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## ***Developing Proposals to Streamline Republic of Moldova's Policy Documents Structure:***

### ***Strategic Planning: Albania, Estonia & Lithuania vs Moldova***

#### **Short term mission Report**

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**Content**

- 1.0 Introduction..... 1
- 2.0 Context ..... 2
- 3.0 Strategic Planning..... 4
  - 3.1 What is strategic planning? ..... 4
  - 3.2 Strategic planning: easy to define, hard to achieve ..... 4
  - 3.3 Role of the Government Office (GO)..... 5
    - 3.3.1 Strategic Planning ..... 6
    - 3.3.2 Annual Planning ..... 6
    - 3.3.3 Co-ordination of Policy Content of Proposals for the CoM (preparation in ministries). ..... 6
    - 3.3.4 Preparation of Material in Ministries: GO Procedures for Policy Analysis ..... 7
    - 3.3.5 Policy Review in the GO: Co-ordination and Conflict Resolution ..... 7
  - 3.4 Strategic Planning in Moldova..... 8
    - 3.4.1 Key Institutions ..... 8
    - 3.4.2 Key Strategic Planning Document ..... 8
    - 3.4.3 Medium Term Budgetary Framework (MTBF)..... 10
    - 3.4.4 Other Important Factors..... 11
    - 3.4.5 Strategic Planning in Moldova: a critique ..... 12
- 4.0 Methodology for selecting comparison countries ..... 15
- 5.0 Strategic Planning Systems: International Comparisons..... 16
  - 5.1 Introduction..... 16
  - 5.2 Lithuania ..... 17
    - 5.2.1 Background..... 17
    - 5.2.2 Overarching Instruments ..... 17
    - 5.2.3 Planning Documents..... 18
    - 5.2.4 Key Institutions ..... 20
    - 5.2.5 Budgeting/MTBF ..... 20
    - 5.2.6 Evidence Based Policy Making..... 22
    - 5.2.7 Stakeholder engagement ..... 22
    - 5.2.8 Monitoring, Evaluation and Reporting ..... 23
  - 5.3 Estonia ..... 24
    - 5.3.1 Background..... 24
    - 5.3.2 Overarching Instruments ..... 24
    - 5.3.3 Planning Documents..... 25

5.3.4 Key Institutions .....	28
5.3.5 Budgeting/MTBF .....	28
5.3.6 Evidence Based Policy Making.....	29
5.3.7 Stakeholder engagement .....	30
5.3.7 Monitoring, Evaluation and Reporting .....	30
5.4 Albania.....	32
5.4.1 Background.....	32
5.4.2 Overarching Instruments .....	32
5.4.3 Planning Documents.....	33
5.4.4 Key Institutions .....	35
5.4.5 Budgeting/MTBF .....	36
5.4.6 Evidence Based Policy Making.....	38
5.4.7 Stakeholder engagement .....	39
5.4.8 Monitoring, Evaluation and Reporting .....	40
6.0 Conclusions.....	42
6.1 Strategic Planning.....	42
6.2 Moldova.....	43
6.3 Lithuania .....	44
6.4 Estonia .....	45
6.5 Albania.....	46
7.0 Recommendations.....	47
8.0 References.....	49

## 1.0 Introduction

The **Terms of Reference (ToR)** for the International Consultant for this assignment cover the following issues:

- Analysis of different **formulation, documentation, coordination, implementation and monitoring processes** and, if required, presentation of the analysis;
- Analyses of **different countries**: Moldova and, in addition, **2 to 3 other country examples** (small countries which are known to have efficient policy processes in place, for example Estonia and Lithuania);
- Deliverable: **analysis, conclusions and recommendations**. Language: English.

This report represents the research carried out, including analysis, conclusions and recommendations for discussion by the Moldovan authorities about how to proceed.

The final part of the assignment involves the preparation of provisions on rules to be used in policy documents development. This report delivers the recommendations upon which decisions will be made on how to operationalise the reform process. This will be the final part of the assignment.

The author would like to thank the following individuals/institutions:

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The usual caveats apply. The author is responsible for all errors.

## 2.0 Context

The Government Decision No. 33 / 2007 (Rules of Development and Unified Requirements for Policy Documents) defines **four types of planning documents** in the Republic of Moldova (Moldova):

- Concepts;
- Strategies;
- Programmes;
- Plans.

A fifth type of policy document, roadmaps, exists but neither Government Decision No. 33 / 2007 nor do other normative provisions cover this type of document.

In all, it is estimated that there are some **300 planning documents** in Moldova at present.

The ToR identifies a **range of problems** connected with having so many policy documents, namely:

*“All policy documents have to be drafted and approved based on evidence, properly implemented and monitored. However, ... the steering of policy documents content is not fully ensured and the central planning system is not fully developed; the quality of evidence-based policy development through assessment of impacts is not fully consistent; sectoral strategies are not formulated under uniform rules, costing of reforms is limited to indicating additional resource needs and no alignment with the medium-term budgetary framework (MTBF) is ensured; sector strategy reports do not provide information about achievements against set objectives, only about outputs and activities; reporting system for sectoral strategies is missing, as there is no evidence that reports on implementation were provided to the Government. In addition, implementation capacities are low in many line Ministries, but also in subordinated structures. The situation becomes aggravated based on the fact that some policy documents are partially duplicating if not even contradicting each other. This situation leads to a lack of implementation, accountability, efficiency, monitoring, possibility to steer and an overstraining of bureaucratic resource.” (ToR)*

The policy concerns highlighted in the quotation above lead directly to the **objective of this assignment**, namely:

- **To screen all (relevant) policy documents** in order to provide recommendation on their further development, including invalidation. This part of the assignment is carried out by the national expert who will analyse the 300 or so policy documents, review their content and determine which policy documents should be **kept/improved/eliminated**;
- **To design an efficient mechanism** in form of draft legislative/normative acts that would prevent the adoption of policy documents that do not **comply with minimum standards** to be laid out according to positive experience of EU countries in strategic planning.

