

Standard Summary Project Fiche – IPA centralised programmes
Project Fiche: 3

1. Basic information

1.1 CRIS Number: 2010/022-154

1.2 Title: Support to Local Self-Government for implementation of the NTS and provision of grants to municipalities

1.3 ELARG Statistical code: 01.36 – political criteria

1.4 Location: Montenegro

Implementing arrangements:

1.5 Contracting Authority: EU Delegation in Montenegro

1.6 Implementing Agency: N.A.

1.7 Beneficiary (including details of project manager):

- **Ministry of Internal Affairs and Public Administration (MIPA)**

The Project Manager will be:
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- **Union of Municipalities of Montenegro (UoM)**

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- **Human Resources Management Authority (HRMA)**

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- **Montenegrin municipalities**

Project managers will be appointed by the beneficiaries accordingly

Financing

1.8 Overall cost (VAT excluded)¹: EUR 3.94 Million

1.9 EU contribution: EUR 3.5 Million

1.10 Final date for contracting:

Two years from the date of signature of the financing agreement.

1.11 Final date for execution of contracts:

Two years from the final date for contracting.

1.12 Final date for disbursements:

One year from the final date for execution of the contracts.

2. Overall Objective and Project Purpose

2.1 Overall Objective

To strengthen the capacity of local governments for efficient and effective management of service delivery and to contribute to a more balanced regional socio-economic development in Montenegro.

2.2 Project purpose

To support the implementation of capacity building programmes in line with the National Training Strategy for Local Self-Government (NTS) while continuing support to priority municipal investments in line with EU best practice in local governance.

2.3 Link with AP/NPAA/ EP/ SAA

The European Partnership document (Council decision of 22 January 2007) identifies, under the Political Criteria section, the “continued implementation of the decentralisation process and upgrading the capacities of municipalities” as a short term priority.

The Progress Report 2008

The project replies to following passages of the EC Progress Report 2008:

“Implementation of the civil service legislation needs to be pursued more consistently, especially concerning recruitment. The administrative capacity of the central management body, the HRM authority, needs to be strengthened, and a merit-based appraisal system needs to be established.”

“Parliament ratified the European Charter of Local Self-Government. Progress on strengthening local authorities’ administrative and management capacity remains slow.”

“The capacity of the municipalities for financial management, including budgeting, public procurement and allocation of grants, requires further improvement.

Overall, progress has been made in strengthening the legislative framework for the public administration. Some progress has been made in human resources management and local government reform. However, lack of human and financial resources combined with structural weaknesses and corruption continue to hamper the overall effectiveness of the public administration and, as a whole, administrative capacity remains limited.”

The SAA, under art.114 ‘Public Administration’, underlines the need to promote good governance at all levels of public administration, including local government.

2.4 Link with MIPD

The MIPD (2009-2011) identifies:

¹ The total cost of the project should be net of VAT and/or other taxes. Should this not be the case, the amount of VAT and the reasons why it should be considered eligible should be clearly indicated (see Section 7.6)

under political criteria

- i. implementing the decentralisation process and strengthening local democracy; developing the capacity of the municipalities to perform their tasks and improve their competences;

under economic criteria:

- i. supporting investments in the areas of environment (waste water, solid waste, air pollution and nature protection) and transport (road, maritime, rail);

2.5 Link with National Development Plan

Not applicable.

2.6 Link with National strategies

The proposed project is linked to a number of key government strategies and plans, namely:

The Work Programme for better Local Government adopted by the Inter-ministerial Committee for Coordination of Local Self Government reform in 2005 states clearly the need for upgrading the human resources management capacity of municipalities and provision of demand-driven trainings.

The Action Plan for Better Local Government for 2009 approved by the Coordination Committee for Local Self-Government Reform and adopted by the government in February 2009. Among others, the Action Plan provides the time-table for implementation of the Government decision to create financial, personnel and other necessary conditions for the implementation of activities given by the NTS and the NTS Action Plan.

The National Training Strategy for Local Government and Action plan adopted by the government in July 2008 provide the policy framework for strengthening capacity of the local governments. At the same time, the Government adopted the decision assigning the Ministry of Interior and Public Administration and HRMA in cooperation with the Union of Municipalities to take measures in order to create financial, personnel and other necessary conditions for the implementation of activities given by the NTS and the Action Plan.

The Montenegrin Development and Poverty Reduction Strategy (DPRS) adopted in 2003, describes the framework and priorities for poverty reduction actions. Key implementation measures identified include increased decentralisation of competences in the area of social policies, infrastructure and environment.

For further details see Annex 4.

3. Description of project

3.1 Background and justification

Since independence, Montenegro has made significant progress on local government reform:

- The Committee for Coordination of Local Self-government Reform (CCLSGR) was established in February 2007. It is composed of representatives of the Ministry of Finance, Ministry of Internal Affairs and Public Administration, Union of Municipalities and selected municipalities (rotation is applied) and it facilitates institutional dialogue, cooperation and coordination between central and local government.
- The Action Plan for Better Local Self-governance has been adopted by the CCLSGR and is adopted by the GoM in the first quarter of 2009.

- Amendments to the Law on Local Governance, and Law on Territorial Organization are currently in the process of drafting with the assistance of EC and CoE and are expected to be adopted by the Parliament later in 2009.
- A National Training Strategy for Local Government (NTS), as well as an Action Plan for its implementation, have been developed with the assistance of EC and CoE and adopted by the Government of Montenegro and the Assembly of the Union of Municipalities in 2008.
- National Training Council was established in May 2009. It is composed of representatives of Ministry of Internal Affairs and Public Administration, Union of Municipalities and Human Resources Management Authority. The main tasks of the Council include overseeing and coordination of the training activities for local-government, approval of the training programmes and legislative and fiscal initiatives related to implementation of the NTS.

For details please refer to Annex 3.

However, much remains to be done. There are still key challenges on the local level related to municipal management and service delivery. It is especially the issues of the municipal management and services delivery that are seen as the major bottlenecks for improved standards of living in and improved service delivery by municipalities. The local infrastructure, particularly in the less-developed municipalities, is in poor condition and urgently requires additional investments.

