment Credit through the World Bank and possibly USAID funds. Other donors may be interested in supporting governance reforms and PAR in Montenegro, with potential for partnership with the CDP. Based on similar types of support provided to other countries in the region, mention was made of NORAD, DFID, CIDA and the Irish Development Agency.

Opportunity #5.1 – Strengthen Resource Mobilization. It is suggested that the government take the lead role in mobilizing resources for the CDP and any successor programme. The current CDP partners, UNDP and FOSI, should facilitate the process, and the resources of the PMU should be used to provide analytical support to develop targeted resource mobilization documents. This should be a specific activity in the next Workplan for the CDP covering the period January – June 2005. The programme might also provide some funding to sponsor high-level government-to-government visits in Norway, Great Britain, Ireland and Brussels.

³⁷ According to the same website, the indicative financial allocation for CARDS assistance for Serbia and Montenegro for the period 2002-2004 is € 933 million.

(2) Donor coordination. The CDP is clear on the need for coordination.³⁸ It is not clear, however, as to which unit in government is to develop and implement the procedures for cooperation and coordination, or whether the coordination referred to is of an internal government horizontal nature, or government-donor coordination nature (i.e. development cooperation), or donor coordination. Further, it is not clear as to the CDP's role in assisting in the development of these coordination capacities. As noted previously, all those interviewed stated that coordination needed to be strengthened, and this included donor-donor coordination. The MoES has begun a series of informal donor meetings to coordinate development assistance to the education sector. The same process has begun with the Human Resources Institute. However, it seems that there does not exist any government-donor coordination mechanism for PAR and related capacity development. In most countries, high level steering mechanisms in government are set up for this purpose, supported by different working or sub-groups of involved donors.

Opportunity #5.2 – Strengthen donor coordination. As the country's various PAR reform policies and laws move into implementation, the need for formal and structured donor coordination mechanisms will become especially important. In the apparent absence of government or donor leadership on this issue, there is an opportunity for the CDP, on behalf of the government and Deputy Prime Minister, to take the initiative through a number of actions: launching informal meetings and dialogue with donors to explore the issue, meeting with government authorities to explore ways and means (e.g. MoJ, MoF, OPM); one-to-one meetings with EAR at the local, Belgrade and Brussels levels. This activity should be factored into the next CDP Workplan for the period January-June, 2005.

(4) Communications and public relations. The 'marketing' of any programme such as the CDP is an essential component of strategic management (discussed as an opportunity in Section 2.2 of this report). Marketing is euphemistically referred to as communications, public relations or some such term in public sector organizations (e.g. reference the new function in the MoES). For the CDP, this function appeared to be in need of some strengthening. Many of those interviewed were not aware of the programme's activities or achievements outside of their own direct areas of interest. In some cases, perceptions persisted of the CDP as a spin-off of the CBF, with the same or similar problems (e.g. paying civil servants). The identity of the CDP as a government programme was in some cases unclear, with some perceiving it as a donor or UNDP programme, as noted previously. Some felt that they were not receiving sufficient information on the CDP. In other cases, there was some uncertainty as to the differentiation between the CDP and the PAR. All this is to say that the communications, information dissemination, broader 'public relations' and 'identity' of the programme could benefit from some strengthening.

Opportunity # 5.3 – Strengthen programme PR. CDP programme staff were found to be generally cognizant of the above-noted issues, but perhaps unaware of the strategic importance. Some attention should be given to developing communications and public relations capacities for the programme. This should be a specific activity not only in the next work-plan but also the next phase design. Some specific actions that might be considered include:

- ◆ Developing an alternative title for the programme to clearly differentiate it from as well as align it to the PAR. In addition to continuing with the current CDP name, other options include: *Partnership for Public Management in Montenegro*, *Public Management Capacity Development Programme*, *PAR Capacity Development Programme*, *Public Management Development Partnership*. CDP management will need to decide on the key terms or words that best reflect the programme's purpose and role.
- ◆ Creating a special identity for the programme (e.g. a logo), and to develop some brochures or other materials for advertising and communications purposes. Such materials could also be put on the planned website.

³⁸ "It is nevertheless essential that procedures of cooperation and coordination be put in place between the different stakeholders to ensure adequate complementarity. The tasks of coordination and monitoring of the programme's activities, from the perspective of the Strategy of public administration reform, will rest with the Deputy Prime Minister, and the Minister of Justice, together with the Minister of Finance for all aspects with budgetary implications." Ref. PSD, Section 3, last paragraph.

- ◆ Develop a simple but graphically pleasing quarterly or semi-annual newsletter for the programme in both hard and soft copy (web-based) format.
- ◆ Change the business cards of the CDP PMU staff to clearly show that they are members of the programme team. The business cards used by experts deployed to ministries should continue to show the ministry affiliation along with the programme identity.
- ◆ Changing the phone access lines currently at use in UNDP to a dedicated programme line.
- ◆ Use programme letterhead (e.g. as currently used in some of the correspondence, showing the identities of the partners). Also, formal communications on programme matter should always use the programme format, and not the UNDP format.³⁹

(4) CDP work planning and reporting. The PMU has adopted the practice of developing ‘rolling’ work plans every six months. Two such work plans have been developed thus far, with the current plan covering the period July – December 2004. These work plans are basic and appear to serve the purposes of planning and reporting. Future work plans should include some of the activities suggested above. Formal programme progress reporting is to be done according to UNDP rules, but only two such reports have been prepared thus far (one for the period December/03 – January 2004, and the second for the period February – April 2004). The programme has also instituted the practice of regular reporting from the contracted experts, especially the longer-term national experts. The reports from some of the experts are regular.

