

# Donor coordination mechanisms in Montenegro<sup>1</sup>

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<sup>1</sup> This white paper was prepared by a consultant engaged by UNOPS based on publicly-available data to inform relevant discussions taking place outside of UNOPS' involvement.

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## Abbreviations

AD	Action Document
CEB	Council of Europe Bank
CFCD	Central Financing and Contracting Department
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EIB	European Investment Bank
EU	European Union
EUD	European Union Delegation
DPMGRM	Deputy Prime Minister of the Government of the Republic of Macedonia
GAP	General Assessment of the Project
SGG	Secretariat General of the Government
IFI	International Financial Institution
IPA	Instrument for Pre-accession Assistance
KfW	Kreditanstalt für Wiederaufbau
MF	Ministry of Finance
NAO	National Authorising Officer
NIPAC	National IPA Coordinator
PAF	Performance Assessment Framework
PMGRM	Prime Minister of the Government of the Republic of Macedonia
PMO	Prime Minister Office
SPD	Sector Planning Document
SWG	Sector Working Group
WB	World Bank

## **1 Executive summary<sup>2</sup>**

This white paper was produced as part of a project financed by the Ministry of Foreign Affairs of Norway “Knowledge for Reform Action in the Western Balkans”, which broadly aims at providing technical assistance to advance on national reform efforts (also see: <https://www.knowledge4reformation.org/>)

The main donor in Montenegro is the EU which provides financial support through the Instrument for Pre-accession Assistance (IPA), as seven-year planned assistance that has been available to Montenegro since 2007. Apart from IPA funds, Montenegro uses resources of the International Financial Institutions (IFIs) – the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD), the Council of Europe Development Bank (CEB), Kreditanstalt für Wiederaufbau (KfW) and the World Bank, as well as bilateral donors. While overall coordination of the EU assistance to Montenegro is under the competence of the Ministry of European Affairs, the findings suggest there is no single overview of other donor support in terms of: active donors, amount of investments, their relation to the adopted strategic documents, projects’ beneficiaries, Montenegro’s commitments in case of possible co-financing, successful monitoring of implementation and other relevant aspects of donor assistance.

A coordination of donor support would be beneficial as it would allow using the available funds in the most efficient manner and further affirming its position in the international community through confirmation of its readiness and capacities for taking a responsible approach towards financial support.

During the consultation process with representatives of the donor community in 2021, pointed to the benefit of establishing an overall system of donor coordination and monitoring of the reform progress. Therefore, on the initiative of Prime Minister Krivokapić, the Prime Minister’s Office took over the activities on establishing the system, which will ensure easier monitoring and planning of programmes and projects in priority areas for further economic and social development of Montenegro. One of the key objectives and priorities of the Government of Montenegro is to pursue the reforms to accelerate Montenegro’s progress towards European Union accession. As part of this effort, it would be necessary to establish an effective framework and a forum for monitoring the implementation of the governmental reforms and policies.

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<sup>2</sup> This white paper was prepared by an expert engaged by UNOPS at a request by the Government of Montenegro and does not reflect the views or position of UNOPS, its funding or any other organisation source on the donor coordination mechanisms in Montenegro or elsewhere.

The intention of the Government is to design and develop a structure and mechanism, which would enable the Government to fully implement its own strategic vision and plans for Montenegro in the coming years, while also ensuring an agile and efficient system linking national reforms to different frameworks and related progress monitoring.

This white paper provides analysis to inform further discussions on a structure (mechanism / system) which ought to be multidimensional and encompass two main pillars allowing for a single flow for the reform process: the first one focusing on the monitoring of reform implementation and the second one on the coordination with development partners.

## **2 Background - development assistance in Montenegro**

Montenegro is a Western Balkan country with a population of 620,173<sup>3</sup>, which gained its independence in May 2006. In June 2012, Montenegro opened negotiations on accession to the European Union and is recognised as the most advanced country in the negotiation process, with all 33 negotiating chapters open and 3 of them provisionally closed. According to the revised methodology of negotiations, adopted by the European Commission in February 2020, further closure of chapters is conditioned by the fulfilment of interim benchmarks in the rule of law area chapters (Chapters 23 and 24).

The main donor in Montenegro is the EU which supports the beneficiaries in adopting and implementing the political, institutional, legal, administrative, social and economic reforms. Besides the EU, other international donors and IFIs provide support to the overall reform process in Montenegro, as well.

### **2.1 Instrument for Pre-accession Assistance (IPA)**

The European Union provides financial support through the Instrument for Pre-accession Assistance (IPA), as seven-year planned assistance, and other related instruments and programmes that are available to Montenegro since 2007.

The overall coordination of the EU assistance to Montenegro is under the competence of the Ministry of European Affairs. IPA is implemented through national and regional programmes, which provide assistance to central authorities to meet the obligations arising from the EU accession process. In addition,

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<sup>3</sup> [World Bank data](#)

programmes of cross-border and transnational cooperation are mostly open for local authorities, civil society and companies, which provide the opportunity to implement projects in cooperation with partners from neighbouring and EU countries.

Montenegro is currently implementing a package of measures funded through the IPA programmes. The general objective of IPA is to support the beneficiaries in adopting and implementing the political, institutional, legal, administrative, social and economic reforms required by those beneficiaries to comply with the EU values and to progressively align to EU rules, standards, policies and practices.

Assistance under IPA III will be based on the IPA III Programming Framework, which reflects the specific objectives of the relevant EU regulations and is focused on the priorities of the enlargement process. It lays down five thematic windows, which mirror the clusters of negotiating chapters as per the revised enlargement methodology:

- Window 1: Rule of law, fundamental rights and democracy;
- Window 2: Good governance, acquis alignment, good neighbourly relations and strategic communication;
- Window 3: Green agenda and sustainable connectivity;
- Window 4: Competitiveness and inclusive growth;
- Window 5: Territorial and cross-border cooperation.

## **2.2 Other donors**

Apart from IPA, Montenegro also benefits from credit arrangements from International Financial Institutions, which are used to invest in the development of the country. Financial assistance is mainly focused on enhancing the competitiveness of the private sector, supporting sustainable practices in tourism and property sectors, improving connectivity and regional integration, promoting energy efficiency and improving municipal infrastructure (water and sanitation). Furthermore, the green recovery and decarbonisation of the Montenegrin economy, as well as support to the education and health sector, are supported through loans.

In addition to direct credit arrangements, Montenegro uses resources of several International Financial Institutions – EIB, EBRD, CEB, KfW and the World Bank – through the Western Balkan Investment Framework, which merges the EU funds and resources of International Financial Institutions. Besides this, Montenegro uses funds from bilateral donors. However, given the overall weakness of donor

coordination, there is no general overview of data on the projects financed by international donors (apart from EU funds) in Montenegro.

### 3 Donor coordination mechanism in Montenegro

The central government coordination of external assistance in Montenegro has not been very systematic in the past, which has been repeatedly noted by the European Commission in their annual reports on Montenegro. Apart from the EU assistance – IPA, Montenegro does not have a uniform donor coordination system or a single point of access. Therefore, ministries and governmental agencies have direct communication with donors. Based on the available data, the desk review, and in particular on the conducted interviews, the main challenges are the following:

- **Lack of coordination** – The absence of a coordination mechanism undermines obtaining a clear overview of overall donor support in Montenegro, including inadequate planning of international funds needed for implementation of the key development priorities, defined by national strategic documents. It also affects the monitoring of project implementation and keeping track of the key indicators achievement. In this regard, coordination would ensure better complementarity between national and international funds and contribute to a more coherent implementation of the reform processes. Furthermore, bilateral donors (apart from EU) and IFIs currently engage line ministries and other organisations and institutions directly, sometimes without involving all other relevant institutions for donor coordination. This results in various challenges, such as a risk of possible duplication of funds from different sources.
- **Lack of a database** – Ministries do not have their own structured database of projects financed by international donors. Some ministries have databases on projects in a form of excel or word overview, but usually this kind of data keeping is entrusted to individual personnel, with risks of loss of data during personnel turnover. An efficient coordination system also implies a need to define a database management system, which would provide an overview of all projects financed from bilateral donors, international organisations and IFIs.
- **No donor strategy** – Montenegro does not have a comprehensive national strategy for international assistance, which would define key priorities and measures within certain sectors in the short and long term. Such a strategy would contribute to better planning of international and national resources and ensure overall complementarity, effectiveness and added value of invested funds.