Municipal management and service delivery

As a result of decentralization and increased responsibilities of the municipalities, there is a growing trend in expectations from the local population, organizations and businesses for more effective and focused local service delivery. The municipalities are expected to improve standard of living and quality of life at the local level and provide favourable business environment that brings investments and increased employment. Introduction of EU standards and best practices is seen as essential to achieve these objectives and the process of European Integration provides strong incentives for municipal management and citizens for active cooperation.

In this context improving performance of municipalities becomes a central issue. The good performance requires proper procedures and organization, trained staff, and trained and responsible leaders and managers. A permanent communication and consultation process needs to be established at the local level with civil society and businesses as well as with the central government institutions through the municipality advocacy organizations and unions.

The National Training Strategy for Local Government is design to address the main capacity issues pertaining to the functioning of the local government and service delivery to citizens. The strategic goals of the NTS include:

- Building capacities of municipalities for good local governance;
- Developing professional training environment;
- Developing institutional framework for training,
- Strengthening the capacities of the UoM to support capacity-building in municipalities and to oversee implementation of the NTS
- Improving legal and financial framework for local government

The human resource development is the main scope of the NTS. It aims at creating stimulating learning environment in every municipality where they better understand the needs of local community and have tools and skills to deliver adequate services.

Number of organizational and capacity problems will need to be addressed in this process. Municipalities will have to develop effective HR management functions through building a performance assessment system and stimulating environment for advancing skills of the staff and management. A high priority should be given to training in leadership, citizen participation, management and organization, tax collection, asset management and budgetary procedures as well as planning of local economic development and sourcing of development funds. Additional important areas of training will include environmental protection, entrepreneurship support, inclusion of minorities, citizens with disabilities, gender equality and a number of technical skills related to service delivery.

The training process needs to be better organized and focused under leadership of the Union of Municipalities (UoM). The UoM is an association of all 21 Montenegrin municipalities that has become increasingly involved and influential in national policy making. However, it is still a long way from realising its full potential in training delivery and as information platform provider for its members. The UoM should develop a quality training coordination function and quality assurance system, establish network of professional trainers and lead the development of standardized training curricula based on the best practice of EU municipalities. Capacity building needs in spatial planning are taken into account by the World Bank LAMP project (see 3.6).

Municipal Infrastructure

The municipal infrastructure has deteriorated considerably in the past 15 year because of inadequate investment and maintenance and requires urgent improvement. This is especially a problem in the rural municipalities in the North of Montenegro which attracted very small percentage of the private sector investments focusing mainly on the coastal cities and the capital Podgorica.

The proposed project will help to address these problems in two ways. It will provide technical assistance to UoM, HRMA and its members in creating capacity for implementation of the NTS. And second, it will establish a Municipal Grant Scheme that will provide grants for municipal small infrastructure investments and increase the funds already available through the central government support, municipal budget funds and other donor support.

3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact

This project is the second phase of an initiative implemented under IPA 2008 national programme (project 1) e. It seeks to consolidate and strengthen the work carried out in areas agreed upon with the project's main beneficiaries (MIPA, HRAM ,UoM), with a view to ensuring the full ownership by the national authorities at central and local level, of the initiatives undertaken within the framework of the project.

The impact of the project will be improved municipal services in line with the strategic goals of government strategies and the SAA.

The successful implementation of the grant scheme for small infrastructure investments will demonstrate good investment practice and adherence to EU standards. Consequently it shall further enhance investor confidence at the local level.

The projects to be awarded to the municipalities shall provide the vehicle for promoting institutional and management reforms at the local level and give local managers experience in EU standards and procurement practices.

New and improved infrastructure should impact on the socio-economic situation of the municipalities, enabling creation of new jobs, promoting sustainable regional economic development, and contributing to a more balanced regional development.

The support to the UoM will enhance the recognition of its capacity as a service provider to municipalities and will enable municipalities to establish good coordination for NTS implementation, share experiences in learning new skills, procedures and best practices, an essential precursor to longer term sustainability and inter-municipal cooperation.

The project is laying the ground for future initiatives and projects in the area of local infrastructure development, providing a basis for IPA programming processes in the coming years, in accordance with both national and EC strategic priorities.

3.3 Results and measurable indicators

Overall result: Improved local governance through upgraded capacity of main stakeholders to enhance service delivery and development at local level.

Result 1: Local government capacities for effective HR development strengthened

Measurable indicators:

- All municipalities established HR function
- At least 21 municipality staff work in HR functions covering all municipalities
- Policy drafted/enacted for the system of performance appraisal of local employees
- All staff of HR function successfully completed training programme for HR
- At least 50% of municipal officials and administrators participated in briefings about importance of HR units/function

Results 2: UoM capacities strengthened to support capacity building in municipalities in accordance with the NTS Action Plan

Measurable indicators:

- The UoM established NTS (National Training Strategy) unit
- Staff of NTS unit trained in organization and coordination of training of municipalities
- NTS unit is successfully delivering training in line with the NTS Action Plan

Result 3: Professional training environment for local self-government improved in accordance with the NTS Action Plan

Measurable indicators:

- At least 5 Training programmes covering 5 key areas of NTS are designed
- All designed training programmes accredited by responsible authority
- At least 10 trainers trained
- At least 100 people (employees of local government) receive training in key areas of NTS Action plan, covering all municipalities
- All trainers licensed by Examination Centre of Montenegro

Result 4: EC Municipal Development Grant is fully committed for quality projects in line with the municipal strategic plans

Measurable indicators:

- All projects prepared and financed from the grant scheme are in line with the Municipal Strategic Plans
- Full amount of available funds from the EC Municipal Development Grant is committed

For further details on results and measurable indicators see the log frame in Annex 1.