Opportunity #5.4 – Streamline and regularize programme reporting. The format and frequency of programme reporting and reports from experts could be streamlined and regularized. Formal programme reports should be developed for each quarter and submitted to the EC. Reports from experts should follow the same format. The reports should be based on the current work plans and should cover what has been achieved during the quarter, what is planned for the next quarter and any issues or constraints. The lengthy and repetitive programme descriptions in the current programme reports are not necessary.

(5) Performance management (measures, baselines). As noted in a preceding section, it may be too early in the (pilot) programme cycle to establish baselines and performance measures for the substantive capacity development activities (i.e. results, outcomes and impacts). It is uncertain as to what sorts of performance measurement systems are planned for PAR and related reform initiatives across government.

Opportunity #5.5 – Promote performance measurement. Future phases of the programme should begin to look at establishing systems for performance measurement for those areas of capacity development that it supports. The CDP in its current and future phases could address this issue by advocating that baselines and basic measures of performance be factored into all PAR and related reform initiatives of the government, and that these should be applied in a standard manner across government. This could be a coordination issue, in terms of horizontal reporting, monitoring, evaluation and overall strategic management of PAR and related reform implementation in the country.

(6) Methodologies: change and project management. Training in change and project management is mentioned as one of the outputs in the PSD (for MIEREI), and the progress reports mention the setting up of project and change management units in the beneficiary ministries. This Review was informed that some training in the form of workshops and transfer of know-how had been provided to staff in MIEREI and MoES. Such training is deemed to be very important, especially project management.

Opportunity #5.6 – Methodology and concept development. There is an opportunity for the CDP and its successor programmes to assist the government in adapting a range of methodologies that will be critical to the implementation of PAR and related reforms. Such methodologies and related training are seen as important dimensions of management

³⁹ For example, a letter was sent to EAR on UNDP letterhead in February, 2004 discussing CDP matters. Also, a letter was sent to the General Secretary of the Government of Republic of Montenegro, also on UNDP letterhead, discussing the cooperation with the WB in the development of the Fiscal Impact Assessment guidelines (a CDP initiative). Such communications might better have been sent by the EC on CDP letterhead, thus emphasizing the programme as a government programme with implementation through the partnership.

capacity. A high level needs assessment might be carried out to determine the sorts of methodologies and training needs in these areas, and this is a service that might be provided by the CDP to central authorities. From this Review, the following methodologies are suggested as important:

- ◆ *Programme and project management*: these would be standard, and government-wide to avoid the proliferation of different types of methodologies, many of them applied by different donor organizations. An important element of such methodologies is setting up appropriate accountability structures and performance / results based reporting, monitoring and evaluation systems. Different methodologies for project management training exist: at the higher level in terms of setting up project management and accountability structures, and at the more tactical level (work planning, resourcing, etc.).
- ◆ *Change management*, noted as an important element in the CDP principle of ‘dynamism’ (discussed in the next section) that can be adapted to the unique circumstances of Montenegro. A key feature of change management should be the identification, analysis and management of risk and resistance to change (i.e. change readiness assessments, transformational reforms), an issue that was brought up several times in the interviews. Some methodologies focus more on the organizational and human dimensions, while others look at change from a multi-dimensional and system-wide perspective.
- ◆ *Strategic or business planning* could be introduced to replace the current confusing approach to functional reviews, while at the same time assisting government and ministries to clearly set out their role and mission, programme objectives, services, resource needs, organizational options and so on. The Quality of Service model might be applied to help ask the right questions.⁴⁰ A range of such planning methodologies exist that for the most part incorporate results based management concepts, but it would seem that a standard ‘business planning’ approach for each ministry or main programme of government could go a long way to strengthen the strategic and operational management of government, and the cost-effective delivery of services.

The Review noted that there was at times some confusion in the meaning and understanding of such basic terms and concepts as capacity development, public administration reform, functional reviews and the like. In particular, there was some grey area of definition between capacity development and PAR – exacerbated in part by the setting up of separate programmes. Many of the concepts contained in the government PAR, Economic Reform Agenda and other government documents are new to Montenegro. It would be useful to develop a glossary of such terms for local use, to ensure a common understanding.

⁴⁰ The aforementioned Review of the CBF contains detailed suggestions along these lines.

4.0 SUMMARY & CONCLUSIONS

4.1 VALUE-ADDED AND PERCEIVED STRENGTHS

A key question raised throughout the course of this review is: *what is the CDP's value added to the government and to donors?* An attempt has been made to answer this question, and the following presents – in the view of the beneficiary ministries and the funding donors – the main features of the CDP that have added value to government strategies for reform and capacity needs. These factors can be reduced to three workable and working elements: good management, good people and trust. The following 'value-added' features were factored into CDP programme design.

