



ACCESSION OF SERBIA AND MONTENEGRO TO THE EU – THE FRONTRUNNERS OR LAGGERS IN PUBLIC SECTOR REFORMS?

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Abstract

In the region of the Western Balkans, Serbia and Montenegro are candidate countries of the European Union and European Commission is predicting that they could become members of the European Union by 2025. The accession of member states to the European Union cannot be discussed without the explanation of the term of Europeanisation. In the paper it will be shown what Europeanisation is, and the way that countries must change on their national level. The process of Europeanisation is long and complicated, candidate countries must adopt and implement all the rules of the European Union. Important changes also need to be made in the public administration of candidate countries. An important role in the process of changing the public administrations and governance in the candidate countries have European Commission and SIGMA. SIGMA has developed set of principles of Public Administration for EU candidate countries and potential countries. Those principles are the foundation of the Public Administration Reform that has been going on in the countries of the Western Balkans. Progress reports of the European Commission and Monitoring and Assessment reports of SIGMA are showing how candidate countries are approaching the Public Administration Reform and what kind of progress they have made in Public Administration over the years. The aim of this research is to show some of the changes in Public Administration that have been made in Serbia and Montenegro through the process of accession to the European Union.

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1. INTRODUCTION

The European Union has the agenda to include the Western Balkans countries to its members. Through the years the accession procedure has evolved, becoming more complicated for every new candidate country. It is necessary because countries wishing to join the European Union have to go through many changes on their national level which represents a challenge for the countries as for the European union. Countries accommodate with the law of the European union and they need to adopt the *acquis*.

Serbia and Montenegro are currently the frontrunners between the Balkans countries to become members of the European Union until 2025. This paper will show the meaning of Europeanisation and specify definitions of the term that are important for the candidate countries of the European union. The chapter about the enlargement concept is giving information about latest strategy for the Western Balkans: 'A credible enlargement perspective for and enhanced EU engagement with the Western Balkans'. It is also mentioning the importance of the Thessaloniki summit for the Western Balkans countries.

The fourth chapter of this paper is giving detailed information about the reforms made in Serbia and Montenegro in the field of the public administration according to European Commissions' progress reports. Analysed were Progress Reports for the years after the countries were granted the candidate status by the European Union. Based on that will be shown whether Serbia and Montenegro are the frontrunners or laggards in the public-sector reform.

2. THE CONCEPT OF EUROPEANISATION

The European Union is changing the face of Europe. The number of her members has been growing through enlargements since it was formed and to her members European Union wants to include the countries from the Western Balkans. At the moment there are five candidate countries waiting to become members of the European Union. For two of them, Serbia and Montenegro, there are some predictions that they could become full members by the year 2025 and they are in the process of negotiations. But what does it mean for candidate countries to become the members of the European Union and what does it take? What is happening between the time when countries are granted the EU candidate status and the time when accession takes place?

Over the years European Union has developed certain criteria for EU membership. If the country wants to apply for membership, it must respect and be committed to promote the democratic values of the EU. In 1993 European Council in Copenhagen has defined key criteria for accession that countries need to meet. According to Copenhagen criteria countries wishing to join need to have: stable institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities; a functioning market economy and the capacity to cope with competition and market forces in the EU; the ability to take on and implement effectively the obligations of membership, including adherence to the aims of political, economic and monetary union.

Over the years Europeanisation has been widely researched. There is still no agreement on how this term should be defined, but it may safely be said that definitions are mostly describing the impact that the European Union has on national polities and politics. It has influence on its member states, but also to non-state and subnational actors and to non-member states of the EU (Koprić, Marčetić, Musa, Đulabić, & Lalić Novak, 2014.). “Europeanisation consists of processes of construction, diffusion and institutionalization of formal and informal rules, procedures, policy paradigms, styles, ways of doing things and shared beliefs and norms which are first defined and consolidated in the EU policy process and then incorporated in the logic of domestic (national and subnational) discourse, political structures and public choices (Cini, 2007, str. 407 as in Radaelli 2003:30)”. This definition specifically defines the term of Europeanisation and the ways that European Union affects national systems. Europeanisation is a complicated process that is changing national systems of European countries whether they are already members of European Union, or just candidates to become the members of the EU. Authors (Koprić et al, 2014., str. 325) Europeanisation can be classified by substance in three key areas while trying to explain the theory of Europeanisation. First one is the *bottom up approach*, vertical one where the national authorities are being transferred to supranational level. On the other hand, there is *top down approach*, the second one and also vertical going towards the countries, who are obligated to change and adapt their national political systems to the European level. The third approach is horizontal where the European Union broadens beyond its borders in political or cultural way.