- **Weak communication channels and procedures** – Lack of procedures that clearly define the roles and responsibilities of all involved parties in the donor coordination process to achieve the intended results. Besides procedures, a crucial precondition for successful utilisation of available funds is smooth and constant communication among all stakeholders during each phase of the project management cycle.

### 3.1 Previous donor coordination mechanisms in Montenegro

An overall system of coordination of donor support, which aimed at monitoring and planning of programmes and projects in priority areas in Montenegro, was established in 2010 and was coordinated by the Office of the Deputy Prime Minister for International Economic Cooperation, Structural Reforms and Improving Business Environment.

The system of coordination of donor support provided an overview of ongoing projects and more efficient planning of future activities, thus avoiding possible overlapping in the implementation of future donor activities.

The Deputy Prime Minister's Office established a structure for donor support coordination, collected the data on donor-funded projects implemented by ministries and other government authorities, ensured regular exchange of information and planning activities not only within the Government, but also between the Montenegrin Government and donor community. Furthermore, it established a system of regular reporting on the implementation of project activities funded by international donors, and defined, developed and used the system that collected the data on all the projects financed by international donors. The information system for tracking donor support included all the necessary elements for monitoring the existing, but also for planning future programmes/projects.

The structure for donor support coordination was composed of the Working Group for Donor Support Coordination, whose members were the representatives of the Deputy Prime Minister's Office and one representative from each ministry of the Government.

Apart from regular meetings of the Working Group, regular quarterly meetings between the Working Group's members and representatives of the donor community in Montenegro were held as well. Furthermore, the Deputy Prime Minister held meetings with representatives of ministries every six months with the aim to identify priorities and strategies for international support for the upcoming

period and consequently include them in the agenda of regular meetings of the Deputy Prime Minister with the donor community, which were also held every six months.

Before the Government of Prime Minister Lukšić, which recognised the necessity of establishing donor coordination mechanism as very important and one of the government priorities, donor coordination system had not existed. After the change of the government in 2012, this donor coordination mechanism ceased to exist and coordination of donors was left to ministries.

#### **4 Relevant structures for the European integration process in Montenegro**

Montenegro has a well-established and functioning structure of bodies relevant for the negotiation process in place. These bodies are established based on the relevant documents and requirements arising from the process of accession to the EU.

In line with the *Stabilisation and Association Agreement*<sup>4</sup> (SAA) signed between the EU and Montenegro in 2007, there are a number of bodies within which the EU and Montenegro are discussing the progress made by Montenegro in aligning with the EU rules and standards in related areas. Those bodies are:

- **Stabilisation and Association Council** – The council supervises implementation of the Stabilisation and Association Agreement (in line with its Article 119) and discusses all bilateral and international matters of mutual interest. It is composed of representatives of the EU Council and the Government of Montenegro. Meetings of the Council are held once a year at the ministerial level, and are chaired on a rotating basis. The Council may make recommendations or even pass decisions arising from the SAA, and those decisions are binding for signatories. Meetings of the Council are not open to the public.
- **Stabilisation and Association Committee** – The committee supports functioning of the Stabilisation and Association Council and is composed of representatives of the EU Council and the European Commission, on one hand, and representatives of the Government of Montenegro, on the other. In fact,

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<sup>4</sup> The Stabilisation and Association Agreement (SAA) is an international agreement signed between a country and the European Union, which establishes a legal framework for mutual cooperation and gradual approximation to the EU standards. It prescribes obligations of a candidate country for EU membership, primarily with regard to adoption of legislation and its implementation, as well as to meeting the quality standards in state administration and public institutions. On the other hand, the EU simplifies access to its common market for the candidate country's companies and provides technical and financial assistance under the pre-accession funds.

the Stabilisation and Association Council may delegate some of its functions and competencies to the Stabilisation and Association Committee. The Committee meets once a year.

- **Sectoral Sub-committees** – The sub-committees are established to monitor the progress towards the EU acquis. There are seven sub-committees:
  1. Sub-committee on trade, industry, customs and taxation
  2. Sub-committee on agriculture and fishery
  3. Sub-committee on internal market and competition
  4. Sub-committee on economic and financial issues and statistics
  5. Sub-committee on justice, freedom and security
  6. Sub-committee on innovation, human resources, information society and social policy
  7. Sub-committee on transport, environment, energy and regional development
- **Special Working Group (SWG) for Public Administration Reform** – The SWG was established to improve the structure for SAA implementation and focuses solely on the public administration reform in Montenegro. Its task is to monitor and discuss the progress achieved in the public administration reform.
- **Stabilisation and Association Parliamentary Committee** – The committee was established for the purpose of political dialogue at the parliamentary level between members of the European Parliament and of the Parliament of Montenegro. Both parliaments have the same number of representatives. The Committee meets twice a year – in Brussels/Strasbourg and in Podgorica to discuss all aspects of the relations between the EU and Montenegro, with focus on implementation of the Stabilisation and Association Agreement. The Parliamentary Committee can pass a declaration or recommendations, which are then shared with the European Parliament including the Parliament, the Government of Montenegro, the Council of the EU and the European Commission.

In addition, the political dialogue with the European Union is conducted through two advisory bodies:

**Joint Consultative Committee between Montenegro and the European Economic and Social Committee** – The committee's objective is to articulate interests of employers, workers, civil society and other stakeholders in the accession process, as well as to give recommendations to the Government of Montenegro for negotiations in these areas;

**Joint Consultative Committee between Montenegro and the Committee of the Regions** – The committee examines challenges faced by local administrations in the accession process and provides recommendations to the Government of Montenegro on addressing those challenges.

The Government has a defined structure for negotiations on the accession of Montenegro to the European Union. The structure was redefined in July 2022 currently encompasses:

- **College for Negotiations** – It discusses the most important strategic documents for accession negotiations and submits them to the Government for adoption. The College is composed of the Prime Minister, Deputy Prime Ministers, Minister of European Affairs and Minister of Foreign Affairs. Other ministers or members of the Negotiating Team might be invited to the College sessions as well.
- **Rule of Law Council** – This is the working body responsible for discussing all the matters related to the rule of law. It monitors the work of state bodies and public institutions involved in Chapters 23 – Judiciary and fundamental rights and 24 – Justice, freedom and security and gives recommendations to those bodies regarding their work.
- **Negotiating Team** – It is responsible for the technical and expert aspects of the accession negotiation and for discussing proposals of strategic documents that are important for the accession negotiations. The Team reports to the Government and is chaired by the Deputy Prime Minister for Foreign Affairs, European Integration and Regional Cooperation, being at the same time Minister for European Affairs. Other members of the Team are: coordinators of clusters (groups of negotiating chapters), directors general in the Ministry of European Affairs responsible for accession and for EU funds, and a secretary of the Team. National and foreign experts can be involved in the Negotiating Team in an advisory capacity, if a particular topic or area of negotiations requires so.
- **Working groups for chapters of the EU acquis** – The working groups are tasked to monitor the implementation of the chapter-related strategic and legal documents; to oversee fulfilment of benchmarks set by the European Commission for opening/closing the negotiations on the chapter; to monitor and report on implementation of the Programme of Accession of Montenegro to the EU, etc. Each working group involves representatives of stakeholders covered by the chapter, with a head of the working group coming from an institution recognised as the lead institution for the related chapter. In addition to representatives of state administration and local self-government, working groups for negotiations also include representatives of NGOs, academia, professional associations, and other segments of civil society. There are 33 working groups established by the Government for 33 chapters.
- **Ministry of European Affairs** – The Ministry is responsible for the management and coordination of the Stabilisation and Association Process, as well as the process of accession of Montenegro to the European Union and negotiations conducted with the EU for that purpose. In addition, it coordinates the process

of planning, programming, monitoring and evaluation of the EU financial assistance implemented in Montenegro through national, regional, cross-border and transnational programmes and projects.

