United Nations Development Programme

Република Србија
МИНИСТАРСТВО ДРЖАВНЕ УПРАВЕ
И ЛОКАЛНЕ САМОУПРАВЕ
Број: 48-00-17/15-20
01 JUN 2015. године
Београд

United Nations Development Programme
Country: Republic of Serbia
Project Document

Project Title	Accelerating Change: Support for Public Administration Reform and Local Self-Government Development
UNDAF Outcome(s):	Strengthened Good Governance
Expected CP Outcome(s): *(Those linked to the project and extracted from the CPAP)*	All branches of government at local and national levels are accountable, transparent and gender responsive
Expected Output(s): *(Those that will result from the project and extracted from the CPAP)*	National and sub-national authorities, including line ministries, have developed capacities to plan, manage and monitor inclusive, integrated, and EU compliant development, and to manage resources, coordinate investments, and report on public spending in all sectors
Implementing Partner:	The Ministry of Public Administration and Local Self-Government (MPALSG)
Responsible Parties:	The Ministry of Public Administration and Local Self-Government (MPALSG), UNDP

Brief Description

This initiative represents a framework package of support to the MPALSG, focusing on select priority areas of assistance to the MPALSG, also leaving room for responding to requests for expert and operational support on an ad-hoc basis. Priority areas to be tackled by the project will focus on several aspects of the MPALSG's mandate, according to the Law on Ministries, but not limited exclusively to these: administration and organization of the work of ministries and other institutions, as well as local self-government.

Programme Period:	2011-2015
Key Result Area (Strategic Plan):	Strengthening accountable and responsive governing institutions
Atlas Award ID:	87199
Start date:	March 2015
End Date	March 2017
PAC Meeting Date	
Management Arrangements	NIM

Total resources required	USD **330,520**
Total allocated resources:	USD 128,920
• Regular/UNDP	USD 21,604
• Other:	
○ Donor	_____
○ Donor	_____
○ Donor	_____
○ Government	USD 107,316
Unfunded budget:	USD 201,600
In-kind Contributions	

Agreed by MPALSG:

Agreed by UNDP:

I. STRATEGY AND BACKGROUND

The Ministry of Public Administration and Local Self-Government (MPALSG) of the Republic of Serbia has been established after the parliamentary elections in Serbia in 2014, according to the Law on Ministries, adopted by the National Parliament. Its mandate relates to: administration and organization of the work of ministries, special organizations, public agencies and public services; Ombudsman; administrative inspection; eGovernment, human and minority rights; election for the Republican bodies; Civil Register, political party register; local self-government and other duties.

Within the process of EU integration, Public Administration Reform (PAR) has been identified as key reform process for Serbia in order to successfully complete its accession to the EU. The Government of Serbia is facing the twin demands of reforming its public administration: to conform to the principles of the European administrative space in the areas of Strategic Framework of Public Administration Reform, Policy Development and Co-ordination, Public Service and Human Resource Management, Accountability, Service Delivery, Public Financial Management (published by OECD – Sigma; Link: http://www.sigmaweb.org/publications/Principles-Public-Administration-Nov2014.pdf) and increase the quality and effectiveness of the delivery of PA services to the public — while undergoing a fiscal consolidation. This is particularly demanding as one of the most challenging principles for reform is accountability, which is hard to establish in the present system.

The MPALSG has been entrusted with the overall PAR coordination, whereas it is responsible for implementation of the PAR Strategy of the Republic of Serbia (2014-2016) adopted in January 2014. The PAR Strategy represents a key strategic document in the overall reform process. The role of MPALSG as the PAR coordinator is to ensure coherence and synergy of the entire PAR process. In addition to the overall coordination role, MPALSG also needs to become the agent of change in the Serbian administration – an institution which will be able to provide support and advice to other public administration bodies with regards to organizational, human resource, administrative culture, managerial and other reforms which are critically needed in the Serbian administration. Project solutions rely primarily on the most important strategic documents in this field.[1]

At the same time, MPALSG has never in the past performed this leadership role. Since the dissolution of the APAD (Agency for Public Administration Development) in 2003, the MPALSG has mainly performed its legally required administrative functions, whereas PAR leadership and management was mainly project driven, without due transfer of knowledge and capacity to the

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[1] - Public Administration Reform Strategy: The overall objective of the reform is a further improvement of public administration in accordance with the principles of the European Administrative Space, and the provision of high quality services to citizens and business, as well as the creation of a public administration in Serbia that will significantly contribute to economic stability and raising living standards. Two of the five specific objectives are particularly relevant for this project – improvement of functional and organizational subsystems of PA, which includes restructuring of PA, and improvement of the HRM system and practices in the PA.