- ◆ **Needs driven:** beneficiary ministries greatly appreciated the fact that their defined priority needs for capacity development and associated gaps have been addressed or are being addressed.
- ◆ **Responsiveness:** the programme modus operandi of responding to needs on a case-by-case (or TORs approach) permitted it to quickly identify and deploy solutions to fit the defined needs, mostly in the form of expertise.
- ◆ **Participation and consultation:** the above factors depended to a very large extent on the participation and consultation among the various stakeholders, representing a significant shift from the 'old way of doing things'.
- ◆ **Flexibility:** the adoption of a programme 'framework' document in place of using sub-programme or project documents permitted CDP management and beneficiaries considerable room to manoeuvre under the broad umbrella of the PAR strategy.⁴¹
- ◆ **Pragmatic and tactical:** the CDP appeared to quickly adjust to shifting needs and priorities and focused on building basic capacities, providing practical, simple and readily implementable advice, learning from doing, and tangible outputs or results.
- ◆ **Openness and transparency:** programme resourcing and other decisions were made quickly, and in an open and transparent manner (e.g. and reflected in EC and SB minutes).
- ◆ **Accountability:** all parties appeared to understand their respective roles, responsibilities, authorities and rights in terms of what needed to be achieved, by whom with what resources. The close informal and formal mechanisms for monitoring, the supervision of work and other management controls assured rolling cost-effectiveness of limited programme resources.

In addition to these value-added features, this Review uncovered or confirmed other 'factors for success' that were either explicit in the programme design, and/or became evident during implementation.

- ◆ **Government ownership & commitment (leadership):** this was reflected during the design stage of the programme, and reinforced through the working of the Supervisory Board and Executive Committee. These two mechanisms are now in place, they work and they have been effective not only in terms of government leadership and ownership (policies, priorities), but also in some risk taking, managing expectations and enhancing, albeit to a limited extent, internal government coordination and government-donor coordination on the programme and broader PAR issues.
- ◆ **Working implementation partnership (management):** implementation has been smooth, management structures and systems through the EC partnership and PMU have been set up, and the management culture of results-orientation was found to work. Each of the partners understands and respects the respective strengths and comparative advantages of the other.

⁴¹ As stated in the PSD (Section 2), "The programme proposed here does not give prominence at this stage to sub-programme activities, or projects, specifically directed to management and development of human resources, or establishment of legal frameworks for that purpose. It will be assumed that existing shortcomings in those aspects will be treated by means of complementary, additional programmes".

In terms of the UNDP role, an important factor has been the willingness of UNDP senior management in the Podgorica Liaison Office to adopt an accommodating approach to the programme's initial development as a risk-taking venture, while trusting specialised expertise employed to help design and establish the programme. While UNDP has been continuously represented in the management of the programme through its participation in the EC, it has at the same time been ready to acknowledge the corresponding rights of other partners, and show confidence in the PMU (i.e. letting "the managers manage"). This professional management approach and understanding of the partnership seems to have paid off. The CDP implementation partnership can now be seen as a sound 'business platform' that can be used to meet new and/or expanding capacity development challenges.

- ◆ **Focus and common sense:** the CDP has served the interests of government and the funding donors. The risk of the programme becoming another donor campaign for ideological purposes (as is often the case in donor funded PAR programmes) with little utility at the local level has thus far been avoided. CDP designs and strategies have not taken any flights into policy fantasy and rhetoric, but rather have demonstrably focused on practical and pragmatic results.

4.2 MAIN CHALLENGES

After 11 months of activity, the CDP has set out to do what it was designed to do, and is well on its way to achieving its intended outputs and results. Both the partners of the programme and the three pilot beneficiary ministries have expressed a high degree of satisfaction with CDP services and support plus the manner in which they have been delivered. CDP support to the pilot beneficiary ministries demonstrates what can be achieved by a relatively modest and lightweight, but speedy and flexible pilot programme response to urgent needs in a complex and rapidly changing policy environment. The programme and especially its management design were also found to indicate the type of development operation for which a partnership mechanism like CDP might be considered much better suited than the larger and often more cumbersome programmes typical of some other funding agencies.

However, in the current dynamic environment, several challenges face both the government and the CDP. In this environment, it is important to note that the stability and mandate of the current government has been and will continue to be a positive factor for PAR and supporting programmes. CDP design and implementation modalities will need to be adjusted from time to time to ensure that it continues as a relevant, value-added service to government reform. The main challenges identified during the course of this review are briefly described in the following.

(1) The Challenge of Mission & Objectives

As the government moves from a period of policy and normative law making to one of policy implementation, the demands for strategic planning, coordination, monitoring and performance reporting, and resources will become substantial, thus adding new and different types of challenges. The demands for capacity development assistance will expand, likely outstripping available resources of several well-funded donor support programmes.⁴²

A first main challenge is to ensure that the programme remains aligned to broader Government reform policies and priorities. The original programme document describes the CDP mission to support the Government's strategy of public administration reform, in accordance with the government's own programmes of reform, international commitments such as PRSP and MDG, and the needs and pre-requisites of European integration. It will be vital, therefore, to keep checking that the programme is truly complementary to parallel developments in implementation of the PAR Strategy/Action Plan. Also vital is to distinguish the CDP's contribution from that provided by others, especially EAR.

⁴² It was beyond the scope of this Review to capture new needs for capacity development assistance. It is understood that each current beneficiary Ministry would have a long 'shopping-list' of new requirements, and the needs for central – horizontal policy coordination in themselves could be considerable. In fact, the successes to date will likely lead to more demands being placed on the CDP for continued if not more support in the future.