In order to prevent the adoption of policy documents that do not comply with minimum standards, it is necessary to **analyse the experience of other countries**, leading to **conclusions** and **recommendations**, as per the requirements of the ToR.

Seen through this perspective, the elements identified as being problematic and thus the focus of this assignment concern **strategic planning**. The remainder of this report therefore examines the following issues:

- Strategic planning in general;
- Strategic planning in Moldova;
- Strategic planning in Albania, Estonia and Lithuania;
- Conclusions and Recommendations for Moldova.

## 3.0 Strategic Planning

### 3.1 What is strategic planning?

Strategic planning is the process of defining an organisation's **strategy or direction**, and making decisions on **allocating resources** in pursuit of its strategy. Strategic planning may also extend to mechanisms for guiding the implementation of the strategy.

**Strategy** can be defined in many ways but generally involves setting **goals**, determining **actions** to achieve the goals and mobilising **resources** to execute the actions. A strategy describes how the ends (goals) will be achieved by the means (resources).

Strategic planning is a process that has **inputs, activities, outputs and outcomes**. The process may be formal or informal but is typically iterative, with feedback loops throughout the process. Some elements of the process may be continuous and others may be executed as discrete projects with a definitive start and end during a time period. Strategic planning provides inputs for strategic thinking, which guides the actual strategy formation.

The end result is the **strategy**, be it private or public in nature, including a **diagnosis** of the environment and situation, a **guiding policy/vision** on what the organisation intends to accomplish, and key initiatives or **action plans** for achieving the guiding policy/vision.

*Strategic planning: a tool for identifying short-, medium- and long-term priorities and goals (e.g. "improve education" or "improve competitiveness") and laying out a set of present and future (collective) actions for achieving them.*

OECD (2014) Centre Stage: Driving Better Policies from the Centre of Government

### 3.2 Strategic planning: easy to define, hard to achieve

Although the main elements of strategic planning are widely understood, in practice this is a major challenge to achieve effectively. **Many different approaches or models are deployed** by the European Neighbourhood Policy (ENP) countries, such as Moldova. The same applies to the Candidate Countries/Western Balkans countries of the European Union (EU). Moldova belongs to the ENP and the WB, while also being a signatory to the Association Agreement (AA) and the Deep and Comprehensive Free Trade Agreement (DCFTA). Even within the European Union (EU) itself, the approaches and practices vary widely between governments.

Consequently, **there is no "one-size-fits-all" approach to strategic planning**. That being said, the **problems and challenges**, especially in transition economies, **are well-known** and include, among others, the need to:

- Minimise inconsistencies and conflicts;
- Minimise duplication or overlapping;
- Minimise administrative and/or political conflicts;
- Maximise coherence and cohesion (e.g. horizontal issues);
- Secure common agreement on priorities;
- Maximise linkage of priorities with resources;
- Secure a comprehensive perspective of the government as a whole, etc.

In recognition of the potential benefits of **Public Administration Reform (PAR)** generally, including strategic planning, the EC/SIGMA have presented a vision of what ENP countries, Moldova included,

should be looking to achieve, which amounts to six **Core Areas of the Principles of Public Administration**, as set out in Box 1.

**Box 1: Six Core Areas of the Principles of Public Administration**

1. The strategic framework for public administration reform
2. Policy development and coordination
3. Public service and human resource management
4. Accountability
5. Service delivery
6. Public financial management

EC/SIGMA (2015) The Principles of Public Administration: a framework for EPN Countries

Within the six Core Areas, the one which concerns this assignment the most is the second Core Area, **policy development and coordination**. The content of this Core Area is discussed in Box 2.

**Box 2: Policy Development and Coordination: 8 Principles**

**A) Policy planning and co-ordination**

- Principle 1: Medium term policy planning is harmonized and aligned with the financial circumstances; sector policies meet the overall objectives set and are consistent with MTBF
- Principle 2: Regular monitoring of performance against the plans enables public scrutiny and ensures achievement of stated objectives
- Principle 3: Policy and legislation decisions are prepared in a transparent manner and based on the administration's professional judgement
- Principle 4: Parliament oversees government policy making

**B) Policy development**

- Principle 5: Organisational structure, procedures and staff allocation ensure the capacity to develop and implement policies and legislation that meet medium term and annual objectives and plans
- Principle 6: Policy making and legal drafting process is evidence based and impact assessment is regularly used across ministries
- Principle 7: Policies and legislation are designed in an inclusive manner enabling active participation of society and allows for coordination within the administration
- Principle 8: Legislation is consistent in structure, style, language; legal drafting requirements are applied consistently across ministries; legislation is made publicly available.

EC/SIGMA (2015) The Principles of Public Administration: a framework for EPN Countries

Not all the issues discussed in the above Principles of Public Administration connect directly with the focus on this analysis, Principles 2, 3, 6 and 7 above are of particular relevance and are discussed in subsequent chapters.

