The Principles of Public Administration

SUMMARIES OF MONITORING REPORTS
PUBLIC SERVICE AND HUMAN RESOURCE MANAGEMENT

WESTERN BALKANS

February 2022
Summaries of Monitoring Reports

Western Balkans

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*This designation is without prejudice to positions on status, and is in line with United Nations Security Council Resolution 1244/99 and the Advisory Opinion of the International Court of Justice on Kosovo’s declaration of independence.
Introduction

The Principles of Public Administration and the EU integration path – measuring the fundamentals

The Principles of Public Administration\(^1\) set out what good public governance entails in practice and outline the main requirements to be followed by administrations during the European Union (EU) integration process. Good public governance is key for achieving economic growth, competitiveness and a better quality of life. Democratic governance and the rule of law require capable, accountable and effective public administrations. In its 2014 and 2018 Enlargement Strategies, the European Commission (EC) highlighted public administration reform (PAR) as one of three “fundamentals first” areas of the EU enlargement process: “Addressing reforms in the area of rule of law, fundamental rights and good governance remains the most pressing issue for the Western Balkans. It is also the key benchmark against which the prospects of these countries will be judged by the EU”\(^2\).

A regional series, with a long-term perspective

SIGMA monitoring reports\(^3\) assess the state of play and progress in improving the quality of national public administrations. Given the geostrategic importance of the Western Balkans to the EU, and the ongoing accession negotiations, Support for Improvement in Governance and Management (SIGMA) conducts regular monitoring of the region. In 2017, SIGMA established a baseline in all areas of public administration. In 2019, monitoring was conducted against selected Principles. The full scope is covered again in the 2021 reports, which compare performance against the 2017 baseline and regional averages. By analysing the long-term perspective, significant changes are identified.

The assessment period was from July 2017 to July 2021. The data collection period was February-May 2021. The COVID-19 pandemic was at its peak, so in-person meetings were replaced by virtual ones. National experts provided invaluable support during this period in securing the necessary data.

Thematic summaries to provide key insights and recommendations to decision makers and selected performance data at the regional level

This document is a compilation of all summaries for the public service and human resource management area in the full SIGMA 2021 monitoring reports. It contains a regional summary with cross-administration analysis of the state of play and key trends since 2017, insights from key performance indicators that showed significant change at the regional level and reflections on the way forward for the region. The purpose is to provide a regional perspective for each of the thematic areas, in order to complement the more detailed monitoring reports developed for each administration.

SIGMA wishes to thank the Governments for their collaboration in providing the necessary administrative data and documentation, as well as for their active engagement during the two rounds of validation to improve the factual accuracy of all the information used. The collaboration with the Regional Cooperation Council on the Balkan Barometer has been excellent. We also thank the experts from EU member administrations who contributed to the report. Finally, the support of the EC is, as always, appreciated.

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\(^3\) The monitoring reports are published on the SIGMA website: [http://www.sigmaweb.org/publications/monitoring-reports.htm](http://www.sigmaweb.org/publications/monitoring-reports.htm).
Methodology

Overall approach – focus on implementation and outcomes, analysing a variety of primary data sources against precise criteria and benchmarks for an objective assessment

The Methodological Framework for the Principles of Public Administration⁴ contains a set of standard indicators that SIGMA applies consistently to measure the preconditions and enablers of successful reforms (good laws, policies and procedures, institutional structures, human resources) and the actual implementation of reforms and subsequent outcomes (how the administration performs in practice).

The overall approach recognises that no single measurement method can fully capture the complex issues related to organisational and behavioural change. SIGMA uses information from administrative data, surveys, statistics, interviews, etc., which is cross-checked and triangulated to arrive at a balanced assessment.

Data sources and validation

The main quantitative and qualitative methods applied in the framework are:

- Desk reviews of legislation, regulations and reports (the most recent are analysed if adopted before July 2021)
- Interviews (conducted virtually March-May 2021 with 100+ interviewees per administration, including civil society)
- Review of cases and samples of government documentation (the most recent are analysed)
- Observations of practice and on-site verification (conducted virtually March-May 2021 with national expert support)
- Analysis of administrative data from public registries and national statistics (the most recent when possible; otherwise, from 2020)
- Surveys of the population and businesses through the Balkan Barometer (conducted February-March 2021)⁵
- Surveys of 950 contracting authorities across the region (conducted February-April 2021).

Data was collected through SIGMA’s tool for data collection, analysis and validation (PAR.IS). More than 10 000 documents were received regionally for analysis. In 2021, hundreds of government officials were provided direct access to SIGMA’s detailed working sheets for calculation of numerical sub-indicator values and justifications for fulfilment of each of the criteria, in addition to fact-checking the draft monitoring reports. The monitoring reports show only the overall indicator values; the detailed criteria-level analysis will be accessible in 2022 through a public portal⁶.

Indicator values reflect the level of maturity and preparedness of administrations – from 0 to 5

The indicator values provide an indication of the administrative capacity and overall performance of national public administrations. This provides an indication of the capability to effectively implement the EU acquis and participate in the policy-making processes of the EU.

The point allocation is constructed so that an administration can only receive an overall value of 2 on the basis of the quality of its legislative and regulatory framework; a value of 3 cannot be achieved without showing that implementation of key processes is happening in practice; and in order to obtain a value of 4, the administration needs to show a consistent achievement of relevant outcomes. The value of 5 is

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⁵ Regional Cooperation Council, https://www.rcc.int/balkanbarometer/home.

reserved for outstanding performance and full compliance with the Principles and the standards for good public governance.

In 2021, averages of the indicator values were also calculated for each of the six thematic areas of the Principles of Public Administration. This enables a comparison of overall trends across the whole administration over time and across the region.

**Understanding how the indicator values are calculated**

Across the six thematic areas, the framework is composed of 48 Principles. Each Principle has one or two indicators. There are 52 indicators in total, with 340 sub-indicators and 1,000 individual criteria. Indicator values are presented at the top of the overview tables, on a scale from 0 (lowest) to 5 (highest). The indicator value is based on the total number of points received for the sub-indicators. The point conversion tables are accessible in the Methodological Framework.

If the required information to assess a sub-indicator is not available or is not provided by the administration, 0 points are awarded. All data requested is needed for a well-functioning public administration, and SIGMA does not estimate performance without adequate evidence.