- Prime Minister's Speech (expose) in the Serbian National Assembly – the Government Program, which sets out PAR as one of the key reform areas and the need to develop a citizen and business oriented administration as one of the key challenges of the Government's mandate.

- European partnership in the field of the public administration reform as one of the midterm priorities, defines the "continuance of the comprehensive implementation of laws in the civil service, carrying out of human resource development measures in the civil service system, capacity building in the management of public policies and the coordination in the public administration..."

- In the framework of the Stabilization and Association Agreement between the EU and the Republic of Serbia, the provision of Article 114 (Chapter VIII - Cooperation policies) is concerned with the public administration, emphasizing that the cooperation between the EU and the Republic of Serbia "will aim to ensure the development of efficient and dependable public administration in Serbia , and in particular to support the implementation of the rule of law, the proper functioning of state institutions for the benefit of the entire population in Serbia and the uninterrupted development of relations between the EU and Serbia. Cooperation in this area will principally focus on the institutional building, together with the development and implementation of a transparent and unbiased recruitment system, HR management and promotion in the civil service, continuous training and promoting ethics in public administration."

Ministry's staff. The change management function was never performed by MPALSG either. Additionally, human capacities within MPALSG have been weakened due to the many organizational and personnel changes that occurred during the past years. This mostly occurred as new staff assumed process responsibilities and made ad-hoc adjustments, as well as when the processes were adjusted to address new needs and circumstances. Due to the frequent organizational changes, MPALSG human capacities have been depleted, and most processes have become a set of complex and numerous steps, approvals and bureaucratic activities.

Additionally, MPALSG has been given new competences, including the challenging task of supporting other institutions in reform implementation, fundamentally changing the way in which the PA operates. To accomplish this, MPALSG needs not only to build expertise in the large areas of competence that have been added to its portfolio, but it also needs to change the way in which it operates. This particularly means acquiring new skills to efficiently and effectively manage processes, such as strategic performance management, business process management, human capital management, change management and risk management. In order to realize its goals, the MPALSG will follow several key principles, as outlined in the Public Administration Reform Strategy:

1) Reliability and predictability, i.e. legal certainty;

2) Openness and transparency of the administrative system and the improvement of participation of citizens and other social actors in the work of public administration;

3) Accountability of public administration bodies;

4) Efficiency and effectiveness.

The Public Administration Reform Strategy provides for a series of special measures and activities. The present project will particularly contribute to the implementation of the following:

- Improvement of Organizational and Functional Subsystems of Public Administration through:

  Organizational and functional restructuring of authorities, organizations and other bodies, who perform public administration,

  Improving the system of strategic planning and coordination of public policies

To respond to the new challenges and requirements, some crucial elements within the MPALSG need to be developed and/or strengthened and consolidated. In particular, the following: adequate organizational structure and allocation of existing and planning of future human resources; managers equipped with modern management techniques; processes and procedures that are efficient, effective, and inexpensive, but do meet the needs of users and all other stakeholders within public administration and to enable the Ministry to implement belonging strategic documents.

When it comes to the local level, the Ministry for Public Administration and Local Self-Government (MPALSG), within its mandate and using means provided by the project through an initiation phase, assess capacities of institutions, their mandates, mechanisms and funds available, and gather necessary data for horizontal coordination in mitigation of vertical austerity measures.

On a more general note, the project will support overall efforts to enhance central-local level coordination and local level development.