### 3.3 Role of the Government Office (GO)

Furthermore, if the Principles of Public Administration specifically in respect to policy development and coordination are to be applied coherently, the complexity of modern government in terms of subject matter and organisation **requires effective co-ordination**. Coordination is normally the principal **responsibility of the Government Office**, primarily a co-ordinating body, whose main job is to make the diverse activities of individual ministries and agencies work effectively and coherently. This particular study is being prepared for the GO in Moldova, which is why it is important to address this issue in the context of strategic planning.

There are typically **eight dimensions of strategic planning and co-ordination** (OECD, Co-Ordination at the Centre of Government: the Functions and Organisation of the Government Office, 2004, p.6) two of which are worthwhile highlighting in the context of this report:

- **Co-ordination** of the **preparation and approval** of the government's **strategic priorities and work programme**, and of ensuring their **link to the budget**;
- **Co-ordination** of the **policy content of proposals** for decision by the Council of Ministers, including defining the **process of policy preparation** by ministries, **inter-ministerial co-ordination**, and the **fit of proposals** with each other and with the government's priorities.

Both these important dimensions are important to understand in the context of this assignment and are explored in more detail below, using the relevant OECD material (2004).

### *3.3.1 Strategic Planning*

The role of the GO with respect to strategic planning typically includes ensuring that:

- The government's deliberations on its strategic priorities take place with the benefit of a broad assessment of the overall **economic, political and social situation**;
- Strategic **priorities are harmonised with other strategic documents** of the government, such as EU accession, economic and fiscal strategies, and other key policy and reform strategies;
- The **budget** preparation process takes account of, and **reflects, strategic priorities**;
- The **ministry's work plans reflect the government's strategic priorities**;
- The **Prime Minister is regularly briefed** on new developments affecting the strategic priorities and annual work plan, and on possible responses or adjustments, where relevant.

### *3.3.2 Annual Planning*

Most governments engage in one or more forms of **work planning, generally on an annual basis**. Programmes may focus on all items planned by ministries for the Cabinet / Council of Ministers (CoM), or only on some aspects (e.g. a legislative plan). Normally, the preparation of such plans is the **task of the GO**.

The main issue regarding the preparation of the annual work plan(s) is whether this is a purely **"bottom-up" process**, where the GO merely gathers together items sent forward by the ministries, or whether the **GO has the authority and capacity to exercise judgment** in compiling the plan based on the input provided.

The GO assesses if the plans submitted by ministries take sufficient account of the priorities of the government, and can request additional input from a ministry if it appears that items required for meeting strategic priorities have not been included. The preparation of the work plan should be an **interactive process** between ministries, responsible for promoting specific sectoral priorities and the GO, responsible for considering cross-sectoral and government-wide issues.

The **final decision** on the work plan, including resolution of conflicts, normally remains the **responsibility of the Council/Cabinet of Ministers (CoM)**.

### *3.3.3 Co-ordination of Policy Content of Proposals for the CoM (preparation in ministries).*

Generally, systems for developing policy and legislative drafts assign to **each minister the tasks of:**

- Identifying **problems** requiring government response;
- Initiating the development of **policy solutions**;
- **Consulting** with interested ministers and outside groups;

- Analysing the **consequences** of proposed solutions;
- Presenting a **proposed solution** (or a few options) for decision by the CoM.

Since **policy decisions are a collective responsibility** of the government, there is a need to assure the CoM as a whole that **proposals** from specific ministers are **prepared according to an appropriate process**, that the proposals **fit with government plans, timetable, and priorities**, and **do not contradict other decisions**.

This policy co-ordination and is the **responsibility of the GO**, as the central organisation serving the CoM. Policy co-ordination is the **central tool** of the GO in serving the collective responsibility of the CoM to develop and implement coherent policies. The GO should be able to **ensure that policy documents** reaching the government and its ministerial committees **are consistent, coherent and well-co-ordinated**.

### *3.3.4 Preparation of Material in Ministries: GO Procedures for Policy Analysis*

The **preparation and development of proposals for the CoM is always the responsibility of ministries**. The **GO has a central role in guiding the process of preparation**, in particular through **setting the rules** for presentation to the CoM. If the GO requires the presentation of certain types of information and analysis to the CoM, the proposing ministry would normally have to carry out that analysis in its preparation process and include it in its submission.

Therefore, it is customary for GOs in many countries (e.g. United Kingdom and Denmark) to prepare an **instructions manual for ministries** on the specific types of information/planning document required by ministers for discussion in the CoM. Since the analysis and research supporting and justifying a proposal is prepared by each minister and his/her ministry.

The **focus of the general instructions** is on ensuring that the **most important issues are addressed and highlighted in a short summary** (usually limited to about 5 pages), presented in a fixed format. The summary, if well prepared, helps to focus discussion in the CoM on important issues, rather than on technical and drafting details. It also provides discipline to the preparation process, is helpful for internal discussions within the ministry, and provides a good basis for the GO as it reviews the proposal within the broader policy context.

The **specific elements** of the summary memorandum to ministers **vary from country to country and over time, as does the format**: strategic planning is constantly evolving. It is the responsibility of the GO to ensure that ministers receive the information they need to make informed decisions. While such information has to come from the proposing ministry, the **GO is ultimately responsible for its quality and completeness**. If well prepared, the summary memorandum provides the focus for ministers' preparation for the CoM meeting, and often serves as the main reference for the discussions during the CoM session.