In frame of the Europeanisation three broad mechanisms can be identified. Coercion means that EU is forcing the change. Mimeticism means that member states are voluntarily

adopting best practices from other member states, and normative pressure or socialization presents a variation of previous two concepts. As the author says, “national officials interact at the European level and they develop their own ‘culture’ which spreads to national policies and practices” (Nicolaidis, 2010, str. 116). “Coercion is composed of two elements: *control* (promotion through specific policies supported by positive and negative sanctions) and *conditionality* (deliberate use of coercion, by attaching specific conditions to the distribution of benefits). Mimetism, on the other hand, consists in *contagion* (dissemination of experience through neutral channels) and *Consent* (interactions between international processes and domestic groups that create expectations from below)” (Demetropoulou, 2002, str. 90)

Europeanisation is causing specific changes that can be defined as (1) *changes in external boundaries*, (2) *developing institutions at the European level*, (3) *central penetration of national systems of governance*, (4) *exporting forms of political organization* and (5) *a political unification project* (Olsen, 2002, str. 923,924). There are different ways how institutions, processes and politics on the European level influence public policies, politics and political communities on domestic level, no matter if is in member or non-member countries. Three different dimensions can be identified to describe changes on domestic level that are caused by the European union. Functional dimension is having impact on the public policy and it is changing principles and public policy regarding its goals, content and achievement. Structural dimension is changing political, administrative and other structures, for example the governance (the executive, legislative and judicial branch), subnational levels, relations between state governance and subnational governance and how each one of them relates to institutions, relations between the state and society. Procedural dimension is influencing political proceedings and is having impact on political parties, political system and others (Koprić et al, 2014., str. 325).

2.1. EUROPEANISATION OF CANDIDATE COUNTRIES

Because of many different definitions, Europeanisation is understood a broad concept and when referring to non-member states that are the candidate states at the same time, it is viewed as the sub-field of that concept. There are some differences that are specific to the Europeanisation of candidate states. Sedelmeier says that European institutions can not use the same instruments that are defined as treaty-based penalties but must use ‘softer instruments including conditional positive initiatives, normative pressure and persuasion’. Also, candidate states must implement changes to their national levels without the possibility

to influence European institutions. The EU has attempt to influence domestic adjustment prior to accession.’ (Sedelmeier, 2006, str. 5).

In addition to Copenhagen criteria mentioned above, countries of the Western Balkans need to meet additional conditions from Stabilisation and Association process. European countries must guarantee that they will comply with all the EU’s standards and rules, have the consent of the EU institutions and member states, and have the consent of their citizens through approval in their national parliament or by referendum (European Neighbourhood Policy and Enlargement negotiations, n.d.).

2.2. EUROPEAN ADMINISTRATIVE SPACE

The European administrative space is part of Europeanisation. European countries, members of the European union as well as candidate countries, should change their administrative systems in such way that the outcome would be unified European administrative space. That is why it is described as an area in which certain rules, values or ways of doing things exist (Koprić, Musa, & Lalić Novak, 2011, str. 1516). It is also understood as a concept of the European administration. Public administration is playing important role in political, economic and social processes and for it to be able to implement all the reforms that European Union requires, it must be professional, responsible and efficient. The European administrative space covers set of administrative principles and standards that are important for organization and functioning of public administration and providing public services to citizens from the side of institutions of the European Union, member states and other European states. Standards are based on following principles: rule of law, openness and transparency, responsibility, effectiveness and efficiency (Koprić et al, 2014., str. 322).

In the implementation of European law and its politics European union is depending on the public administrations of the member countries. That is the reason why European Commission has special procedures for candidate countries because it has to question the level of convergence in the administration field. In the first screening there has to be examined weather candidates are applying basic principles in organization and functioning of their public administration. Nowhere in the European law or in any of European treaties can be found the definition about the way in which public administrations of European countries have to be organized or how they should be practicing. But even before candidates become European members, there are conditions from Copenhagen and Madrid that candidates have

to meet (Pereto & Freibert, 2007., str. 56). To be more specific, European Commission in Madrid has come up with the administrative criteria that forces candidate countries to adapt their public administrations and systems of justice to European principles and norms in order to ensure effective appliance of the *acquis communautaire* (Koprić et al, 2014., str. 361). There are also criteria from Luxembourg and from Helsinki that are important for the accession to the European Union. Luxembourg criteria is demanding from candidates that they have strengthened institutions that are made more dependable. Criteria from Helsinki is obligating candidate countries do share the values and objectives of the European Union as set out in the Treaties (Pereto & Freibert, 2007., str. 56).

Europeanisation can be explained by different approaches: geographical, normative, cultural, political and sociological approach. For public administration is important political approach. European Commission is making progress reports for every candidate country during the accession process and state of public administration belongs under political criteria. Political institutions on European level and European integration are leading to specific changes in national public administrations and are in the same time shaping European administrative space altogether (Koprić et al, 2014., str. 320).

Public administrations in the candidate countries need to reach acceptable standards of reliability, predictability, accountability, transparency, efficiency and effectiveness so that they could meet the requirements of the EU accession. At the time of accession, candidate country needs to be progressed enough to compare itself with the average level of the member states and it has to be able to develop further in the same way as the old member countries. (Pereto & Freibert, 2007., str. 56). To assist the candidate countries, SIGMA has given detailed explanations and has recommended administrative principles that are helping her to estimate the administrative capacity of the candidate countries (Koprić et al., 2014., str. 362). SIGMA is also labeling Public administration reform as “one of the most important horizontal reform areas in each country because it provides framework for implementing other policies” and required standard of public administration is demanding reforms in many areas of policy and administration. These reforms must be carefully planed and implemented in order to lead the public administration to anticipated changes. Well-functioning public administration is important because it is the foundation for implementing the *acquis communautaire* (OECD/SIGMA, 2017, str. 9).

