

EMPLOYMENT IN MONTENEGRIN MUNICIPALITIES- MERIT OR PARTY BASED?



The project is financed by the EU and co-financed by the Royal Norwegian Embassy.



NORWEGIAN EMBASSY

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Employment in Montenegrin municipalities - merit or party based?

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1. INTRODUCTORY REMARKS

Through the analysis „Employment in Montenegrin municipalities-merit or party based?“ Institute Alternative continues monitoring of the implementation of public administration reform in Montenegro, focusing on the local level, after publishing of several publications and monitoring reports dealing with reform processes in state administration bodies.¹ The analysis has been prepared within the project „Corruption at the local level- zero tolerance!“², and the project focused on identification of the key issues at the local level in the areas of high risk for corruption.

The starting point are key challenges for the reform of civil service at the local level, followed by the analysis of the problems Montenegrin municipalities are facing in human resource management. In accordance with the framework of the project, special attention was given to the capacities for management of human resources in 14 municipalities.³ In order to throw light on the dynamics of local government reform, key strategic documents and legislative framework regulating the field of the civil service system in Montenegro have been analyzed. Information about the number of employees at

1 Analysis „State administration reform in Montenegro- Between ambitious plans and real possibilities“ has been published in 2012, whereas in 2013 and 2014 quarterly, biannual and annual report on the monitoring of the Law on civil servants and state employees from 2011 have been prepared.

2 The project is financed by European Union, co-financed by the Norwegian Royal Embassy and implemented by the Centre for Civic Education (CCE), in cooperation with Institute Alternative (IA), NGO Bonum from Pljevlja and NGO Nada from Herceg Novi

3 Bar, Budva, Cetinje, Danilovgrad, Herceg Novi, Kolašin, Kotor, Mojkovac, Nikšić, Pljevlja, Plužine, Podgorica, Rožaje and Tivat

the local level, as well as the decisions on employment/recruitment of local servants and employees in 2013 have been collected through free access to information requests. The overview of non-transparent recruitment practices at the local level has been done based on the analysis of newspaper articles published during 2013 and 2014.

Additional sources of information used were opinions of the local civil servants and councilors, as well as representatives of non-governmental sector, collected during fourteen consultative trainings in the Municipalities that were subject of the research, as well as during the panel discussion „Preconditions for transparent recruitment at the local level“, held on June 17, 2014 in Kolašin.

2. FRAMEWORK FOR REFORM OF LOCAL SELF-GOVERNMENT IN MONTENEGRO

“Local administration needs to be rationalized and its efficiency strengthened.”

Montenegro Progress Report for 2013, p. 6

“There were no developments in the rationalization and efficiency of local administration.”

Montenegro Progress Report for 2013, p. 8

Inadequate human resources and financial preparedness of the municipalities for obligations deriving from the membership in the European Union represent significant limiting factor for faster integration. In order to achieve this strategic goal there is a need to transform the complete public administration in organizational and functional terms. During the adapting of municipalities to the requirements of the European integration process, there are several activities of particular importance:

- ✓ precise division of responsibilities between the central and local level, with improved coordination;
- ✓ establishment of the higher degree of fiscal decentralization;
- ✓ strengthening the capacities of local authorities;
- ✓ educating employees from local administration bodies about the European integration process and EU funds;
- ✓ improving of inter-municipal cooperation.

In the attempt to overcome the gap between the increasing level of obligations, the existing capacities for accomplishment of said obligations and „gargantuan“ administrative apparatus in all

municipalities, based on the Constitution of Montenegro⁴, Law on Local Self-Government and European Charter on Local Self-Government, the Government has dedicated a separate part of the Strategy of Public Administration Reform for 2002-2009 to the goals and priorities at the local level which focused on decentralization and strengthening the role of local authorities in the overall approximation of the country to the European Union.

However, the results of the activities conducted on the bases of the first strategic framework have been extremely weak.⁵ Harmonization of the public administration in Montenegro to the principles of good governance of the European Administrative Space, in the strategic terms, has been continued with the adoption of the Strategy of Public Administration Reform in March 2011.⁶ As regards the local self-governments, the Strategy, among other, emphasizes the need for:

- ✓ a higher level of functional and fiscal decentralization;
- ✓ establishment of the quality system of human resource development and management of personnel;
- ✓ improvement of transparent operation of local self-government bodies, based on higher degree of participation of citizens and other interested parties in performance of public affairs.⁷

Law on Local Self-Government stipulates that vacant positions shall be filled on the basis of public advertisement, whereas official titles and conditions for their performance shall be regulated by the Government in the regulations governing employment in state bodies.⁸

4 Which guarantees the right to the local self-government and the right of citizens and local self-government bodies to regulate and administer certain public affairs

5 For more information please see: "State administration reform in Montenegro- Between ambitious plans and real possibilities", Institute Alternative, 2012, pages: 15-17

6 Strategy of Public Administration Reform (AURUM) for the period 2011-2016, March 2012

7 Ibid, p. 27

8 Član 88, Zakon o lokalnoj samoupravi, "Sl. list RCG", br. 42/03, 28/04, 75/05, 13/06, "Sl. list Crne Gore", br. 88/09, 03/10 i 38/12

3. KEY CHALLENGES OF HUMAN RESOURCE MANAGEMENT AT THE LOCAL LEVEL

Good human resource management need not be complicated or over-sophisticated. Awareness of current organizational culture and people management practices (and its weaknesses) often constitutes the essential first step in improving processes and skills.⁹

Although it represents an important issue in numerous reform documents relating to local self-government, decentralization process in Montenegro is still in an early stage. At the heart of the decentralization is the principle of subsidiarity, which involves transfer of competencies from the central level to the „smaller units” in accordance with their financial and professional capacities.¹⁰ However, slight increase of the scope of competencies of the local government is followed by a steady increase of the number of employees, which puts a significant burden on the local budgets.

“In the process of reorganization of public sector, local self-governments represent a particular challenge, having in

9 “Human Resources Management Toolkit”, Council of Europe, Belgrade, 2012, p. 10

10 According to: Koprić Ivan, “Decentralization and Good Urban Governance”, Croatian Public Administration 9 (1): 69–78, 2009.