The monitoring exercise of Bosnia and Herzegovina is being conducted in two phases. In 2021, the areas examined were: policy development and co-ordination, accountability and public financial management (PFM), except external audit. In 2022, SIGMA will study strategic framework of PAR, public service and human resource management (HRM), service delivery and external audit. Therefore, regional data comparisons are based on five or six Western Balkans administrations (WB5 or WB6).

**Codes used in this report**

<table>
<thead>
<tr>
<th>Code</th>
<th>Country</th>
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<tbody>
<tr>
<td>ALB</td>
<td>Albania</td>
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<tr>
<td>BIH</td>
<td>Bosnia and Herzegovina</td>
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<tr>
<td>XKV</td>
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<td>Western Balkan administrations</td>
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<td>WB6</td>
<td>Western Balkan administrations</td>
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Regional summary

State of play and regional trends

In the public service and human resource management (HRM) area, administrations in the Western Balkans have made moderate progress since 2017 with the average of all indicator values increasing from 2.8 to 3.1.

Albania has the highest average of 3.56, with slight progress. Serbia increased by 1 to 3.22. Montenegro also advanced, while Kosovo’s average is unchanged and the Republic of North Macedonia slightly decreased.

Figure 1. Modest regional progress in the public service and HRM area since 2017, though not for Kosovo or North Macedonia

The public service and HRM area covers the policy and legal framework and institutional capacities for establishing an adequate scope for the public service and the application of consistent HRM practices; namely, the recruitment, demotion and termination of civil servants, including top managers; their professional development and remuneration; as well as disciplinary procedures and other integrity measures.

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7 The regional summary is based on the findings of the SIGMA monitoring reports of Albania, Kosovo, Montenegro, the Republic of North Macedonia and Serbia. Bosnia and Herzegovina is not included as the monitoring of the public service and HRM area will be conducted in 2022.
“Professional development” slightly decreased in its value between 2017 and 2021. All other indicators increased, with “Merit-based termination and demotion” progressing the most by 1. “Scope of public service” is where most administrations have the highest absolute value (4). “Merit recruitment/dismissal of top civil servants” remains the weakest, with an average value of 2.4, followed by “Fair and competitive remuneration”, with an average value of 2.6.

Across all the administrations monitored, 42% of the indicators measuring public service and HRM development improved between 2017 and 2021, while 20% deteriorated. The values for each administration are presented in Figure 3.
The administrations of the Western Balkans have a sound legislative basis to effectively manage and develop a professional civil service. For all administrations, however, practices and outcomes lag behind the legislative framework. This is noticeable for both groups of indicators: those related to the policy and institutional framework and those related to different aspects of HRM (Figure 4). Proper implementation of legislative provisions is necessary to make the civil service in the Western Balkans an attractive employer, considered free from corruption and capable of effectively implementing government policies.
Figure 4. Share of maximum points for each indicator, aggregated separately for sub-indicators related to the existence and quality of legislation and to its implementation (observed practices), indicating an important gap between a decent legislative framework and its proper implementation.

Note: The legislative index aggregates information on sub-indicators that measure legislation. The index on practice aggregates information on sub-indicators that measure implementation of legislation. The aggregates are presented as a share of maximum points of the sub-indicators.

The vertical scope of the civil service is adequate, but public bodies with regulatory, service delivery and administrative functions are often excluded

In general, all administrations have a good legislative framework that adequately delineates the vertical scope of the civil service. The lowest categories of staff performing ancillary and support tasks are excluded from the civil service. The most senior managerial positions in public administration, responsible for managing agencies and the largest organisational units in ministries, are in most cases classified as civil servant positions. However, in some cases the appointments to such positions are not based on competition and merit, or the regular procedures are bypassed through temporary appointments (acting officials), as discussed below.

The horizontal scope of the civil service has become increasingly fragmented, with public bodies being removed from the common civil service systems. In some administrations, this process concerns regulatory bodies (Montenegro and Serbia); in others, the definition of “direct service delivery units” is sometimes extended to functions previously covered by civil service legislation (Albania), while in North Macedonia bodies such as the Ministry of Interior and the Customs Office have distinct regulations, not fully aligned with the civil service principles. On the other hand, the 2019 civil service legislation of Kosovo authorised the Government to issue secondary legislation binding also on a number of independent institutions and was therefore considered unconstitutional by the Constitutional Court.

Central co-ordination institutions for the civil service exist, with adequate scope of responsibility, but capabilities for modern HRM still need significant improvement

In all administrations, a central human resource (HR) co-ordination body exists and is responsible, among other matters, for the support and co-ordination of HR units in individual institutions. These units are, in general, still relatively weak and only develop internal capacities to cope with everyday challenges. Centrally implemented HRM information systems (HRMIS) are an essential tool to enhance strategic HRM, reporting and planning. All administrations have undertaken ambitious projects to develop such IT tools that will be interoperable with the payroll system and other state registers. However, no system is
complete, rolled out to all institutions and populated with complete data. Hence the existing HRMIS in the Western Balkan administrations do not yet allow for data-driven analytics and HRM.

Table 1. Databases for human resource management are still lacking complete and updated information.

<table>
<thead>
<tr>
<th>Database(s) are interoperable with other relevant systems (at least with the payroll system), or if there is no central database then all data sets must be standardised and provide data in real time, include all employed civil servants and institutions required by regulations, allow quick reporting and has comprehensive data on public servants in all bodies analysed</th>
<th>ALB</th>
<th>XKV</th>
<th>MNE</th>
<th>MKD</th>
<th>SRB</th>
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</thead>
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<td>Data is updated in real time. If no central database exists then data sets in all analysed bodies must be updated in real time</td>
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<td>✗</td>
<td>✗</td>
<td>✓</td>
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</tr>
<tr>
<td>Database(s) and data include all employed civil servants and institutions required by the relevant regulations. If no central database exists then data sets in all analysed bodies must include all employed civil servants required by the relevant regulations</td>
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<td>✓</td>
<td>✗</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>Database(s) and data allow quick reporting on all relevant HR areas, as noted above. If no central database exists then data sets in all analysed bodies must include all employed civil servants required by the relevant regulations</td>
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<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
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<tr>
<td>Data on public servants is comprehensive. If no central database exists then data sets in all analysed bodies must include all employed civil servants required by the relevant regulations</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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Note: A green checkmark means that in 2021 the criterion was fulfilled. A red cross means that it was not fulfilled.