3. THE CONCEPT OF EU ENLARGEMENT

After seven waves of enlargement European union consists of 28 countries. Legal basis of European Enlargement are Articles 2 and 49 of the Treaty on European Union describing Unions founding values and establishing which states may apply. European Union has the enlargement policy to unite European countries in a common political and economic project. Enlargement has proved to be the successful way in promoting political, economic and societal reforms, and in consolidating peace, stability and democracy across the continent (De Munter, Andre, 2018, p. 1). According to that, the European Union aims to promote peace, stability and economic development in the Western Balkans (De Munter, 2018).

Earlier this year the European Commission has adopted a strategy for ‘A credible enlargement perspective for and enhanced EU engagement with the Western Balkans’. European representatives are seeing Western Balkans as the part of Europe saying that European countries share the same opportunities and challenges today and in the future. Western Balkans has to overcome the past so that the process of the Western Balkans towards the European Union can be made irreversible (Federica Mogherinik, European Commission - Press release, 2018). There’s a need for a strong political will, real and sustained reforms, and definitive solutions to disputes with neighbors, that’s the way for Western Balkans to move forward on their respective European paths and ‘potentially be ready for membership in a 2025 perspective’ (European Commission, 2018). European Commission on one side and countries of the Western Balkans have important tasks on their agenda. European Commission will support the European future of the Western Balkans countries if they will keep with the implementation of needed reforms (Jean-Claude Juncker, European Commission - Press release, 2018). Now is the time for the Western Balkans countries to redouble their efforts, address vital reforms and complete their political, economic and social transformation, bringing all stakeholders on board from across the political spectrum and from civil society. European Commission is emphasizing that the new Strategy is encouraging Western Balkans to implement needed reforms and it is giving guidance on the steps to progress as quickly as possible. The Strategy is important for Serbia and Montenegro because it presents the specific steps that those countries have to attempt if they want to be members of the European Union by 2025. The European Commission is aware that the 2025 perspective is ambitious (European Commission, 2018). That is the reason why it has established six flagships initiatives to support the transformation of the Western Balkans that target specific areas of common interest: rule of law, security and migration, socio-economic

development, transport and energy connectivity, digital agenda, reconciliation and good neighborhood relations (European Commission - Press release, 2018). The Strategy is putting strong emphasize on the rule of law, fundamental rights and governance saying that it is the most pressing issue for the Western Balkans. The Rule of law also includes the public administration reform and the Strategy says that it “is paramount to strengthening governance at all levels. This includes improving the quality and accountability of administration, increasing professionalism, depoliticisation and transparency, also in recruitment and dismissals, more transparent management of public finances, and better services for citizens. An appropriate balance between central, regional and local government also needs to be found” (European Commission, 2018, p. 5). The Westerns Balkans countries show “clear elements of state capture, including links with organized crime and corruption at all levels of government and administration, as well as a strong entanglement of public and private interests” and that is why the rule of law must be significantly strengthened (European Commission, 2018, p. 3).

European Union has supported the future of the Western Balkans as an integral part of the EU from the Thessaloniki European Council in 2003 (European Commission, 2018, p. 1). The Summit that marked an important step in the deepening relationship between the EU and the Western Balkan Countries. “Stabilization and Association processes were still the main framework for the European course of the Western Balkan countries, all the way to their accession” but now they were enriched with elements from previous successful enlargement process (IP/03/860, 2003, p. 1). Since 1991. European Union has invested in the stabilization and development of the Western Balkans, it has provided more than more than € 7 billion in assistance to the 5 countries of the region, and in 2000 was a six year programme of €4.64 billion agreed for the Western Balkans. Hence some progress was already visible towards greater political stability, democracy and economic recovery. Through the Stabilisation and Association process on the other hand, “European Commission was already offering intensive technical assistance and support for improved governance, better functioning of institutions, democratization, protection of human rights, refugee return, economic development and the fight against corruption and organized crime” (IP/03/860, 2003, p. 2).

The Enlargement Strategy paper produced by European Commission in 2005 has showed how European Union Wants to commit to the Western Balkans and it provides some key elements that are important when dealing with potential candidate countries. The *regional*

cooperation is important because of the problems that Western Balkans countries face across the borders. “Western Balkans as a whole needs to improve intra-political and economic relations if each individual country is to move forward” (Brown & Attenborough, str. 9). With conditionality EU wants to prove

Through the years European Union has played different roles in the Western Balkans. In recent history it had an “agenda dominated by security issues” related to the war and its legacies. Today is the “agenda focused on the perspective of the Western Balkans states accession to the European Union”. States of the Western Balkans are European challenge. At the same time European Union is encountered with “apparently contradictory tasks of nation - state building and European integration”. Through the history of the European union it wasn't usual for it to participate and contribute in the formation of the new member states that also aspired to become members of the Union. Since Balkans countries had border but also minority issues, European Union came up with an adapted and modified approach to enlargement. It is the Regional approach where European union is at the same time helping to defuse territorial issues and institutional issues to the accession process (Rupnik, 2011).

