

COVER PAGE

Country: Montenegro

UNDAF Outcome(s)/Indicator(s):

(Link to UNDAF outcome., If no UNDAF, leave blank)

Expected Outcome(s)/Indicator (s):

Efficiency and transparency of Government improved in order to effective lead policy formulation, coordination and service delivery in accordance with EU requirements

(CPAP outcomes linked to the MYFF goal and service line)

Expected Output(s)/Annual Targets:

Establishment of appropriate system of governance indicators regarding political criteria for European Integration through facilitating cooperation of the Government and civil society and designing and piloting of nationally owned methodology.

(CPAP outputs linked to the above CPAP outcome)

Executing Entity:

UNDP CO Montenegro

Implementing agencies:

UNDP CO Montenegro

Brief Description:

The project will focus on establishment of appropriate system of governance indicators regarding political criteria for European Integration through facilitating cooperation of the Government and civil society and designing and piloting of nationally owned methodology.

Programme Period: 2007-2011

Programme Component: Service line 2.7

Project Title: Assessing and Monitoring the State of Governance in the Context of European Integration in Montenegro

Project ID: 59685

Project Duration: February 2008-December 2008

Management Arrangement: Direct Execution (DEX)

Total Budget US\$ 150,000

Allocated resources: US\$ 150,000

- Government _____
- Regular _____
- Other US\$ 150,000
- Donor UNDP

- In kind contributions _____
- Unfunded budget: _____

Agreed by (Government):

**Agreed by
(UNDP):**_____

***Assessing and monitoring the state of governance in the context of European
Integration in Montenegro***



THE CAPACITY DEVELOPMENT PROGRAMME

**Assessing and Monitoring the State of Governance in
the Context of European Integration in Montenegro**

Brief description

The project will focus on Establishment of appropriate system of governance indicators regarding the political criteria for European Integration through facilitating cooperation of the Government and civil society and designing and piloting of nationally owned methodology.

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Podgorica, January, 2008

I. SITUATION ANALYSES AND STRATEGY

I.A. Situation Analyses

Montenegro became independent state after the Referendum on Independency held on May 21 2006. The first parliamentary elections organised in September 2006 showed that all leading political forces continued with their commitment to the principles and practice of democracy. The main goal of the Government is now to enforce State's commitment to membership of EU and to achieve candidate status for EU membership. Montenegro finished the negotiation process on Stabilisation and Association Agreement (SAA) in December 2006. SAA was initialised on March 15, 2007 and officially signed on October 15, 2007. At the same week Montenegro adopted a new Constitution.

As a young democratic transitional society, Montenegro has made huge efforts and indeed has made significant steps forward in overall democratization of society and achievements in European integration process. The structures and the quality of governance are critical determinants for further development of Montenegro as newly independent state. The youngest state on the world should build efficiency in the dynamics of nation state building and in the management of public and international affairs. This task is hard and even more demanded because of European Integration process as a strategic priority of Montenegrin Government and society as whole. The successful democratization of Montenegrin society implies the mobilization of all social institutions and the organizations of civil society, as well as the mobilization of all citizens. Montenegrin Government prepared a number of strategic documents with a purpose to provide strategically answers on EU integration tasks and obligations. Some of them are clear plans of further activities: "Action plan for Implementation of Recommendations in European Partnership, Action plan for Development of Administrative Capacities for Implementation of Stabilisation and Association Agreement. However, many challenges remain, especially in the field of performance monitoring of realisation of objectives stated in these strategic documents. One of the main challenges in front of Montenegro is weak administrative and institutional capacities what is stated clearly in the last European Partnership¹ and Progress report². There are also some important SIGMA reports which explain necessity to build stronger institutional and administrative capacities in the Government of Montenegro.³ These aspects were underlined in

¹ Council Decision 2007/49/EC of 22 January 2007 on the principles, priorities and conditions contained in the European Partnership with Montenegro.

² European Commission: Montenegro 2006 Progress Report: http://ec.europa.eu/enlargement/pdf/key_documents/2006/nov/mn_sec_1388_en.pdf

³ The SIGMA Programme is a joint initiative of the OECD and the EU which supports good governance by assessing reform progress and assisting in setting up organizations to meet European standards.

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the last EU strategic documents on Enlargement in which is stated the following: “*Significant results remain to be produced in particular in relation to administrative capacity and anti-corruption...Montenegro has not yet established a sustained track record of reforms. Judicial reform is just beginning. .. The government's efficiency, in particular as regards implementation of legislation, needs to be further enhanced...In the areas of construction and land use planning, privatisation, concessions and public procurement , there is a significant risk of corruption. The situation calls for urgent action in order to achieve results in the fight against corruption, especially in the area of high-level corruption... Civil society remains fragile and tensions between government bodies and non-governmental organisations persist*”⁴.