In addition, Montenegro has established a structure of bodies for IPA management, with their roles and responsibilities defined by the Decree on Organisation of Indirect Management of the EU Financial Assistance under the Instrument for Pre-accession Assistance (IPA).

According to Decree, the indirect management of EU funds is under the responsibility of: (1) National IPA Coordinator (NIPAC), (2) National Authorising Officer (NAO), (3) management structure, and (4) operating structure(s) for particular programme(s).

NIPAC and NAO are the central figures when it comes to management of IPA in the country. NIPAC is responsible for the overall process of strategic planning and coordination of programming, monitoring, evaluation and reporting on IPA programmes. On the other hand, NAO is responsible for financial management of IPA programmes and for efficient internal controls.

Operating structure for national IPA programme includes NIPAC Office (responsible for coordination of programming, monitoring, evaluation and reporting), implementing agency (responsible for tendering, contracting and payments), and project implementing units – PIUs (i.e. IPA units in the line ministries, dealing with both planning and implementation of IPA projects and programmes).

There are also cross-border and trans-national programmes involving two or more (non-EU and/or EU) countries, and those programmes have their own structures.

In addition to these bodies and structures responsible for IPA, **Sector Working Groups** (SWG) have been established. The responsibilities of SWGs include preparation and revision of strategic and programming documents used as a basis for IPA support; definition of priorities to be financed from EU financial assistance in accordance with strategic, developmental and EU accession related needs; preparation of project proposals (action documents) for IPA funding; ensuring complementarity of actions financed under IPA with projects covered by other types of donor support; etc. Members of SWG are representatives of ministries and other governmental agencies, local self-governments and civil society organisations. The SWGs were established for IPA II sectors and have been transformed into SWGs for IPA III windows as follows: (1) Rule of law, fundamental rights and democracy, (2) Good governance, acquis alignment, good neighbourly

relations and strategic communication, (4) Green agenda and sustainable connectivity, and (4) Competitiveness and inclusive growth. The fifth IPA III window refers to cross-border and territorial cooperation.

## 5 Comparative overview of the countries in the region

This document offers examples of three countries in the region that have a different level and approach to dealing with donor coordination and monitoring of reform progress. The below information is provided to be used as a background material for the purpose of setting up a relevant model for Montenegro only, with no bias or assessment as to their setup/effectiveness.

### 5.1 North Macedonia

The model of North Macedonia represents a very developed and advanced one since it involves both donor coordination and the monitoring of reform progress mechanisms. The country has regulated in detail the work of its institutions and brought together into joint bodies the representatives of institutions responsible for both policy areas.

The main institutions responsible for coordination of international assistance and formulation and monitoring the implementation of the strategic framework in North Macedonia are the Secretariat for European Affairs and the General Secretariat of the Government.

The **Secretariat for European Affairs (SEA)** is responsible for the horizontal coordination of policies and activities related to the EU integration process and the preparation of North Macedonia for full membership of the EU. The SEA acts as the secretariat of the negotiation structures and coordinates Instrument for IPA and the National Programme for Adoption of the Acquis Communautaire (NPAA) structures in the ministries on issues related to the planning, implementation and monitoring of activities related to the NPAA and Stabilisation and Association Agreement (SAA).

**The Deputy Prime Minister of the Government in charge of European Affairs,** is responsible for European Affairs and acts as the National IPA coordinator responsible for managing the EU funds, manages and coordinates the operative part of integration process of the Secretariat for European Affairs, ensures coordination and conformation of the work of the state administrative authorities

and other bodies and institutions in the preparation of the Republic of Macedonia relating to negotiations and membership in the European Union.

**The Secretariat General of the Government** has the role of coordinator of the strategic planning process on the level of state administration bodies and provides coordination and expert support for the needs of the Government with regard to the strategic priorities of the Government, as well as information and expert advice and opinions concerning the policy making and analysis of the Government.

The **Coordination Body** plays an important role in coordination, monitoring, reporting and evaluation of the implementation of strategies. It consists of representatives from the competent state administration bodies, institutions involved in the implementation, monitoring and evaluation, the General Secretariat of the Government, the Secretariat for European Affairs, the Ministry of Finance and other stakeholders' representatives.

The state administration body ensures that the organisational unit (department, unit or working group) responsible for preparation and coordination of the strategy and action plan implementation has the role of expert secretariat to the coordinating Body which takes care of organising the meetings and preparing the materials reviewed in the meetings of the Coordinating Body.

The Coordinating Body has the following competences:

- Ensuring linkage and alignment of the draft strategy with the National Development Strategy, with other hierarchically higher-ranked planning documents, with the adopted strategies in the sector and related sectors and with the NPAA cluster objectives and IPA III strategic windows;
- Ensuring alignment of the draft strategy and action plan with the mandatory structure and content laid down in the Guidelines on the Structure, Content and Method of Sectoral and Multisectoral Strategy Development, Implementation, Monitoring, Reporting and Evaluation;
- Monitoring the consistent and timely implementation of the measures and activities laid down in the action plan;
- Reviewing the periodic reports, prepared in accordance with the frequency of reporting set out in the strategy, and which concern the implementation level of the measures and activities of the action plan;
- Reviewing the annual report on the action plan implementation concerning the implementation level of the measures and activities and the performance assessment on the level of general and specific objectives;

- Identifying the potential risks that could arise from activities that failed to be implemented or from a delay in their implementation, and timely proposing measures for their elimination;
- Proposing the updating of the Action Plan in case of difficulties in the implementation or failure to implement the already defined measures and activities, with proposals for their redefining or laying down new activities and proposing new deadlines for their implementation;
- Submitting the updated proposal of the action plan to the minister in charge of the competent state administration body responsible for the implementation of the strategy and action plan;
- Timely initiation of a new action plan development process before the expiry of the period of the current action plan.

In addition to the above mentioned coordination mechanisms, there are also **Sector Working Groups** which are composed of a Chairperson, a Secretary and members. The Chairperson is appointed by the Minister heading the Lead Ministry of the SWG. In each Sector, one of the government ministries represented on the SWG is appointed as Main Coordinator (sector lead ministry). In each Sector, in consultation with the donor community, a lead donor is designated.

The members of the Sector Working Group are appointed on proposal from the ministries from the units within the relevant LMs which are responsible for sector policy formulation and the management of donor programmes. The Sector Working Group consists also of independent representatives of non-ministerial institutions (such as economic, social, academic and civil society organisations) relevant to its work. In consultation with the members of the Working Group and if needed, the Chairperson will invite experts with necessary technical expertise to perform technical tasks related to the SWGs work on an ad hoc or permanent basis.

Sector Working Groups cover the following sectors: Public Administration Reform; Public Finance Management; Justice; Home Affairs; Environment and Climate Change; Transport; Competitiveness and Innovation; Education, Employment and Social Policy and Agriculture and Rural Development.

For example, a composition of SWG for Democracy and Governance sector, with Lead Ministry and Lead Donor, is composed of:

- **Coordinators** - NIPAC and DPMGRM competent for European Affairs, DPMGRM competent for implementation of OFA, Minister of Information Society and Administration, Minister of Finance;

- **Basic working group** - Minister of Information Society and Administration, Minister of Finance, General Secretariat, Office of the PMGRM, MF/CFCD and NAO, NIPAC and DPMGRM competent for European Affairs, DPMGRM competent for implementation of OFA;
- **Other members (if necessary)** - Minister of Health, Minister of Internal Affairs, Minister of Justice, Minister of Labour and Social Policy, Representatives of the civil sector, Managerial staff of other bodies and agencies with competences in the sector depending on the area/priorities covered with different programming documents;
- **Donors and IFI – EU** – Switzerland, Sweden, Germany, France, World Bank, European Bank for Reconstruction and Development, Credit Bank for Reconstruction – KfW, European Investment Bank, Development Bank of the Council of Europe.