*mind that through the process of decentralization the scope of competencies and number of transferred/entrusted tasks hasn't increased significantly, whereas, on the other side, there was a significant increase of the number of employees, and of public enterprises owned by local self-governments.*²¹¹

3.1.1. Surplus employees

Determining the optimal number of employees in local self-governments is not an easy task, and there are several factors¹² that influence it - was the joint assessment of all participants of consultative trainings held in 14 local self-governments in June and July of 2013. Specially challenging is realization of personnel policy in smaller municipalities which need to carry out the same scope of tasks as bigger local self-governments, which, at the same time, have a greater degree of financial sustainability.¹³

Information from Ministry of Finance shows that the total number of employees at the local level at the end of 2012 was 10,508.¹⁴ This number is identical to the one which was recognized as extremely high in the Strategy of Public Administration Reform for the period 2011-2016. Out of the total number of employees, 4,564 of employees were engaged in local self-government, 884 in public institutions and 5,060 in public enterprises. A large number of employees has a direct effect on the level of current expenditures, and in the period January-March 2014 they amounted to 69.4 million EUR.¹⁵ Public Sector Internal Reorganization Plan envisages reduction of 1,024 employees by the end of 2016.¹⁶

11 Public Sector Internal Reorganization Plan, July 2013, p. 12

12 Such as: competencies of the local self-governments, municipal budget, population, etc.

13 Comment from consultative training with representatives of public administration, councillors and representatives of civil society, held in Plužine, on July 16, 2013

14 Information on indicators of financial situation of local self-government in 2012, Ministry of Finance, p. 8; Public Sector Internal Reorganization Plan, p.13

15 Bulletin XXXII, Ministry of Finance of Montenegro, April- June, 2014, p. 57

16 Public Sector Internal Reorganization Plan, p. 61

	Situation in 2013	Reduction of number of employees				Total reduction of the number of employees
		I phase		II phase		
		2013	2014	2015	2016	
Local self-government units (local self- government bodies and public institutions owned by the municipality)	5060	127	126	120	120	493
Public enterprises owned by the municipality	5448	136	136	130	129	531

Table 1: Plan of reduction of the number of employees at the local self-government level by the end of 2016¹⁷

According to information from the Public Sector Internal Reorganization Plan, employees in local self-governments represent one fifth of the total number of employees in the public sector.¹⁸

Municipality	Local government bodies	Public institutions	Public enterprises	Total
Bar	288	/	564	852
Budva	342	96	620	1058
Cetinje	262	15	214	491
Danilovgrad	133	42	105	280
Herceg Novi	225	63	183	471
Kolašin	152	36	52	240
Kotor	181	38	240	459
Mojkovac	85	13	45	143
Nikšić	516	85	142	743
Pljevlja	286	58	352	696
Plužine	40	8	22	70
Podgorica	690	201	1353	2244
Rožaje	99	39	82	220
Tivat	101	32	138	271

Table 2: Number of employees in local self-governments in 2012¹⁹

There is a surplus of employees in most of the Montenegrin municipalities, with an exception of municipalities Mojkovac, Plužine and Tivat, which according to “estimation” currently have optimal

¹⁷ Ibid, p. 33

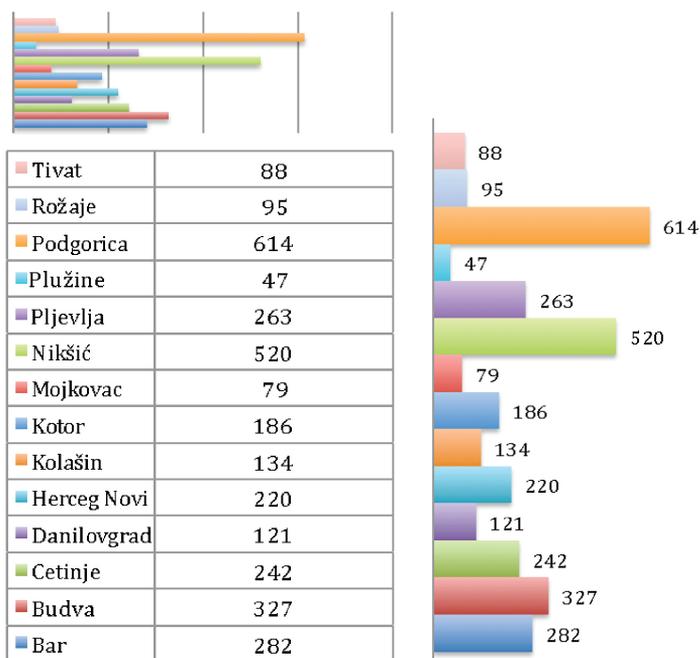
¹⁸ Public Sector Internal Reorganization Plan, p. 12

¹⁹ Information on indicators of financial situation of local self-governments in 2012, p. 8

number of employees.²⁰ However, official information on number of employees in Montenegrin municipalities dates back to 2012,²¹ since new information on the number of employees been submitted, through Union of Municipalities, and for the needs of drafting of the first Report on realization of Action plan for implementation of the Public Sector Internal Reorganization Plan in July 2014, only by municipalities Kotor (439), Mojkovac (140), Plužine (79), Tivat (248) and Šavnik (78).

Within this research, in March 2014, Institute Alternative has requested, on the bases of requests for free access to information, data about the number of employees in 14 municipalities covered by the project.