The CDP's distinctive contribution has been to bridge the gaps (a) in time, between design and delivery of projected EAR funding and (b) in the management process, between government's real needs and capacities, on the one hand, and donor-assisted support (including EAR projects), on the other. More specifically the main niches seem comprise the following:

- ◆ Although now established in law and with core personnel, the new Institute for Human Resources Management urgently needs support to activate its own ambitious programme of PAR, for which it lacks expertise and resources. The Institute/EAR agenda for reform already includes many items for which CDP's support seems necessary.
- ◆ In addition, CDP has its own potential agenda, including active strengthening of government's capacity to absorb the assistance (training and advisory, as well as technical) that will be available eventually via the Institute/EAR.
- ◆ Moreover, in its flexible, pro-active, service-oriented, and market-based approach, the CDP could be presented as a necessary counterpart to the Institute and other EAR-funded projects, which adopt a much more conventional approach to PAR implementation, stressing legal/normative provisions and formalized/bureaucratic methods.
- ◆ Similarly, CDP could continue to support World Bank's SAC process by channeling expertise to help government to meet PAR conditionalities.
- ◆ CDP can continue to help the government develop vital capacities related to European integration, which EAR is unable to do, on account of both political and technical constraints.

(2) The Challenge of Principles

The value-added features and factors of success discussed in Section 4.1 are also encapsulated to a certain extent in three *underlying principles* of the CDP: sustainability, dynamism and partnership.⁴³ These principles can serve as a means to organize and understand several programme and operational challenges that lie ahead.

(1) Sustainability. According to the way these principles are defined in the CDP documentation, it would appear that the principle of sustainability is being assured through overall government ownership of the programme, as well as ownership at the ministry level. It is understood that the development of such ownership at the Ministry level has resulted in large part through the approaches taken by the programme (e.g. participation, tactical, needs driven etc.) and the building up of positive professional relationships between programme and counterpart government staff.

A main future challenge will be the preservation and strengthening of programme ownership by government at more central or senior levels of government, especially if the focus is to shift to supporting horizontal coordination and related central public administration and public management functions. Some of those interviewed have suggested that the locus for ownership should be at the highest political level (i.e. Prime Minister), as it is often the case in similar programmes in other countries.

As already noted, a design challenge addresses future capacity development direction in terms of horizontal (cross-ministry) and/or vertical (ministry) support. This is a continuing challenge and the process of building toward sustainability that needs continued attention. At the vertical level, MIEREI is now seen as a self-sustainable ministry. The case of the Department of Local Self Government and decentralization strategies in the Ministry of Justice are seen as a continuing 'sustainability' challenge.

During the course of this Review, sustainability was also seen as highly dependent on civil service reforms, including achieving adequate levels of pay and compensation for civil servants (and the

⁴³ These principles were implicit in the PSD, but were made explicit in the second CDP Programme Progress Report dated 1 May 2004 (Section B.1 under 'General Orientation of the Programme'). These principles were also emphasized during the June, 2004 meeting of the Supervisory Board (see Minutes, dated June 30, 2004, summary and conclusions).

ability of the government to generate its own financial resources). Without adequate civil service incentives, the implementation of the envisaged reforms could be marginal at best and non-sustainable at worst.⁴⁴ Success and sustainability can be measured by the degree to which government managers and staff – the ones that will end up doing most of the work – are personally and professionally committed to the reforms. While the sense of personal contribution and intrinsic reward may be the prime motivators for now (especially in the nascent stage of nation building), other more formal incentive and reward systems (for programme staff per se as well as for government staff) will be needed to enhance commitment, productivity, results and eventual sustainability.⁴⁵ The CDP will need to be directly linked to these particular issues, and indeed might provide some policy and technical assistance.

(2) Partnership. The principle of partnership has been preserved through the structured and legal arrangements of the current funding partners, and also through the development of a working relationship with the World Bank (e.g. on the development of the Fiscal Impact Assessment guidelines). But not all working relationships have been smooth. More work is required in not only attracting new funding partners but also in developing a sound working relationship with the EAR – as suggested in preceding sections of this report. In developing such a relationship, it will be important to ensure that it is government that leads such discussions, supported by its partners. This will ensure that the CDP will be perceived as a government programme, and not a donor or UNDP programme.

A second challenge, as discussed in Section 2 will be in the preservation and strengthening of the partnership for resource mobilization and consequently when new funding partners join. To remain a viable programme, the CDP will need to attract additional resources and new partners from both the government and donor community. As more partners enter, there will be a need for more substantive partnership agreements that clearly set out mutual rights, responsibilities, roles – with the understanding that all partners will share the common vision and objectives, that each partner brings a unique contribution to the partnership, but also that each partner will have somewhat different agendas.⁴⁶

Another challenge for the CDP and the government as a whole is to seek out and secure the involvement of the private and civil society sectors. Already, some ministries are working collaboratively with civil society organizations.⁴⁷ However, attention to private sector participation in PAR, in seeking alternative forms of service delivery, or discussing the impacts of various legislation and regulations appears to have been scant. The CDP, as a government program, could use the existing partnership mechanism of the EC or set up other venues for consultation and participation (e.g. the Technical Advisory Committee).

The challenge of partnerships can also be brought down to the micro level when considering the future role and positioning of the PMU, especially its programme support functions. As mentioned previously, the process-related services of this unit might be best delivered through some sort of common services agency or public-private-partnership. Such an entity could expand in the future to not only support the CDP but also other donor-funded projects, government functions such as procurement.