The Stabilisation and Association process is having important role in the European Union's policy towards the Western Balkans. In 1999 it was the way in which European Union saw potential path of Western Balkans countries to the European Union's membership. The Stabilisation and Association Process was strengthened 14 years later during Thessaloniki Summit (European Commission, n.d.). It can be described as a ‘road-map’ for relations with the Western Balkans states and it is delivering stabilisation and transition to a market economy, the promotion of regional cooperation and the prospect of EU accession. Each Western Balkans country is promoted assistance to promote democratisation, institution building and political dialogue, and in return, each state has to agree on a EU measures designed to induce widespread political, economic and institutional reform (Brown & Attenborough, str. 11). The relations between the European Union and the Western Balkans are defined in the Stabilisation and Association Agreement. European Commission describes it as a contractual relationship because these agreements are adapted to specific situation of each partner country. Beside that, these agreements are advocating regional co-operation (European Commission, n.d.).

3.1. THE ACCESSION PROCESS

If a country wishes to join the European Union, it addresses the application to the Council, who is then asking European Commission to submit an opinion. In case that Commissions opinion is favourable, the country is granted the candidate status if European council decides it by unanimity. In the same way is European Council deciding about opening the negotiations (De Munter, Andre, 2018, p. 9). Membership negotiations are “the process that involves the adoption of established EU law, preparations to be in a position to properly apply and enforce it and implementation of judicial, administrative, economic and other reforms necessary for the country to meet the conditions for joining, known as accession criteria” (European Commission, n.d.). The *acquis communautaire* is the sum of EU legislation and it contains more than 30 policy chapters, and before the start of negotiations, European Commission has to give a “screening” report for each chapter. It is the Councils’ decision on Commissions recommendation weather the one of the chapters should be opened. Chapters are provisionally closed on Commissions’ recommendation if the country achieved progress (De Munter, Andre, 2018, p. 2). The negotiations on individual chapters can be closed only when European Council decides that it is satisfied with the way in which candidate country is progressing. The negotiations process is finished after closing of all chapters. The next step includes accession treaty that “contains the detailed terms and conditions of membership, all transitional arrangements and deadlines, as well as details of financial arrangements and any safeguard clauses”. In order for the Accession treaty to be binding, it needs to “win the support of the European Council, the European Commission and the European Parliament; be signed by the candidate country and representatives of all EU Members; be ratified by the candidate country and every individual EU country, according to their institutional rules” (European Commission, n.d.).

4. SERBIA AND MONTENEGRO – THE ACCESSION TO THE EU

After the breakup of Yugoslavia, Serbia and Montenegro became a part of a new Federal Republic of Yugoslavia. It continued to be military involved in other republics of the former Yugoslavia, so it was not recognized by entire international community. In presidential elections in 2000 Vojislav Koštunica defeated Slobodan Milošević who got arrested in 2001 and extradited to The Hague to be prosecuted for war crimes. Vojislav

Koštica was member of Democratic opposition of Serbia, the same coalition that won on parliamentary elections in December 2000. Zoran Đinđić became the prime minister in those elections and he was supporting faster integration of Serbia to the European Union. For parties in the Democratic Opposition of Serbia the EU membership was a priority. Serbia did not have an easy path on its way to European integration. For governments in post-Milošević period it was easier to meet technical demands than political ones, and because of lack of progress in certain critical reforms, Brussels have on several occasions suspended negotiations with Belgrade (Teokarevic, 2011, p. 69). Serbia applied for European Union's membership on 22 December 2009. In June 2010 European members have decided to start Stabilisation and Association process with Serbia. Serbia replied to Commissions questionnaire in January 2011 and got Commissions Opinion on membership application in October. At the same time European Commission has granted Serbia candidate status, and in March 2012 European Council has confirmed Serbia as a candidate country. Stabilisation and Association agreement between the European Union and Serbia entered into force in September 2013 (Milestones in EU - Serbia relations, n.d.).

Year 2006 is important for Montenegro because on 21 May it became independent from Serbia through referendum and proclaimed independence on 3 June. In October 2007 was signed the Stabilisation and Association agreement in Luxembourg and it was ratified by Parliament of Montenegro in November 2007. Montenegro submitted a request for European Unions' Membership on 15th December 2008. In April 2009 European Commission was requested to prepare an opinion on Montenegro's request for European Union's membership and later that year, in November Enlargement Commissioner Rehn presented the Questionnaire to Prime Minister Đukanović. On 1 May 2010 the Stabilisation and Association Agreement has entered into force, and on 17 December 2010 has the European Council granted Montenegro candidate status.

Every year since 2002 the European Commission has been reporting Council and Parliament on the progress made by countries of the Western Balkans. This paper will show the progress that Serbia and Montenegro have made through years in their public administration through the years after they were granted a candidate status.

“Relations of the European Union with the Western Balkans fall within the framework of the Stabilisation and association Process, that is based on bilateral Stabilisation and association agreements” (De Munter, Andre, 2018, p. 3). Stabilisation and association

agreements for both countries, Serbia and Montenegro, are among referring to public administration. They want to ensure the “development of an efficient and accountable public administration” that has to support the rule of law implementation, the state institutions have to function properly so that the entire population of the country could benefit from it. Those articles also aim at ensuring the smooth development of the relations between the European Union and the countries.