**Legislation provides for merit-based recruitment, but there is scarcity of candidates and capabilities for competency-based selection progress slowly**

Merit-based recruitment of non-senior civil service positions has become a standard in all Western Balkan administrations, as established by their legislation. Very few exceptions are observed in the region: in Serbia, a significant number of civil service positions (over 10%) are under temporary contracts that require no recruitment competition. Serbia is also the only administration where some direct political influence can be exercised by political interventions in the structure of the selection panels; while in Kosovo, the new legislation that entered into force in July 2020 has not yet been applied and no external recruitments have taken place under the new system. The most common challenge is the very low competitiveness in the recruitment process, due to only a small number of candidates competing for civil service positions. This situation challenges the principle of open and competitive recruitment and can be a reflection of the low trust in the fairness of selection processes.
In 2020, all administrations (with the exception of Serbia, where recruitment plans do not exist, and Kosovo, for the reasons presented above) implemented their annual recruitment plans at the level of 63%-86% and were able to retain almost all newly hired civil servants (only in Montenegro was this ratio at 84%). Serbia stands out in the region by its implementation of a competency model throughout the public administration and its successful incorporation in the recruitment procedures. Albania is to be commended for its prompt introduction of fully online recruitments to the civil service, just weeks after the national lockdown caused by the COVID-19 pandemic.

As in most EU/OECD countries, COVID-19 had a negative impact on the length of the recruitment procedures in 2020. A significantly increased average number of calendar days elapsed between the announcement of a vacancy and the publication of the selection results in 2020 in each of the administrations is reflected in Figure 6.

**Figure 5.** Average number of eligible candidates per vacancy is extremely low in most administrations. It increased in North Macedonia but significantly dropped in Serbia

**Figure 6.** The number of days required to hire a civil servant significantly increased in 2020 because of the COVID-19 pandemic and related suspension of recruitment procedures

Note: Data is not available for Kosovo.
**De-politicisation and professionalism of top managers has not yet been achieved, either in legislation or in practice**

Fostering effective leadership through competence, stability, professional autonomy and responsiveness of accountable top managers is the most significant challenge in the public service and HRM area in the region. Kosovo, the administration with the most adequate legislation, had not applied the new regulations by the time of the 2021 monitoring exercise. In Montenegro, the recent political shift led to changing more than 50% of senior managers, which revealed the level of politicisation of the top layer of the civil service. Moreover, the legislation does not explicitly exclude politically appointed persons as members of competition commissions for senior positions, which leaves room for undue political influence. In North Macedonia, the system is not competitive and merit-based because legislation allows discretionary appointments and dismissals of senior managers without due assessment of their competencies. In Serbia, the provisions of the law are not abided by, with a continuously excessive number of “acting” managers (over 60% of all managerial positions). The specificities of the Albanian system (with competitive recruitment to the corps of top managers) in theory allow for flexible yet merit-based management of these positions, but in practice the Government exclusively exploits exceptions instead of implementing the critical provisions.

Based on the data available, in the Western Balkans there is little stability at the level of senior managers in particular after a change of government. De-politicisation and professionalisation of senior managers in the civil service has not yet been achieved.

The area where the Western Balkans surpassed the OECD/EU averages is gender balance in senior civil service positions. Most of the Western Balkan administrations have over 40% of women in senior civil service positions, while the OECD average is 37%. Data on 2020 was not available for Kosovo.

**Figure 7. Share of women in senior civil service positions is above the OECD average in four Western Balkan administrations**

Note: The data for Western Balkans refers to a number of women in senior civil service positions divided by the total number civil servants in senior level positions in the latest full calendar year, expressed as a percentage. Data for the OECD countries refers to gender equality in senior management positions in central governments. Data relates to central government administration only.

**Fairness, competitiveness and transparency of salary systems remain a challenge**

The quality of the remuneration systems for civil servants varies significantly in the region. The rationale based on a system of job classification, reasonable seniority progression and limited performance-related bonuses exists in Montenegro, North Macedonia and Serbia. However, in Montenegro a fair allocation of base salaries is not fully ensured due to unclear and insufficient regulation on job descriptions, evaluation and classification, and criteria for granting some salary supplements. Salary reforms are pending in Albania and in Kosovo. In Kosovo the 2019 Law on Salaries was judged unconstitutional. Data on salaries is scarce and insufficiently transparent (also due to an incomplete HRMIS), and does not allow for an accurate comparison with the private sector to assess their competitiveness – although in Kosovo, North Macedonia and Serbia they seem competitive with officially communicated private-sector salaries. Moreover, precise information on offered salaries is published in vacancy announcements only in North Macedonia. In Albania, Montenegro and North Macedonia, several salary supplements have been introduced but not always with clear allocation criteria, which is creating distortions in the salary systems.

**A strategic approach to the professional development of civil servants, linking its different components and aiming to enhance performance, is lacking**

Central institutions responsible for organising horizontal training of civil servants exist in all administrations; they perform particularly well in Montenegro and Serbia. Nevertheless, budgetary resources for training are scarce, and capacities concerning sector-specific training vary greatly across public bodies. The COVID-19 pandemic fostered online training in Albania, Montenegro and Serbia, whose central training institutions adapted quickly to the new situation.

A strategic approach to the professional development of civil servants is at an early stage. Training needs analysis and plans considering strategic priorities exist, but they focus mainly on horizontal functions. Mobility and promotion are still not used proactively as tools for professional development, and their current effectiveness is limited. The absence of performance management systems hinders the individual appraisal of civil servants. Their implementation is still largely formalistic. An excessive share of highest-performance grades impedes the identification and reward of best performers. The public servants’ perception of meritocracy reflects the room for improvement and attains only moderate levels, except in Albania, where results are higher.

Figure 8. Perceived level of meritocracy in the public sector is similar in Western Balkan administrations with little change since 2017, with Montenegro slightly decreasing and Albania increasing

Note: Respondents (working in the public sector) are asked to what extent they agree with the following statement on a scale from 1 to 10: “In the public sector most people can succeed if they are willing to work hard”.