**The Performance Assessment Framework (PAF)** is used to monitor the progress of the country in the implementation of the sector reforms in North Macedonia. The Framework is based on a limited set of sector indicators reflecting the sector key priorities as articulated in the international agreements of the country, the Governmental programme and key national strategies. The Framework comprises two types of indicators:

- Macro indicators providing information on the performance of the sector and based on statistical data (produced by the State Statistical Office) or administrative data (produced by the public bodies) or international indices (produced by International Organisations);
- Micro indicators providing information on the performance of specific projects, implemented in the country by the EU and other donors and international partners.

The Performance Assessment Framework is designed as an IT platform with a high level of automation, visibility functionalities allowing targeted information to be derived and specific queries to be executed. Interoperability with other donors and national management systems such as Central Donor Assistance Database and the Management Information System is also ensured. For transparency purposes, the Framework is available online to allow civil society, media, general public, donors and partners to consult regularly on the sector progress.

## 5.2 Serbia

The donor coordination in Serbia is performed through a mechanism of Sector Working Groups. This mechanism includes planning, programming and monitoring the implementation of financial support in Serbia, as well as monitoring the contribution of the international assistance to national reforms. The main

document for international support, which was used for planning projects financed by donors, is the National Priorities for International Assistance in the Republic of Serbia, which covered the period 2014-17 with projections until 2020. The document for new financial perspective which defines the framework for guiding international development assistance is Partnership for Development until 2025, but it has not yet been adopted.

The main institution which coordinates international assistance, including EU funds, in Serbia is the Ministry of European Integration. Besides programming, monitoring and evaluation of international assistance, it coordinates preparation of the strategic documents which defines priorities and measures for donor interventions.

The main strategy for the international assistance in Serbia was **National Priorities for International Assistance in the Republic of Serbia 2014-17, with projections until 2020** (NAD). It is a strategic programming document which provides a means for increasing the alignment of international assistance with national priorities so that donor interventions will support mainstream public spending on policy reforms from the national budget. The NAD has a wide policy scope, covering all sectors and policy areas which are significant in preparing the country for EU accession and its socio-economic development and it defines nine separate sectors (Justice, Home Affairs, Public Administration Reform, Competitiveness, Energy, Environment and Climate Change, transport, Human Resources and Social Development and Agriculture and Rural Development), three thematic areas (Civil Society, Media and Culture) and two cross-cutting issues (Local/Regional Development and Gender Equality).

It was the first external assistance planning document in Serbia to contain indicators and to set verifiable, annual and mid-term, targets which can be used for assessing the progress of reforms in each sector /thematic area. Monitoring data have been analysed and stored in the European Integration Office (SEIO) database (ISDACon) and used to compile regular Secretariat for European Integration reports on the use and performance of international assistance.

The NAD defines an aid coordination mechanism in Serbia. Namely, the **Serbian aid coordination mechanism** was established by the Secretariat for European Integration (current Ministry of European Integration) and responsible for the following tasks:

- Preparation of strategic planning documents defining national development goals and priorities for the programming of international assistance;

- Consultation with, and coordination of stakeholders in order to identify sectorial, inter-sectoral and regional strategies, priority needs and identifying adequate programmes and projects to be financed by international assistance;
- Providing information to, and cooperation with the donor community to enable alignment of international assistance with national priorities;
- Participation in the design of donor strategies and planning of programmes and projects financed by assistance;
- Monitoring of programme and project implementation by means of: reports from the beneficiaries; donor reports; on the spot checks and the commissioning of evaluation reports;
- Harmonisation of international assistance programmes and projects with the national priorities and ensuing cooperation with stakeholders;
- Development and improvement in the management of international assistance; data gathering, analysis and preparation of reports on the use of international assistance (via ISDA CON);
- Reporting to relevant bodies, the Government and international institutions on the implementation of projects financed by EU funds and international assistance.

The aid coordination mechanism was developed through the work of Sector Working Groups established to provide a mechanism for consulting and coordinating the various institutions responsible for sector management during the programming and monitoring of international assistance.

According to the decision on establishing of sector working groups for programming and coordination of IPA funds and other development assistance, the responsibilities of the Sector Working Groups for Programming and Coordination of IPA funds and other development assistance are as follows to:

- Support to the preparation of multi annual strategic planning documents relevant for programming of development assistance in the Republic of Serbia – e.g. Needs Assessment Document (NAD);
- Identify priority Actions and Activities during the programming of IPA II and other development assistance;
- Provide recommendations on priority Actions and Activities for programming of IPA II and other development assistance;
- Support preparation and revision of multi annual Sector Planning Documents (SPDs) and annual Action Documents (ADs) and accompanying programming documents, in the context of programming of IPA II;

- Identify possible deficiencies and problems in programming of IPA II and other development assistance and propose mitigation measures to responsible institutions;
- Review evaluation reports and propose measures for implementation of evaluators' recommendations;
- Discuss on institutional framework and its strengthening in order to improve efficiency and effectiveness of programming and implementation of IPA II and other development assistance;
- Plan and monitor steps to be undertaken in order to fulfil the criteria of Sector Approach;
- Improve cooperation and exchange of work experiences, preparing recommendations and opinions with regards to programming of IPA II and other development assistance;
- Serve as the forum for discussion and preparation of the National Investment Committee (NIC)
- Coordinate and align donor support and strategies in the context of planning and programming of international assistance.

The internal coordination of sector institutions is carried out by the sector lead institutions whilst overall coordination is the responsibility of SEIO. The SWGs are well established, official government structures and operate by rules of procedures which are adopted by NIPAC and which identify the functions of the leading national institution (the sector lead institution) and the lead donor in each SWG.

Each SWG is led by a 'task force' composed of the lead sector institution, the lead donor and the SEIO. The secretariats for SWGs are ensured by the SEIO. Donor and IFI representatives participate in the work of SWGs during the programming of international assistance taking an active part in the preparation of projects / programmes. The SEIO has also established a statutory consultation process with the representatives of Civil Society Organisations. They have been identified and selected to take part in the work of SWGs.

In addition to the SWGs, regular coordination with the donor community is secured through the Overall Aid Coordination Meeting. It is a high-level forum between the the SEIO Director and Deputy Director and high-level representatives of the donors (sometimes it includes line ministers) who meet at least once a year with the main purpose of to maintain a high-level policy dialogue, discussion on international assistance priorities and programming, monitoring implementation at sector and national levels.

For the new financial perspective, the Ministry of European Integration has prepared a multi-annual planning document called Partnership for Development until 2025 (*pending adoption*).

The **Partnership for Development** defines the framework for guiding international development assistance and making optimal investment decisions in order to ensure the financing of reforms in defined sectors. The document contributes to better planning of domestic resources in order to ensure overall complementarity and effectiveness of invested public funds.

Based on the area of planning and implementation of public policies in accordance with the regulation on the methodology of public policy management, the analysis of the effects of public policies and regulations and the content of individual public policy documents, the Partnership for Development defines nine sectors:

1. Public Administration Reform,
2. Justice,
3. Internal Affairs,
4. Environment and Climate Change,
5. Energy,
6. Transport,
7. Competitiveness,
8. Human Resources and Social Development and
9. Agriculture and Rural Development.

The Partnership for Development also includes the Performance Assessment Framework (PAF). The framework contains a limited number of indicators that expect to enable competent institutions to monitor progress in achieving the priority goals defined in the document, monitor the achieved effects of the invested funds and determine the contribution to achieving the national reforms.

According to the Partnership for Development, the basic mechanism that ensures the coordination of activities in the various stages of managing international aid funds, programming, implementation and monitoring of the implementation of these funds, is represented by Sector Working Groups (SWGs) established by the decision of the Minister for European Integration. Depending on the purpose and stage of the international aid management process, SWGs are organised at a high or technical level. High-level meetings gather decision-makers, SWG members and enable: discussion of the public policies; alignment of priorities and measures with the sectoral strategic framework; monitoring the progress achieved in the implementation of public policies and contribution of development funds to the

achievement of priorities and targets. The representatives of civil society and organisations for gender equality participate in the consultation process.