(3) Dynamism. Finally, the principle of dynamism will continue to be a major challenge, particularly in light of the some continued uncertainty in the broad policy and political environment (i.e. status of the Union and Republic governments, integration into the EU, regional stability). Other policy linkages will need some clarification as well. These include the linkages to the PAR as it is

⁴⁴ These issues are also related to corruption, a topic that seems not to be covered much in the printed documentation on economic and PAR reforms, but has been raised by a number of those interviewed. There may be an additional opportunity for the programme to directly or indirectly assist the government in tackling actual or perceived corruption within the public administration.

⁴⁵ In this regard, the CDP should consider advising the government on performance incentive systems for its staff – such as employee of the year, or special acknowledgements for extraordinary contributions and work performance (i.e. non-monetary in the form of awards, certificates, medals – and perhaps special training).

⁴⁶ A general discussion of such partnerships was included as an annex in the aforementioned Review of the CBF, and the arguments made there are relevant to the Montenegro case.

⁴⁷ For example, MIEREI is working with a group of NGOs on the development and implementation of the European Integration communications strategy.

implemented, the economic reform agenda, the Development and Poverty Reduction Strategy (DPRS), Millennium Development Goals (MDGs), the SAP, the SAC and possibly others. In terms of this principle's description by the CDP, it would thus far appear that it is being addressed but more attention could be paid to the imperatives of 'change management', information and communications, and the use of ICTs as discussed in the preceding chapter.

5.0 RECOMMENDATIONS

It is recommended that the CDP continue into a second phase (for another 1.5 to 2 year term), maintaining its general course, mission and partnership style of management. The objectives can be adjusted in light of the comments made in Sections 2.1 and 4.2 (1) of this report. Clearly, however, as with any pilot programme, the detailed design and management of the programme should be tuned to meet identified challenges and should build on its current base. The preceding sections of this report contain a number of suggested targets of opportunity in this regard: i.e. recommendations on design, management and operations for a second phase. It is not the intent to repeat those suggestions here. Rather, these many specific suggestions can be synthesized into the following priority recommendations.

(1) Continue to focus, with some adjustments. The focus for the next phase of the CDP might be adjusted in terms of capacity development scope and beneficiary ministries. One option is to cut back on support to MIEREI and focus on building that ministry's internal donor coordination function (as well as to assist in its rationalization of donor coordination functions with other units of government). Emphasis should continue with the Ministry of Justice, particularly coordination with the new Institute of Human Resources Management. Another option is to include some of the central agencies of government such as the Office of the Prime Minister (OPM), with special emphasis on central level horizontal coordination capacity development for PAR and related reforms. The Ministry of Finance might also be more formally included to cover other central agency type coordination functions (ref. Opportunity 1.1).

(2) Strengthen the Government focal point. Should the next phase of the programme focus more on horizontal coordination and related central PAR capacity development priorities, the direct counterpart government entity should be a central agency having the mandate for such coordination, such as the Prime Minister or a key focal point within his office, as one option. The government chair role at the EC level might change to either one based on rotation (if there is more than one government partner), or a senior central level agency taking on that role (ref. Opportunities 2.1 and 2.2). Consideration should be given to amalgamating the Steering Board with the proposed PAR Steering Committee in order to have a single, high level cross-Ministry mechanism for policy, priorities and coordination.

(3) Strengthen and expand the partnership. The membership, nature and form of the partnership in the next phase should be scaled up (gradually) and strengthened. Resource mobilization needs to be emphasized and there should be provision for more funding donors to participate. Second, there is an opportunity to formally include other Ministries and/or agencies of government in the SB and/or EC. The nature of the partnership agreement (legal form) should be strengthened in terms of the type of document used (ref. Opportunities 1.2 and 2.2).

(4) Realign Programme Management Support. The programme management and related support functions should be aligned in such a way that they assure continued cost-effective implementation of the government programme through the partnership modality. While such functions might be located in government or the UNDP, a better option may be structure them in a common services agency or public-private-partnership. Options and strategies for this should be developed and considered during the design stage for the next phase, with a view to implementation during the second or third phase (ref. Opportunities 2.3 & 2.4).

(5) Strengthen Resource Mobilization. The government should take the lead role in mobilizing resources for the CDP. The current CDP partners, UNDP and FOSI, should facilitate the process, and the resources of the PMU should be used to provide analytical support to develop targeted resource mobilization documents. This should be a specific activity in the next Workplan for the CDP covering the period January – June, 2005. The programme might also provide some funding to sponsor high-level government-to-government visits in Norway, Great Britain, Ireland and Brussels (ref. Opportunity 5.1).

(6) Strengthen Donor Coordination. As the country's various PAR reform policies and laws move into implementation, the need for formal and structured donor coordination mechanisms will become especially important. In the apparent absence of government or donor leadership on this issue, there is an opportunity for the CDP, on behalf of the government and Deputy Prime Minister,

to take the initiative through a number of actions: launching informal meetings and dialogue with donors to explore the issue, meeting with government authorities to explore ways and means (e.g. MoJ, MoF, OPM); one-to-one meetings with EAR at the local, Belgrade and Brussels levels. This activity should be factored into the next CDP Workplan for the period January-June, 2005 (ref. Opportunity 5.2).