Obviously, the main obstacle for good governance in Montenegro is related to weak institutional and administrative capacities. Because of that there is a need for development of a performance monitoring system, which should guarantee efficient and effective implementation of new legislation harmonised with EU acquis, especially in the field of Copenhagen political criteria.

The priority in further democratization of Montenegrin society is directed towards the managing of demanding European integration process. Measuring the ability of the Government to formulate and implement sound policies and regulations that permit and promote European integration is one of the key problems related to state of the governance in Montenegro. Establishment of a nationally owned governance monitoring mechanisms focused on capacities for further European integration process in Montenegro would be useful for that.

A number of international organisations are giving high priority to the need to assess governance (electoral systems, corruption, service delivery, economic freedom, civil society, gender equality and human rights etc) in Montenegro. While this data is a rich source of information for a range of analysis, it does not necessarily point to particular institutions as the cause of governance challenges, nor does it help identify appropriate operational solutions and performance improvement processes. Furthermore, reports often lack national ownership and engagement in the assessment process, hardly ever include the necessary disaggregating to capture the impact, experiences and perceptions of marginalized groups in society and do not address the capacity deficits that exist to ensure an effective monitoring system. The experience so far has proven that democratic governance is more likely to be sustained if those who live within the political system formulate targets for attainment and expectations of how governments should perform. Therefore the value of a nationally owned governance monitoring system is significant - it will serve as a critical accountability mechanism for Montenegrin stakeholders during further monitoring of the process of European integration and government ability to implement obligations on this road.

In response to this, UNDP Montenegro has spearhead a project, which will provide support to establish nationally owned system and methodology for assessing and monitoring state of governance in Montenegro in the context of European Integration process of Montenegro focused on Political criteria .

⁴ European Commission: Enlargement Strategy and Main Challenges 2007-2008 Brussels, 6.11.2007 COM(2007) 663 final, pages 41-41

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I.B. Intervention Strategy

There are a lot of problems with definition of the “governance” as the “exercise of political, economic and administrative authority to manage a nation’s affairs” which could be used as the broadest definition. Having in mind importance of European road of Montenegro linking with EU standards of governance, democratisation and development is very important.⁵

Main question is how to provide a set of general and descriptive standards supported by specific indicative performance targets that can be used in Montenegro to determine the application and operationalisation of governance practices in the field of European integration and fulfilment of obligation related to political criteria. It is necessary to create a set of mechanisms that can answer the question of how much progress is being made toward a certain objective stated in strategic EU and Montenegrin documents. Those indicators are necessary to provide an objective means of measuring the state of governance based on same methodology and undertaken by independent producers. The governance indicators to test patterns and practices of governance in the field of European Integration focused on Political criteria are necessary for objectively identifying state of governance in Montenegro.

There exists a plethora of governance indicators, which are used by governments, development agencies, non-governmental organizations, media, academic institutions and the private sector. Since the main goal of the government is to achieve candidate status for EU membership, following Copenhagen criteria, the project will be focused on Political criteria for further European integration process. The goal of this project is to provide appropriate national owned methodology and set of governance indicators in relation to political criteria for European integration in specific case of Montenegro. Starting point in this process will be “Governance Indicators: A Users’ Guide” produced in UNDP Oslo Governance Centre.⁶

These, very first time established national owned indicators, later could be improved, enlarged and further developed. As such, these can be used as guides or benchmarks for policy-makers, political parties, program implementers, business groups, civil society organizations, as well as researchers and international institutions to help determine sensitive policy decisions, investment potentials or people’s sentiments in terms of approval or disapproval over government actions. On that way established methodology and mechanisms of governance indicators in field of political criteria for European integration in the future can be used for monitoring and evaluation of other aspects of governance in Montenegro.

This project is the first ever activity carried out in Montenegro for the purpose to build country’s capacity to assess itself as opposed to being assessed by others. The specific feature of the project lies in the fact that indicators will be selected through participatory process, data source will be politically acceptable to all key stakeholders and national think tank will be engaged to conduct the research and data collection.