3.4 Activities

Activities related to result 1: Local government capacities for effective HR development strengthened

- 1.1 Functional review of the HR function and management capacities in municipalities
- 1.2 Definition of policy for functioning of the human resources management and professional development in municipalities
- 1.3 Development of draft legal framework for the system of performance appraisal of local employees
- 1.4 Organizational establishment of HR unit/function and recommendation for appointment of staff
- 1.5 Training to municipality employees in HRM departments
- 1.6 Organizing at least two briefings per municipality for Heads of local self-government departments on establishing and functioning of HR function

Activities related to result 2: UoM capacities strengthened to support capacity building in municipalities in accordance with the NTS Action Plan

- 2.1 Establishment of the NTS unit at the UoM
- 2.2 Organizational strengthening of the NTS unit at Union of Municipalities
- 2.3 Training of Union of Municipalities staff in NTS implementation
- 2.4 Support of the Union of Municipalities' NTS unit in coordination of implementation of NTS Action Plan

Activities related to result 3: Professional training environment for local self-government improved

- 3.1 Design of training programmes in key areas identified in the NTS
- 3.2 Design training programmes for ToT
- 3.3 Selection and training of trainers in key areas of NTS
- 3.4 Obtain accreditation of training programmes and licences for trainers from authorized institution
- 3.5 Update and develop data-base of programmes and trainers
- 3.6 Organization of training for municipal employees in key areas of the NTS
- 3.7 Establish a system for monitoring and evaluation of training

Activities related to result 4: EC Municipal Development Grant is fully committed for quality projects in line with the municipal strategic plans

- 4.1 Preparation of Grant Guidelines
- 4.2 Assisting EC in launching the Call for Proposals
- 4.3 Assisting EC in evaluation of project proposals for the EC Municipal Development Grant
- 4.4 Preparation of tender documents
- 4.5 Assistance in management of project financed through MDG
- 4.6 Contracting and disbursement of grant scheme

The Project activities will be implemented through two service contracts and 1 grant scheme.

The organisation and implementation modalities envisaged for the service contract notably include the following:

A steering committee consisting of senior representatives of the Ministry of Internal Affairs and Public Administration, the Union of Municipalities of Montenegro, the Human Resources Management Authority, the Ministry for EU Integration, the Contractor and the Contracting Authority will meet on a quarterly basis.

The senior representative of the Ministry of Internal Affairs and Public Administration will chair the Steering Committee meetings.

Other key stakeholders and main donors or projects may be invited to the Steering Committee meetings as observers, as and when required.

The Steering Committee will be responsible for:

- taking stock of the results of the activities implemented, assessing the outputs of the project against the planned indicators;
- reviewing the planning of the forthcoming activities and suggesting amendments, where appropriate;
- helping mobilise stakeholders and promoting the project's outputs and activities;
- providing support and guidance in overcoming possible difficulties faced by the project;
- reviewing and approving the project's progress reports.

3.5 Conditionality and sequencing

The project implementation is subject to the following conditions:

- Montenegrin government co-financing for both TA and the grant scheme guaranteed;
- Adoption of the Action Plan for Local Government 2010;
- Appointing the relevant staff by the beneficiaries to participate in capacity building activities, working groups, steering and coordination committees, as per work plan;
- Appointment of staff of the UoM Training Unit as prescribed by the NTS
- Established project proposal pipeline at the local level to be considered for funding from the Grant Scheme
- Effective functioning and enforcement capacities of legislative, regulatory and fiscal initiatives of the National Training Council

In the event that conditions are not met, suspension or cancellation of projects will be considered.

As regards sequencing, the Service contract will build on the activities and results of the IPA 2008 project for local government and the corresponding Grant Scheme.

In this respect the implementation of the IPA 2010 Grant Scheme is envisaged to be merged with the call for proposals for IPA 2008 Grant scheme.

3.6 Linked activities

Under IPA 2008 national programme, the EU is financing the implementation of the project supporting Local Government in the area of training in project formulation and management. As a part of the project, the assistance is provided to UoM for building capacity for coordination and management of the training process as well as the 3.5 MEURO Municipal Development Grant for financing small municipal infrastructure. This project will establish the necessary coordination mechanisms between the main project beneficiaries that shall facilitate quick start of the IPA 2010 service contract. Training in project formulation and management will build the capacity for preparation of the quality project proposals and the pipeline of municipality infrastructure projects to be considered for funding from IPA funds. In this context the IPA 2010 will provide additional 1.5 MEUR to complement the IPA 2008 Municipal Development Grant scheme. It is expected that both Grants will be launched at the same time.

Major municipal environmental infrastructure projects in the North of Montenegro are supported through EIB loan and IPA resources from national programmes (IPA 2008, 2009, 2010) as well as multi-beneficiary one (IPA 2008 Multi-beneficiary project titled "Municipal Window of the Infrastructure Projects Facility).

The CoE and SNV contributed to CARDS programme activities for the development of the local government legislative framework and identification of training needs which resulted in the Action Plan for Better Local Government. The EC IPA 2008 intervention includes activities to further expand support to legislative drafting and enhancing the decentralisation process.

GTZ is currently implementing the "Municipal Land Management project", which aims at improving municipal planning and administration in the use of land as resource. The project addresses the core problem of inadequate data and planning and management competencies for directing strategic spatial development in all Montenegrin municipalities.

The KfW supports the six coastal municipalities² and Cetinje in improving their water supply and sewage system through technical assistance and financing investments. Financial allocations to support the municipalities are foreseen until the end of 2009.

As a part of its Democratisation Programme, the OSCE is currently financing a project on improving transparency and efficiency of local governance. The project implemented by the UoM, has four components: Survey on citizen's satisfaction towards municipal administration services, Adoption of the Code of Ethics and Code of Conduct, Leadership Development Programme for local authorities and Best Practice Programme.

The Austrian Development Agency (ADA), has contributed € 2, 9 million since 2004 to support five communities of the region Bjelasica & Komovi (Andrijevisa, Berane, Bijelo Polje, Kolasin and Mojkovac). In the follow-up project ADA intends to further support the development of this area by helping to establish the Regional Development Agency and providing, together with other stakeholders, financial and TA support for its operation. In addition, ADA is planning to provide up to Euro 1.2 million to the Small Project Fund that

² Bar, Budva, Herceg Novi, Ulcinj, Tivat, Kotor

would be at disposal of municipalities for project (co)financing. This project has high potential relevance to the IPA 2008 project in two aspects. First, the Small Project Fund could be one additional source for co-financing of the investment projects to be funded from the EC grant for small infrastructure. Second, part of the training in project formulation and management can be organized under auspices of the RDA and in this way increase the size and relevance of the project proposals developed for financing from the grant fund. The ADA project will benefit from the increase relevance of the established RDA.