The role of the leading sector institution and other institutions is to ensure the inclusion of development partners in the process of drafting strategies, programs and projects financed from the state budget, international development aid or other public funds in a specific sector. During the planning and programming of development aid, the leading sectoral institutions will provide information on priorities and measures in a certain sector that will be implemented from the budget and other public sources and the amount of funds intended for their implementation in order to ensure a better alignment of international development aid funds with budget funds.

Consultations are also organised with the representatives of development partners who participate in consultations on priorities and measures and provide information on ongoing and planned international assistance in a specific sector or area of support. Leading donors are identified as donors who promote and encourage reforms in a certain sector in Serbia through their overall involvement and financial support. The role of the leading donor is to contribute to the alignment of development aid strategies of development partners, who are active in a certain sector, with documents and priorities of public policies specific to that sector.

Monitoring and reporting on the implementation of the Partnership for Development is a joint activity of all relevant stakeholders. The Ministry of European Integration, based on contributions from sector institutions and donors, will be in charge of preparing an annual report on monitoring the implementation of the Partnership for Development.

### **5.3 Bosnia and Herzegovina (BiH)**

Despite the significant donor support in BiH, the system for donor coordination is not fully functional and faces potential challenges in terms of efficiency and impact of coordination. A Donor Coordination Forum was established, but delivery is lagging. In addition, there is room to strengthen the coordination and joint work in Bosnia and Herzegovina on a common approach and agreement among various governments at state, entity and local level.

The institutional framework for European integration in BiH is complex and consists of seven institutions that coordinate the work on the integration within the

executive and legislative branch of government at the state and entity level. These bodies are the following:

- **The Directorate for European Integration (DEI) of BiH** is the main Government body in charge of managing and coordinating the process of BiH's accession to the European Union. It is a permanent, autonomous and professional body of the Council of Ministers of Bosnia and Herzegovina. Its competences are related to the commitments stemming from the integration process, including coordination of the use of EU assistance in BiH.
- **The Ministry of European Integration and International Cooperation of Republika Srpska** performs administrative and other professional tasks related to monitoring and reporting on the fulfilment and fulfilment of obligations under the SAA. It coordinates republican administrative bodies in the implementation of activities in the field of European integration in accordance with republican regulations. It works on the preparation and revision of strategic documents and legal acts related to the fulfilment of obligations in the process of European integration. It also organises and operationally coordinates activities of republican administrative bodies and other republican institutions in order to ensure adequate participation of the Republic in the programming of European Union funds and other donors available to BiH.
- **The Office of the Government of the Federation of BiH for European Integration** performs professional tasks related to the development of methodology and guidelines, as well as the overall coordination of work in the process of European integration within the competence of the Federation Government, federal ministries and other federal administration bodies. It provides professional assistance and coordination of activities on the development of strategic documents, as well as the development of information, expert analysis and other materials in the process of European integration within the competence of the Federation Government, federal ministries and other administration bodies. It also coordinates the EU assistance programmes within the competence of the Federation Government, federal ministries and other federal administration bodies.

While the DEI is responsible for the overall IPA support coming from the EU, the Ministry of Finance and the Donor Coordination Forum (DCF), the Parliamentary Assembly donor meeting are the other stakeholders/mechanisms competent for coordinating donors.

- The **Ministry of Finance Sector for Financial Development Planning and Coordination of International Economic Assistance** works on the coordination of international economic assistance to BiH, with the aim of improving the efficiency of the use of funds; coordination with and between multilateral and bilateral development partners; monitoring and estimating total ODA funding, harmonising the needs of BiH for financing development projects with short or medium-term investment plans of development partners in BiH.
- The **Donor Coordination Forum in BiH** (DCF) is intended to serve as a semi-formal platform for information exchange among donor organisations, meeting on a quarterly basis. There is the official website of the Forum with the aim of greater transparency and availability of information, as well as the preparation of the annual report Overview of the activities of development partners in BiH and the Monitoring Partnership for Effective Development Cooperation in BiH report.
- The **Sector for the EU in the Secretariat of the Parliamentary Assembly of BiH** organises a donors' meeting to discuss implementation of projects in the parliaments of BiH.

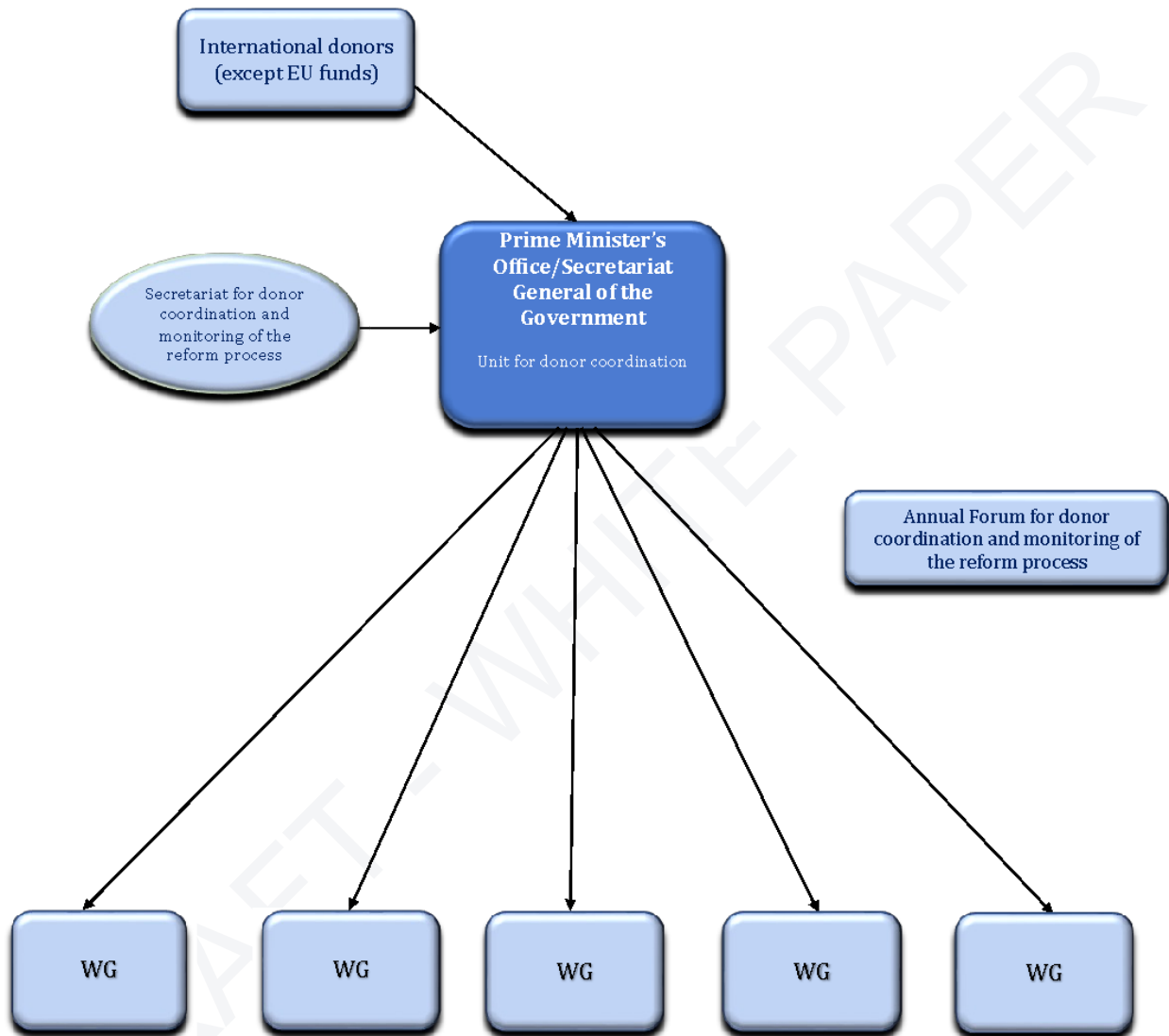
## 6 Possible considerations for a donor coordination mechanism

The coordination of donor assistance, as well as monitoring of reforms in Montenegro, are split among different structures, ministries, bodies and working groups. Donor assistance in particular has the potential to significantly support the country in adopting and implementing the political, institutional, legal, administrative, social and economic reforms. Therefore, there is a clear added value to create a mechanism that would encompass and interlink various aspects.