4.1. PROGRESS IN PUBLIC SECTOR REFORMS IN SERBIA

The 2012 Progress report says that little progress has been achieved in the Public Administration Reform (PAR). The achieved progress includes adopting the Law on administrative inspection. Otherwise were addressed only administrative and technical issues. For better implementation of PAR Strategy are needed greater political commitment, better coordination and increased financial and human resources. The legislative framework remains incomplete because the legislation that regulates general administrative procedures and local government employees still has not been adopted. On the other hand, the Law on Administrative Disputes still has not been fully aligned with European standards. It has been evaluated that there needs to be improvement in the policy planning and coordination systems because production of consistent work plans for the public administration depend on that. The recruitment and career system still need some development to be fully merit-based. Political influence in recruitment is still big obstacle. Merit-based and professional human resources are also missing in the local government. Main problems are big discretion in choosing candidates after competitions, temporary employees who are not recruited according to competitive criteria and contracts that are allocated without any kind of competition (internal or public).

In 2013 the government is working on a new PAR Strategy that should be adapted by the end of the year. The Ministry of Justice and Public Administration became leader on PAR but still needs some improvement in coordination of a PAR agenda. The institutional and administrative capacity for planning and coordination also needs to be improved. PAR Council has been re-established and it is waiting to take up its new duties. In the legislative framework the problems remained the same as in previous Progress report since required laws still have not been adopted and the alignment with European Standards regarding the Law on Administrative Disputes still has not been achieved.

The government is willing to rationalize the organization of public administration, but since a clear and comprehensive organizational policy still has not been determined, only partial actions were initiated. The conclusion is that the PAR is lacking clear steer and coordination structures. The system is fragmented, with no clear lines of accountability and with low policy development and coordination capacity. Further reforms are needed in recruitment and promotion so that a transparent and merit-based civil service system could be achieved. There is still problem in recruitment because of the non-transparent procedures.

Progress report for 2014 says that the new PAR strategy was adopted in January 2014 and it gave a more comprehensive strategic framework for PAR. It is expected for policy development and coordination to improve since the Secretariat for Public Policies has been established. Links between the governments' program and its annual work plan need to be stronger. There is also lack of consistency among ministries' policies and plans.

Serbia has 91 sector and 14 multi-sector strategies that have different quality and are overlapping in many areas. Strategies and action plans do not predict the impact on the national budget. Laws are usually passed without the good assessment of the polity and budgetary impact. The result is implementation and enforcement of legislation that are not efficient.

According to 2015 Progress report, Serbia is moderately prepared with the reform of its public administration, and the good progress has been made because of adoption of a comprehensive public administration reform action plan, a law on inspection oversight, a national training strategy for local government and the law on maximum number of public sector employees. Serbia needs to have the strong political will to implement the reform and the legal framework. The aimed result is the administration that is professionalized and depoliticised. Commission is suggesting that Serbia should "streamline the roles of responsibilities of leading institutions in charge of policy making and coordination and develop a consolidated planning and monitoring system; amend the current civil service framework to fully guarantee neutrality and continuity of the public administration and ensure merit based recruitment, promotion and dismissal procedures by eradicating exceptions and transitional arrangements in appointments; adopt a comprehensive multi-annual public financial management reform programme."

Progress report for 2016 is again saying that Serbia is moderately prepared with the reform of its public administration. In 2016 good progress was achieved because Serbia adopted the public financial management reform programme, e-government strategy, a strategy on regulatory reform and policy making, new law on general administrative procedures, public salaries and civil servants at provincial and local government level. On the other hand, Commission is also saying that Serbia has been slow in some areas with the implementation of the public administration reform and that no progress was made with amending the legal framework for central government civil servants. Strong recommendations for Serbia in the coming year are to: align the National Plan for the Adoption of Acquis with the medium-term budget plan, provide costing for actions, and update it with a view to setting a legislative programme that promotes better regulation based on impact assessment and timely inter-institutional and public consultations; amend the civil service law through an inclusive and evidence-based process to guarantee the neutrality and continuity of the public administration and ensure merit-based recruitment, promotion and dismissal procedures, notably by eradicating exceptions and transitional arrangements in appointments; ensure systematic coordination and monitoring and regularly report on the implementation of the public financial management reform programme 2016-2020.”

In 2015 in Serbia exist the legal basis and institutions for a coherent policy-making system, but the policy coordination focuses on formal, procedural issues and not on the substance. There needs to be clearer division of responsibilities between the General Secretariat, the Public Policy Secretariat and the new delivery units in the PM’s Office. The policy planning should be systematically linked with medium-term fiscal planning for the sustainability of strategies and reform programs.

Inclusive and evidence-based policy and legislative development is not fully ensured, The administration should develop policy and legislative proposals but the capacity and the number of staff are limited to achieve that.

Public and inter-ministerial consultations on proposals are required but are usually just a formality. The regulatory impact assessments use to vary in quality. A positive step is the introduction of compulsory financial impact assessments for all legislation, but the ministry of finance still has to allocate necessary resources.

Governments annual monitoring reports on key strategic documents give the public the possibility to scrutinize governments work, but the reports do not measure achievements against objectives.

In 2016 in Serbia are in place the necessary institutions that ensure coherent policy making. The policy coordination is still focusing more on formal, procedural issues than on the substance. Serbia has made a step in a positive direction by the adoption of the strategy for regulatory reform and public management. On the other hand, well arranged system for policy planning and monitoring still needs to be developed.

Coordination structures for European integration have been established and the National plan for the Adoption of Acquis (NPAA) is being adopted, but the implementation is not going as it was planned. Since many laws are adopted by urgent procedure, there are no appropriate public procedures that need to be done. The suggestion is that NPAA is regularly monitored and revised for 2016-2018.