### *3.3.5 Policy Review in the GO: Co-ordination and Conflict Resolution*

Once a **proposal** for the CoM reaches the GO, it is **important to review the content** to ensure that it is **ready for discussion and decision** in the CoM session and/or Ministerial Committees. **Most GOs list policy co-ordination and dispute resolution as one of their main functions**. Policy co-ordination is a complex and sometimes elusive process. The **policy staff of the GO** is not expected to have the depth of knowledge of any one topic covered in a ministry, and **should not normally try to replace**

**the experts in ministries** in developing policy. Rather, GO policy staff tend to be “sector generalists” with an overview of the entire sector.

**Early involvement in the policy development process in ministries is critical** for the successful strategic planning. In general, policy staff in the GO is assigned to follow **one / a number of ministries**, or an **entire sector** (economic, social, foreign, defence, accession, etc.) **or sub-sector** (e.g. SMEs, FDI, competitiveness, etc.). In cases where a significant policy initiative is developed in one of the ministries assigned to them, the GO staff should know about it through their formal and/or informal networks. They may attend meetings of preparatory working groups or discuss issues informally with the civil servants preparing the concepts, early drafts, etc. They can suggest early inter-ministerial meetings of experts to discuss issues before they are decided upon, or offer additional ideas about sources of information and international experience.

### 3.4 Strategic Planning in Moldova

Moldova is currently not able to implement all the EC/SIGMA Principles of Public Administration, but it is committed to the reform agenda. **The government is in the process of undertaking comprehensive Public Administration Reform (PAR)**, the overall objective of which is to set-up a modern, efficient, professional public administration, oriented towards providing high-quality public services according to needs and expectations of citizens and socioeconomic entities.

#### 3.4.1 Key Institutions

The **key institutions** in relation to strategic planning include:

- State Chancellery (SC) within the Prime Minister’s Office: prepares Government meetings; ensures legal consistency; coordinates preparation of the Government’s strategic priorities and work programme, coordinates the content of policy proposals; co-ordinates the Government’s communication activities; monitors the Government’s performance and handles relations between the Government and other parts of the State (SIGMA, 2015). It is the key institution responsible for strategic planning, coordination, monitoring and evaluation (M&E), including Regulatory Impact Assessment (RIA).
- Ministry of Finance (MoF): prepares the Medium Term Budgetary Framework (MTBF), the annual budget and provides opinions on fiscal sustainability of policy proposals by ministries;
- Ministry of Foreign Affairs and European Integration (MFAEI): co-ordinates European Integration affairs;
- Ministry of Justice (MoJ): ensures compatibility of national legislation with the constitution, *acquis communautaire*, etc.

Furthermore, the **Inter-ministerial Committee for Strategic Planning (ICSP)** co-ordinates strategic planning with special emphasis on the development and monitoring of implementation of the **National Development Strategy** and the **Medium-term Budgetary Framework (MTBF)**. The ICSP is a consultative and decision-making body, chaired by the Prime Minister, with members of the Government and representatives of the State Chancellery (SC).

#### 3.4.2 Key Strategic Planning Document

The principal tool for strategic planning is **Government Decision 33/2007 Drafting Rules and Unified Requirements for Policy Documents**, which defines four types of policy document:

- **Concept;**

- **Strategy;**
- **Programme;**
- **Plan.**

Roadmaps also exist but there are currently no normative provisions for this type of document.

Importantly, Government Decision 33/2007 seeks to establish uniform requirements, improve policy decision-making and improve the quality of policy documents by **defining three other issues**:

- The **process** by which policy documents are to be prepared;
- The **general content** of policy documents;
- The **specific content** of each of the four types of policy document.

These four elements are presented in Table 1 below.

**Table 1: Key Requirements for Policy Documents in Moldova**

<b>General Process</b>	<b>General Content</b>
Identify problem	Problem, policy objectives, beneficiaries, etc.
Collect and analyse information	2-3 options/scenarios
Formulate policy proposals: problem, objectives, scenarios	Ex ante impact analysis and risk analysis
Impact analysis for policy scenarios (SWOT analysis)	Consultation with relevant stakeholders
Consult on policy scenarios and risks	Incorporation of feedback into final policy document
Formulate policy document	Formal approval
Consult on the policy document and incorporate feedback	Regular monitoring:
Formulate final version and submit for approval	<ul style="list-style-type: none"> <li>• Change in situation of target group</li> </ul>
Formulate monitoring reports	<ul style="list-style-type: none"> <li>• Impact: economic, social, legal, environmental</li> </ul>
Approve policy document	<ul style="list-style-type: none"> <li>• Implementation cost</li> </ul>
Monitor and evaluate implementation	<ul style="list-style-type: none"> <li>• Compliance/reason for non-compliance</li> </ul>
<b>Typology of Policy Documents</b>	
<b>Type 1: Concept:</b> no time line	<b>Type 2: Strategy:</b> medium (3-5 years) or long term (6-15)
a) Describe situation	a) Describe situation
b) Define problem	b) Identify problems that require appropriate policy
c) Policy documents/legislation relevant to solving problem	c) General and specific objectives
d) Tools/ways to solve problem	d) Measures to achieve objectives and results/outcomes
e) Normative acts to be developed/modified to solve problem	e) Impact and costs (financial and non-financial)
f) Impact assessment	f) Expected results/outcomes and progress indicators
	g) Implementation stages
	h) Monitor and report
<b>Type 3: Programme:</b> no time line	<b>Type 4: Plan:</b> short term, two stages
a) Identify problem	a) Objectives
b) Specific objectives	b) Practical actions to achieve objectives
c) Actions to be undertaken	c) Timing and deadlines
d) Implementation steps and deadlines	d) Costs of implementation
e) Responsibility for implementation	e) Responsibility for implementation
f) Cost estimate	f) Progress indicators
g) Expected results/outcomes	g) Report and evaluate
h) Progress and performance indicators	
i) Report and evaluate	

Based on SG estimates, there are about **300 policy documents** in circulation in the country, that are of relevance to this assignment.