Given that there are several structures established in Montenegro for monitoring the EU integration process (including negotiations and IPA), as well as complex monitoring system of implementation of strategic documents, the main approach in proposing scenarios would be for establishing a Donor Coordination and Reform Progress Mechanism was to align and optimize already existing structures, without creating new ones.

Proposed mechanism for donor coordination and monitoring of the reform progress could be managed from the central governmental level and it would involve relevant stakeholders. The mechanism would imply the establishment of Working Groups (WG) which would be composed of representatives of line ministries and other institutions relevant for the coordination process. Apart from

that, efficient functioning of the mechanism would be supported by a Secretariat, as a technical body which would provide daily assistance to the work of the institution managing the overall coordination process as well as to the Working Groups.



Graph 1 Mechanism for Donor Coordination and Monitoring of the Reform Progress

The proposed mechanism could be coordinated from the central level - for instance by the **Prime Minister's Office**, which performs advisory and analytical tasks for the needs of the Prime Minister, or by the **Secretariat General of the Government (SGG)**, that has a key role in monitoring of drafting and implementation of strategic documents. The main role of this body in the mechanism would be to coordinate the overall process of donor coordination and monitoring the reform progress and to act as a single point of access for all donors

(apart from EU) interested in implementing their development assistance programmes in Montenegro. It would coordinate the work of Working Groups and cooperate with them, as well as with other relevant institutions which will be included in the process of donor coordination (Ministry of European Affairs, Ministry of Finance, Ministry of Foreign Affairs, Secretariat General of the Government).

Taking into account that adding new competencies to the Prime Minister's Office/Secretariat General of the Government would mean additional workload for already limited staff, there is a need to ensure support to this central unit in its daily work on donor coordination and monitoring of the reform process. Therefore, the **Secretariat for donor coordination and monitoring of the reform process** could be established and staffed with professional and qualified personnel. It should, inter alia, conduct data entry and provide support in keeping a database of all projects financed from international donors. It should be considered to set up this Secretariat with the support of international donors, with a plan for taking over its financing by the government in the future.

The mechanism for donor coordination and monitoring reform progress could include:

1. **Daily communication** between the Prime Minister's Office/Secretariat General of the Government, secretariat for donor coordination and monitoring of the reform process, members of the Working Groups and institutions relevant for donor coordination (Ministry of European Affairs, Ministry of Finance, Ministry of Foreign Affairs, Secretariat General of the Government);
2. **Work in Working Groups** which could be established and composed of representatives of line ministries (depending on the sector which they would cover), Secretariat General of the Government, Ministry of Finance, Ministry of European Affairs, Office for Sustainable Development, and representatives of civil society organisations. Representatives of international donors could be invited to participate in the work of the WG, since their contribution is essential for any discussion on donor coordination and funds that have been given. This is not only because they provide financing and contribute to the implementation of reforms in certain policy areas, but they can bring experience, knowledge and added value to the planning process and shaping of policies, as well. As needed, in consultation with the members of the Working Group, experts with necessary technical expertise could be invited, on an ad hoc or permanent basis, to perform technical tasks related to the

WGs work. The WGs could serve as inclusive platforms for all stakeholders with a mandate for formulation and monitoring of implementation of national sector policies, including those relevant for the EU integration. The WGs potential activities may include:

- Consideration of proposals for the content of sector and cross-sector policies, strategies, and development programmes relevant to the policy areas within their responsibility and would be involved in their monitoring;
  - Preparation of main national strategic documents for the international donors, including mandatory documents for IPA programming requested by EC;
  - Definition and discussion of the priorities to be presented to international donors and to monitor project implementation;
  - Participation in preparation of the Single Project Pipeline;
  - Consultation during the preparation of the Programme of Accession;
  - Setting relevant indicators and monitoring their achievement;
  - Representatives of line ministries and other institutions dealing with strategic planning and donor coordination (including EU funds) and civil society organisations;
  - Participation at annual forums, organised by the Unit/Secretariat and chaired by Prime Minister/Deputy Prime Minister, which would gather all international donors operating in Montenegro.
3. **Annual Forum(s)** which could be organised by the Prime Minister's Office/Secretariat General of the Government, with support of the Secretariat for donor coordination and monitoring of the reform progress. Forum would gather high-level representatives of the ministries (ministers, state secretaries), General Secretary of the Government, high representatives of the donor community, etc. The Forum could be chaired by the Prime Minister. The forum would serve as a platform for dialogue between the Government and donor community. Its aim would be to present the strategy for donor assistance to the donor representatives in Montenegro, and to inform them on the implemented and planned projects, as well as on the overall progress in the reform process.

## 6.1 Phases of work in the donor coordination mechanism

In order to be functional and efficient, the donor coordination mechanism should have a clear governance structure, procedures and defined roles and responsibilities of and within each entity. These procedures may be developed through adequate guidelines or manuals.

Given that there are multiple structures/entities involved in the mechanism for donor coordination, it is important to define steps in communication flow in order to achieve functional mechanism for coordination of donor assistance, such as:

1. Unit/department for donor coordination and monitoring of the reform progress (hereinafter the Unit) could be established in the Prime Minister's Office or in the Secretariat General of the Government. Daily work of the Unit will be supported by the Secretariat for donor coordination and monitoring of the reform process.
2. Working Groups could be established for relevant sectors. The decision on establishing the Working Groups should clearly define which institutions/organizations will be involved in each of the Working Groups, and what will be the roles and responsibilities of WGs.
3. The Unit could invite Working Groups to consider all relevant sector strategies and policy documents and consult the stakeholders within the sectors in order to define priorities for the given sectors. Based on that, WGs should define a list of priorities/project ideas per sector (template prepared by the Unit)
4. The Unit could organise meetings of WGs where the proposed list of priorities/project ideas will be discussed from the aspect of their grounding in the strategic and development documents, possible sources of funding (EU or other donors) and avoidance of overlapping, and fiscal space for possible loans.
5. The Unit could seek guidance while taking into account:
  - a. Secretariat General of the Government could have a key role in strategic planning, the Unit sends needs priorities/project ideas to the Secretariat General of the Government to check if they are aligned with the main strategic documents and to provide opinion
  - b. Ministry of European Affairs could have a key role in the negotiation process and coordination of IPA funds, as well as role of the National Investment Committee Secretariat, the Unit sends priorities/project ideas to the Ministry of European Affairs to check if they are aligned with the Programme of Accession, Single Project Pipeline and if there is no overlapping with IPA-funded programmes
  - c. Line ministry can be invited to consult the Ministry of Finance on the available fiscal space for raising loans, in case of IFIs, the Unit asks the Ministry of Finance about possible financing/fiscal space
  - d. Ministry of Foreign Affairs could coordinate international development and humanitarian assistance, in case of bilateral donors (except EU) and international organizations, the Unit exchanges information with the Ministry of Foreign Affairs

6. Once agreed and finalized at the WG level, the list of priorities/project ideas could be shared with donors, either in direct communication between the Unit and donors or at the Prime Minister's meeting with the donor community. After that, donors can liaise with line ministries for further elaboration of project ideas.

## **6.2 Monitoring of the reform progress**

Apart from donor coordination, the mechanism would also include the aspect of monitoring of reform progress from the central level.

In addition to the structure, which needs to be established in the country, good monitoring mechanism also includes the definition of the indicators framework that would enable measurement of the reform progress.

Good example is the experience of some countries in the region that established the **Performance Assessment Framework (PAF)**. Creating such a Framework would enable setting measurable targets that would show efficiency in attainment of key strategic objectives. The Performance Assessment Framework would provide a baseline to monitor sector reforms during implementation of strategic and policy documents. Besides the baseline data, the PAF would include outcome and impact indicators, milestones and targets. It could be established as a web-based application allowing regular electronic input of data, data processing and data analytics.