The administrative capacity for inclusive and evidence-based policy and legislative development should be further strengthened. Most of the time the public and inter-ministerial consultations on proposals are just a formality and are conducted too late in the process, and interested parties have no possibility to give qualitative input. At the same time, decision-makers should be informed about the outcome of public consultations but most of the time that is not the case. Although the regulatory impact assessments are usually carried out, they vary in the quality. Ministry of finance is checking the quality of compulsory financial impact assessments for all legislation.

Governments annual monitoring reports on key strategic documents are the way in which the public scrutinizes governments work, but they do not measure achievements against objectives.

In 2015 the legal framework for the central government civil service exists, but still does not apply to many public employees with key state functions. There should be better separation between political and public service positions. The civil service law regulates merit-based recruitment, promotion and dismissal procedures but the discretionary powers are regularly used in practice. A civil service law for local government employees has yet to be adopted.

The Ministry of Public Administration and Local Self-Government is in charge for central coordination of human resources management. The problem is that the HRM Service is not directly accountable to the ministry but is in charge of maintaining the HRM information system and this system is not supporting the planning and monitoring of human resources. Public administration bodies have weak human resources units.

The civil service remuneration system does not achieve equal pay for equal work across the public administration. The opportunity for discretionary awards exists and that is not in line with a fair and transparent salary system. Hence the centralised payroll system is needed.

The new system for professional development is anticipated in the civil service professional training strategy, but it has not yet been fully implemented. Only small number of civil servants receives training through HRMS. No connections can be made with training programmes that the local government provides.

The appraisal system is well thought, but it does not match with the system in practice because the entitling staff has the possibility to advance through salary steps in ways that the budget cannot support. No connection can be made between the performance appraisal system and training (the problem remains the same in 2016).

The anti-corruption strategy is providing relevant measures to prevent the corruption in public service and they are being implemented, and the strategy is also promoting integrity in public service.

In 2016 Serbia has made limited progress trying to enforce the framework that ensures merit-based recruitment, promotion and dismissal procedures. The political level has the possibility to choose the final candidates and there are no clear criteria on how the selection tests should be organised. Another problem is that the exemptions from the normal recruitment process are allowed for temporary staff, and they make up around 10% of civil service. There is also no clear separation of political and public service positions. The political influence is used in filling senior management posts; 60% of senior civil servants are not appointed in line with legal provisions. A positive step was made by the adoption of the law on provincial and local government employees – it is extending state civil service framework to the local level and it is introducing a system of merit-based HRM.

The HRM is poorly developed in the state administration because its strong focus primarily on legal compliance.

In the remuneration system has been made a positive step with the adoption of a new law on the salary system that is based on the principle of equal pay for equal work that is covering all public sector employees.

In 2015 Organisation of the state administration does not ensure effective lines of accountability. On public policies are deciding many agencies that do not report to the minister responsible for their area, but to the Prime Minister and even to the parliament. The oversight of agencies is difficult, and that is one of the reasons why the PARS is aiming to the rationalisation as one of its priorities. However, biggest concern are resources, capacity and political backing to carry this process.

Citizens have the right to good administration. Public authorities have to report on implementation of recommendations of the Ombudsman. The law on free access to information is regulating the right to access public information. Many exemptions are allowed and they are not in accordance with European standards. It is noted that the law needs further strengthening so that the decisions of the Commissioner for information of public importance would be carried out. In 2016 is administrative silence noted as a major issue. The Law still needs further strengthening.

A large number of special administrative procedures are decreasing the transparency and the backlog in administrative courts impacts the public confidence, so that the right to administrative justice is violated. In 2016 was adopted the new law on general administrative procedures, but otherwise the problems are the same as in the previous year.

2016: A key government priority is to rightsize the state administration. Since 2015 the number of public employees has been reduced by more than 16 000. There are no clear lines of accountability between agencies and parent institutions so that the functions are often overlapping. Otherwise, there are still no results in achieving more systematic delegation of responsibilities within institutions.

In 2015 The PAR Strategy wants to create a more user oriented administration, but e-government projects and one stop shops have only been introduced. The level of public's

satisfaction with government services is not measured regularly. Many special administrative procedures make it difficult to improve the level of service.

Among other things, the Law on inspection supervision should simplify administrative procedures, improve law enforcement and reduce administrative burdens. The new law on administrative procedures still has to be adopted.

User-oriented administration remains the key priority in 2016. Some progress can be seen as result of adoption of an e-government strategy and action plan. Some e-services have been provided to citizens and businesses through one stop shops, but the satisfaction of the service delivery still hasn't been measured.

To simplify the administrative procedures, Serbia still has to address a number of special administrative procedures that are regulated in different pieces of legislation.

4.2. PROGRESS IN PUBLIC SECTOR REFORMS IN MONTENEGRO

In March 2011 the government has adopted the PAR Strategy for 2011-2016 with the accompanying action plan. The Strategy wants to “introduce European standards that cover recruitment and promotion and measure to increase the efficiency of the state administration. It also suggests that the employment in the public sector should be reduced but without any recommendation on how it should be achieved without lowering the quality of performance and efficiency of services. Some progress has been seen in reforming the area of legal framework governing civil service - law on civil servants and state employees and the law on general administrative procedure have been adopted.