(7) Strengthen Communications and Public Relations. More attention should be given to developing communications and public relations capacities for the programme. This should be a specific activity not only in the next work-plan but also the next phase design. Several specific actions are suggested in Opportunity 5.3.

In addition to these main recommendations, some suggestions of a tactical nature are provided in Annex D.

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Annex A

CDP Review Terms of Reference

Draft – October 19, 2004

1. Introduction and context

After a decade of armed conflict in the region, and transition to the new state union, the Government of Montenegro faces a massive undertaking of re-defining the tasks and responsibilities of its different departments for public policy and administration, and consequently of re-allocating functions and building the capacity to perform those functions. At the same time it faces a growing budget deficit and an unsustainable level of employment in the public sector, which threatens to be a drain on scarce resources of public finance. Furthermore, the complex process of EU integration, adoption of the *acquis communautaire*, of legal approximation, harmonization, as well as the wider process of educating and informing the general public are projected to place added burden on the political institutions, and above all on the state administration.

From another side, the government is committed to develop its institutions in accordance with benchmarks of the best European practice, and gradually build the capacity of its public administration to a level appropriate for its eventual position within the European Union. In February 2003 the Ministry of Justice presented the *Strategy for Public Administration Reform 2002-2006*, document personally endorsed by the Prime Minister. The Strategy suggests that the government of Montenegro is well apprised of both the salience and the enormity of the task of modernizing the structures and procedures of public administration. The government also has thought out the consequences for itself, and has adopted a Plan of Activities to be realized in three periods up to the end of 2009, designed to bring the proposed Strategy to realization.

Against this background and at the invitation of the Prime Minister of Montenegro, UNDP, together with the Foundation Open Society Institute – Representative Office Montenegro (FOSI ROM), explored with representatives of the Government the feasibility of establishing a Capacity Development Programme (CDP) for Montenegro.

Following a comprehensive consultation process (including agreement on the structure and content of the Programme Document), the Cost Sharing Agreements between UNDP, Foundation Open Society Institute, and the Government of Montenegro were signed and the implementation of the programme started in December 2003.

The principles and objectives of the programme have been designed to conform to those established by the Government's own Strategy for Public Administration in Montenegro. Indeed, the programme is intended to support implementation of that Strategy, and to assist in the mobilization of additional financial assistance from foreign sources for that purpose.

The execution of Capacity Development Programme for Montenegro was to learn from the experiences of the Capacity Building Fund (CBF) in Serbia, and other similar programmes in the region. Moreover, CDP is expected to yield very productive lessons for applications elsewhere, even in much larger context.

2. Capacity Development Programme for Montenegro: current state of affairs

The Capacity Development Programme is providing pilot assistance to three selected ministries - the ministry of Justice, the ministry of Education, and the ministry of International Economic Relations and European Integration -, with the aim of helping them develop their own institutional capacity. The assistance is provided under a single framework programme, capable of further enlargement and adjustment at a later date. Meanwhile, CDP is catering for the specific priorities of each selected ministry, in accordance with its particular state of readiness and its own sectoral objectives and functions.

During the first 10 months, CDP has endeavoured to support implementation of innovations, structural adaptation and change, both in individual ministries/agencies and horizontally across

government. Some outputs achieved during six months period include: provision of international expertise for functional review in the ministries and agencies, policy advice for the coordination and promotion of European affairs; formulation of plans and implementation of special training programmes for civil servants, as well as policy advice for improving implementation of new reforming legislation.

At its first meeting, held on 30th of June 2004, CDP Supervisory Board conveyed a number of vital resolutions for CDP development. Most importantly they instructed Executive Committee and Programme Management Unit to:

- ❑ continue develop CDP as a distinctive kind of capacity building assistance, based on three main principles: sustainability, partnership and dynamism.
- ❑ intensify activities on the so-called horizontal plane (or cross ministry): Fiscal Impact Assessment, Performance Related Assessment and improving horizontal coordination of central government, besides providing assistance to individual ministries
- ❑ invite the ministry of Finance to join the programme through development of Fiscal Impact Assessment of legislation
- ❑ strengthen partnership with World Bank and other bilateral donors, and increase coordination with complementary programmes implemented by EAR and USAID.
- ❑ conduct an external review of CDP activities by the end of 2004.

The programme partners share the positive reaction about the CDP development and achieved outputs. Nevertheless, following some 10 months of implementation, UNDP, FOSI ROM and the Government wish to conduct a mid – term review and take stock of the achievements thus far; of what has been learned during this time, and to set out an agenda for the future.

3. Bringing the CDP into the next phase: maintain holistic approach to institutional development

Two years after the adoption of the *Strategy for Public Administration Reform*, much of the 'emergency' legislation has been adopted. Whereas there will still be a large need, over the next years, to provide support to policy development, through the provision of expertise or temporary staff resources, it is important to keep developing CDP in a somehow different substantive direction. The CDP strategy shall persist its focus on three main principles:

- ❑ **Substance:** long term support for the development of a modern, open and effective system of state administration, with an emphasis on supporting systemic change
- ❑ **Convergence:** with European norms, and in particular with the *acquis communautaire* of the EU, given the aspiration and strong prospect of eventual accession to the EU.
- ❑ **Ownership:** strengthen direct ownership by government, and gradually create conditions for efficient transfer of CDP management to Ministry for International Economic Relations and European Integration (MIEREI).