Source: Regional Cooperation Council, Balkan Barometer Public Opinion database (https://www.rcc.int/balkanbarometer/).
Corruption in public bodies continues to be perceived as a problem, and disciplinary systems are weak

Across the region, anti-corruption bodies are established to promote integrity, but they focus mainly on political authorities and high-risk areas (i.e. procurement). It is outside of their mandate to cover the civil service as a whole. Governments across the region have thus far not established strategic objectives or adequate institutional arrangements to mitigate corruption risks across the public sector. Therefore, in most cases, there is an adequate regulatory framework but very limited proactive actions on integrity in the public administration. Some administrations have developed integrity plans and appointed integrity officers in the individual public bodies, while others have not yet taken effective measures in high-risk areas. According to the Balkan Barometer, the perception of corruption in public bodies is high and the payment of bribes to public officials and professionals is still relatively common, even if decreasing.\(^8\)

In some administrations, the disciplinary system presents weaknesses that risk allowing unfair use by top officials and a sense of impunity amongst certain offenders. The percentage of disciplinary sanctions confirmed by courts is very low in Serbia (28%) and North Macedonia (31%), which implies procedural weaknesses and/or unfair or unlawful disciplinary sanctions.

The way forward

- The legislation and how it is applied to top managers in the civil service should be a subject of wide political consensus and ensure a high level of their professionalism, stability, responsiveness and accountability.

- Taking individual institutions or types of bodies out of the civil service system should be prevented: exceptions lead to system fragmentation, which is detrimental to its effective functioning.

- The public administration should increase efforts to be considered an employer of choice, offering attractive jobs, competitive compensation packages and career perspectives able to attract and retain talented professionals.

- Recruitment and selection procedures should continue to be improved, to ensure the candidates who best fit the job requirements are hired based on experience, knowledge, skills and competencies to enable them to do their job well.

- Administrations should invest further in public servants’ development and optimise resources by adopting a holistic approach focussed on strategic priorities.

- Personnel management should be supported by professional HR units and the central HRM body, making full use of instruments available to them, including HRMIS.

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\(^8\) Regional Cooperation Council, Balkan Barometer Public Opinion and Business Survey databases (https://www.rcc.int/balkanbarometer/).
Summary and recommendations

In the area of public service and human resource management, Albania scores the highest in the Western Balkans region, with an aggregate composite indicator of 3.6. With the Civil Service Law (CSL)\(^9\) dating back to 2013 and all secondary legislation in place, the Albanian civil service system can be considered mature and stable by regional standards. Limited legislative and organisational changes have taken place since the previous assessment in 2017. Nevertheless, several weaknesses persist and, more importantly, the practice does not always follow the concepts enshrined in the CSL.

Albania is a solid regional performer in PSHRM, but salary reform is needed and management practices for senior civil servants need to be reviewed

As defined by the legislative framework, the scope of the civil service is comprehensive; however, exclusions to vertical scope persist (the heads of certain agencies are appointed by the political authorities). After the government’s reorganisation, and based on the somewhat unclear criteria of the CSL, a number of bodies were given the status of service delivery units and placed under the Labour Code, which increases the fragmentation of the horizontal scope.

Since the abolition in 2017 of the position of the Minister of State for Innovation and Public Administration (MIPA), political responsibility for the civil service has not been clearly assigned. Nevertheless, the Department of Public Administration (DoPA) remains a key institution, responsible for co-ordination of policy implementation. Communication between DoPA and human resource management (HRM) units is fluid, but additional guidelines would ensure uniform application of key HR practices. Significant progress has been made in populating the Human Resource Management Information System (HRMIS) and

\(^9\) The Law on Civil Servants, No. 152/2013.
extending it to all public institutions, but the rollout has not yet been completed. Its interoperability with the Civil Registry and the Treasury System is now possible and partially in place. Lack of complete data has hampered strategic planning and monitoring HR activities.

The legislation in force is aligned with the core principles of merit-based recruitment and fully applied in practice. DoPA successfully launched online recruitment processes in record time, after the lockdown was imposed in early 2020 as a result of the COVID-19 pandemic. However, recruitments for groups of positions at the entry level are still not standard procedure, and recruitment to individual positions is equally common, because uniform job descriptions have not been established in all institutions. Implementation of court decisions favourable to dismissed civil servants was progressing well until the outbreak of the pandemic, but this long-lasting and costly problem has not been finally resolved.

Implementation of the Annual Recruitment Plans for 2019 and 2020 show that 2020 recruitment was stalled by the pandemic, but that introducing e-recruitment in April allowed for successful appointments all year, exceeding the 2019 numbers.

Management of senior civil servants differs significantly from what is foreseen in the legislation. The standard recruitment procedure has never been followed, supposedly because the Albanian School of Public Administration (ASPA) has not rolled out the in-depth training programme finalised in 2016. Although the Top Management Corps (TMC) has had a sufficient number of successful candidates, they have not been appointed, and about 30% of senior managerial positions remain vacant. Dismissals from the TMC are rare, but the turnover in individual senior positions is much higher. The performance appraisal of senior managers provided for in the CSL has not yet begun.

A need for improvement in the remuneration system has been acknowledged for some years, but the first comprehensive draft of the reform was prepared only in 2020. It was not accompanied by an action plan, and consultations with stakeholders are pending. Extending the working condition allowance to various groups of civil servants has become a substitute for motivational use of remuneration policy.

Although performance appraisal, promotion, training and mobility have been introduced, they are not interlinked and thus do not constitute a comprehensive performance management system. However, despite the challenges caused by the 2019 earthquake, the 2020 COVID-19 pandemic and the subsequent lockdown, ASPA continued to provide training programmes, almost exclusively online.

The legal framework on integrity and disciplinary procedures, complemented by the anti-corruption strategy, is comprehensive, but still fragmented. Data on its application is not
centralised. Progress has been made in the implementation of the Law on Declaration of Assets, but the resources of the High Inspectorate of Declaration and Audit of Assets and Conflict of Interest (HiDAACI) are insufficient to deal with its expanded mission.

**Short-term recommendations (1-2 years)**

1) The Government should ensure that the practice of TMC management respects the letter and the spirit of the CSL: access to the TMC should take place through the standard procedure, all TMC members should undergo in-depth training at ASPA, those appointed to regular positions should undergo performance appraisals and evaluations by the National Selection Committee, and TMC members should be appointed to all vacant senior managerial positions without delay.

2) The Government should finalise the process of harmonising and improving job descriptions in state administration institutions and ensure that recruitments to the executive positions follow the CSL requirements and that competitions organised for individual positions become an exception.