Montenegro made the first step towards a modern and citizen-oriented administration with adoption of Amendments to the Law on general administrative procedure in June. A month later has the government with the same purpose adopted a policy paper about main principles and elements for a new law on administrative procedures according to European rules. The new law is simplifying the administrative procedures according to the principles of efficiency and effectiveness, enforcing transparency and objectivity, accessibility to citizens and NGOs and openness to the use of modern information and communication technologies.

In June has the government adopted a new Law on civil servants and State employees, and amendments to the Law on public administration. Important improvement introduced by the Law on civil servants and State employees is merit-based recruitment and promotion and

it represents the groundwork of a de-politicised and professional public administration that acts effectively and impartially. The law should enter into force in January 2013. This Law also gave the Human Resources Management Authority a stronger role in monitoring implementation of civil service legislation and developing policies for human resources management, by adopting a revised rulebook on the internal organisation and job descriptions.

Amendments to the Law on public administration are separating the political and administrative levels in ministries. They streamline the existing fragmented public administration structure and are enforcing accountability and improving the implementation of long-term reform plans.

A transparent salary system for employees financed from the State budget is introduced by amendments on the Law on salaries of civil servants and state employees.

In 2012 Montenegro wants to make the public sector more efficient. To do that, the public sector needs to be reorganised. The 2012 – 2016 plan has analysed the state institutions that are affected by reform of the public sector. The salary system is made more transparent and uniform in order to try to achieve the better use of the budget resources.

The decree on the organisation of the state administration reduces the number of public procurement entities and facilitates internal auditing. It was adopted in December and amended few months later so that it also re-established the financial autonomy of some independent bodies. The Law on Inspection control aims to bring inspections within a single authority. The Law on Salaries of Civil Servants and State employees – amended in November and February. It includes employees in State funds. The parliamentary services and the administrative services of the judiciary are allowed to adjust the variable part of their employees' salaries. The Law on Administrative Procedures still waits to be revised in line with European standards

Since January impact assessments have become an important part of the new legislation. The new legislation has impact on the state budget and it needs to be predicted before the new legislation is submitted to the government. The Ministry of Finance gives its opinion.

The Human resources management authority (HRMA) organises training courses within the field of public administration. However, HRMA needs to be better in coordination of training activities.

According to 2013 Progress Report the reorganisation plan for the public sector was adopted in July. It gives the sector analysis in order to identify adequate staffing levels and to increase efficiency. Further measures were taken and fourteen administrative bodies became a part of their parent ministries.

the mechanisms for coordination and monitoring of the Public Administration reform strategy need to be strengthened. There is need for development of a consistent legislative framework for public administration bodies and agencies.

Law on civil servants and state employees entered into force in January. It gives the foundation for development of a professional and impartial public administration. The amendments to the Law are restricting the re-employment of the employees who had left the service and had received their severance payments. Some ministries have updated their rulebooks on internal organisation.

The Law on general administrative procedures still needs to be revised in line with European standards.

HRMA organises training courses and seminars in the field of public administration. It has to monitor the implementation of the new law on civil servants and inform the inspection about irregularities that arise. The Authority has strengthened administrative capacity. Some efforts are still needed to maintain and update the central human resources register.

The 2014 Progress report is saying that the reform strategy 2011-2016 covers the state administration, the local government and publicly owned bodies and agencies. Inter-ministerial body led by Ministry of interior is in charge of the coordination and monitoring. The overall coordination is led by the deputy prime minister.

Policy development and coordination across the sectors is operational, the aim is for them to be further improved. The scope on inter-ministerial consultations on legislative proposals needs to be broadened and the link between policy planning and available financial resources needs to be further developed. There is a lack of formal requirements for medium-term resource planning. Inter-ministerial coordination and consultation with civil society is

mandatory and underpinned by government decree, but it does not happen on a regular basis. The assessment needs to be prepared prior to public consultation and updated before the government takes its decision. An impact assessment should accompany any draft law that is presented to the parliament

The implementing legislation for the new law on civil servants and state employees was completed at the end of 2013, now it has to be ensured that the new legal framework is used effectively. Appointments and dismissals need to be closely and transparently monitored and reported on, especially in the case of senior managers, in order to avoid arbitrary decisions. HRMA introduced a new training module for senior management staff in the public administration and induction training for newcomers. Its capacity needs to be further strengthened to ensure effective monitoring of the implementation of the law on civil servants and state employees in all public sector bodies. Human resources plans still need to be prepared in all state bodies. The central personnel records needs to be further updated, as the majority of institutions have not yet provided the relevant data. No progress has been made in enhancing transparency, efficiency and accountability of local government administration. The law on local self-government needs to be harmonised with the new rules on public service management.

The plan for the reorganisation of the public sector is a part of the PAR strategy. The plan provides for a gradual reduction of employees in all sectors by 10% over next four years. Major savings should be achieved in health, education and internal affairs sector. A body that monitors the implementation of the plan has regular reporting obligations.

The first phase of the merger of different inspection services into one centralised body was completed and it aimed at enhanced transparency, consolidation of resources and greater effectiveness and efficiency of operations.

There has not been any progress in improvement of accountability and service delivery. The new law on general administrative procedures needs to be adopted. Transparency and accountability of the work of the public institutions and officials need to be ensured. Finding the right balance between the right to free access to information and the protection of personal data remains the challenge.