⁵ More on EU approach on good Governance: “White paper on Governance”1 COM (2001) 428 final; 25.07.2001. Also: Communication on Governance and Development, 2003, online: http://ec.europa.eu/development/ICenter/Pdf/com2003_0615en01.pdf

⁶ Governance Indicators: A Users’ Guide, http://www.undp.org/oslocentre/docs07/undp_users_guide_online_version.pdf

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In this regard at the initial stage of the project multi stakeholder workshops will be organized with objective to answer the question: What are the issues, problems, concerns or challenges of specific Governance Indicators System in Montenegro focused on improvement of European Integration process. On this workshops discussion on the methodological approach and selection of key criteria for indicators will be organized. Absence of governance benchmarks would probably be one of the biggest problems. Because of that a specific Taskforce composed of representatives of main partners will be established. This Taskforce will include representatives from: Parliamentary Committee for International Cooperation and European Integration, Governmental Secretariat for European integration, and national think-tanks. A representative from Oslo Governance Centre will be part of the Taskforce, and representative of SIGMA programme will be invited to participate. This part of the Project will focus on building capacities of civil society in the collection, maintenance and analysis of governance related data and to assist with development of an inclusive and consultative framework for the systematic assessment and monitoring of agreed goals and targets.

Having in mind that Montenegro's authorities plan to finish their National Plan for European Integration in Spring 2008, report on "Democratic Governance Indicators: Assessing the State of Governance in the Context of European integration in Montenegro" will represent an important and rich source of information for further actions in implementation and updating of the National Plan. The product of this project will also be important input for the regular Progress report on Stabilization and Association process in Montenegro prepared by the EU which will be published in November 2008. At the same time report and set of indicators will be important input for National Human Development Report in Montenegro, to be produced by the end of 2008. On this way the Project will contribute to better correspondence and impregnation of external (EU) and internal governance monitoring systems.

The project is expected to produce the following output:

Establishment of appropriate system of governance indicators regarding the political criteria for European Integration through facilitating cooperation of the Government and civil society and designing and piloting of nationally owned methodology.

This output will be reached through conducting the following activities:

- Establishment of a Taskforce to develop core set of indicators related to political criteria for European integration building on "lessons learned and best practices" in terms of public participation, research methodology and practical techniques.
- Preparation of a pilot research report "Democratic Governance Indicators: Assessing the State of Governance in the Context of European integration in Montenegro"

The project will have three stages:

1. Development of nationally owned set of indicators through strategic partnerships with UNDP Oslo Governance Centre, Montenegrin institutions (Parliament and Government) and local think tanks.
 - a. The indicators will be selected through participatory process and disaggregated to reflect the impact on fulfillment of political criteria for European Integration process of Montenegro,

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- b. Data source will be politically acceptable to the key stakeholders
2. Conducting pilot research and data collection “The “Democratic Governance Indicators: Assessing the State of Governance in the Context of European integration in Montenegro”
 - a. Research and data collection will be undertaken from national think-thank(s) with proven experience in similar field.
3. Organizing broad debate on results of research
 - a. Report “The “Democratic Governance Indicators: Assessing the State of Governance in the Context of European Integration in Montenegro” will be published and public discussion organized.

I.C. Project Beneficiaries:

The project is primarily designed to support the government institutions as beneficiaries. Main partners will be Committee for European Integration and International Cooperation of the Parliament of Montenegro and Secretariat for European Integration in the Government of Montenegro. This way the project will have strong political leadership. Independency of research will be ensured through engagement of national think-thank(s), that may result in building of their capacities in the collection, maintenance and analysis of European Integration governance related data

Democratic governance assessment will assist country’s political leadership to better target the reforms covered with Copenhagen political criteria and thus speeding up the realization of Montenegro’s overall strategic goal – democratic consolidation and full membership into the European Union. These indicators will represent a rich source of information for regular Progress Reports on implementation of Stabilization an Association Agreement produced by European Commission. At the same time these indicators will be important input for National Human Development Report in Montenegro.