3) The Government should continue to undertake measures and create conditions to attract good candidates to all positions in the civil service. The young graduates’ scheme can be considered one such measure, but it should be given legal basis in the CSL.

4) The Government should finalise the prolonged process of implementing the HRMIS. All institutions need to be covered, and up-to-date data on civil servants is necessary to allow strategic and evidence-based HR management at the state level.

5) The Government should finalise the prolonged process of implementing court decisions favourable to unlawfully dismissed civil servants, while taking steps to keep the number of new successful appeals in such cases at a low level.

6) The Government should ensure that, after an inclusive consultation process, a salary system reform is prepared, politically supported and implemented, so that CSL provisions are applied in practice and remuneration becomes a useful tool of HR management.

7) The Government should specify the criteria set up in the CSL on the creation of direct-service delivery units and provide clear guidelines to preserve the consistency of the scope of the Civil Service.

**Medium-term recommendations (3-5 years)**

8) The Government should establish a consistent employment framework for all employees in the public administration, in order to ensure that all employees are selected through competition, except when the law provides otherwise. The framework should limit to fully justified exceptions the creation of direct service delivery units and other arrangements that guide the employee relations governed by the Labour Code (including temporary contracts). DoPA should collect data on this entire population to allow for evidence-based HR management.

9) HiDAACI, in collaboration with DoPA, should promote a uniform, efficient implementation of the legislation on integrity, for example by compiling norms, regulations and guidelines in the form of a practical handbook for HMR units.
The five highest percentage point increases and decreases for all sub-indicators in the area compared to 2017. There is steady progress in various sub-indicators, with drops primarily in those beyond the influence of the Department of Public Administration.

<table>
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<tr>
<th>Sub-indicator</th>
<th>Percentage Point Change</th>
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<tr>
<td>3.2.1.8. Availability and use of data on civil service</td>
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<td>3.7.2.5. Perceived level of bribery in the public sector by businesses (%)</td>
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<td>3.7.2.4.* Use of investigations in practice</td>
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<td>3.2.1.5. Existence of a central, capable co-ordination body</td>
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<tr>
<td>3.4.1.5. Application in practice of recruitment...</td>
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<td>3.4.1.7. Effectiveness of recruitment for senior civil service...</td>
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<td>3.3.1.3. Time required to hire a civil servant</td>
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Note: * marks where points have been deducted because data was not available or of poor quality.
Kosovo

Summary and recommendations

Significant changes have been introduced to the civil service legislation since the 2017 monitoring report. The reform package of three laws adopted in 2019, which included the Law on Public Officials (LPO), aimed to create a unified merit-based civil service system and establish common principles of employment across the public sector. Unfortunately, this is not yet reflected in the average indicator value for the public service and human resource management (HRM) area, which remains at 3. This is because there are serious problems implementing the improved legislation. The recent launch of a programme of extensive revision of the LPO de-legitimises the existing regulations, reduces legal certainty and predictability and detracts attention from the efforts needed to finally make the current legislative framework operational.

Kosovo’s indicator values for public service and human resource management indicators reflect good legislation and poor implementation. Lack of salary reform and scarce data resulted in the significant backslide in fairness and competitiveness of the remuneration system.

A comprehensive legislative framework is established by the LPO, and most secondary acts are in place for the civil service. The scope of the civil service is adequate and clearly defined. However, after the Constitutional Court decision declaring a number of articles of the LPO non-compliant with the Constitution, adjustments with regard to eight independent institutions are urgently needed, including clarification on whether the Law applies to them or not. The implementation of the amended scope and the new categorisation of positions relies on the Law on the Organisation and Functioning of the State Administration and Independent Agencies (LOFSAIA), which sets out requirements to determine the internal organisation of institutions together with the systematisation of jobs. This process is lagging seriously behind as only few institutions have completed the systematisation exercise.

The implementation of the LPO was seriously delayed, starting only in July 2020, and is still at the very beginning. The need for competent central co-ordination has increased due to the considerable
centralisation of the civil service management. However, the responsible unit – the Department for the Management of Public Officials (DMPO) at the Ministry of Internal Affairs (MIA) – does not possess adequate human resources to fulfil its mission effectively. A lack of relevant civil service data, despite a functional Human Resource Information System (HRMIS), hampers reporting and co-ordination of the system and reduces transparency for the public. The Independent Oversight Board for the Civil Service (IOBSC), the independent body responsible for external oversight of the civil service, was not operational, as its board members were not appointed for an extended period of time.

Limiting the external recruitment to the professional category, together with a strong preference for internal mobility within the system for all the categories of civil servants, is a major innovation introduced by LPO. However, the application of the new framework is still to be seen in practice, as no recruitments have taken place since July 2020. Because the centralised recruitment procedures have not been launched, internal transfer has become the only instrument for filling vacant positions within the civil service. However, this creates new vacancies and does not address the overall need for new staff.

The number of vacancies offered in external competitions for civil servants and senior managerial positions before and after the entry into force of the LPO in June 2020 illustrates the serious problem with implementation of the LPO that persists in 2021.

A regulatory framework for reducing political influence over top managerial positions in the civil service has been improved with the new CSL. The MIA (DMPO) has been given a crucial role in implementing the new framework and ensuring the process is merit based. However, since no competition processes have been carried out yet under the LPO, the quality of SCS admission and effectiveness of prevention of political influence in practice is not yet assessed.

The civil service remuneration system does not ensure comprehensiveness, transparency, fairness and equal treatment. Following the Constitutional Court decision – which declared the 2019 Law on Salaries in the Public Sector (LSPS) unconstitutional – remuneration is still based on the 2010 regulation. Salaries are not transparent and the procedures to allocate basic salary do not ensure the principles of merit, fairness and equal treatment. Drafting of the new law on salaries has only just started and is hampered by the lack of reliable data on salaries both within and outside the civil service.

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The professional development of public servants is vital under the new legislative framework, which relies on internal mobility. A strategic view is missing for the Kosovo Institute for Public Administration (KIPA) and civil service training, including clarity in the division of responsibilities between

the KIPA and the DMPO. The DMPO does not offer sufficient support and guidance to institutions on merit-based promotion, mobility and performance appraisal in the form of training, methodological materials, dissemination of data and consultation.