Graph 1: Number of employees in local administration bodies in 14 municipalities in 2014

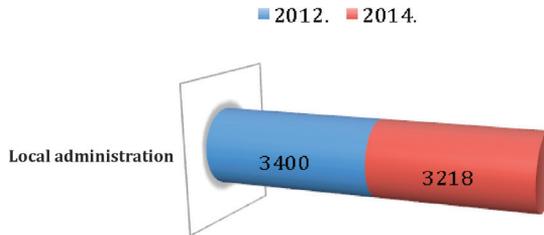


20 According to: Report on realization of Action plan for implementation of the Public Sector Internal Reorganization Plan for the IV quarter of 2013, and I and II quarter of 2014, July 2014, pages: 116-117

21 This information is listed in the Public Sector Internal Reorganization Plan from July 2013

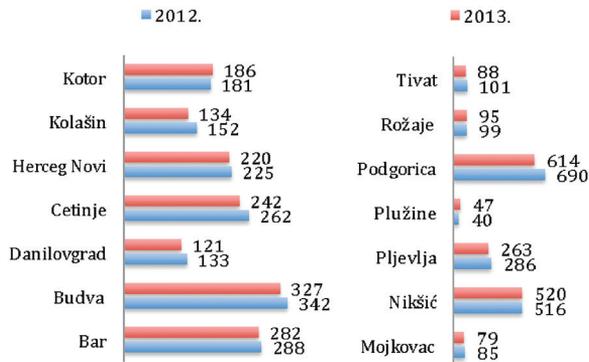
According to information we received on the bases of free access to information requests, number of employees in 14 Montenegrin local self-governments was 3,218 at the beginning of 2014, which is for 182 employees less than at the end of 2012.

Graph 2: Total number of employees in local administration bodies in 14 municipalities in the period 2012-2014.



Regardless of certain rationalization of the number of employees, heretofore none of the municipalities have adopted the plan for reduction of number of employees.²² Also, as illustrated in Table 2, in some municipalities number of civil servants is significantly higher, almost double, in public enterprises than in local administration. This is the case with municipalities: Bar, Budva, Kotor, Pljevlja, Podgorica and Tivat.

Graph 3: Overview of the change of the number of employees in local administrations by municipality



²² Municipalities Mojkovac, Plužine and Tivat did not adopt the plan, because they do not have „surplus employees“, while municipalities Kolašin, Plav, Rožaje, Ulcinj and Žabljak did not submit information about this activity; See: Report on realization of Action plan for implementation of the Public Sector Internal Reorganization Plan for the IV quarter of 2013, and I and II quarter of 2014, July 2014, pages: 116-117

According to information, it is noticeable that in some municipalities, such as Kotor, Nikšić and Plužine, number of employees has increased, in spite of numerous analyses²³ which point out to the need for the decrease of number of employees, in order to make some budgetary savings and adjust the number of employees to actual needs and established competencies.

According to the participants from consultative trainings, surplus number of employees in local self-government bodies and unemployment rates are influenced by the fact that working in public administration is still more desirable than in civil or business sectors, even though, in most cases, salaries are lower when working in public sector. Public opinion surveys²⁴ are a proof of this fact, according to the participants. Additional burden are employees who have met the conditions for retirement and receive funds from Pension and Disability Fund (PDF), but still continue to perform work in local administration and receive regular salaries for their work.²⁵

Some municipalities have tried to solve the problem of surplus employees through the system of voluntary termination of employment and/or paying of severance payments based on taking out of loans, as was the case with municipalities Cetinje²⁶ and Kolašin.²⁷ However, the example of severance payments in municipality Kolašin to all interested persons is a negative example of rationalization of the number of employees, since analysis of which staff should have been kept at work has not been done prior to offering of the severance payments.

23 Information on indicators of financial situation of local self-government in 2012, Ministry of Finance, p. 8; Public Sector Internal Reorganization Plan, p.13

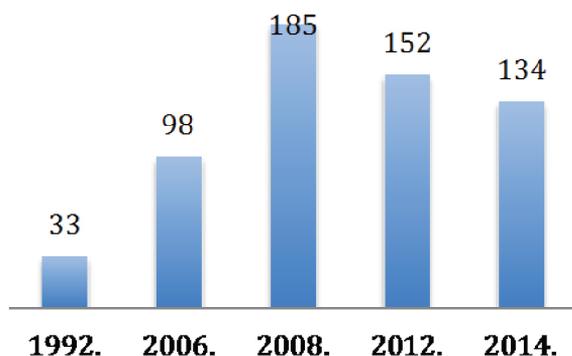
24 Comment from consultative training with representatives of public administration, councillors and representatives of civil society, held in Budva on July 10, 2013

25 Same, Kotor, on July 9, 2013

26 Same, Cetinje, July 24, 2013

27 Same, Kolašin, July 17, 2013

Graph 4: Changes in the number of employees in Municipality Kolašin in the period 1992-2014²⁸



3.1.2. Inadequate human resource planning

Human resources planning involves predicting the need for engagement of certain qualified personnel based on anticipated internal (organizational) and external changes. Strategic objectives for the development of the local self-government must be reflected in the strategy of human resource development, which can be prepared on annual or multi-annual basis. Planning of human resources for the period of one year must be tied to and reflected in the annual budget proposal.

Therefore, when there is a disproportion between the number of employees and scope of work which local self-governments have at their disposal, numerous questions are opened. Firstly, inability to predict the required number of expert staff in relation to the scope of work performed by the municipality, that is the need for specific knowledge and skills conditioned by the process of negotiations for

²⁸ From the presentation of the councillor from Social Democratic Party (SDP) in the local Assembly of Municipality Kolašin Željka Vuksanović on the panel: “Criteria for transparent recruitment at the local level” held on June 17, 2014. “Corruption is a local practice as well”, Portal of RTCG, available at: <http://www.rtcg.me/vijesti/drustvo/55396/korupcija-je-i-lokalna-praksa.html>

membership in European Union, reflects that there is a problem with human resource planning, or lack of adequate analysis of real needs and profiles. Bearing in mind the fact that there is a surplus of employees in the majority of Montenegrin municipalities, the conclusion is that employment in these municipalities has not been based on adequate analysis and planning.

Additional illogicality in the “efforts” to reduce the number of employees in state and local administration and make it optimal, is an obligation from the Public Sector Reorganization Plan to prepare the analysis of the optimal number of employees in the third quarter of 2014.²⁹ Therefore, this Plan has „foreseen” the level of rationalization of employees in public institution, before comprehensive analyses have actually even been implemented.