Brief project description:

The idea of policy advice and support at the national and the local level lies in the necessity to meet the needs of both levels, in particular in the domain of implementation of the existing strategic framework. The project will rely on a systematic vertical approach in order to support the coordination of strategic priorities, but also on a horizontal cross-link which will identify priority areas for action, following an area-based approach.

The project will focus on selected priority areas of assistance, also leaving room for responding to requests for expert and operational support on an ad-hoc basis. Priority areas to be tackled by the project will focus on several aspects of the MPALSG's mandate, according to the Law on

Ministries, but not limited exclusively to these: administration and organization of the work of ministries and other institutions and local self-government, as outlined in the Annual Work Plan and Quality Management for Project Activity Results section. In its start-up, it will focus on instilling a change management culture, first within the MPALSG, capacitating it to extend the approach to the entire Government (MPALSG's initiative - *Delivery for Change – Strengthening the MPALSG for a Changed Public Administration in Serbia*, funded by the Kingdom of Norway), and, on development of a comprehensive framework to coordinate measures between the central and local level, aimed at capacitating local self-government.

II. ANNUAL WORK PLAN

EXPECTED OUTPUTS *And baseline, indicators including annual targets*	PLANNED ACTIVITIES *List activity results and associated actions*	RESPONSIBLE PARTY	PLANNED BUDGET		
			Funding Source	Budget Description	Amount USD
Output 1 Policy Advise for Public Administration Reform Baseline: 1. MPLASG has a suboptimal operational and management structure to adequately implement reforms and the existing human resources are not optimally allocated 2. Public Administration Reform Strategy has been adopted in 2014 and the belonging Action Plan is in the process of adoption **Indicators:** 1. -New organizational structure and culture is established and implemented within the MPALSG (yes/no) - Change Management function (organizational unit or a team within a unit) established and functional (yes/no) - Capacity of MPALSG to support and advise other ministries and PA bodies in the management of the rightsizing (yes/no) - MPALSG top level managers implement new skills and knowledge in their respective fields of responsibility within the PAR process 2.- Percent of Public Administration Reform Strategy activities implemented **Targets:** 1. A more efficient and more effective MPALSG phased in, capable to perform new functions in line with the legal requirements, Government priorities and expectations of external stakeholders, and serve as a true agent of change in the Serbian PA, thus effectively managing change both internally (in its own structures) and outward, as the coordinator and supervisor of the Public Administration Reform process by 2016. 2. Full implementation of Public Administration Reform	**1.1 Activity Result: MPALSG Phased Strengthening Plan for delivering new functions based on determined requirements, challenges and expectations developed in an analytical and participatory manner**	MPALSG	Gov't CSA	71300-National Consultants	59,809
		MPALSG	Gov't CSA	71200-International Consultants	36,585
	1.2. Activity Result: MPALSG reorganized in accordance with the recommendations from the first phase of the MPALSG Phased Strengthening Plan (Result 1) end enabled to assume the new role of change agent in the Serbian PA	MPALSG	UNDP	71400-Contractual services Individuals	7,084
	1.3. Activity Result: Strengthened capacities of MPALSG top managers to manage organizational and personal change	MPALSG	Gov't CSA	71600-Travel	5,811
		MPALSG	UNDP	71600-Travel	870
		MPALSG	UNDP	74500-Sundries	2,651
	2. Activity Result: Priority activities of the PARS implemented	MPALSG	unfunded	71300-National Consultants	50,000