Finally, a comprehensive legal framework on integrity and disciplinary procedures is in place. However, due to the political instability, no comprehensive integrity policy has been adopted. The responsibility for the implementation of anti-corruption activities lies with the Anti-Corruption Agency (ACA). Its functions in prevention and monitoring of institutional integrity plans need to be enlarged in order to strengthen the integrity policy and its co-ordination.

Short-term recommendations (1-2 years)

1) The Assembly should implement the Constitutional Court decision on the LPO. While the Assembly must provide a proper legal framework for independent institutions, at the same time the integrity of the LPO should be maintained.

2) The Government should immediately ensure the DMPO has the human resources necessary for it to fulfil its co-ordinating role in the civil service system, to enable the effective implementation of the LPO.

3) The Government should prepare the new salary law, ideally for the entire public service but at least for the civil service, following an inclusive process that considers the arguments in the Constitutional Court judgement on LSPS.

4) The Assembly should restore the functioning of the IOBSC by appointing its Board members.

5) The Government should implement that the new legislative framework for the recruitment and dismissal of senior civil servants in line with the principles of merit and transparency.

6) The DMPO should support the professionalism of HRM units by introducing a combination of training, methodological materials and networking opportunities.

7) The DMPO should establish the system and channels for analysing and disseminating the data on civil service salaries, independently of the progress of drafting the new salary law.

8) The DMPO should ensure that the data on the civil service system is available, of high quality and widely published.

9) The Assembly should strengthen the preventive functions of the ACA in order to support the development of civil service integrity.

The five highest percentage point increases and decreases for all sub-indicators in the area compared to 2017. A substantially improved legislative framework on the one hand, but a severe lack of data on outcomes on the other.

Note: The * marks where points have been deducted because data was not available, not provided, or of poor quality.
Summary and recommendations

In the area of public service and human resource management, Montenegro has the same average as the Western Balkans region, with an aggregate value of 3.1. This result reflects moderate progress from the last assessment in 2017, due mainly to amendments in legislation and improved availability of data. Nevertheless, several challenges remain concerning the implementation of evidence-based and professional human resource management (HRM) practices.

Montenegro’s average value in the public service and HRM area matches the regional average and shows moderate progress from 2017.

The Law on Civil Servants and State Employees (CSL) provides an adequate, comprehensive horizontal scope of the civil service. However, the staff of some regulatory and independent bodies are excluded from the civil service through special laws without clear grounds. The law improved the vertical scope by including heads of public bodies subordinated to ministries in the senior civil service.

The Human Resource Management Authority (HRMA), under the supervision of the Ministry of Public Administration, Digital Society and Media (MPADSM), actively promotes horizontal co-ordination and implementation of HRM procedures across the civil service system. However, HRM functions are still mainly focussed on ensuring compliance with legislation and the performance of administrative tasks. A fragmented organisation of the HRM function in the central government, with many public bodies having a single-officer HRM unit, contributes to this situation. The gradual implementation of a new HRM information system (HRMIS) is ongoing, including the interoperability with the centralised payroll system. But for the time being, data in the HRMIS remains incomplete and is not updated, which hampers accurate analysis and monitoring of civil service policy and HRM practices.
Overall, legislation provides for merit-based selection of non-senior civil servants. Nevertheless, recruitments continue to attract low numbers of candidates, particularly in internal competitions, which are largely ineffective. Implementation improved on some technical aspects, e.g. the practical part of the written test is now conducted electronically. But institutions prepare content without following common standards. The lack of well-developed job descriptions and competency-based selection tools, the difficulties in having external experts on selection panels, together with the possibility of appointing any of the three best-ranked candidates challenge the professionalism of the procedures. Almost all public bodies prepare annual staffing plans, but they have a rather formalistic character, are adopted long after the approval of the budget, and only 61% of recruitments planned in 2020 were implemented.

The CSL does not explicitly exclude politically appointed persons as members of competition commissions in the senior civil service, which leaves room for undue political influence. Selection methods for senior civil service positions improved in the new CSL, which made both written and oral assessments compulsory. However, the law allows for other methods without specification in competitions to fill vacancies of heads of administration authorities. The percentage of senior civil service vacancies offered for competition and filled is high, but with a very low and declining number of candidates. Official data on the turnover in the senior civil service after the formation of the current government is not available. Nevertheless, an estimation based on publicly available data shows high instability: 55% of senior civil servants left their positions due to resignation, the abolition or reorganisation of the public body between December 2020 and June 2021. Dismissal procedures concerning the heads of administration authorities offer broad discretion to ministers without sufficient procedural safeguards.

The Law on Wages of Public Sector Employees (LWPSE) defines all salary elements for all public employees. However, it does not provide clear criteria for awarding specific salary components. Fair allocation of the base salary is hampered by insufficient development of job descriptions and classification, and heads of institutions have broad discretion to award bonuses. Information on salaries is not publicly disclosed. Only the relevant legislation is published, which includes only the basic salary coefficients. Data on salaries is scarce and does not allow a comparison with the private sector to assess their competitiveness.

The HRMA proactively manages the civil service training in horizontal areas. Nevertheless, training-needs analysis is not properly implemented for all civil service positions, and the capacities and resources of public bodies to develop sector-specific training are scarce. The effectiveness of internal mobility and promotion mechanisms is limited. Implementation of performance appraisals is low, and results are significantly skewed toward the higher rating categories. Overall, the lack of accurate and complete data on all these topics prevent an adequate analysis.

There were some improvements in legislation concerning civil service disciplinary procedures. Nevertheless, more than one-third of disciplinary decisions challenged in the courts were not confirmed, which indicated quality issues in first-instance decisions. There is no overall policy to promote integrity in the civil service at the national level, nor an institution responsible for co-ordinating and monitoring implementation across the civil service.
The average number of candidates that fulfil the requirements to participate in competitions to fill civil service vacancies remains very low, especially for senior civil service positions.

![Graph showing competitions to fill non-senior and senior civil service vacancies from 2016 to 2020.](image)

Source: Data provided by the HRMA.

**Short-term recommendations (1-2 years)**

1. The Government should complete the implementation of the new HRMIS and ensure strategic use of data in the system for civil service policy formulation, monitoring and enhancement of HRM practices.

2. The Government MPADSM, and the Ministry of Finance and Social Welfare (MoFSW) should ensure the alignment between staffing plans and the annual budget and medium-term expenditure frameworks.