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II. PROJECT RESULTS AND RESOURCES FRAMEWORK

<p>Intended Outcome as stated in the Country Results and Resources Framework: Outcome 2-Consolidation of efficiency, accountability and transparency in public administration (Efficiency and transparency of Government improved in order to effective lead policy formulation, coordination and service delivery in accordance with EU requirements)</p>				
<p>Outcome indicators as stated in the Country Results and Resources Framework, including baseline and targets. <u>Indicators:</u> EC Annual Report on Montenegro, Government effectiveness index from the World bank <u>Baseline:</u></p>				
<p>Applicable MYFF Service Line: Service line 2.7-Public Administration Reform and Anti-Corruption</p>				
<p>Partnership Strategy: The project will contribute towards building partnership with the Government of Montenegro, national think-thanks as a core partners and to strengthening the policy dialogue between the Government of Montenegro and the civil society.</p>				
<p>Project title and ID (ATLAS Award ID): “Democratic Governance Indicators: Assessing and monitoring the state of governance in the context of European integration in Montenegro”</p>				
Intended Outputs	Output Targets for (years)	Indicative Activities	Responsible parties	Inputs
<p>1. Establishment of appropriate system of governance indicators regarding political criteria for European Integration through facilitating cooperation of the Government and civil society and designing and piloting of nationally owned methodology.</p> <p>Research and data collection “The Democratic Governance Indicators: Assessing the State of Governance in the context of European integration in Montenegro” conducted</p>	<p>1. The first report on “The Democratic Governance Indicators: Assessing the State of Governance in the context of European Integration in Montenegro” produced</p> <p>2. Nationally owned governance indicators established</p>	<p>1.Development of nationally owned governance indicators Actions include: - Establishment of organisational structure for project management - Establishment of Taskforce for development of set of indicators related to European integration - Engagement of the International Expert from Oslo Governance Centre - Capacity assessment of potential partners from the Governmental institutions and local think-thanks - Determine ToRs for engagement of appropriate think-thank - Study visit - Round table</p>	<p>UNDP</p>	<ul style="list-style-type: none"> • Project Manager • Project Assistant • International consultant • Local Experts • Translations • Workshops • Office space and utilities • Study visit <p>Total Activity1: 65,500 USD</p> <ul style="list-style-type: none"> • Grants <p>Total Activity2: 30,000 USD</p> <ul style="list-style-type: none"> • Project Manager • Project Assistant • Publication and printing

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<p>Baseline: There are no nationally owned governance indicators.</p> <p>Indicator: The first report on “The Democratic Governance Indicators” in Montenegro produced</p>		<p>2. Research and data collection Actions include: Grant to selected NGO</p> <p>3. Production of the report on “Democratic Governance Indicators: Assessing the State of Governance in the context of European Integration in Montenegro” Printing of the report Public discussion Other promotional activities</p>		<p>costs</p> <ul style="list-style-type: none"> • International consultant • Workshops <p>Total Activity 3: 54,500 USD</p>
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ANNUAL WORK PLAN BUDGET SHEET

Year: 2008

EXPECTED OUTPUTS	PLANNED ACTIVITIES	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET			
		Q1	Q2	Q3	Q4		Source of Funds	Budget Description	Amount (USD)	
Establishment of appropriate system of governance indicators regarding political criteria for European Integration	<i>Development of National Indicators</i>					UNDP	TTF	71200 International consultants	11,000	
						UNDP	TTF	71300 Local Experts	10,000	
						UNDP	TTF	71400 Service contracts	17,500	
						UNDP	TTF	71600 Travel	10,000	
						UNDP	TTF	72400 Communications costs	1,500	
						UNDP	TTF	72700 Hospitality	1,000	
						UNDP	TTF	73100 Premises	2,500	
						UNDP	TTF	74200 Audio Visual and Printing production costs	2,000	
						UNDP	TTF	72100 Contractual services Companies	8,000	
					UNDP	TTF	74500 Miscellaneous	2,000		
							Sub total:		65,500	
		<i>Research and data collection</i>		X	X		NGO	TTF	72100 Contractual services Companies	30,000
									Sub total:	30,000
		<i>Production of the report</i>					UNDP	TTF	71200 International consultants	6,000
						UNDP	TTF	71400 Service contracts	17,500	
						UNDP	TTF	71300 Local Experts	4,000	
					X	UNDP	TTF	72100 Contractual services Companies	8,000	
						UNDP	TTF	74200 Audio Visual and Printing production costs	16,000	
					UNDP	TTF	74500 Miscellaneous	3,000		
								Sub total:	54,500	
								TOTAL:	150,000	

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III. MANAGEMENT ARRANGEMENTS

III. A. Institutional Framework

The project will be self-contained for funding purposes, with its own budget and results-based management framework, but will form an integrated part of the Capacity Development Programme (CDP), complementing related activities of that programme.

The CDP *Executive Committee*⁷ will have ultimate responsibility for management, assisted by the CDU *Capacity Management Unit*, and answerable to the *Steering Committee* composed of representatives of government and donors and chaired by the Deputy Prime Minister.

The cabinet of the Deputy Prime Minister will be responsible for coordination of government inputs through CDP Executive Committee.

III.B. Project Roles and Responsibilities

Project Implementation. The Project will be implemented under Direct Execution modality (DEX) in accordance with UNDP rules and regulations, set forth in the Programme Implementation Manual, tailored for this particular programme and based on the UNDP Programming Manual and the general UNDP DEX Guidelines. One component of the project - Research and data collection - will be “NGO execution”.