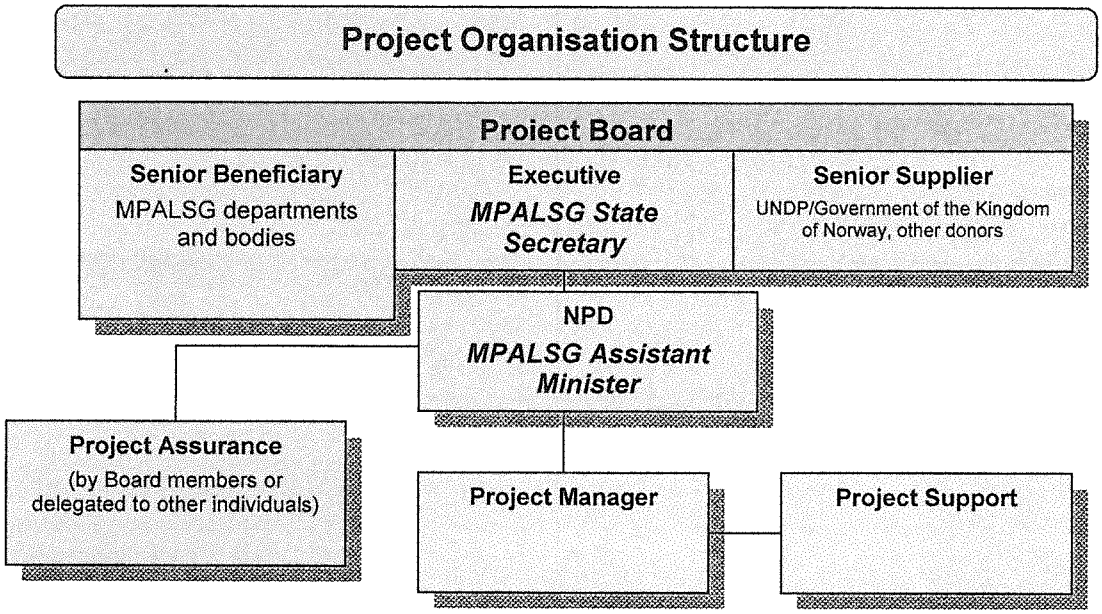
Strategy/Action Plan measured annually		MPALSG	unfunded	74500-Sundries	2,000
Output 2 Support to local self-government development Baseline: Request from MPALSG for programming an intervention in support of horizontal and vertical coordination with the local level. Indicators: Project document developed (y/n) Targets: A larger scale program developed on assistance to local self-government focusing on horizontal and vertical coordination (inter-municipal, area based and multi-sectoral coordination) in 2015	**1.1 Activity Result: Data gathered and assessment conducted of capacities of institutions, their mandates, mechanisms and funds available** **1.2 Activity Result: Project document developed**	MPALSG	unfunded	71300-National Consultants	$15,000.00
		MPALSG	UNDP	71300-National Consultants	$10,500.00
		MPALSG	unfunded	71400-Contractual services Individuals	$75,000.00
		MPALSG	unfunded	72800-Equipment	$10,000.00
		MPALSG	unfunded	72100-Company contracts	$10,000.00
		MPALSG	unfunded	71600-Travel	$15,000.00
		MPALSG	unfunded	74200-Printing and translation	$10,000.00
		MPALSG	UNDP	74500-Sundry&DPC	$500.00

			MPALSG	unfunded	74500-Sundry&DPC	$5,000.00
	Subtotal Direct Project Costs					**315,810**
	General Management Services 5% *					**14,710**
	TOTAL PROJECT COST					**330,520**

* For budgeting purposes, 5% GMS has been calculated on government cost sharing funds as well as currently unfunded amounts. In case the funds are secured directly from donors other than the Government, GMS rate is to be calculated at min 8% rate, as per UNDP cost recovery policy.

** The Government cost sharing USD values are equivalent to the contribution of EUR 101,200 as per the UN rate of exchange for March 2014 and may be adjusted according to actual funding received.

III. MANAGEMENT ARRANGEMENTS



The project will be executed under the **National Execution Modality** with UNDP support services as required.

The MPALSG will appoint a **National Project Director** (NPD) to take overall responsibility of project execution. The NPD will delegate responsibility for day-to-day management to the Project Manager who will also report the project progress to the Project Board.

The **Project Board** is the group responsible for making by consensus management decisions for a project when guidance is required by the Project Manager, including recommendation for approval of project plans and revisions. Project Board decisions should be made in accordance to standards[2] that shall ensure best value to money, fairness, integrity transparency and effective international competition. Project reviews by this group will be made semi-annually, or as necessary when requested by the Project Manager. This group is consulted by the Project Manager for decisions when time, budget and quality tolerances are likely to be exceeded. It ensures that required resources are committed and arbitrates on any conflicts within the project or negotiates a solution to any problems between the project and external bodies.