3. The Government should further invest in strengthening the HRM function across the civil service and make it more strategic. The creation of shared HRM services could be considered as an option.

4. The Government should adopt measures to ensure adequate and harmonised implementation of job descriptions, evaluation and classification in the civil service.

5. The HRMA should analyse the causes of the low number of eligible candidates participating in competitions and prepare and implement a plan to attract more qualified candidates.

6. The Government should adopt measures to exclude political appointees from selection panels in competitions to fill senior civil service vacancies.

7. The HRMA should develop competency-based assessment tools for selecting civil servants in managerial positions, based on the newly developed competency framework, and develop the capacities of members of competition commissions to apply them.

8. The Parliament should amend the LWPSE to establish clear criteria and procedures for awarding salary supplements.

**Medium-term recommendations (3-5 years)**

9. The Government should consider including the staff of regulatory agencies in the scope of the civil service.

10. The Government should develop a comprehensive multi-annual policy – as part of an existing strategy or as a standalone plan – to promote integrity and fight against corruption in the public sector, encompassing the whole civil service.
The evolution of sub-indicators below reflects a better regulation of the civil service vertical scope and disciplinary procedures, as well as some progress in training budget, although still insufficient. Selection procedures improved with the generalisation of online testing. However, the dismissal of heads of authorities, which are now civil servants, is highly vulnerable to arbitrary political decisions.
Summary and recommendations

In the area of public service and human resource management, the performance of North Macedonia remains amongst the weakest in the region, with an average indicator value of 2.6. This is due to several persistent deficiencies related especially to senior civil service, training, and disciplinary procedures. Compared to 2017, the country only shows progress in two indicators: human resources (HR) policy, and termination and demotion.

Compared to 2017, North Macedonia only shows progress in two indicator values and remains one of the weakest performers regionally.

The scope of the civil service, regulated through the Law on Public Sector Employees (LPSE) and the Law on Administrative Servants (LAS), has gaps. Some institutions, such as the Ministry of Interior and the Customs administration, have their own extensive regulations, outside of the regular civil service, allowing for privileged salaries and creating gaps in the merit principle. The top managerial positions in ministries and other bodies are included in the scope of the civil service but appointed, without a competitive procedure assessing experience and competencies.

There has been clear improvement in the quality of the policy documents and in the monitoring of their implementation. Support to the HR units is still weak, even though the Ministry of Information Society and Administration (MISA) has reinforced some activities. The use of a Human Resource Management Information System (HRMIS) shows that data is collected, but there is no data-driven approach to building the HR strategy, either at the central level or in the public bodies themselves.
Merit-based recruitment, demotion and dismissal of civil servants are adequately regulated. However, the recruitment processes are not sufficiently competitive, even though the number of eligible candidates increased to an average of five per vacancy in 2020, compared to an average of one in 2016. In the last year, half of the dismissal decisions were not confirmed by the courts, which shows procedural weaknesses or the risk of unfair dismissals.

The discretionary appointment and dismissal of senior managers remains the weakest area. Based on the LAS or on the sector legislation, even if there are formal public calls for some agencies, the whole system of senior managerial positions is not competitive and merit based. The Government is preparing a Law on Top Management Service (LTMS) to overhaul the system.

The remuneration system is rational, based on job classification, with reasonable seniority progression and limited performance-related bonuses. However, the very basic job classification system does not properly differentiate the levels of responsibility, creating opportunities for unfair remuneration differences. Additionally, several salary supplements linked to unclear criteria have been created to benefit certain public bodies and groups of staff. Salaries are not sufficiently transparent.

The professional development of civil servants is very weak, both in terms of training activities and strategy. The MISA has no real instrument to deliver training as the so-called “Academy” is not functional, and lacks human and financial resources to do so. The performance appraisal system is still not systematically used. After three years of decline, the civil servants’ perceived level of meritocracy in the public sector has improved.

After three years of decline, civil servants’ perception of meritocracy in the public sector has improved, although it is still lower than in 2017

![Graph showing civil servants' perceived level of meritocracy](image_url)

Note: Respondents were asked to what extent they agree with the following statement on a scale from 1 to 10: ‘In the public sector most people can succeed if they are willing to work hard’.

Source: Regional Cooperation Council, Balkan Barometer Public Opinion database [https://www.rcc.int/balkanbarometer/](https://www.rcc.int/balkanbarometer/).

The disciplinary system presents some weaknesses that could allow unfair use by the public bodies on one side and a sense of impunity among potential offenders on the other. The percentage of disciplinary sanctions confirmed by the courts is low, which could indicate procedural weaknesses or unfair disciplinary sanctions.

The State Commission for the Prevention of Corruption (SCPC) is a strong integrity body but focuses on the political authorities. There is no integrity policy for the civil service, and the MISA is not involved in this area. According to the Balkan Barometer survey, bribery in the public sector remains widespread compared to other countries in the region.
Short-term recommendations (1-2 years)

1) The Government and the Parliament should ensure the creation of a new system to recruit and manage the top public managers, based on merit and open competition.

2) The MISA, Office of the Prime Minister (OPM), Agency of Administration (AA) and all public bodies should co-ordinate to reinforce trust in the fairness of the recruitment system and launch an employer branding strategy, with effective outreach, to attract enough skilled candidates to ensure competitive recruitment processes.

3) The AA should be placed under the authority of the MISA, to ensure the services provided are according to the policies set by the ministry. This should be done respecting the professional autonomy required for conducting the selection processes and the revision of the appeals.

4) The MISA should build up capacities to deliver horizontal trainings to the whole of the civil service, and seek co-ordination and synergies across the sector training initiatives of line ministries and agencies.

5) The MISA, in co-operation with the relevant bodies, should ensure the transparency of public-sector salaries and the individual remuneration of senior officials.

Medium-term recommendations (3-5 years)

6) The MISA, the SCPC and the deputy prime minister in charge of anti-corruption should jointly launch specific integrity policies for civil servants and public employees.

7) The MISA, in co-operation with the Ministry of Finance (MoF) and the Ministry of Labour, should design a new salary system for the public sector to address the deficiencies of the job categorisation and unsystematic provision of salary supplements.

8) The MISA, in co-operation with other relevant bodies, should analyse a sample of dismissal and disciplinary decisions not confirmed by the courts and conduct improvement actions accordingly.