In 2015 the law on civil servants and state employees is regulating the principles of merit-based recruitment, promotion and dismissal. They are in line with international

standards, but they are not equally applied at all levels. The 2016 Report says that there are some loopholes in the organisation of the selection process so that the arbitrary selection is possible at all levels.

The capacity of the HRMA needs to be strengthened for it to be able to effectively monitor and coordinate human resources units. There is a need to update the central personnel records. The HRMA is also responsible for design and delivery of training programmes. It has been noted that the right of public servants for continuous professional development is not fully respected. The 2016 Progress Report is saying for Human Resources Management units that they are generally weak and that they lack competent staff, focusing more on the legal compliance than on management of human resources. The problem exists with the central personnel register because it is not updated regularly. The plan is to link it with the salary system.

The public sector remuneration system lacks transparency and it is noted that the principle of equal pay for equal work is not fully respected. A law on public sector salaries is in preparation and it should increase transparency and fiscal accountability. The law was adopted in 2016 and it is based upon job classifications. With that law salaries can be better controlled and transparency and accountability are increased. The law on civil servants has increased integrity in the public service, but integrity is also promoted through the 2015 Code of ethics for civil servants.

The Progress Reports for 2015 and 2016 are mostly the same about the policy development and coordination. They are saying that the policy system should be coherent, but that the policy coordination is weak and focused more on formal and procedural issues than on substance. Report is mentioning that there is fragmented medium-term policy planning and that some of the existing strategies overlap. A more structured dialogue on policy priorities is needed between the government and parliament. Another problem is that a small number of civil servants works on policy development and analysis. Public consultations on legislative proposals should be conducted but they are often just a formality. Impact assessments are also not systematically performed and too often they have just a minimal quality. Monitoring and parliamentary scrutiny are weak.

The organisation of state administration does not have effective lines of accountability. Efficient monitoring is questionable because agencies do not have unique way of

accountability towards parent institutions. Lines of accountability are also weak within institutions and managerial accountability is not systematically implemented. The same problem exists in organisations of public administration in 2016 in a way that there is not a significant control over the creation of new institutions. The issue is that they do not report to the same institution, the managerial autonomy and accountability of the heads of administrative bodies reporting to ministries is weak and within the institutions exists only small delegation of powers.

One of the key priorities of the Public Administration Reform Strategy is the rationalisation of administration, but regardless of that, the number of state employees got bigger. When mentioning the citizens right to good administration there is a word about the Ombudsmans' recommendations. The number of his recommendations was low in 2015, but almost all of them got implemented. Here is also mentioned the right to access public information which is regulated by the law on free access to public information. The problem is that the public administration is neither responsive nor proactive. For 2016 is noted that this right is not effectively monitored and supervised. Progress is achieved in the proportion of requests that were refused by the administration because it fell from 24% in 2014 to 18% in 2015. The budget of the agency for the protection of the personal data and access to information was increased by 50% so it is expected that the Agency would improve its capacity to deal with complaints received and that it would get better at monitoring proactive disclosure of public information. There are some weaknesses with the implementation of the law on administrative procedures because of the silence of administration which is the violation of the right to administrative justice. For 2016 is expected that the right to administrative justice will enhance after the amendment of the law on administrative procedures.

PAR Strategy 2011-2016 and e-government strategy wants to achieve a user-oriented administration. It is not regularly measured how satisfied public is with government services, but equal access to public services is ensured. There are 80 e-services provided from 25 public institutions through a central government portal, but it has been noted that these are only basic services without full electronic procedures. In 2016 government regularly reports on the implementation of the 2014 law on e-government that has set specific targets for development of e-services. The same problem about measuring the public satisfaction with government services stayed the same in 2016.

Administrative procedures should be simplified, and it should be done with the new law on general administrative procedures. Nearly 150 special procedures need to be standardized with the new law. As a result, in 2016 amendments to 80 laws were drafted and are in different stages of the further procedure.

The PAR Strategy 2011 – 2016 expired at the end of 2015. The analysis on the impact of the strategy showed weaknesses, meaning the objectives that were not linked with performance targets. They need to be addressed with 2016 – 2020 Strategy. The reform has political support because PAS is one of governments priorities.

5. CONCLUSION

The paper showed the importance of the Europeanisation in the accession process of the candidate countries. They are changing their national systems according to the European level and that is how they are meeting challenges that European union is setting.

Important changes are needed in the public administration of the countries. Paper gave detailed information about public administration reforms that are going on in Serbia and Montenegro. European institutions are expecting for them to enter the European union by 2025 and they are called the frontrunners. But are they really frontrunners in public sector reforms?

In 2016 Serbia was moderately prepared with the reform of public administration, which is better compared to her first year as a candidate country when Serbia was making little progress in the Public administration reform. Montenegro was, on the other hand, in the beginning better at introducing European standards into some areas of public administration, but it needed strengthening in the mechanisms for coordination and monitoring through the years. Every Progress Report is containing some recommendations that should be addressed in the coming year and it has been repeated many times that the Public administration reform is rather slow. Almost every area of the public administration reform has some flaws. Considering that even European institutions are aware on how ambitious the 2025 agenda is for Serbia and Montenegro, those countries should be better with the implementation of the Public administration reform and show stronger political will.

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