The UNDP has recently undertaken the Municipal Capacity Assessment Survey in order to gather information for formulation of the future assistance in the area of capacity building at the local level. The survey was based on a comprehensive questionnaire containing 86 questions related to municipal capacity in terms of institutional development, leadership and accountability. In the draft report “Assessment of Development Needs in North Montenegro” published in June 2009, the authors discuss constraints affecting the absorption capacity of municipalities for EU IPA funds and provide recommendations to improve organizational issues, strategic and investment planning and the overall project management capacities of the surveyed municipalities.

The Dutch government MATRA programme is currently financing the project “Increasing accountability and transparency at the municipal level in Montenegro” implemented by the VNG International. The project includes all 21 municipalities of Montenegro and civil society representatives. It is expected that the project will raise awareness of the need to increase transparency and accountability at the municipal level among civil society, municipal staff and elected representatives. It will develop participatory mechanism with five pilot municipalities for increased transparency and accountability based on the best EU practice and build the capacity of the Union of Municipalities to provide support to municipalities in this area.

The World Bank has signed a Loan Agreement for Land Administration and Management Project (LAMP) just at the end of 2008 of 22 million EUR (11million EUR World Bank loan combined with another 11 million EUR Government co-financing). This project is to be implemented by the Ministry of Economic Development MED. There are three components: (A) Real Estate Administration (71% of Project costs) concentrates on improving registration services to the public by improving the facilities at local offices, especially in Podgorica where the majority of transactions occur. The activities under the Project fit within the Real Estate Administration Department READ five year plan for 2008 to 2013, and include four subcomponents: (i) improving registration services; (ii) information system development; (iii) provision of base maps; and (iv) building the real estate cadastre (REC). (B) Improving Planning and Permitting (24% of Project costs) to support MED and those municipalities that have limited funds to develop spatial and general plans in line with the recently approved National Spatial Plan (NSP). There are four subcomponents: (i) improving the planning process and support to MED; (ii) improving the planning process at municipal level and completion of plans; (iii) improving construction permitting and inspection; and (iv) support to the business environment. (C) Project Management (5% of Project costs).

3.7 Lessons learned

Although impact realised through the previous assistance overall is satisfactory, a number of challenges remain:

- *Implementation:* In the past there has been considerable emphasis on establishing the legal framework, with insufficient attention paid to the capacity to implement the law. This proposed project will put an emphasis on creating capacity for implementation.

- *Resources*: Often project implementation is hampered by either insufficient staff and resources, or insufficient operational funds. This proposed project will have very explicit conditions about sufficient resources being made available in the government budget.
- *Cooperation with civil society*: Municipalities, especially in smaller towns and from rural areas, have limited experience with and capacity to develop, implement and manage projects. Experience shows that inclusion of civil society in the project management cycle significantly increases the success rate, as civil society organisation often do have the required experience with donor funded projects. Mechanisms to promote their inclusion in the municipal investment projects, through measures such as rewarding extra points during evaluation for those municipalities that have a civil society organisation as partner, therefore should be considered.

4. Indicative Budget (amounts in €)

			SOURCES OF FUNDING									
			TOTAL EXP.RE	IPA COMMUNITY CONTRIBUTION		NATIONAL CONTRIBUTION					PRIVATE CONTRIBUTION	
ACTIVITIES	IB	INV	EUR (a)=(b)+(c)+(d)	EUR (b)	%	Total EUR (c)=(x)+(y)+(z)	%	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (d)	%
Activities related to results 1 to 3	x		1,770,000	1,500,000	84,7 %	* 270,000	15, 3%	270,000				
contract 1 Service	x		1,500,000	1,500,000	100%							
contract 2 Service	x		270,000			270,000	100%	270,000*				
Activities under result 4		x	2,170,000	2,000,000	92.2%	** 170,000	7.8%%					
contract 3 Grant scheme		x	2,170,000	2,000,000	92.2%	170,000	7.8%		170,000			
TOTAL IB			1,770,000	1,500,000	84.7%	270,000	15.3%	270,000				
TOTAL INV			2,170,000	2,000,000	92.2%	170,000	7.8%		170,000			
TOTAL PROJECT			3,940,000	3,500,000	88.8%	440,000	11.2%	270,000	170,000			

Amounts net of VAT

* UNDP is committed to assist the government in co-financing of the project activities with the minimum of 0.1 MEUR. Moreover, the Government of Montenegro is planning to channel part of its co-financing resources for this project through the UNDP

** The exact amount and source of funding from the national contribution (central, local, IFI) will be known only after the result of the call for proposals

Details of the contracts are provided in Annex 5.

5. Indicative Implementation Schedule (periods broken down per quarter)

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1	Q4 2010	Q2 2011	Q2 2013
Contract 2*	Q3 2010	Q4 2010	Q4 2012
Contract 3	Q3 2010	Q1 2011	Q1 2013

*national contribution

6. Cross cutting issues

6.1 Equal Opportunity

In general, gender needs will be considered as an analytical instrument, from programme design onwards.

Equal treatment and opportunities for women in the relevant institutions will be taken into account in policies and practices that reflect the working capacities and family obligations of their staff, especially women's participation.

6.2 Environment

There will be a requirement that selected proposals from municipalities take into account environmental issues. It is likely that some of the municipal projects proposals will foresee actual improvements to municipal infrastructure, in sewage treatment or water supply for instance, thus having a more direct environment benefit.

6.3 Minorities

The project will assist beneficiaries in implementing mechanisms to ensure that in the legislative process the principle of equitable representation of ethnic minorities is taken into consideration. There will also be a requirement that selected proposals from municipalities take into account minorities' interests.