3.1.3. Lack of skilled staff

The success of local self-governments in fulfillment of duties, it has been tasked with, depends on the capacities of these units to perform delegated tasks. Lack of qualified personnel at the local level is a reality of all countries in transition.³⁰

When it comes to Montenegro, the problem of human resource planning in local administration bodies is reflected in the lack of capacities, which is, in turn, reflected in an unfavorable age structure of the employees and lack of high-skilled staff.³¹ As the employees represent a link between the municipal authorities and citizens, they need to have a right combination of skills, knowledge and

29 Public Sector Reorganization Plan, p. 61

30 See: Mikulić Sanja, “The Role of Human Resource Management in the Decentralization Process”, Croatian Public Administration, 2009, p. 2

31 Draft Strategy for Professional Development of Local Self-Government Employees in Montenegro 2014-2018, February 2014, p. 9, available at: <http://www.msp.gov.me/ResourceManager/FileDownload.aspx?rid=158715&trType=2&file=Predlog%20Strategije%20za%20profesionalni%20razvoj%20lokalnih%20slu%C5%BEbenika%20i%20namje%C5%A1tenika.doc>

understanding, and they need to use these in their work, regardless of the function they have or work they perform.”³²

3.1.4. Lack of motivation of local civil servants and employees

Identification and defining of the strategic objectives for the development of human resources entails planning of necessary trainings which should be carried out within a specific time period. The possibility of continuous training of employees not only helps in achieving the development goals of the local self-government, and its capacities, but it also creates a stimulating working environment which encourages and motivates the employees. This part of the human resource policy is all the more important because motivation of the employees is directly connected to their performance. For that reason regular monitoring of work of the employees and impartial evaluation of results on an annual level is extremely important. In order to make the evaluation of performance possible it needs to be conducted by using clearly defined criteria.

However, in terms of professionalization and modernization of Montenegrin local administration, Public Administration Reform Strategy identifies as one of the key problems lack of motivation of employees³³ which may be caused by the inadequate system of assessment, i.e. using of an abstract form which does not provide a clear picture of the results on the annual level. Local civil servants and employees believe that the contents of the form and method of appraisal have influenced the fact that the evaluation system never actually lived in practice.³⁴

The Law on Civil Servants and State Employees and the Decree on the Criteria and Methods for Evaluation of Civil Servants and State

³² Ibid., p. 5

³³ Strategy of Public Administration Reform in Montenegro 2011-2016, p. 38

³⁴ Comment from consultative training with representatives of public administration, councillors and representatives of civil society, held in Kolašin on July 17, 2013

Employees regulate this area by prescribing the continuous monitoring of the work of employees with the evaluation done on the annual basis, by January 31 of the current year for the previous year. Criteria for performance assessment are the expertise, scope of work and timeliness of the performance of duties. Immediate supervisor gives recommendation about the assessment of work of the employee to the head of the body. However, application of new solutions is encountering problems, both at the state and local level. Namely, during its work on the Report on implementation of the Law on Civil Servants and State Employees, Institute Alternative has overviewed reports on performance assessment reviews of employees in five institutions.³⁵ Despite of the fact that the Decree came into force only in July, which had a significant negative impact on the process of assessment, but the authorities did not adopt all decisions in the legal timelines, and the performance assessment reviews are done in perfunctory manner, without a detailed explanation of the scores given, or the bases for giving the final performance assessment scores.³⁶

Further, it is accepted opinion of local servants that this legal obligation cannot be adequately met at the local level due to weak capacities of the municipalities.³⁷ However, since the head of the body assesses the performance of the employees, based on the proposal of the immediate supervisor, this activity does not require additional capacities. Nonetheless, performance assessment of local civil servants and employees in 2013 has not been done in Bar, Kotor, Mojkovac, Nikšić, Pljevlja and Šavnik, and in the first Report on realization of the Action plan for implementation of the Public Sector Internal Reorganization Plan only information about performance assessment

35 Agency for Protection of Environment, Secretariat for Legislation, Administration for Prevention of Money Laundering and Financing of Terrorism, Ministry of Interior and Ministry of Culture

36 More about this: "Recruitment and Promotion in State Administration- Annual Monitoring Report, Institute Alternative, May 2014 pages 14-15

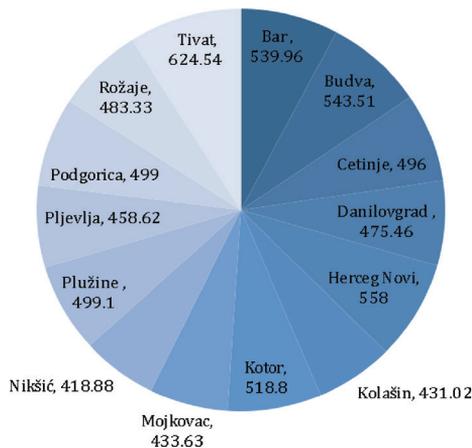
37 Comment from consultative training with representatives of local administration, councillors and representatives of civil society, held in Mojkovac, 19th July 2013.

done in Municipality Tivat are presented.³⁸

Regular monitoring of work of local civil servants and employees would be facilitated if central personnel records (CPR) functioned in all local self-governments and were kept up-to-date, which is not the case now. Some municipalities did not establish CPR or do not keep them in electronic form.³⁹ Inability to adequately monitor work performance of employees and the trainings they attended prevents proper assessment of their work on the annual level.

Low earnings also have adverse effect on the motivation of local employees. Data from Ministry of Finance from June 2013, show that in this period the lowest average net salary was recorded in Municipality Andrijevica which amounted to 393,81 €, and the highest in Municipality Tivat amounting to 624,54 €. In 2013, a total of 12 local self-governments had lower average net earnings as compared to the state level. (484.00 €).

Graph 5: Average net earnings for 2013 in 14 local self-governments⁴⁰



38 Report on realisation of Action plan for implementation of Public Sector Internal Reorganization Plan for IV trimester of 2013 and I and II trimester of 2014, page 120.