A Project Manager (PM) appointed by CDP Executive Committee, will be responsible for achievement of objectives of the project, its timely implementation and the utilisation of funds in compliance with agreed rules and procedures. PM will be assisted by a part time Project/Finance Assistant and reports to CDP Executive Committee, through CDP Programme Manager.

The Project Manager will have the following role:

- 1) Coordinate technical, administrative and financial activities of the project;
- 2) Ensure monitoring and control of activities
- 3) Financially manage the project (including effecting disbursements);
- 4) Resolve bottlenecks;
- 5) Prepare substantive and financial reports to the CDP Executive Committee, the donor(s) and UNDP.

The Project Manager may convene meetings involving CDP/UNDP senior management and the Government representatives if he/she encounters difficulties during the implementation of the Project.

UNDP Backstopping Team: The UNDP Country Office in Podgorica staff will provide strategic advice and administrative support and is responsible for financial disbursements, controlling and reporting. The Backstopping Team will ensure that the project is informed by the lessons of UNDP's prior project experience and is integrated into the ongoing project activities within the CDP portfolio.

⁷ The Executive Committee is chaired by the Head of the Secretariat for European Integration and composed of representatives of UNDP and FOSI-ROM.

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The UNDP Team Leader will provide advisory and operational support to the project implementation.

III.C. Monitoring and Evaluation

III.C.A. Monitoring

The purpose of monitoring and evaluation will be to monitor progress towards the key outputs, identify, in good time, where improvements are necessary to enable the project to achieve its objectives, and to make preliminary assessments about further training needs of the target groups.

The Project Manager will prepare monthly briefings for CDP Executive Committee. The Project Manager will be responsible for ensuring the reports are shared with other donors and representatives of the Government and that their comments are taken into consideration.

Evaluations of the impact of the training programmes will address the dimensions of trainee reaction, learning and behaviour change. Multiple methods of evaluating training impact will be used.

To evaluate the accountability of the project actors, the UNDP will apply its usual mechanisms.

III.C.A.1. Mechanisms used to monitor and evaluate the project

Primary monitoring role is with the UNDP, on behalf of the CDP. In order to ensure that implementation of the project is on track and on time, CDP might provide consultants support in designing project's results, indicators and benchmarks.

III.C.A.2 Reporting responsibilities

The CDP Executive Committee must report on status of indicators as well as on financial performance to CDP Supervisory Board on six months basis.

III.C.A.3 Visibility

To keep the general public informed about project's progress and to encourage positive participation in the project, the building and sustaining of political commitment and beneficiaries' demand for the project, the project management will disseminate information through Internet web-sites, newsletters, press releases, videos and other public relations efforts, and carry out feedback surveys, etc.

This project will follow an already established line of UNDP projects in the field, primarily referring to the CDP, and will therefore have a safe base and paved path. Nevertheless, it is necessary to conduct a short risk analysis.

III.C.B. Risks and Prior Obligations

There are number of risks, which can be identified. Their level of criticality is relatively low. Their realization would not diminish the impact of the project, but requires additional inputs and time. The main risk is connected with level of readiness of the Government of Montenegro to be fully included in project activities because of fear of potential political risks. Because of that Project Manager will at the inception period of the project prepare the relevant documents to present to the Deputy Prime Minister and make him/her well aware of the proposed measures. Pro-active advocacy strategy will ensure that project outputs produced find adequate recognition by official institutions and the general public.

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III.C.B.3 Beneficiary Expectations

Expectations from the beneficiary institutions, the general public and the donor community from the project may exceed the actual capacity of the project. Quality changes in the society require time to take effect. It is, therefore, essential that the Project Management run a pro-active continuous reporting and advocacy strategy to ensure that those outputs produced find adequate recognition by both the official institutions and the general public.

III.C.B. 3 Financial Resources

The financial resources provided through this project are sufficient to satisfy the's need for a project. .

IV. LEGAL CONTEXT

This project document shall be the instrument referred to such as in Article 1 of the Standard Basic Agreement a copy of which is available at RBEC.

The following types of revisions may be made to this project document provided UNDP is assured that other signatories of the project document have no objections to the proposed changes:

- a) Revisions in, or addition to, any of the annexes of the project document;
- b) Revisions which do not involve significant changes in the immediate objectives, outputs or activities of a project, but are caused by the rearrangement of inputs already agreed to or by cost increases due to inflation, and
- c) Mandatory annual revisions, which rephrase the delivery of, agreed project inputs or reflect increased expert or other costs due to inflation or take into account agency expenditure flexibility