ANNEX 1: LOGFRAME PLANNING MATRIX

- LOGFRAME PLANNING MATRIX : Support to Local Self-Government for implementation of the NTS			
Programme: IPA 2010 - Component 1 - Montenegro National Programme-	Contracting period expires 2 years after signing FA	Disbursement period expires: one year after the final date for execution of the contract	
	Total budget : 3.940.000	IPA budget: 3.500.000	
Overall objective	Objectively verifiable indicators	Sources of verification	
To strengthen the capacity of local governments for efficient and effective management of service delivery and to contribute to a more balanced regional socio-economic development in Montenegro.	<ul style="list-style-type: none"> - Faster procedures and higher quality of services at local level (greater number of procedures that are carried out, greater number of adopted normative acts on the basis of citizens' request, commencement/availability of service) - Improved citizen satisfaction with the municipal services compared to before the project - Positive conclusions from EC annual progress report on effectiveness of local self-government - Increased level of investment in assisted municipalities - Increased citizen satisfaction rating 	<ul style="list-style-type: none"> Annual Report on Local Self-Government Functioning in Montenegro by the Ministry of Internal Affairs and Public Administration Municipal documentation Final and interim project reports Local government statistics Local opinion survey 	
Purpose	Objectively verifiable indicators	Sources of verification	Assumptions
To support the implementation of capacity building programmes in line with the National Training Strategy for Local Self-Government (NTS) while continuing support to priority municipal investments in line with EU best practice in local governance.	<ul style="list-style-type: none"> - 80 % of municipalities that have established HR units/functions are applying recommended standards and performance appraisal system by the end of the project - No and type of infrastructure services provided or improved - No of requested trainings by municipalities compared to the situation before the project - No of successfully delivered trainings by NTS 	<ul style="list-style-type: none"> HR units reports Municipal reports NTS Unit reports Final and interim project reports 	<ul style="list-style-type: none"> Political and economic situation is stable Collaboration of the Ministry for Internal Affairs and the Human Resources Management Authority is confirmed Allocated budget resources in Montenegro for the implementation of the National Training Strategy Funds for functioning of the Union of Municipalities are secured

	unit according to requests		
Results	Objectively verifiable indicators	Sources of verification	Assumptions
1. Local government capacities for effective HR development strengthened	<ul style="list-style-type: none"> - All municipalities established HR function - At least 21 staff employed/or reorganised to work in HR functions - Policy drafted/enacted for the system of performance appraisal of local employees - All staff of HR function/units successfully completed training programme for HR - At least 50% of municipal officials and heads of departments participated in briefings about importance of HR function 	<p>Municipal Decision on establishment of Human Resources unit/function</p> <p>Official gazette</p> <p>Project Progress Report</p> <p>Minutes from Heads of Department briefings</p>	There are no legal obstacles to adjust internal organization to include HR function
2. UoM capacities strengthened to support capacity building in municipalities in accordance with the NTS Action plan	<ul style="list-style-type: none"> - The UoM established NTS (National Training Strategy) unit - Staff of NTS unit trained in organization and coordination of training of municipalities - NTS unit is successfully delivering training in line with the NTS Action Plan 	<p>Rule Book on Internal Organization of the Union of Municipalities</p> <p>Training programmes for NTS unit</p> <p>Training completion reports</p> <p>Register of municipal employees that received training</p> <p>Issued training certificates by the Union of Municipalities</p>	<p>The Union of Municipalities established NTS (National Training Strategy) unit and employ new staff</p> <p>Activities of the Union of Municipalities are continuously supported by municipalities</p>
3. Professional training environment for local self-government improved	<ul style="list-style-type: none"> - At least 5 Training programmes covering 5 key areas of NTS are designed - All designed training programmes accredited by responsible authority - All trainers licensed by Examination Centre of Montenegro - At least 10 trainers trained - At least 100 people from municipalities receive training in key areas of NTS Action plan 	<p>Training programme document</p> <p>Accreditation of programmes</p> <p>Training reports</p> <p>Issued licences for trainers</p>	<p>Continued cooperation of Human Resources Management Authority on implementation of the training programmes</p> <p>Sufficient number of available and interested candidates for trainers for key areas</p>
4. EC Municipal Development Grant is fully committed for quality projects in line with the	<ul style="list-style-type: none"> - All projects prepared and financed from the grant scheme are in line with the Municipal 	List of projects financed from EC Municipal Development Grant and Municipal Strategic	Municipalities are able to develop good quality

municipal strategic plans	Strategic Plans – Full amount of available funds from the EC Municipal Development Grant is committed	Plans Grant Guidelines Grant utilization reports	project proposals
Activities	Means	Costs	Assumptions
<p>Activities related to Result 1: Local government capacities for effective HR development strengthened</p> <p>1.1 Functional review of the HR function and management capacities in municipalities</p> <p>1.2 Definition of policy for functioning of the human resources management and professional development in municipalities</p> <p>1.3 Development of draft legal framework for the system of performance appraisal of local employees</p> <p>1.4 Organizational establishment of HR unit/function and recommendation for appointment of staff</p> <p>1.5 Training to municipality employees in HRM departments</p> <p>1.6 Organizing at least two briefings per municipality for Heads of local self-government departments on establishing and functioning of HR function</p>	<p>Means</p> <p>1. 2 Service Contracts (i) –IPA funds covering all activities except those implemented through national contribution contract and activity 4.6 (ii)- NC covering the activities 1.1; 2.1, part of activities 1.4; 1.5; 2.5 and 3.3</p> <p>2. Grant scheme (IPA and NC)</p>	<p>1 – 1.77 MEUR (i)IPA contribution – 1 500 000€ (ii) National Contribution – 270 000 €</p> <p>2 - 1.67 MEUR IPA contribution – 2 000 000€ National Contribution – 170 000 € * (*the exact amount will be known after the results of the CfP)</p>	<p>Willingness of municipality authorities to adjust internal documents and organization to include HR unit/function</p> <p>Adequate number of <u>existing</u> employees to be assigned the HR duties</p> <p>Municipality management interested and available for briefings on HRM issues</p>
<p>Activities related to Result 2: UoM capacities strengthened to support capacity building in municipalities</p> <p>2.1 Establishment of the NTS unit at the UoM</p> <p>2.2 Organizational strengthening of the NTS unit at Union of Municipalities</p> <p>2.3 Training of Union of Municipalities staff in NTS implementation</p> <p>2.4 Support of the Union of Municipalities' NTS unit in coordination of implementation of NTS Action Plan</p>			<p>Willingness of the Union of Municipalities to assume responsibility for coordination and management of training in line with the NTS</p> <p>Available staff at the Union of Municipalities to be appointed for the NTS unit</p> <p>Financing available for the functioning of the NTS unit</p> <p>Collaboration of the Human Resources Management Authority on development and implementation of training programmes in line with the NTS confirmed</p>