An analysis of Government Decision 33/2007 highlights several important gaps:

- Alignment with the medium-term budgetary framework (MTBF): this is not discussed;

- Alignment with the European Integration (EI) process: this is not discussed;
- Explicit coordination role for the State Chancellery General to avoid overlapping and duplicating: this is not discussed.

A few other issues are worth noting based on Table 1 (see also International Expert's Contribution to Preparation of the Grid Criteria, Dr Ricardo Pinto, 10 March 2017):

- The guidance is general and leaves much scope for interpretation by line ministries;
- There are significant variations across the 4 types of policy document in terms of content;
- There are gaps in the current Government Decision 33/2007 compared to the ToR aims.

The Government Decision 33/2007 does represent a good legal basis for strategic planning and is well established in Moldova.

Therefore, any recommendations arising from this report should be geared towards revising and strengthening it to ensure that it becomes a more effective basis for strategic planning.

### **3.4.3 Medium Term Budgetary Framework (MTBF)**

The Medium Term Budgetary Framework (MTBF) basically regulates policy-makers' formulation and implementation of **medium-term/multi-year fiscal policies**. Its purpose is to **promote fiscal discipline** through **increased transparency, stronger accountability and a more pronounced medium-term perspective**. Many countries in the EU have put MTBFs in place, such as the Netherlands and Sweden.

Moldova has also introduced the MTBF in the form of the **Medium Term Budgetary Framework (2017-2019)**. The MTBF is the basis for supporting new policy initiatives, enhancing the efficiency of budget resources and redirecting existing resources towards programmes of major importance in the context of implementing the objectives and activities supported by the **Government for 2016-2018**, as well as the priorities outlined in the National Development Strategy "**Moldova 2020**."

In terms of **public spending**, the MTBF seeks to ensure:

*"...stability of the national public budget, ensuring financial discipline, fairness, transparency, simplicity and honesty in distribution of public finances, with major accent placed on the performance indicators and assessment of expenditures in relation to the results achieved... The main challenge is ensuring the ongoing implementation of major structural reforms launched in the sectors of education, social protection, justice, and internal affairs while maintaining the budgetary constraints"* (2016, p.26)

The MTBF sets the following **key objectives** in terms of public spending in medium-term:

- Ensuring **more efficient allocation of resources** through consolidation of medium-term strategic planning and implementation of budgeting by programmes and performance at all levels;
- Enhancing **transparency and public access to information** in the domain of management of public finances by furthering public administration and public sector reforms;
- Enhancing the **efficiency and effectiveness of recurrent expenditure programmes** by better management of resources, furthering reforms launched and analysis of progress achieved;

- **Better planning and improved capital investment management** for identification of investment projects with major social-economic impact, etc.

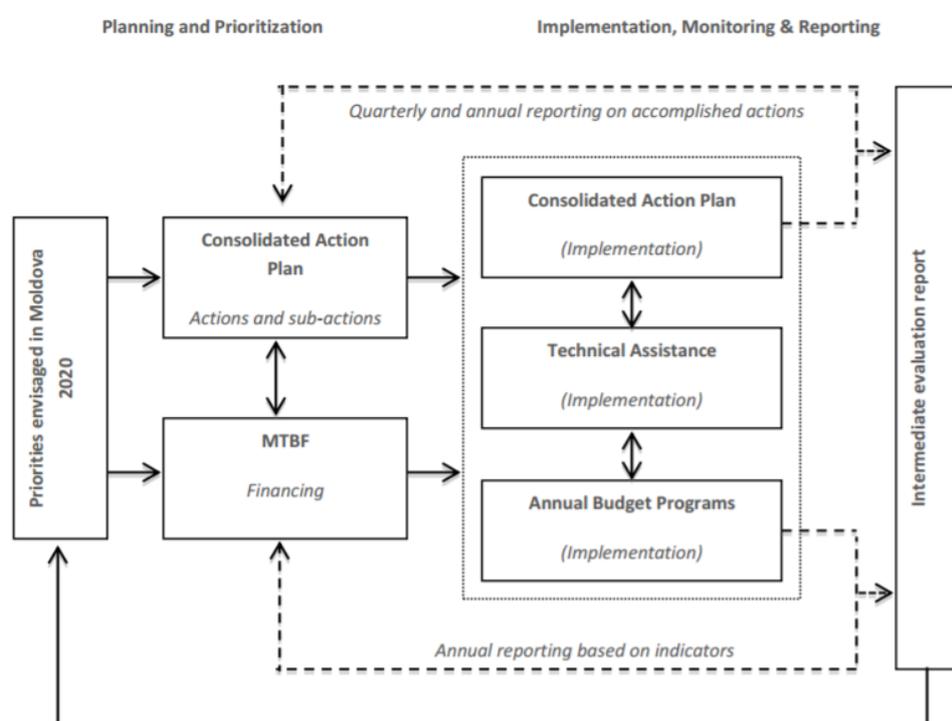
The MTBF also set out the financial allocations of the national public budget for 2017-2019.

The MTBF does not impose requirements in relation to the strategic planning process.

### 3.4.4 Other Important Factors

- Moldova 2020: there is a need for the future planning documents to be closely connected with the implementation structure of Moldova 2020, since this is the overarching national planning tool, as illustrated below.