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[2] UNDP Financial Rules and Regulations: Chapter E, Regulation 16.05: a) The administration by executing entities or, under the harmonized operational modalities, implementing partners, of resources obtained from or through UNDP shall be carried out under their respective financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. b) Where the financial governance of an executing entity or, under the harmonized operational modalities, implementing partner, does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, that of UNDP shall apply.

Project Assurance is the responsibility of each Project Board member, but is usually delegated. In this case, UNDP Programme Officer will perform the project assurance role. UNDP Programme Officer will support the Project Board by carrying out objective and independent project oversight and monitoring functions thus ensuring that appropriate project management milestones are managed and completed.

The **Project Manager** has the authority to run the project on a day-to-day basis on behalf of the Project Board within the constraints laid down by the Board. The Project Manager is responsible for day-to-day management and decision-making for the project. The Project Manager's prime responsibility is to ensure that the project produces the results specified in the project document, to the required standard of quality and within the specified constraints of time and cost.

The **Project Support** role provides project administration, management and technical and financial support to the Project Manager.

All deliverables produced during the project term, will bear the **donor and UNDP logo** and, where appropriate, the standard **UNDP disclaimer**.

* A more detailed communication plan for output 1 is annexed to the Project Document.

IV. MONITORING FRAMEWORK AND EVALUATION

In accordance with the programming policies and procedures outlined in the UNDP Programme and Operations Policies and Procedures, the project will be monitored through the following:

Within the annual cycle

- On a quarterly basis, a quality assessment shall record progress towards the completion of key results, based on quality criteria and methods captured in the Quality Management table below.
- An Issue Log shall be updated by the Project Manager to facilitate tracking and resolution of potential problems or requests for change.
- Based on the initial risk analysis submitted (see annex 1), a risk log shall be regularly updated by reviewing the external environment that may affect the project implementation.
- Based on the above information, a Project Progress Reports (PPR) shall be submitted by the Project Manager to UNDP and the Project Board through Project Assurance semi-annually, using the standard UNDP report format.
- a Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events

Annually

- **Annual Review Report**. An Annual Review Report shall be prepared by the Project Manager and shared with UNDP and the Project Board, using the standard UNDP report format.
- **Annual Project Review**. Based on the above report, an annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year. In the last year, this review will be a final assessment. This review is driven by the Project Board and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes.

For output 1/Activity Results 1.1, 1.2 and 1.3, reporting will be done as follows:

A **final report** will be drafted upon implementation of activities, in 2015, including the following:

Financial report. The financial report shall include:

- the approved budget for the project,
- total expenses charged/capitalised,
- income from all sources, including interests accrued,
- any deviations between the approved budget for the period and the expenses charged/capitalised during the period in terms of amount and percentage. Deviations of more than 10% above a budget line shall be explained and approved by the Project Boar in writing, and
- a record of procurement and sales.

Narrative report detailing results achieved and activities implemented.

Quality Management for Project Activity Results

Replicate the table for each activity result of the AWP to provide information on monitoring actions based on quality criteria. To be completed during the process "Defining a Project" if the information is available. This table shall be further refined during the process "Initiating a Project".