<p><u>Activities related to Result 3:</u> Programmes for training of municipality employees designed and approved</p> <p>3.1 Design of training programmes in key areas identified in the NTS</p> <p>3.2 Design training programmes for ToT</p> <p>3.3 Selection and Training of trainers in key areas of the NTS</p> <p>3.4 Obtain accreditation of training programmes and licences for trainers from the authorized state institution</p> <p>3.5 Update and develop data-base of programmes and trainers</p> <p>2.5 Organization of training for municipal employees in key areas of the NTS</p> <p>2.6 Establish a system for monitoring and evaluation of training</p>			<p>the established HRM programmes</p> <p>Collaboration of the Ministry for Internal Affairs and the Human Resources Management Authority on development of training programmes confirmed</p> <p>Sufficient number interested candidates meeting minimum requirements for participation in ToT</p> <p>Authorities are willing to issue fast authorization of training programmes</p>
<p><u>Activities related to Result 4:</u> EC Municipal Development Grant is fully committed for quality projects</p> <p>4.1 Preparation of Grant Guidelines</p> <p>4.2 Assisting EC in launching the Call for Proposals</p> <p>4.3 Assisting EC in evaluation of project proposals for the EC Municipal Development Grant</p> <p>4.4 Preparation of tender documents</p> <p>4.5 Assistance in management of projects financed through Municipal Development Grant</p> <p>4.6 Contracting and disbursement of Grant scheme</p>			<p>Sufficient number of quality projects proposed for financing from Municipal Development Grant</p> <p>All proposed projects in line with the municipality Strategic Plans</p> <p>Sufficient management capacity of municipalities for implementation of projects</p>

Preconditions:

- Montenegrin government co-financing for both TA and the grant scheme guaranteed;
- Adoption of the Action Plan for Local Government 2010;
- Appointing the relevant staff by the beneficiaries to participate in capacity building activities, working groups, steering and coordination committees, as per work plan;
- Appointment of staff of the UoM Training Unit as prescribed by the NTS

- Established project proposal pipeline at the local level to be considered for funding from the Grant Scheme

ANNEX 2: Amounts contracted and disbursed by quarter for the project (in €) – only IPA funds

Contracted	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2
Contract 1 (service)				1 500 000								
Contract 3 (Grant scheme)			2 000 000									
Cumulative			2 000 000	3 500 000								
Disbursed	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2
Contract 1 (service)				450 000			450 000			450 000		150 000
Contract 3 (Grant scheme)[1]			1 500 000				250 000				250 000	
Cumulative			1 500 000	1 950 000			2 650 000			3 100 000	3 350 000	3 500 000

[1] Disbursement envisaged as per the General Conditions applicable to European Community-financed grant contracts for external actions for Gant above EUR 100 000

ANNEX 3: Description of institutional framework

The Committee for Coordination of Local Self-government Reform (CCLSGR) was established in February 2007 (Official Gazette, 14/07, 22/07). It is composed of representatives of the Ministry of Finance, Ministry of Internal Affairs and Public Administration, Union of Municipalities and 5 selected municipalities (rotation is applied) and it facilitates institutional dialogue, cooperation and coordination between central and local government. Under the CCLSGR three commissions have been established: 1. Commission for international cooperation 2. Commission for fiscal decentralisation and 3. Commission for administrative decentralisation.

The Ministry of Interior and Public Administration established a Local government department which staffed with approx.10 civil servants. The Ministry of interior and Public Administration (hereinafter: the Ministry) has the leading role and responsibility for developing the right policy and legislative framework for local government. It needs to overlook the local government fulfilling and to analyze problems and keys obstacles in functioning and performance of the local government bodies.

According to the Law on Civil Servants and State Employees (Official Gazette 27/04), the **Human Resources Management Authority (HRMA)** was established as a new authority in the state administration system of Montenegro in 2004. The HRMA has expertise in training provision, curriculum development, Training of Trainers, managing training information, monitoring and evaluation, and quality assurance. While their focus is on training national civil servants, it is needed that this experience and expertise is made available to support the development of a professional training environment for local government.

The Union of Municipalities, Union of Municipalities was founded in 1972, as an association of municipalities of Montenegro. By adopting the Law on Local Self-government (Official Gazette 43/03), terms for registration of the Union as a national association of local authorities of Montenegro have been reached. The Union was register as the National Association of Municipalities in November 2003. The Union is composed by all twenty one municipalities of Montenegro. It is staffed with 8 permanent staff in 2009. The association has its assembly, presidency and 4 committees. Its main goals are: to develop and improve the legal system and the position of local government; to represent common local government interests in front of Republic bodies and other domestic and international entities; to accomplish mutual cooperation between local governments in order to realize jointly local population interests and to develop and improve education and culture of citizens and local government official.

A National Training Council was established in May 2009, by a decision from the governing board of the Union of Municipalities. It is composed of representatives of Ministry of Internal Affairs and Public Administration, Union of Municipalities and Human Resources Management Authority. As indicated in the NTS, the main role of National Training Council is to oversee and coordinate local government training, agree Annual Report and Annual Programme, agree updated TNA / NTS, take legislative and fiscal initiatives.

This chart reflects the institutional roles in the supply of training within a professional training environment in response to demand from municipalities as provided per the TNS

**Committee
for
Coordination
of Local
Self-
Government
Reform
(CCLSGR)
Facilitates**

NATIONAL TRAINING COUNCIL

(Union, Ministry, HRMA)

- oversee and coordinate local government training
- agree Annual Report and Annual Programme
- agree updated TNA / NTS
- take legislative and fiscal initiatives



UNION

- HR support
- Training provision
- Training development
- Capacity-building
- Training commissioning
- TNA / NTS; Annual Report and Programme



HRMA

- Training library
- Training information
- Training of Trainers
- Curriculum development
- Quality Assurance
- Training provision



TRAINING ORGANISATIONS

- training provision



MUNICIPALITIES

MUNICIPALITIES

MUNICIPALITIES

- HR function
- Local training capacity

ANNEX 4: Reference to laws, regulations and strategic documents

Reference list of relevant laws and regulations

- European Charter on local self-government, Official Gazette 5/08
- Constitution of Montenegro, Official Gazette 61/07
- Decree on organization and manner of work of state administration, Official Gazette 54/04
- Law on Local Self-Government, Official Gazette 42/03, 28/04, 75/05, 13/06
- Law on Financing of Local Self-Government, Official Gazette 42/03, 44/03, 5/08
- Law on Public Procurement, Official Gazette 60/03
- Law on Territorial Organisation of Montenegro, Official Gazette 10/06
- Law on State-owned Property, Official Gazette 21/09
- Law on Public Servants, Official Gazette 50/08
- Law on Administrative Supervision, Official Gazette 39/03
- Law on Election of Counsellors and MPs, Official Gazette 16/00
- Decision on the establishment of the Committee for local self-government reform, Official Gazette , 14/07, 22/07
- Analysis of local self-government functioning, GoM 2005
- Analysis of local self-government activities, GoM 2005
- Analysis of local self-government financing, GoM 2005

Reference to AP /NPAA / EP / SAA

The European Partnership

(Council decision of 22 January 2007) identifies, under the Political Criteria section, the “continued implementation of the decentralisation process and upgrading the capacities of municipalities” as a short term priority.