These strategic principles are driven by the following considerations:

1. The ability of the CDP to promote an overall capacity building agenda shall greatly depend on whether it can maintain a clear framework for its support operations and find ways to get this framework lastingly accepted by the government. Therefore, it is highly important to ensure that the achievements of CDP are embedded in a holistic approach to institutional development, as well as to the longer-term prospect of membership of European Union. In fact, the European convergence dimension is the most important direction that the CDP shall pursue.
2. The CDP sustainability shall highly depend on government 'ownership' which CDP management takes to imply a willingness and ability to assume responsibility, on the part of the beneficiaries themselves. During the first 10 months, the programme management has found that these qualities have to be carefully cultivated in the ministries concerned, especially in the early stages. Notwithstanding the significant progress, there is an apparent call for the government to take more ownership of the reform process and to embody CDP as an integral part of the respective governments' efforts to re-build the system of public administration and enhance the process European Integration.

3. Even though the programme is being managed as the government's own instrument of reform, continuous efforts to engage different donors and international agencies, and not only those making a financial contribution to the programme itself shall be of paramount importance. A strong working partnership has already been established with World Bank, especially in relation to technical assistance for the SAC 2. The EAR has also been approached with a proposal for cooperation in the sphere of reform of state administration and European Integration, nevertheless the level of cooperation and coordination between CDP/EAR activities need to be amplified.
4. From management point of view it will be crucial to maintain a streamlined and flexible system, focused around the Executive Committee and Management unit. One of the main "comparative advantages" of the CDP is its flexibility and delivery capacity. In order for CDP to maintain delivering assistance efficiently, further strengthening of Programme Management Unit, pending its eventual transfer to MIEREI, is extremely important. In addition the capacities of the Ministry for International Economic Relations and European Integration will need to be increased to adequate level to perform functions related to CDP management

4. The evaluation expert: responsibilities and profile

The evaluation itself will consist of three key tasks:

1. Review results achieved by individual activities under the CDP, focusing on process, management, partnership, success up to date, and future strategic options for sustainability.
2. An assessment of the management of CDP. The assessment should be based on CDP management intention to establish a streamlined and flexible system, focused around the Executive Committee and Programme Management Unit.
3. Measures to attract donor funding, and enhance coordination with other major players in this field, including the European Agency for Reconstruction, (especially given the common objective of promoting harmonization with EU standards, and convergence with the 'acquis communautaire'), the World Bank, USAID, OSCE, CIDA/CAN, SIDA and others.

In order to fulfil these three tasks the mission will undertake the following:

- Review CDP programme document, work plans and all substantive reports produced under the programme thus far.
- Review minutes of Executive Committee meetings, Supervisory Board meeting and other documents that would contribute to gaining insight into the operation of the CDP
- Review Public Administration Reform Strategy, and Education Reform Strategy in Montenegro, as well as key legislation related to the organization of the state administration and the civil service
- Interview key stakeholders of the CDP, including programme partners, ministerial counterparts, donors organization representatives, local/international experts involved in the programme, and CDP Programme Management, to determine their assessment of the operation of the CDP

The outputs to be produced by the mission will be the following:

1. An evaluation report on the impact of CDP activities, focusing on their effectiveness, efficiency, impact and sustainability; documenting achievements and lessons learnt. The report should also include a review of CDP management as well as recommendations for enhancing donor funding.
2. A presentation of the initial findings to bilateral and multilateral donor organizations by the international consultant and CDP management in a round table to be organized by UNDP at the end of review process.

In addition, consultative meetings will be held with each partner ministry to consider and comment on the review findings. Final report will be presented at the next meeting of CDP Supervisory Board.

The Evaluation expert will be a specialist in the area of Public Administration reform, preferably in the context of EU integration. He/she will have extensive experience working on Public Administration Reform issues in South Eastern Europe, and preferably in the western Balkans. The expert will have expertise both on civil service development and on structural reform of state administrations. The expert should have expertise in programme management and operational issues and have experience with evaluations of complex donor assistance programmes.

Short-term CDP Senior Policy Advisor, CDP Executive Committee, and Programme Management Unit will assist the Evaluation Expert

The expert will be provided with appropriate administrative support and all documents regarding CDP activities in advance of his/her mission

Annex B Individuals Consulted

GOVERNMENT OF MONTENEGRO

Slavica Milačić Chief Advisor to the Prime Minister for Economic Affairs and European Integration (former Minister of MIEREI and former Chair, CDP Executive Committee)

Ministry of International Economic Relations and European Integration (MIEREI)

Gordana Durović * Minister, MIEREI
Miroslav Ščepanović Advisor, Head of the Strategy and Analysis Unit, MIEREI
Miro Prek CDP Regional Expert (Slovenia)
Dragan Tilev CDP Regional Expert (Macedonia)
Simon James CDP International Expert (Great Britain, by Teleconference)

Ministry of Education and Science

Dragan Bogojević Director, Bureau for Education
Nevena Cabrilo International Cooperation & Administration, Bureau for Education
Vesna Vucurović Head, Quality Assurance, Bureau for Education
Dusanka Popović Head, Department for Continuous Professional Development, Bureau for Education

Milena Roganović Trainee, Ministry of Education
Bozidar Popović Trainee, Ministry of Education
Milica Kadić CDP Public Information (National) Consultant
Radovan Rutesić CDP ICT (National) Consultant