**Figure 1: Moldova 2020: planning, monitoring and evaluation cycle**



Source: Moldova 2020 National Development Strategy: 7 Solutions for Economic Growth and Poverty Reduction (undated)

- **Regulatory Impact Assessment (RIA):** Moldova has introduced a RIA system under the State Chancellery. The RIA system includes a handbook on procedures and methods of ex-ante, medium-term and ex-post impact assessment, including requirements for public consultation. However, *“There is no regulation stipulating that the Government must submit draft laws to the Parliament with supporting documents, including a Regulatory Impact Assessment (RIA) and information on consultations. Therefore, the Parliament receives only the draft of the legal text and the accompanying explanatory note.”* (SIGMA, 2015, p.31) Similarly, the link between RIA and the planning documents must be made more explicit;
- **Association Agreement/ European Integration:** the National Implementation Plan of the EU-Moldova Association Agreement includes key priorities for cooperation in order to ensure political association and economic integration with the EU and represents the basic tool for internal monitoring of the European integration process. The National Plan includes the actions to be undertaken by the responsible institutions under each article/provision and

Annexes of the Association Agreement, including the part of the Deep and Comprehensive Free Trade Agreement (DCFTA) within the period specified and with the necessary financial resources. There is therefore a need for the strategic planning process to be aligned to the European Integration (EI) process;

- **Sustainable Development Goals:** The SDGs or Global Goals represent a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. Moldova is also part of the international system and is working towards the attainment of the [SDGs](#). It has also prepared a document connected with poverty reduction and the Moldova 2020 ([Seven Solutions for Economic Growth and Poverty Reduction](#)).

### **3.4.5 Strategic Planning in Moldova: a critique**

A SIGMA report has recently analysed the strategic planning situation in the country (2015, Baseline Measurement Report: The Principles of Public Administration, Moldova). The results indicate that the **current situation is far from optimal**, as illustrated in the selected issues and quotations below:

- Policy making system: *“Overall, the roles of the different CoG organisations are well established, and responsibilities are defined and in most cases clearly separated. However, procedures for planning the work of the Government and monitoring its performance are missing.”* (p.21)
- Coordination: *“Internal co-ordination within the different responsible units of the State Chancellery is in place, but wider co-ordination between all CoG organisations is missing... Implementation challenges remain in the preparation of the Government’s strategic priorities and work programme and monitoring its performance. Regular co-operation and co-ordination between all CoG institutions is lacking.”* (p.21)
- Central Planning Documents: *“No detailed regulation exists on the structure, content and other requirements for central planning documents, except for the MTBF. The Rules of Development and Unified Requirements for Policy Documents set the typology of policy documents (concepts, strategies, programmes and plans), and list the required elements of various policy documents, including the need for plans to have objectives, actions with deadlines, defined responsibilities for implementation, performance indicators, costings and procedures for reporting and monitoring. Nevertheless, these requirements are very general and lack specific methodology, especially for the costing of policies and clarity regarding linkages and hierarchy among different policy documents.”* (2015, p.25)
- Annual planning: *“The elaboration process of the Annual Plan of the Government is foreseen in the Regulations of the Government of the Republic of Moldova ... the Government will plan its work for the whole term and for the next year. Nevertheless, more exact requirements regarding the details of annual planning are not elaborated, resulting in varying timeframes, structures and details of actions”* (p.25)
- Funding / MTBF: *“The ratio of total funds estimated in sectoral strategies to total funding identified for corresponding sectors in the MTBF is calculated as 0%, because four out of five recently adopted sector strategies only included estimates for additional funding needs and the MTBF does not provide information on such additional allocations. In addition, the financial ceilings for the achievement of sectoral objectives in the MTBF are merged into one figure for each sector, making it impossible to calculate the exact alignment between the MTBF and the objectives of the sample sector strategies.”* (p.26) And: *“A system of medium-term policy planning exists but detailed regulations for planning requirements, except for the*

*MTBF, are not in place. Fiscal alignment of strategies and elaboration of comprehensive costing of reforms are not carried out comprehensively or consistently.” (p.26)*

- *MTBF and Strategies: “Moldova has well-developed rules and procedures in place for preparation of the medium-term budgetary framework (MTBF) and the annual budget, but institutions have not been able to respect established timetables in recent years.” (p.86) and: “The absence of costed sectoral strategies in many areas means that the MTBF does not have a direct link to medium-term strategic objectives of budget users.” (p.89)*
- *Monitoring and Reporting: “There are general requirements for monitoring and reporting for all policy documents, including strategies, but detailed rules about the form, timeframe and publication requirements of these reports are not developed. On the other hand, every public authority is obliged to plan, monitor and report on its performance regularly... The analysed sample of sector strategy reports does not provide information about achievements against set objectives, only about outputs and activities. Although the reports are prepared, an integrated and clear reporting system for sectoral strategies is missing, as there is no evidence that reports on implementation were provided to the Government or Parliament for at least 25% of strategies adopted in 2014 and 2015.” (p.27) and: “While the general legal framework for regular reporting on the performance of the Government is in place, implementation is inconsistent, with irregularities in annual reporting on the work of the Government and in systematic reporting on implementation of sectoral strategies, although some reports do also cover achievements against set objectives.” (p.27)*
- *Evidence based policy making: “In Moldova, the basic foundations for evidence-based and inclusive policy development are in place. The main challenges are a lack of systematic use of conflict resolution mechanisms before Government decisions and the scant use of analytical tools in developing new policies, despite the requirement to add financial and economic substantiation to draft regulations and to analyse their impact on entrepreneurial activity. (p.32)*
- *Regulatory Impact Assessment (RIA): In Moldova, all policy documents must be accompanied by an impact assessment (including economic, financial, social and environmental impacts). Financial and socio-economic substantiation must be added to draft regulations in the form of an explanatory note. The note must also include analysis of impacts (costs and benefits) on businesses, if the draft regulates entrepreneurial activity... [but] “only the impacts on businesses are analysed, and even these inconsistently. The explanatory notes of sample draft laws not affecting entrepreneurial activities describe the content of the regulation and usually do not include the “financial and socio-economic substantiation”, or simply conclude that impacts are positive, without analysis... The legal framework for inclusive and evidence-based policy making is in place, but its implementation is limited. Ex ante analysis exists, but it is not consistently applied.” (p.37)*
- *Consultation: “Regulation sets clear procedures for the involvement of stakeholders in policy making [at least 15 days]; this is followed consistently, with the exception of the outcomes of public consultations. Interministerial consultation with regards to policy and legislative proposals is developed [within 10 working days] but lacks conflict resolution mechanisms at the high administrative and political levels.” (p.38)*