The Performance Assessment Framework should enable monitoring of effects and results of the implemented reforms, as well as monitoring of effects and results of the use of donor funds, and it would facilitate decision-making process for the next national strategy cycle.

In that regard, the role of Working Groups would be to serve as forums for setting relevant indicators and later for monitoring their achievement. Indicators would be prepared by the Working Groups themselves and after that presented to the Government for approval. The indicators would need to be selected/derived from indicators already established at the level of national sector strategies and/or IPA action documents; provide clear overview of the country's progress in implementation of sector strategies, by setting targets and monitoring their achievement; be developed on the basis of previously designed methodology for data collection and processing; and to be reliable, by providing available sources for data verification.

### 6.3 Possible scenarios

The mechanism for donor coordination and monitoring of the reform progress is recommended to be managed from the central level. Therefore, the first step would be to determine the institution/organisational unit that will play the role of the central unit.

- 1. Central Unit.** The proposed mechanism foresees that this central unit, which would be responsible for management and coordination of donors and monitoring progress reform, could be established in the Prime Minister's Office or in the Secretariat General of the Government. The Prime Minister's Office has the decision making power to make this system functional and to ensure that all involved stakeholders respect their obligations with regard to providing necessary information. On the other hand, the Secretariat General of the Government has strategic planning and monitoring of the implementation of strategic documents under its competences. Employees from the Secretariat General have profiled themselves as experts in coordinating strategies, therefore, management of the mechanism would be compatible with their competencies.
- 2. Decision - Working groups.** Apart from decisions on this central unit, setting up the mechanism for donor coordination and monitoring of reform progress will also require making decisions on the structure and composition of Working Groups.

Scenarios for the possible structure and organisation of WGs, proposed in this paper as a zero draft and with no bias for validation and further discussion, take the already established structures within the framework of the EU integration process as a starting point and include pros and cons for each of them. All proposed scenarios, with the exception of scenario II, could require abolishment of the IPA Sector Working Groups and redistribution of their members to these new WGs.

#### Scenario I

##### (WGs according to priorities identified in the Decree)

This scenario would imply the establishment of new Working Groups that would take over the mandate and membership from the current IPA Sector Working Groups. The mandate of new Working Groups would be expanded to formulation and monitoring of implementation of national sector policies, including those relevant for EU integration, as well as the use of donor assistance. Additional

members with relevant capabilities would be also involved. WGs would be divided into sectors identified by the Decree on methodology and procedure for drafting, aligning and monitoring of the implementation of strategy documents. Seven sectors recognised by the Decree are listed below:

1. Democracy and good governance;
2. Financial and fiscal policy;
3. Transport, energy and information infrastructure;
4. Economic development and environment;
5. Science, education, culture, youth and sport;
6. Employment, social policy and health; and
7. Foreign and security policy and defence.

With this approach of setting up Working Groups, all sectors relevant for strategic development in Montenegro would be covered. It should be mentioned here that the General Secretariat of the Government uses a portal (established for the purpose of better coordination of the European integration process) for monitoring the process of drafting strategies, issuing opinions on draft strategies, and later for monitoring their implementation through submission of adequate reports by line ministries. However, during consultations with stakeholders it appeared that the portal is not fully functional in this segment, so it may need to be upgraded and adjusted to these mentioned functionalities.

**Pros:** Sectors have been already defined and functional, according to the referred Decree, and methodology for policy development, drafting and monitoring of strategic planning documents. The network of policy planning coordinators has already been developed throughout the state administration (ministries). Familiarity with the performance indicators defined for sectoral strategies has been achieved to some extent. Establishment of WGs would not depend on sectors defined by IPA. Existence of the portal for drafting of strategies and reporting on their implementation would facilitate the work of WGs.

**Cons:** This scenario would require abolishment of the current IPA Sector Working Groups and their transformation to new Working Groups, which would require a certain period of time for their establishment. This could also lead to less efficiency and effectiveness on IPA programming and monitoring.

## **Scenario II**

**(WGs as current Sector Working Groups (SWGs) established for IPA programming)**

Working Groups tasks would be assigned to the current Sector Working Groups (SWGs) established for IPA programming. In this scenario, WGs would be entrusted

not only with programming but with monitoring roles as well. Also, WGs would not be responsible for programming and monitoring of solely EU assistance, but donor support in general. Furthermore, WGs could be responsible for preparing and monitoring the strategic and policy documents. Membership could be extended to the representatives of the Secretariat General of the Government, Office for Sustainable Development and other relevant institutions.

**Pros:** This mechanism of coordination was introduced in IPA II and became familiar. Members of WGs are coming from structures dealing with EU and other donor assistance. There is good cross-sectoral coordination. Members are familiar with the performance indicators defined for IPA implementation measurement.

**Cons:** Additional competencies would increase workload and responsibilities would be added to those of the IPA SWGs. The current set up of SWGs which are framed according to the IPA sector/windows do not cover all the sectors (such as defence, culture, tourism, foreign affairs) that receive the donors support and that are relevant for overall processes in the country in the case of the monitoring of reform progress. Therefore, an additional Sector Working Group could be established in order to include sectors which are not covered by IPA, but this WG would have different competencies compared to other WGs, given that it would not deal with IPA.

### **Scenario III**

#### **(WGs according to the negotiating clusters)**

According to the revised methodology for negotiations on EU accession *“Enhancing the accession process - A credible EU perspective for the Western Balkans”*, adopted by the European Commission in February 2020, negotiating chapters are grouped into 6 clusters:

1. **Fundamentals** (Chapters 23 - Judiciary and fundamental rights, 24 - Justice, Freedom and Security, 5 - Public procurement, 18 - Statistics and 32 - Financial control);
2. **Internal market** (Chapter 1 - Free movement of goods, 2 - Freedom of movement for workers, 3 - Right of establishment and freedom to provide services, 4 - Free movement of capital, 6 - Company law, 7 - Intellectual property law, 8 - Competition policy, 9 - Financial services, 28 - Consumer and health protection);
3. **Competitiveness and inclusive growth** (Chapters 10 - Information society and media, 16 - Taxation, 17 - Economic and monetary policy, 19 - Social policy and employment, 20 - Enterprise and industrial policy, 25 - Science and research, 26 - Education and culture and 29 - Customs union);

4. **Green agenda and sustainable connectivity** (Chapters 14 - Transport policy, 15 - Energy, 21 - Trans-European networks, 27 - Environment and climate change);
5. **Resources, agriculture and cohesion** (Chapters 11 - Agriculture and rural development, 12 - Food safety, veterinary and phytosanitary policy, 13 - Fisheries, 22 - Regional policy & coordination of structural instruments, 33 - Financial & budgetary provisions);
6. **External relations** (Chapters 30 - External relations, 31 - Foreign, security and defence policy).

Working groups could be organised around the above mentioned six clusters. This means that the members would be coordinators of clusters, heads of working groups for chapters belonging to the specific cluster, representatives of the Secretariat General of the Government and Office for Sustainable Development, who could then further coordinate the pertaining activities within their institution, if necessary.

**Pros:** Good linkage of reforms with the current EU agenda of Montenegro would be ensured. Negotiating structure has been established for 10 years now and is well-functional. Coordinators of clusters and heads of working groups are prominent individuals with great professional knowledge and experience, who would ensure competence and professionalism in the WGs' work.

**Cons:** Clusters already represent a conglomerate of different areas and chapters, so adding additional responsibilities could overload and stifle the structure. This scenario does not include all sectors, but only those envisaged by the EU agenda; therefore, adding other sectors would require establishment of additional structure and appointment of adequate professionals as their members.

#### **Scenario IV** **(WGs as Working groups for negotiations)**

The working groups could be established for the 33 EU acquis chapters. In this scenario, members of WGs, in addition to those already involved in the negotiating groups, would be representatives of the Secretariat General of the Government and Office for Sustainable Development, who could then further coordinate the pertaining activities within their institution, if necessary.