The Progress Report 2008

The project replies to following passages of the EC Progress Report 2008:

“Implementation of the civil service legislation needs to be pursued more consistently, especially concerning recruitment. The administrative capacity of the central management body, the HRM authority, needs to be strengthened, and a merit-based appraisal system needs to be established.”

“Parliament ratified the European Charter of Local Self-Government. Progress on strengthening local authorities’ administrative and management capacity remains slow.”

“The capacity of the municipalities for financial management, including budgeting, public procurement and allocation of grants, requires further improvement.

Overall, progress has been made in strengthening the legislative framework for the public administration. Some progress has been made in human resources management and local government reform. However, lack of human and financial resources combined with structural weaknesses and corruption continue to hamper the overall effectiveness of the public administration and, as a whole, administrative capacity remains limited.”

The SAA,

under art.114 ‘Public Administration’ underlines the need to promote good governance at all levels of public administration, including local government.

Reference to MIPD

The MIPD (2009-2011) identifies:

Under Political Criteria

- ii. implementing the decentralisation process and strengthening local democracy; developing the capacity of the municipalities to perform their tasks and improve their competences;

Under Economic Criteria

- (1) strengthening the competitiveness of the Montenegrin economy and improving the business environment; encouraging investments in research; sustaining macro economic stability; supporting the transport sector and the development of regional networks, with special emphasis on railways;
- (2) supporting investments in the areas of environment (waste water, solid waste, air pollution and nature protection) and transport (road, maritime, rail);

Reference to national / sectoral investment plans

The **Montenegrin Development and Poverty Reduction Strategy (DPRS)**, adopted in 2003, describe the framework and priorities for poverty reduction actions. Key implementation measures identified include increased decentralisation of competences in the area of social policies, infrastructure and environment.

The proposed intervention is linked to the **Work Programme for better Local government**, adopted by the Inter-ministerial Committee for Coordination of local self government reform in 2005, which states clearly the need for upgrading the human resources management capacity of municipalities and provision of demand-driven trainings.

Work Programme for better Local government states that the adequate training is not available to all personnel and elected representatives. Training is often of a poor quality, it is not focused on priorities and interesting and interactive methodologies are not used. The larger part of investment for training is wasted because the existing capacities were not fully used, examples of quality training were not implemented, there was a frequent change of personnel, and lack of coordination and cooperation among training providers. There is a lack of qualified trainers. Training is mainly conditioned by the available means, not demands.

To overcome these problems the following activities are proposed by the Work Programme for better Local government:

- Offer concrete political and financial support as well as technical / logistical support to the Union of Municipalities for the development of a National Training Strategy that will be prepared on the basis of comprehensive training needs analysis in partnership with interested parties.
- Assist in the formulation and establishment of appropriate institutional framework for the drafting of a national training strategy.
- Active participation in ensuring the implementation of national training strategy, as follows:
 - Development of training priorities,
 - Preparation of Training programs for the most important areas,

- Fulfilling conditions for accreditation of training programs,
- Providing assistance to the training providers in raising standards of training and coordinate their approach,
- Ensuring a sufficient number of qualified trainers,
- Capacity building for training within each local government,
- Ensuring long-term sustainability of training.

In accordance with the Work Programme for better local government and as the main task of the Committee for Coordination of Local Government Reform, the Action Plan for Better Local Governance is prepared on yearly basis. So far, Action Plans were prepared for 2008 and 2009.

An **Action Plan for Better Local Governance 2009** has been approved by the Coordination Committee for Local Self-Government Reform early 2009. The Action Plan provides the time-table for implementation of the Government decision to create financial, personnel and other necessary conditions for the implementation of activities given by the NTS and the NTS Action Plan. The Chapter VI of the Action Plan detailed the activities related to capacity building in the local self-governments:

- (1) “Implementation of NTS for local self-governance in Montenegro and Action Plan for implementation of the NTS:
- (2) Municipalities, Capital City Podgorica and Historical Capital of Cetinje have a key role in management, development and training of their staff and establishing units for management, development and training;
- (3) Union of Municipalities, that provides assistance to all local communities, is advocating their interests at central state authorities and international organizations and associations and addressing issues and problems of common interest of local communities. In this context, the UoM must play a key role in developing and training of municipality officials and staff;
- (4) The Human Resource Management Authority, with its experience in providing training to civil servants and public employees and developing training programmes, training of trainers programmes, collecting and processing training data and monitoring and evaluation of training as well as the quality assurance, have to provide appropriate assistance for human resource development and training in local self-governments and UoM;
- (5) The Ministry of interior and Public Administration (hereinafter: the Ministry) has the leading role and responsibility for developing the right policy and legislative framework for local government. The Ministry:
 - Overlooks the local government fulfilling and to analyze problems and keys obstacles in functioning and performance of the local government bodies.
 - Works in partnership with the Union to help municipalities to deliver good public services.
 - Works with line Ministries and other state administration bodies to satisfy the needs and capacities of municipalities in exercising shared or delegated competences and in delivering public services to high standards.
 - The Ministry needs to work closely with the Ministry of Finance, not only to develop the appropriate fiscal framework for local government but also to seek

a financial settlement where the resources allocated to local government should match both the competences transferred to municipalities as well as their responsibilities for economic, social and environmental development. "

The Government of Montenegro adopted the **National Training Strategy for Local Government (NTS) and Action plan** for realization of the National Training Strategy on 17 July 2008.