The above analysis represents a major critique of the current situation in respect to various elements of strategic planning in Moldova. This analysis leads directly to the overall assessment presented in the ToR of this assignment:

*“All policy documents have to be drafted and approved based on evidence, properly implemented and monitored. However, ... the steering of policy documents content is not fully ensured and the central planning system is not fully developed; the quality of evidence-based policy development through assessment of impacts is not fully consistent; sectoral strategies are not formulated under uniform rules, costing of reforms is limited to indicating additional resource needs and no alignment with the medium-term budgetary framework (MTBF) is ensured; sector strategy reports do not provide information about achievements against set objectives, only about outputs and activities; reporting system for sectoral strategies is missing, as there is no evidence that reports on implementation were provided to the Government. In addition, implementation capacities are low in many line Ministries, but also in subordinated structures. The situation becomes aggravated based on the fact that some policy documents are partially duplicating if not even contradicting each other. This situation leads to a lack of implementation, accountability, efficiency, monitoring, possibility to steer and an overstraining of bureaucratic resource.”*

This represents a large agenda for Public Administration Reform, only a small but important part of which can be addressed through this assignment.

Based on the above analysis, some of the weak points in the current Moldovan strategic planning system are evident. This provides a framework for the analysis of international experience and its application to the development of recommendations for Moldova.

## 4.0 Methodology for selecting comparison countries

The ToR specifically requires the assignment to focus on the following issue:

*“Analyses to be done for different countries: Moldova, and in addition 2 to 3 other country examples (small countries which are known to have efficient policy processes in place, for example Estonia and Lithuania).”*

The Moldovan strategic planning system has been discussed above, including the presentation of a critique of the current situation. Regarding the selection of international examples, prior to the start of the assignment, the International Expert was interviewed by the Beneficiary and GIZ. Part of the discussion revolved around the selection of the countries and it was pointed out that Estonia and Lithuania were identified because they were similar in size to Moldova, but that the beneficiary would be open to other countries being presented.

The International Expert applied the following considerations in selecting **comparator countries**:

- Population (i.e. small rather than large countries);
- Relevant policy experiences / practices for the challenges faced by Moldova;
- Similar imperatives in the context of European Integration (i.e. a Western Balkans country).

On the basis of the above considerations, the countries selected are illustrated in the Table below.

**Table 2: International Comparison: countries selected**

Country	Population (million)	EU status	Relevance	Selection
Moldova	4.0 (2016)	Eastern Neighbourhood Partnership (ENP) and Western Balkans (WB)	Baseline	Yes
Estonia	1.3 (2017)	European Union (EU)	High	Yes
Lithuania	2.7 (2017)	European Union (EU)	High	Yes
Albania	2.9 (2017)	Candidate Country/WB	High	Yes

The ToR requires: *“Analysis of different policy formulation, documentation, coordination, implementation and monitoring processes.”*

Furthermore, based on the ToR requirements, the issues identified in the preceding analysis of Moldova, international good practice and the information available in the countries selected.

The next Chapter presents the relevant information for **Albania, Estonia and Lithuania**.

This sets the context for the Conclusions and Recommendations to be presented in the subsequent Chapters.

## 5.0 Strategic Planning Systems: International Comparisons

### 5.1 Introduction

The broad nature of the Moldovan strategic planning system has already been described in Chapter 3, including a critique of the current system and an indication of the elements which are normally considered to be good international practice. The preceding chapter sets the basis for the international analysis which includes the following selected countries selected on the basis of the criteria previously presented, namely: Albania, Estonia and Lithuania.

The analysis seeks to focus on the **framework of comparative analysis**, including:

- Background;
- Overarching strategic instruments;
- Policy/planning documents;
- Key institutions;
- Budgeting/MTBF;
- Evidence based policy making;
- Stakeholder engagement;
- Monitoring, Evaluation and reporting.

Where possible, the analysis will also aim to highlight the role of the **Government Office**, so-called because this function is normally taken by the Prime Minister's Office, State Chancellery, Council of Ministers or similar institution. To cover the various institutional variants, the term Government Office (GO) is used, since the State Chancellery has a particularly important strategic / coordination role in the overall strategic planning process.

It should be noted that the research seeks to collect comparable material as far as possible, but by their very nature, **the three countries involved are unique** in their own way. Inevitably there will be a degree of variation in terms of the amount of information available in each country. Moreover, since each displays different strengths and weaknesses; the emphasis is on highlighting features which may be of relevance to Moldova, given the preceding analysis of the problems that exist in the strategic planning system.