**Pros:** Good knowledge of the requirements and needs in terms of accession to the EU. Good linkage of reforms with the current EU agenda of Montenegro would be ensured.

**Cons:** Too many (33) working groups could affect efficient communication and coordination of donor assistance. This scenario does not include all sectors, but only those envisaged by the EU agenda; therefore, adding other sectors would require establishment of additional structure and appointment of adequate professionals as their members.

### **Scenario V** **(WGs according to Sub-committees)**

The structure established for the purpose of implementing and supervising the Stabilisation and Association Agreement encompasses 7 sub-committees and the Special Working Group for Public Administration Reform (as explained above). This scenario would imply organisation of WGs around these bodies. It can be composed of members of sub-committees, representatives of the Secretariat General of the Government and Office for Sustainable Development, who could then further coordinate the pertaining activities within their institution, if necessary.

**Pros:** Good knowledge of the requirements and needs in terms of accession to the EU. Good linkage of reforms with the current EU agenda of Montenegro would be ensured.

**Cons:** Too many areas covered by the sub-committees, sometimes opposite to each other, could complicate the internal coordination and monitoring within the donor coordination bodies and make them less effective. This scenario does not include all sectors, but only those envisaged by SAA; therefore, adding other sectors would require establishment of additional structure and appointment of adequate professionals as their members, leading to too large a structure.

## **7 Considerations with a next steps**

In order to proceed with the establishment of the mechanism for donor coordination and reform progress, the Government would have to decide on the institution which would act as the central unit for the mechanism, as well as on the composition of the Working Groups, in consultation with the relevant parties. The activities below shall be considered:

1. The Government at the high level should consider the establishment of the donor coordination and reform mechanism, with consideration of these options, in particular regarding the role of the coordination unit and composition of working groups. The Government should also consider the best model for the Secretariat for donor coordination and monitoring of the reform process. It could prescribe its competencies and structure of the staff, based on workload analysis. In addition, financing of the Secretariat by international donors could be considered as well.
2. The respective decrees and bylaws will need to be issued accordingly to establish the appropriate institutional setup.
3. Working Groups for the mechanism could then be formed accordingly, inclusive of respective donors/organisations, and establish their secretariat mechanisms and rules of procedure. Invitation of representatives of civil society organisations to take part in them could be considered.
4. Working Groups, with support of the Unit/Secretariat, could then define mid-term strategic documents with priorities for financing by international donors, contributing to better planning of international and national resources and ensuring overall complementarity and effectiveness of invested funds. A Performance Assessment Framework (PAF) could then be established as a tool to measure progress towards reforms, alongside the appropriate IT platforms, and in consultation with the respective partners.

The key factor for a successful functioning of the Mechanism is the governmental commitment as it should ensure a timely decision making process for the key documents. It is of utmost importance to ensure dynamic participation of all stakeholders in the Working Groups, which will have the capacity to lead a participatory and inclusive sector policy dialogue.

Furthermore, besides ensuring successful coordination through the Working Group mechanism, it is would help to consider additional efforts to improve the dialogue between state administration and development partners on policy formulation and assessment of reform progress during the process of planning, programming and implementation of international assistance.

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## An overview of donor coordination mechanisms of candidate and potential candidate countries

Country	Donor coordination mechanism	Structure	Responsibility/Mandate
<b>Albania</b>	Donor Technical Secretariat (DTS)	Chaired by the EU Delegation. Comprised of the key donors & development partners in Albania (Austrian Development Agency, Italian Agency for Development Cooperation, Embassies of the Federal Republic of Germany, Sweden, Switzerland, European Union, Council of Europe, EBRD, OSCE, USAID, UN, World Bank) and facilitates the government -donor exchange.	A forum, established as an initiative of donors in Albania, to facilitate stronger information exchange between development partners to improve aid effectiveness and to assist the government in assuming greater national ownership for the donor coordination process.
	Development and Integration Partners (DIP)	DIP meetings are co-chaired by the DTS chair and the director of Department for Development and Good Governance (DDGG) at the Prime Minister's Office – responsible for national development priorities.	A high level technical forum, organised by the DTS, where bilateral and multilateral donors meet regularly to discuss and take decisions on donor coordination issues. A platform for government officials to speak about topics related to government priorities, national and sector strategies, and donor coordination.
	Integrated Policy Management Groups (IPMGs) and Sectorial Steering Committees	High policy decision-making groups that are co-chaired by Ministers and donors. The co-chairmanship from the donor side, has been agreed upon from the highest donor coordination forum – Donor Technical Secretariat.  Each IMPG/SSC is comprised of a technical secretariat, and various thematic groups. The Department for	cross linked sectorial and policy structures, that aim to coordinate policy making and implementation

		Development and Good Governance (DDGG), within the Albania Prime Minister's Office, acts as central secretariat.	
<b>Bosnia Herzegovina</b>	Donor Coordination Forum (DCF) / Directorate for European Integration (DEI)	All bilateral and multilateral partners in the country, including UN and IFIs / Chaired by the Ministry of Finance and Treasury at the Assistant Minister level (officially at the Ministerial level). Secretariat provided by the Ministry / Pre-COVID-19, meetings were organized every quarter, during COVID-19 no meetings conducted	Coordination of the international economic/development aid in the country / Coordination of bilateral and multilateral partners in the country / Coordination of assistance provided by all partners except EU funds which is coordinated by another body, Directorate for European Integration (DEI).
<b>Kosovo*</b>	Health Donor Coordination Group	Co-chaired by Development Coordinator and World Bank. Composed of high level participants from MoH & as well as Senior Leadership of the donor community in Kosovo* (IFIs, embassies, regional donors, EU).	Support Kosovo* institutions better respond to their needs, priorities and gaps in the health sector, and identify how the international community can best support government planning and recovery efforts to reform the health sector
	EU+ Member States Donor Coordination Group	Chaired by EU Office in Kosovo*. EU MS representatives, UN Senior Leadership and other development donors from the international community in Kosovo also attend	Support the international development community in Kosovo* better coordinate their efforts and programmes to support Kosovo* government and dev partners achieve long-term sustainable development, advance on EU integration agenda, and better respond to COVID-19 pandemic
<b>Moldova</b>	Development Partners Coordination Forum	Bilateral and multilateral donor/development agencies IFIs Government UN <sup>5</sup>	Serves as a forum for sharing views, discussing important strategic issues pertinent to Moldova's development, and coming up with joint positions on how to accelerate the implementation of the reform agenda and ensure that no one is left behind;

<sup>5</sup> \*All references to Kosovo are made in the context of UNSCR 1244.

			Strengthen the overall coordination among development partners, enhance synergies and complementarities, and facilitate and promote knowledge sharing and partnerships building for increasing development effectiveness and delivering impactful results;
<b>North Macedonia</b>	Donor Coordination Mechanism	RCO leads on coordinating the UN entities' common position prior to the meetings of the Sector Working Groups. Led by the Deputy Prime Minister for European Affairs.	The mechanism consists of thematic Sector Working Groups and it serves both for EU assistance coordination (primary role) and overall donor coordination (secondary role)
<b>Serbia</b>	Donor coordination mechanism	Each SWG is co-chaired by the relevant ministry and the key donor for the sector. Led by the Minister of European Integration.	10 Sectoral Working Group for development assistance/ EU assistance coordination.
<b>Ukraine</b>	National Three-Tier international technical assistance (ITA) coordination structure	The 3rd tier is Co-chaired by the UN RC and EU Delegation.  Composed of UN agencies, bilateral and multilateral development partners, IFIs, line ministries and state agencies	The Group is based on three tier structure: (1) the strategic tier, which meets at an annual forum chaired by the Prime Minister of Ukraine, (2) the middle tier chaired by the Vice-Prime Minister for European and Euro-Atlantic Integration, which semi-annually holds strategic discussions with heads of United Nations agencies and other development partners, 3. the working-level tier, composed of 23 sectoral working groups co-chaired by relevant by line ministries and development partners.