The NTS is a key document for the development of modern, professional and effective local government. The aim of this document is to assist Montenegrin local governments to respond to the challenges they are facing in the process of European integration: a better quality of life of citizens, faster economic development, attracting investments and creating a healthy and attractive environmental and business environment. This can be achieved by strengthening the capacity of local governments, through a process of continuous professional development and acquiring new knowledge and skills. Training should include all categories of local government: elected representatives, leadership structure, and all employees in local government. Therefore, NTS establish a sustainable training system, which contributes to raising the level of professional knowledge and skills of all categories of local government.

Consequently, the project will provide assistance for implementation of the key objectives of the NTS as follows:

1. Build the capacities of municipalities for good local governance.
 - Establish human resources capacity in municipalities
 - Establish standards of human resources management in municipalities.
 - Ensure the proper implementation of applicable regulations and standards on employment and promotion of officials, and eliminate political interference.
 - Introduce a system of performance appraisal for officials.
 - Establish an internal training system in each municipality.
2. Strengthen the capacities of the Union of Municipalities (UoM) to support capacity-building in municipalities and to oversee the implementation of the NTS.
 - Secure the sustainability of the implementation of the NTS within the UoM.
 - Create institutional capacity for the implementation of the NTS within the UoM.
3. Develop a professional training environment.
 - Establish a system of Quality Assurance.
 - Establish a library of training materials.
 - Establish a capacity for curriculum development.
 - Establish a systematic approach to the evaluation of training programmes.
4. Improve the legal and financial framework for local government.
 - Define the appropriate working and legal status of officials and the responsibilities of the key bodies.
5. Develop an institutional framework for training.
 - Build the capacity of the Human Resource Management Authority to:
 - (i) provide support to professional training for local government;
 - (ii) Improve the professional training environment;
 - (iii) Improve the capacities of Ministries to cooperate productively with municipalities.

- Define mechanisms for improving cooperation between central and local government.
- Establish a National Training Council (NTC) for local government (Union of Municipalities, Ministry of Interior and Public Administration, Human Resources Management Authority).

Annex 5: Details per EU funded contract

Contract 1. Service contract (IPA - 1.5 MEUR)

Technical Assistance for Contract 1 will consist of a long term service contract covering Component 1 and Support in Grant Scheme Management for small municipal infrastructure projects from Component 2.

Tasks of external consultants will contain the following but will not be restricted to:

The external consultant that will be awarded for the implementation of TA will carry out activities to develop the capacities of MIPA, UoM, HRMA and of municipalities, including be not restricted to the following (in brackets the main responsible beneficiaries of activities):

- Definition of policy and standards for the development and functioning of the human resources management and professional development in municipalities (MIPA)
- Development of draft legal framework for the system of performance appraisal of local employees (including rule book for performance appraisal of the civil servants in local self-government on quality performance training) (MIPA, HRMA)
- Training to municipality employees in HRM functions (UoM, HRMA)
- Organizing briefings/trainings per municipality for Heads of local self-government departments on establishing and functioning of HR function (UoM, HRMA)
- Organization of training in the key areas of the NTS (UoM, HRMA)
- Establishment of a system for monitoring and evaluation of training (including rulebook and manual on quality performance training)
- Training of UoM NTS Unit and HRMA staffs in NTS implementation (UoM, HRMA)
- Support of the UoM's NTS unit in coordinating the implementation of NTS Action Plan (UoM, HRMA)
- Design of training programmes in key areas identified in the NTS (UoM, HRMA)
- Develop data-base of programmes and trainers (UoM, HRMA)
- Training of trainers in key areas of NTS (UoM, HRMA)

Required professional references of external consultants will include, in addition to high professional qualification, a long experience in the field of development and human resources management, and possession of training knowledge and skills in the areas necessary for building organizational capacity.

Contract 2. Service Contract (National contribution- 0.27 MEUR)

The activities under Contract 2 will include government financed project activities including:

- Functional review of the municipalities to determine the structure of the future HR function (activity 1.1) (MIPA, HRMA)
- Establishment of the NTS unit at the UoM (activity 2.1.) (UoM)
- Organizational establishment of HR unit/function and recommendation for appointment of staff (under activity 1.4) (MIPA, HRMA)
- Provision of training facilities (under activities 1.5, 2.5 and 3.3) (UoM, HRMA)

The UNDP is committed to assist the government in co-financing of the project activities with the minimum of 0.1 MEUR. Moreover, the Government of Montenegro is planning to channel all its co-financing resources for this project through the UNDP

Contract 3. Grant to municipalities (IPA-2 MEUR; NC - 0.17MEUR)

A joint call for proposal including 3.5 million EUR from IPA2008 will be launch in Q3 2010

Grant contracts will be awarded to municipalities, following a selection of the proposals under the envisaged following criteria to be finalised with the support of the technical assistance contract:

- the grant will be open for all municipalities that are eligible for Equalization Fund (currently 15 municipalities);
- the aim is to distribute funds as equal as possible but all projects will be evaluated on competitive basis
- grant funds will be possible to use for preparation of investment documents as well as the implementation of investments;
- all projects shall contribute to improve a balanced regional development
- all projects will have to be linked to local development plans and investment priorities
- joint inter-municipality projects will be encouraged
- co-financing arrangement must be clearly presented by each applicant (possible mechanisms include in-kind contribution, budget funding³, funding from the Conditional Grants Fund, funding from other donor funds

Clear criteria for the Call for Proposals will be developed and approved by the European Commission Delegation in Montenegro.

A specific window (0.5 million EUR) will be allocated to municipalities bordering with Kosovo (Plav, Rozaje, Andrijevica, Berane) in order to develop priority projects contributing to the preparation of 2011 CBC programme.

Both technical (“hard”) and social (“soft”) municipal infrastructure projects will be eligible.

In the evaluation extra points may be given to municipal investments proposals in support to implementation of new responsibilities devolved to municipalities (education, primary health care, social welfare, and child protection).

Applicants for Grants will have to demonstrate that they have clear plan for implementation of the grant and to prove sustainability of action.

The 2010 Grant will be launched at the same time as the IPA 2008 Municipal Infrastructure Grant scheme.

³ Municipalities will be required to build a provision in their 2010 and/or 2011 budgets for co-financing of the IPA grant fund in the amount of at least 10% of the envisaged co-financing needs