39 Ibid, p. 118

40 Report on Indicators of Financial Sustainability of Local Self-Governments in Montenegro, p. 7

3.1.5. Party based employment

A factor which has a significant effect on the increase of number of employees, despite the absence of objective and sustainable preconditions for this, is party employment. „Syndrome“ of recruitment based on political party affiliation is a topic which has been in focus of the political debate, of media and international attention as regards Montenegro, and that is all „owing to“ the affair „Recording“. It concerns an audio recording published by the daily newspaper „Dan“ from the meeting of the management of the Democratic Party of Socialists held on June 30, 2012, when they analyzed possibilities of employment of members and supporters of this party, in order to provide support for upcoming parliamentary elections, which were held on October 14, 2013.⁴¹ Despite the fact that this „affair“ about the party based employment was mentioned in the Montenegro Progress Report for 2013,⁴² it still does not have an epilogue, since neither prosecutorial nor parliamentary investigation led to determining of responsibility. Moreover, in 2014, prior to local elections in 12 municipalities, media have reported about the new party based employments contrary to the Article 21 of the Law on Financing of Political Parties⁴³ which sets forth a prohibition of employment in state administration and local self-government bodies during the election campaign. State bodies have in the beginning of the year announced 50 positions in 7 municipalities immediately prior to the announcement of local elections.⁴⁴

It is clear that there are examples of intensive employment prior

41 Recordings available on website of daily „Dan“: <http://www.dan.co.me/ekskluzivno/>

42 Montenegro Progress Report for 2013, October 2013, p. 55

43 On May 30, 2014 the Constitutional Court declared unconstitutional majority of the provisions from the Law on Amendments and Changes of the Law on Financing of Political Parties; Law on Amendments and Changes of the Law on Financing of Political Parties, „Official Gazette of Montenegro“ 10/2014 from February 26, 2014

44 More about this: “Employees and teachers employed during election campaign”, DAN, March 26, 2014, available at: <http://www.dan.co.me/?nivo=3&rubrika=Politika&datum=2014-03-26&clanak=426770>

to the elections, regardless of surplus of employees in the local self-government bodies, which was already shown. Jobs serve to „buy“ votes, election victory and social peace. This has a negative impact on financial stability of local self-governments. The system of local finances in Montenegro is in the long run burdened by numerous problems, and the most important are decrease of operational revenues, increase of overdue debts and loans, as well as a high level of budget deficit. At the end of the first quarter of 2014, the total debt of all local self-governments amounted to 171.05 million EUR, or 4.86% of estimated GDP for 2014, whereas the total outstanding liabilities of municipalities at the end of March amounted to 108.61 million EUR.⁴⁵ The projected total savings, after rationalization of the number of employees in all municipalities in line with the Internal Reorganization Plan by the end of 2016, should amount to 9,388,476.33 EUR.⁴⁶

3.1.6. Organization of human resource management affairs

Human resource management involves planning, implementation of recruitment procedures, selection of candidates, monitoring of the work of employees, rewarding, as well as all other affairs of importance for the development of staff. These affairs are most often performed by specialized, separate, institutions at the national level and services at the local level. Montenegrin municipalities do not have special services for human resource management with precise given competencies for appliance of the Law on Civil Servants and State Employees from 2011.

From looking at the current organization of the local government system in 14 municipalities, it is noticeable that positions of the employees who deal with human resources issues are typically systematized within the Secretariat for General Administration or local self-government, but also there are cases where the

45 According to: Bulletin XXXII, Ministry of Finance of Montenegro, April - June 2014, pages 58-59

46 Public Sector Internal Reorganization Plan, p. 61

Office of the Chief Administrator deals with these issues, as in municipalities Herceg Novi and Plužine. In organizational context, the exceptions represent special units in competent secretariats, as for example, in Nikšić, Podgorica and Pljevlja.

Table 3: Human resource management in 14 municipalities

Municipality	Competent body
Bar	Secretariat for General Administration and Social Services
Budva	Secretariat for Local Self-Government
Cetinje	Secretariat for Local Self-Government
Danilovgrad	Secretariat for General Administration and Social Services
Herceg Novi	Chief Administrator
Kolašin	Secretariat for General Administration
Kotor	Secretariat for General Administration
Mojkovac	Secretariat for General Administration and Social Services
Nikšić	Secretariat for Local Self-Government – Department for central personnel records and management and development of human resources
Pljevlja	Secretariat for General Administration – Service for general, administrative and personnel issues
Plužine	Chief Administrator
Podgorica	Secretariat for Local Self-Government
Rožaje	Secretariat for General Administration
Tivat	Secretariat for Information Systems and Joint Services

In local self-governments there are different solutions when it comes to systematization and number of employees designated to manage human resources management. From 14 local self-governments, typically only one employee is tasked with human resource management affairs, whereas in Herceg Novi there are two, and in Nikšić four employees.⁴⁷ In Municipality Danilovgrad, according to Act on systematization there is one working position, but it hasn't been filled from 2012. Employees responsible for human resource policy within the local government do not have any role in providing expert support to public enterprises and institutions.

⁴⁷ Information from municipalities Kotor, Pljevlja, Plužine and Podgorica has not been included.

Table 4: Example of job description for human resource management in Municipality Tivat⁴⁸

“Establishing, maintaining and updating the central personnel records of local officials and employees; Conducting prescribed and other records on computer supported way; Monitoring and enforcement of regulations pertaining to the status of local officials and employees and giving an opinion on implementation of these regulations; Monitoring the rights of local administration officials and employees and preparing the appropriate legislation in this regard; Preparing analysis, reports and information in the area of civil service relationships and personnel policies; Conducting a public announcement procedure (public and internal add and contest for the organs of local administration and services); Planning personnel in local administration bodies and agencies; Giving opinions on acts on internal organization and job classification and duties of local administration bodies and services; Monitoring the evaluation of local officials and employees; Monitoring of the trainees work; Identifying and analyzing the needs of administration staff for specialization and training and assisting in the delivery of training and specialization of staff; conducting research and performing assessment of a training needs; collection of data on vocational education and training; Preparation of plans and programs for professional development and training of local officials and employees, and taking measures and activities for the organization and implementation of plans and programs of training; Preparation of projects related to training and education of trainees; Providing professional assistance to the President and the Chief Administrator in the field of personnel management; Personnel management realized through the implementation of laws and other regulations on local officials and employees, as well as the specific regulations pertaining to labor; Cooperating with the government authority in charge of personnel management in the achievement of established competences in this area; Giving opinions in the process of preparation of laws and acts on labor passed by the Assembly and acts passed by the President of the Municipality; Performing other duties within the jurisdiction of the Municipality in this area.”