9) The Register (HRMIS) should be developed as a tool for strategic HRM, allowing the MISA and the HR units to analyse HR data, produce analytical reports, plan measures in consequence and monitor their impacts.
The five highest percentage point increases and decreases for all sub-indicators in the area compared to 2017. Improvements on mobility, bonuses, professionalism of HRM units and the average number of eligible candidates per vacancy, but regression on the time required to hire a civil servant, stability in senior positions, performance appraisals, legal safeguards for suspension and scope of senior civil service.
Serbia
Serbia performs slightly above the regional average in the area of public service and human resource management and is a frontrunner in fairness and competitiveness of the remuneration system and quality of disciplinary procedures.

The legal framework for public service and HRM remains solid. The horizontal and vertical scopes of civil service are adequate, except for a number of public agencies with a higher degree of autonomy (mostly regulatory bodies), which are excluded from the civil service system without justified reasons.

The most prominent development since the last monitoring of this area (2019) is the full implementation of the competency model throughout public administration and its incorporation in the recruitment procedures. The new recruitment system, based on the competency model, is very complex and the procedures are lengthy. The selection procedure is a combination of centralised and decentralised steps. Centralised steps account for approximately 60% of the total result value and are very standardised, without considering the requirements of a specific job. Most of them have very limited selective value, as the success rates are extremely high. A thorough evaluation of the new system is recommended against the main objective of the selection procedures, recruiting the candidate with the most suitable experience, knowledge, skills and competencies for the job.

Judged by the average number of candidates, the attractiveness of the civil service as an employer remains low. The possibility of political interventions in the structure of the selection panels leaves room for undue political influence. Over 10% of civil service positions are filled on a temporary basis without...
competition. This issue will be resolved in 2023 when a legislative provision requiring competitions for most temporary recruitments will come into force.

**Insufficient autonomy of administrative bodies in making decisions on launching new recruitments remains an issue.** The requirement that the government commission approves for every new recruitment has been slightly loosened but remains in place. Individual institutions have insufficient autonomy to plan and manage recruitments. While staffing plans are envisaged in the legislation, they do not exist in practice.

**The most problematic outstanding issue remains an excessive number of “acting” senior managerial civil servants** where no progress has been achieved. It is becoming obvious that the Government and its ministers have not accepted the recruitment system as established by the legislation, and the provisions of the law are not abided by. Furthermore, the level of protection of senior managerial civil servants in cases of demotion due to reorganisations is critically low.

The excessive number of acting directors persists as one of the most critical issues in the public service and HRM area.

While the human resources function is well-developed at the level of the central government, the HRM Service (HRMS) is not directly accountable to the Ministry of Public Administration and Local Self-Government (MPALSG). Even though this ministry is responsible for civil service policies, it does not have formal authority to steer the work of the HRMS. The HRMS should also **better enforce its co-ordination role and build up a platform for regular discussions and exchange of experience among the HRM network.** The HRM units of individual institutions are still weak and lack sufficient capacities to cope with the strategic challenges of modern people management. In addition, a central HRM information system (HRMIS) is still a work in progress, which results in a lack of reliable data and analytics, indispensable for the good performance of HRM functions.

The salary system is sound, based on job classification and without performance-related bonuses. The salary levels are competitive with the private sector, with the caveat that the effects of the shadow economy on the official data on the average salary in the private sector are not taken into account in the comparison.
The implementation of the new salary system for the public sector has been postponed until the beginning of 2022. While the new system will constitute a major improvement in the salary arrangements for the wider public sector, it will not significantly improve the situation in the civil service which is solid even without the envisaged reform.

The central training institution (National Academy of Public Administration, NAPA) has the necessary capacities and performs well. The overall budget for both centralised and decentralised training is still too low, and the data on decentralised trainings are only partly available. A sound performance appraisal system is enacted and implemented, but the distribution of performance grades continue to be highly skewed towards the higher categories.

Public perception of corruption in public administration is still high. The institution responsible for strengthening public sector integrity and preventing corruption has adequate capacities and is performing well. It only lacks the prerogatives to request relevant data on the personal assets of officials from financial institutions.

**Short-term recommendations (1-2 years)**

1) The Government should significantly reduce the current number of acting civil servants in senior managerial positions; a reform of the recruitment and appointment system could be considered as an option.

2) The Government should provide flexibility and managerial autonomy regarding planning and launching recruitment to public administration bodies, within the parameters of a central strategic framework (budget and HR plans).

3) The MPALSG and the HRMS should conduct a thorough evaluation of the new recruitment procedure’s effectiveness and efficiency and adjust it to ensure that the candidates who best suit the ideal profile (experience, knowledge, skills and competencies) are selected and appointed.

4) Individual administrative bodies, with the support of the Government, should further strengthen their HR function. The HRMS should enhance co-ordination, knowledge sharing and exchange of good practices.

5) The HRMS should complete the development of the HRMIS and ensure interoperability with relevant information technology (IT) systems.

6) The HRMS and HR units should take measures to improve the implementation of the performance appraisal system and normalise the distribution of performance appraisal results.

**Medium-term recommendations (3-5 years)**

7) The Government should include public agencies in the scope of the civil service and harmonisation of special laws with the Law on Civil Service (CSSL).

8) The Government should consider placing the HRMS under the steering of the MPALSG for clearer and more logical lines of reporting and policy co-ordination.

9) The Government should improve the protection of senior managerial civil servants in case of reorganisation, ensuring their right to be assigned to an equivalent position or to receive fair compensation.
The five highest percentage point increases and decreases for all sub-indicators in the area compared to 2017. While the retention rate and effectiveness of recruitment have improved, the average number of eligible candidates per vacancy has deteriorated.

- 3.1.6. Retention rate of newly hired civil servants (%)
- 3.1.5. Effectiveness of recruitment for civil service positions (%)
- 3.1.8. Competitiveness of civil service salaries (%)
- 3.2.2. Objectivity of criteria for demotion of civil servants in the legislative framework
- 3.4.1.6. Ratio of eligible candidates per senior-level vacancy
- 3.4.1.4. Legislative protection of rights of senior civil servants during demotion
- 3.3.1.4. Average number of eligible candidates per vacancy
- 3.6.1.13. Participation of civil servants in training (%)
- 3.5.1.7. Motivational character of bonuses (%)
- 3.5.1.5. Base salary compression ratio
- 3.5.1.8. Competitiveness of civil service salaries (%)