OUTPUT 1: Policy Advise for Public Administration Reform		
Activity Result 1 (Atlas Activity ID)	*PAR*	Start Date: End Date:
Purpose	*1. A more efficient and more effective MPALSG phased in, capable to perform new functions in line with the legal requirements, Government priorities and expectations of external stakeholders, and serve as a true agent of change in the Serbian PA, thus effectively managing change both internally (in its own structures) and outward, as the coordinator and supervisor of the Public Administration Reform process by 2016.* *2. Full implementation of Public Administration Reform Strategy/Action Plan measured annually*	
Description	1.1 Activity Result: MPALSG Phased Strengthening Plan for delivering new functions based on determined requirements, challenges and expectations developed in an analytical and participatory manner 1.1.1 Contracting procedure for consultants 1.1.2 Development of the Functional Diagnostics and Resource Reallocation Analysis methodology 1.1.3 Developing a full report of required MPALSG functions based on internal and external requirements 1.1.4 Identifying and agreeing on the priority business processes for the delivery of new MPALSG functions 1.1.5 Performing the Resource Allocation Review 1.1.6 Developing the MPALSG Phased Strengthening Plan 1.2. Activity Result: MPALSG reorganized in accordance with the recommendations from the first phase of the MPALSG Phased Strengthening Plan (Result 1) end enabled to assume the new role of change agent in the Serbian PA 1.2.1 Drafting the New Rulebook on Internal Organisation and Job Classification of the MPALSG and staff relocation in accordance with it, upon approval by the Government 1.2.2 Developing the operational guidelines for implementing the new change management function of MPALSG, with both internal and external focus 1.2.3 Training and coaching MPALSG staff tasked with change management through direct support to the delivery of the MPALSG change management function, for both inward (MPALSG oriented) and outward looking services (services to other ministries) 1.3. Activity Result: Strengthened capacities of MPALSG top managers to manage organizational and personal change 1.3.1 Training needs assessment and developing the MPALSG Management Training Program 1.3.2 Preparing and delivering the basic modules of the Management Training Program for MPALG top managers 1.3.3 Review of progress achieved and drafting the proposal for the next phase of MPALSG strengthening and change management function development 2.1 Activity Result: Priority activities of the PARS implemented 2.1.1 Providing expert support in the implementation of the Strategy 2.1.2 Support for coordination meetings on PARS implementation	

Quality Criteria *how/with what indicators the quality of the activity result will be measured?*	**Quality Method** *Means of verification. What method will be used to determine if quality criteria has been met?*	**Date of Assessment** *When will the assessment of quality be performed?*

OUTPUT 2: Support to local self-government development		
Activity Result 1 (Atlas Activity ID)	*LSG*	Start Date: End Date:
Purpose	*To develop a larger scale initiative for supporting local self-government development*	
Description	1.1 Activity Result: Data gathered and assessment conducted of capacities of institutions, their mandates, mechanisms and funds available 1.1.1. Desk review, stakeholder analysis, semi-structured interviews with key stakeholders 1.2 Activity Result: Project document developed 1.2.1. Project document drafting	

Quality Criteria *how/with what indicators the quality of the activity result will be measured?*	**Quality Method** *Means of verification. What method will be used to determine if quality criteria has been met?*	**Date of Assessment** *When will the assessment of quality be performed?*

V. LEGAL CONTEXT

This document together with the CPAP signed by the Government and UNDP which is incorporated herein by reference, constitute together a Project Document as referred to in the Standard Basic Assistance Agreement (SBAA); as such all provisions of the CPAP apply to this document. All references in the SBAA to "Executing Agency" shall be deemed to refer to "Implementing Partner", as such term is defined and used in the CPAP and this document.

Consistent with the Article III of the Standard Basic Assistance Agreement (SBAA), the responsibility for the safety and security of the Implementing Partner and its personnel and property, and of UNDP's property in the Implementing Partner's custody, rests with the Implementing Partner. To this end, the Implementing Partner shall:

a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
b) assume all risks and liabilities related to the implementing partner's security, and the full implementation of the security plan.

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the Implementing Partner's obligations under this Project Document.

The Implementing Partner agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml. This provision must be included in all sub-contracts or sub-agreements entered into under/further to this Project Document".

OFFLINE RISK LOG

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Mngt response	Owner	Submitted, updated by	Last Update	Status
1	*Early Parliamentary elections*	Project development phase	Political	Enter probability on a scale from 1 (low) to 5 (high) P = 3 Enter impact on a scale from 1 (low) to 5 (high) I = 4	Ensure discussion at the highest level regarding the scope of the project and priority areas in need of support, after the elections	Project manager	Project developer	Project development phase	
2	*Lack of horizontal coordination among Government focus areas*	Project development phase	Operational Political Strategic	P = 4 I = 2	Output 2 of the project will specifically deal with mapping of Government priorities and proposing means of coordinating them with of view to implement them at the local level	Project manager	Project developer	Project development phase	