Since for implementation of the Law on Civil Servants and State Employees it was necessary to establish separate services for human resources, as it was mentioned before, the Action plan for implementation of the Strategy of Public Administration Reform contains a measure to continuously work on establishing units for human resource management in all municipalities and in Union of Municipalities of Montenegro during 2014 and 2015.⁴⁹

However, there is a need to additionally reconsider the set up of these

⁴⁸ Competencies of the Secretariat for Information Systems and Joint Services of Municipality Tivat pertaining to human resources management, available at: <http://opstinativat.com/lokalna-samouprava/organi-lokalne-uprave/925.html>.

⁴⁹ Report on realization of activities from the Action plan for Implementation of the Strategy of Public Administration Reform for the period 2011-2013, with the proposal of the Action plan for the period 2014-2015, p. 32

services in local governments which have fewer than 100 employees, as is the case with municipalities Mojkovac, Plužine, Tivat and Rožaje. Since a possibility to introduce a multi-typical organization of local self-government⁵⁰ was considered, a potential solution could be to form several services in larger municipalities to manage human resources of several municipalities, in line with the geographical position. Finally, performing of functions of the specialized unit for conducting of selection procedures, testing of candidates' abilities and other matters connected to personnel policy at the local level can be entrusted to the Human Resource Management Authority or Union of Municipalities. This model would require reorganization and significant improvement of capacities of both the Human Resource Management Authority and Union of Municipalities.

Manner of organization of the services for human resources and the Committee for testing of candidates' abilities is of particular importance when we take into consideration that there is currently a problem with composition of these committees at the local level,⁵¹ so the question is how will the question of competence for appointing the member of committees at the level of local self-governments be done. Particularly problematic is who is currently deciding on these matters. Due to lack of preconditions for appliance of the Law on Civil Servants and State Employees at the level of the local self-government, at this moment there is no uniform system for conducting tests of candidates' abilities.

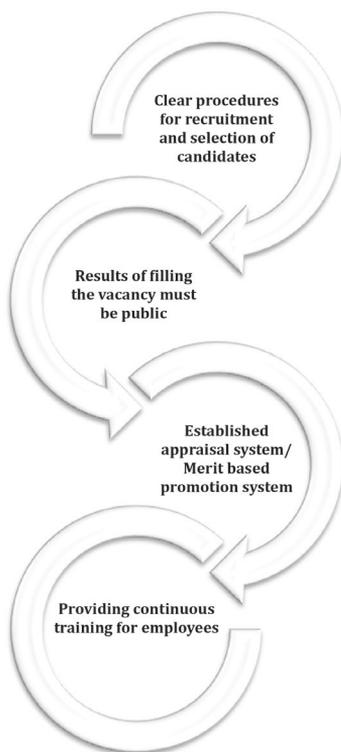
3.1.7. Lack of transparency

Having in mind the criteria for transparent recruitment and promotion in the civil service, it should be noted that they have not been fully met at the local level in Montenegro. Local self-governments are still not sufficiently transparent when it comes to publishing of information about recruitment procedures.

50 Ibid, p. 19

51 More about this: "Recruitment and promotion in state bodies", p. 12

Graph 6: Criteria for transparent recruitment and promotion at the local level



Municipalities publicly advertise free vacancies, but the results of the competitions are usually not available⁵² on their websites, while some municipalities, such as the case with Herceg Novi, do not allow access to this information based on the request for free access to information, but only enable provide insight into documents in their offices.⁵³ The assessment and promotion

⁵² While examining the websites of 14 municipalities which have been covered by the research, we have found these decisions on webpages of competent secretariats in Budva and Podgorica.

⁵³ Response of Municipality Herceg Novi to the request for free access to information from Institute Alternative, March 2014.

system is still implemented arbitrary (or is not implemented at all).

Due to the lack of preconditions for appropriate application of the new regulations relating to recruitment and promotion, municipalities are still not conducting tests for checking of candidates' abilities in line with the provisions of the Law on Civil Servants and State Employees, which came into force in 2013.

The overall list of trainings employees completed on an annual basis can be found on the website of Municipality Tivat, whereas other municipalities give this information within the annual reports on work of relevant secretariats.

Graph. 7: Example of transparent advertising of vacancies- Municipality Tivat



4. EMPLOYMENT PROCEDURES AT THE LOCAL LEVEL

Law on Civil Servants and State Employees⁵⁴ introduces enhanced criteria for filling of vacancies and as such represents a significant improvement in terms of providing of preconditions for recruitment of the best candidates.

The Law prescribes mandatory testing of interested candidates, as a procedure for testing of candidates' abilities, whereas the grading system is regulated by the by-laws. However, even after eighteen months from the date the Law on Civil Servants and State Employees came into force, preconditions for its application at the local level have not been met. Law on Local Self-Government, as mentioned before, partially defines legal status of local civil servants and employees by referring to the implementation of regulations governing the legal status of civil servants and state employees. However, there is a large number of questions from the field of the employees' relations at the local level for which adequate appliance of the Law on Civil Servants and State Employees is not possible, and these are in particular: powers and duties of the local self-government bodies as the employer; status issues of the employees who fall within the category of expert-management staff; authority to make human resources plans; protection of the rights of civil servants and employees at the local level; disciplinary responsibility; mandatory appliance of secondary legislation arising from the Law on Civil Servants and State Employees to civil servants and employees working at the local level and other issues.