Ministry of Justice

Zeljko Sturanović Minister
Branka Lakočević Assistant Minister, Judicial Department
Jelena Djonović Research Analyst, Judicial department (CDP National Consultant)
Zorica Brajković Assistant Minister, Department of Local Self Government
Velibor Milosević Research Analyst, Department of Local Self Government (CDP National Consultant)

Roman Lavtar CDP Regional Expert (Slovenia), Department of Local Self Government

Institute for Human Resources Management

Svetlana Vuković Director
Slobodan Dujčić EURECNA, Mestere, Italy, PARIM 2, Team Leader
Jadranka Vojinović EURECNA, Mestere, Italy, PARIM 2, Local Consultant

CDP PROGRAMME TEAM

Mirsad Bibović Programme Manager
Aleksandra Kecojević Deputy Programme Manager
Snežana Doljanica Programme Assistant

FOUNDATION OPEN SOCIETY INSTITUTE (Representative Office Montenegro)

Sanja Elezović ** Director
Tamara Srzentić Programme Coordinator
Bego Begu Programme Coordinator
Maja Kovacević Education Expert

UNDP – LIAISON OFFICE (Podgorica, Montenegro)

Garret Tankosić-Kelly ** Deputy Resident Representative

Note: * Chair, CDP Executive Committee

** Member, CDP Executive Committee

OTHER INDIVIDUALS AND ORGANIZATIONS

Regina De Domenicis	Programme Manager, EAR, Podgorica
Irena Radović	Head of Office, British Office, Podgorica
Aleksandra Rabrenović	World Bank, Belgrade Office (by Teleconference)
Vanja Čalović	Coordinator, The Network for the Affirmation of NGO Sector

CDP REVIEW TEAM

Richard Flaman	Consultant, FMP (Canada, www.fmp.ca), rflaman@sympatico.ca
David Coombes	Consultant (former Chief Technical Advisor to the CDP, dlcoombes@yahoo.co.uk)

CDP PRESENTATION ATTENDEES

List of participants at the Presentation of the CDP Review held at the Palace of Federation, Belgrade, 9 November 2004

1. Slavica Milaćić	Government of Montenegro
2. Miroslav Scepanović	MIEREI
3. Maja Kovacević	FOSI ROM
4. Tamara Srzentić	FOSI ROM
5. Bego Begu	FOSI ROM
6. Sanja Elezović	FOSI ROM
7. Aleksandra Rabrenović	World Bank
8. Paul Stow	CAFAO
9. Vesna Bogdanović	CAFAO
10. Philippe Bronchain	Embassy of Belgium
11. Miroslav Kolatek	Czech Embassy
12. Jonathan Lacote	Office of the French Embassy in Podgorica
13. Sara Crespo	Embassy of Portugal
14. Ralph Mono	Embassy of Sweden
15. Otmar Greiff	Embassy of Germany
16. David Foxall	Embassy of Canada
17. Garret Tankosić-Kelly	UNDP LO Podgorica
18. Mirsad Bibović	UNDP LO Podgorica
19. Aleksandra Kecojević	CDP PMU UNDP LO Podgorica
20. Snezana Doljanica	CDP PMU UNDP LO Podgorica
21. Mato Meyer	UNDP CO Belgrade
22. Sinisa Milatović	UNDP CO Belgrade
23. Tomislav Novović	UNDP CO Belgrade
24. Darko Pavlović	UNDP CO Belgrade
25. Jasmina Bell	UNDP CO Belgrade
26. Lene Jespersen	UNDP CO Belgrade
27. Nenad Rava	UNDP CO Belgrade

Annex C Documents Reviewed

CDP Programme Documents

Capacity Development Programme for the State Administration of Montenegro, September 2003-February, 2005, Programme Support Document, September, 2003.

Signed cost-sharing agreements between UNDP and the Government of Montenegro, and between UNDP and FOSI.

Financial Impact Assessment Form, prepared in cooperation with the MoF and WB.

Terms of Reference of Supervisory Board, Executive Committee, and Advisory Group.

Minutes/recommendations of the first CDP Supervisory Board meeting.

CDP Work plans (December 2003 – May 2004; and May –December 2004).

CDP reports: December 2003 – February 2004; February – May 2004.

Various internal CDP correspondence, outputs, mission reports, progress reports, TORs for consultants and experts.

Government Documents

Strategy of the Public Administration Reform in Montenegro, January 2003, Version 1.1.

Economic Reform Agenda (undated, Microsoft Excel format).

Poverty Reduction Strategy Paper Montenegro, November, 2003.

Communication Strategy for Informing the Public About the Process of Montenegro's Association with the European Union, plus Action Plan, MIEREI, September 2004.

Education Reform Strategy for Montenegro, Ministry of Education and Science.

Introduction of ICT into Education Reform in Montenegro, Ministry of Education and Science.

Various ministry documents and reports.

Other Documents

The Book Of Changes Of The Education System Of The Republic Of Montenegro, Sponsored By: Open Society Institute Montenegro, Podgorica, 2001.

UNDP, Mid-Term Review of the Capacity Building Fund, Draft, 13 March 2003, UNDP-Belgrade.

Building Capacity for Policy in Transitional States, unpublished UNDP-Belgrade document, edited by D. Coombes, B. Peters and Aleksandra Rabrenović, undated.

Serbia and Montenegro, Stabilization and Association Report 2004, Commission of the European Communities.