⁵⁴ Adopted in 2011 and applied from January 1, 2013, Law on Civil Servants and State Employees, "Official Gazette of Montenegro 39/2011". from August 4, 2011

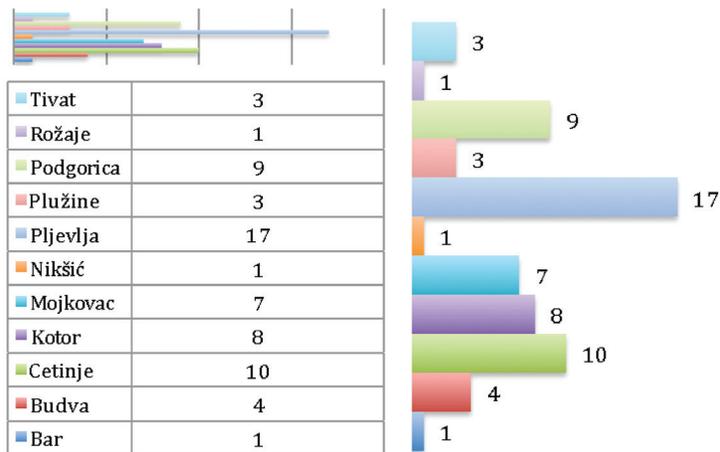
An attempt to introduce the formal framework for appliance of the Law on Civil Servants and State Employees was done through the provisions of the Draft Law on Amendments and Changes of the Law on Local Self-Government published in July 2013. Namely, Article 36 of the Draft Law as regards the key issues for conducting of recruitment procedures refers to the „provisions of the Law which governs the right, duties and responsibilities of civil servants and state employees.”⁵⁵ Apart from the fact that the changes have still not been formally adopted, even a year after they were prepared, its provisions are insufficiently harmonized with the Law on Civil Servants and State Employees. In this direction, imprecise defining of competencies of special services for human resources management would create a space for the expansion of the scope of activities of these units, which is contrary to the spirit of the Law on Civil Servants and State Employees.

Additional problem identified by the Strategy for Professional Development of Local Civil Servants and Employees in Montenegro for the period 2014-2018 is the inability to adequately implement specific solutions from the Law on Civil Servants and State Employees at the local level, and accordingly this document recommends adoption of the separate Law on Local Civil Servants and Employees.⁵⁶

55 “Regarding filling of vacancies, evaluation of local civil servants and employees, rights and duties related to deployment, rights related to termination of bodies of local self-government or parts of their work, classifying of positions of local civil servants and employees to grades, conditions for determining of accountability of local officials, appointed persons or local civil servants, content and manner of keeping of personnel records and other matters that are not regulated by this Law, provisions of the law regulating the rights, duties and responsibilities of civil persons shall be applied. Regarding rights, duties and accountability of officials and appointed persons, local civil servants and employees that are not regulated in provision 1 of this article, general labour regulations shall be applied” – Article 36 of the Draft Law on Amendments and Changes of the Law on Local Self-Government, July 2013, Available at: <http://www.mup.gov.me/vijesti/130104/Pripremljen-Nacrt-Zakona-o-izmjenama-i-dopunama-Zakona-o-lokalnoj-samoupravi.html>

56 Draft Strategy for Professional Development of Local Civil Servants and Employees in Montenegro for the period 2014-2018, draft, Ministry of Interior, Human Resources Management Authority, Union of Municipalities, February 2014.

Graph 8: Number of decisions on selection of local civil servants and employees based on internal and public advertisements in 2013



In 2013, there have been 64 internal and public advertisements of vacancies in 11 local self-governments. Based on information we obtained through the requests for free access to information from 14 municipalities covered by the project, the most decision on recruitment of local civil servants and employees was adopted in Municipality Pljevlja (17), whereas municipalities Danilovgrad and Kolašin did not publicly advertise vacancies in 2013. Municipality Herceg Novi did not allow access to decisions on election of employees and servants, with justification that this information can only be viewed in the premises of the municipality.

Table 5: Overview of employment by municipalities

Municipality	Number of employed civil servants and state employees in 2013	Internal vacancies-between the local self-government bodies
Bar	1	/
Budva	5	3
Cetinje	10	/
Kotor	8	/
Mojkovac	10	/
Nikšić	1	1
Pljevlja	17	/

Plužine	3	/ ⁵⁷
Podgorica	9	2 ⁵⁸
Rožaje	19	/
Tivat	7	/
Ukupno	90	6

A total of 90 civil servants and state employees have been engaged based on public and internal vacancy notices in 11 local self-governments in 2013. In Municipality Rožaje 19 interns have been employed, where as all 10 servants and employees engaged in Municipality Cetinje have been employed for a fixed-term period, and of this number only two were interns. In Tivat, 5 persons were employed for a fixed-term period, for "the duration of the tourist season".

57 Note: One person has been employed by the decision on employment for an indefinite period, based on the previous contract on scholarship.

58 Note: One decision on employment for an indefinite period did not indicate whether the employment was done on the basis of public or internal vacancy notice.

5. CONCLUSIONS

The reform of local self-government in Montenegro does not progress as fast as envisaged. The problems of insufficient transferring of responsibilities to the local level, as well as the accompanying fiscal decentralization, which have been recognized as central in strategic framework for the reform of public administration, are still crucial in this process.

When civil service system is concerned, municipalities are (not) adapting to the provisions of the Law on Civil Servants and State Employees from 2011, since even eighteen months after the beginning of its implementation, they still have not met formal preconditions for its implementation at the local level. Draft Law on Amendments and Changes of the Law on Local Self-Government from July 2013, refers to the procedures governing employment at the local level, but these provisions have not been adopted yet, do not regulate this field in a precise way and do not provide explanation of what is implied by appropriate application of these solutions. Additionally, draft Strategy for Professional Development of Local Civil Servants and Employees in Montenegro indicates an inability to adequately apply numerous solutions from the Law on Civil Servants and State Employees at the local level.

Most of the local self-government units in Montenegro have a surplus of employees, and their rationalization does not give significant results, in spite of the need for reduction of pressure on local budgets, i.e. disproportion between the scope of competencies and number of employees. None of the municipalities has heretofore adopted a plan to reduce the number of employees, even though this is an obligation

set forth by the Public Sector Internal Reorganization Plan foreseen for second quarter of 2014. Surplus of employees affects the increase of expenditures, and in the first quarter of 2014 expenditures were close to 70 million EUR. Public Sector Internal Reorganization Plan gives a projection according to which by 2016 in local self-governments there will be 1024 employees less, which would make a saving of up to 10 million EUR. Apart from the fact that there is a large number of „redundant” employees, municipalities are faced with inadequate age structure of employees and lack of highly professional staff. The inability to make a realistic estimate of the necessary number of employees and their educational profile indicates that there is a widespread problem of inadequate planning, whereas the surplus of employees is directly linked with party based employment. Public administration in Montenegro is still highly politicized although this topic is in the focus of attention of the European Commission, and its de-politization is a precondition in further progress of the negotiation process.

The impossibility to determine the optimal number of employees in municipalities is an indicator of poor human resources planning. Public Sector Internal Reorganization Plan did not manage to contribute to the improvement of the planning process, as it has foreseen drafting of necessary analysis of the optimal number of employees only a year after the adoption of the document which provides a projection of rationalization.

Municipalities do not have developed capacities for human resources management in the form of special services tasked with planning, formulating of training plans and conducting of recruitment procedures and adequate appliance of the new solutions from the Law on Civil Servants and State Employees which came into effect in January 2013. Currently, human resources are managed by Secretariats for General Administration, Local Self-Government and Chief Administrator.

Local self-governments covered by this research have recruited 90

employees on the basis of 64 public and internal announcements and competitions in 2013. Municipalities Danilovgrad and Kolašin did not advertise open vacancies, and Municipality Herceg Novi only allows access into decisions on employment in the premises of the municipality. Public enterprises and institutions recruit employees not using personnel policies of the local administration.

Personnel record of the employees are not updated regularly, nor do they exist in all local self-governments, so this makes it difficult to monitor their performance, which would allow for a realistic assessment. Application of the new performance appraisal system is encountering difficulties in application at the local level, and in 2013 performance appraisals have not been conducted in Bar, Kotor, Mojkovac, Nikšić, Pljevlja and Šavnik. Insufficient motivation of local civil servants and employees is also affected by the low salaries. In 2012, a total of 13 local self-governments (out of 21) had lower average net earnings as compared to the state level.

6. RECOMMENDATIONS

In accordance with the obligation set forth in the Public Sector Internal Reorganization Plan, conduct comprehensive analysis in all Montenegrin municipalities which would enable:

- ✓ Rationalization of number of employees in accordance with identified needs and revised regulations on internal organization and systematization;
- ✓ Reorganization of the local administration bodies.

Create preconditions for implementation of the Law on Civil Servants and Employees at the local level, as follows:

In the normative framework

- ✓ Amend the Law on Local Self-Government in a manner that it should refer to the Law on Civil Servants and State Employees in terms of filling of open vacancies, performance appraisals of local civil servants as well as the content and manner of maintaining personnel records;
- ✓ Through a precise definition of the jurisdiction of special services for human resources management, eliminate the possibility that one and the same administration body, in addition to human resources management and planning, performs other unrelated duties;
- ✓ Specify that special services for human resource management conduct testing for candidates for the work in bodies and services of local self-government, prepare annual training plan and staffing plan;

In institutional terms

- ✓ Establish special services/units in all local self-governments tasked with human resource management;

- ✓ Due to administrative and technical constraints in local self-governments previously consider which of the following three possible models of human resource management is the most economical and functional:
 - 1) centralized management model through the Human Resources Management Authority or Union of Municipalities;
 - 2) semi-centralized in accordance with potential introduction of multi-typical manner of organization of local self-government- establishment of several services in the largest citizens, which would according to geographical criteria manage human resources in several municipalities;
 - 3) decentralized- organizing of special services in all local administration units.
- ✓ Conduct recruitment procedures in public institutions and enterprises through newly established services for human resource management;

Towards improving transparency

- ✓ Publish and regularly update information about available vacancies; rank list of candidates who have applied on the competition for open vacancy; trainings completed by local civil servants and employees on the annual level;
- ✓ Create functional personnel records in all local self-governments, which would entail all information about the employees in local administration bodies, public enterprises and institutions;

Improve human resource planning. With expert support, work on multi-year planning of human resources in all municipalities .

- ✓ Strengthen capacities of Human Resources Management Authority in the direction of more adequate conducting of trainings for local civil servants and employees;
- ✓ Strengthen the service of the Union of Municipality for providing support in the direction of strengthening the capacities of local self-governments for human resources management.

7. ADDENDUM

Table 6: Media on non-transparent and party based employment at the local level

Bar

In 2013, Municipality Bar has conducted only one public competition for filling of open vacancies and in the period when two consultants were hired to work on economic issues there was no advertisement of vacancies. The aforementioned positions have been filled on the bases on the agreement on the takeover of employees from Railway Infrastructure of Montenegro, AD Podgorica. Former MP from the Democratic Party of Socialists (DPS) and his son have been hired on these positions. It is estimated that Municipality Bar has more than 100 redundant employees and a loss of over 12 million EUR.

Source: *“Hired Franović and his son as advisers”, daily DAN, 07.02 2014.*

Representatives from the Union of Employees and Association of Trade Unions have during the meeting of the Committee for Health, Labor and Social Welfare „Effects of combating the gray economy in the labor market“ emphasized that the state and local administration bodies have hired more than 1,000 employees contrary to the law, or in the zone of gray economy.

Source: *“Government illegally employing 1,000 people”, daily Dan*

Local authorities in Pljevlja have during the three-year period employed over 300 of their people.

Sources: "Affair "Cousin" in Pljevlja manner", daily Pobjeda, April 18, 2014

"We have nothing to hide, everything was done according to the law", daily DAN, April 11, 2014

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