It is also evident that **none has reached a point where it can claim that it does not need to improve its strategic planning system**: the strategic planning needs and priorities are constantly evolving. Nevertheless, **all three offer important insights that are of relevance to Moldova**, if it is to improve its strategic planning system in the future.

## 5.2 Lithuania

### 5.2.1 Background

Lithuania has carried out a number of reforms in recent years with a particular focus on strategic planning, including performance management and policy evaluation. A range of tools, such as strategic planning, monitoring, programme evaluation, priority planning and implementation, have been introduced and enhanced over time. The OECD report *“Public Governance Review Lithuania Fostering Open and Inclusive Policy Making”* notes that a strategic planning and monitoring system in Lithuania is in place, with a focus to a result-oriented performance and systematic policy evaluation. Consequently, it is an example well worthwhile considering.

### 5.2.2 Overarching Instruments

Lithuania has a long history of strategic planning linked to the policy priorities and resource allocations, based on long-, medium- and short-term planning documents.

Lithuania’s long-term **State Progress Strategy (Lithuania2030)** lies at the top of the strategic planning system. Lithuania2030 is a vision document adopted under the broad consensus by politicians in the Parliament (Seimas), rather than being a policy document. It sets **long-term goals**, aiming at the creation of an economically and socially successful Lithuania, based on the three pillars of openness, creativity, and responsibility. The **State Progress Council** coordinates Lithuania2030. It was created by the Government and comprises 28 members (i.e. government representatives, representatives of the Seimas, universities, business associations, National Museum, Non-Governmental Organisations, academics, youth organisations, businesses and media).

Lithuania2030 is implemented through other planning documents. The National Progress Programme 2014–2020, the sectorial development programmes, inter-ministerial action plans, strategic action plans, as well as the Government Programme/ Action Plan and the annual Government Priorities.

**The goals of Lithuania2030 must be taken into account during development process of any other planning document.**

The **GO** has established the **Secretariat of the Council** which is responsible for the **co-ordination and implementation** of the Lithuania2030 Strategy, as well as for **monitoring** at the governmental level. Lithuania2030 has **annual reporting** on the implementation. The so-called the **Progress Report Lithuania is part of the Annual Government Report**, and includes the assessment of the implementation of the annual progress actions, 31 progress indicators (stated in Lithuania2030). The Annual Government Report is submitted to the Seimas.

The **National Progress Programme 2014-2020 (NPP2020)** is the main **medium-term planning document**, approved by the Resolution of the Government at the end of 2012 and is the main document implementing Lithuania2030 and linking Lithuanian strategic planning system. It was developed by five working groups, consisting of experts, civil servants and social partners. Five ministries (Ministry of Economic Development, Trade and Entrepreneurship, Ministry of Education and Science, Ministry of Culture, Ministry of Social Security and Labour, and Ministry of the Interior) lead the NPP2020 development process.

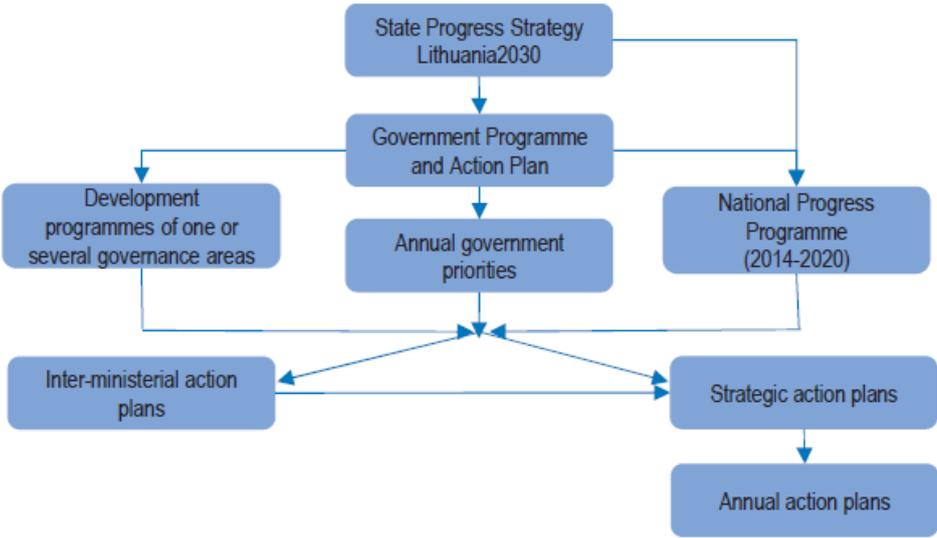
NPP2020 raises horizontal goals and objectives and covers development of many policy areas. It consists of three main progress areas: smart society, smart economy, and smart governance; and five vertical priorities, which are complemented by three horizontal priority areas: culture, health for all,

and regional development. For achieving results in the main progress areas and the horizontal priority areas, NPP2020 sets five sectorial priorities for investment.

Additionally to **EU funds programming documents** which are the most significant contributor to implementation, are implemented through **other documents** shown in the scheme of strategic planning system in Lithuania (see Figure 2), such as development programmes of one or several governance areas and inter-institutional action plans. Three inter-institutional action plans - culture, health for all, and regional development - were developed to implement horizontal priorities of NPP2020.

The **GO**, together with the Ministry of Finance, **coordinates and monitors the implementation of NPP2020** while almost all institutions accountable to the Government participate in the actual implementation process.

**Figure 2. Lithuanian strategic planning documents**



Source: OECD (2015) *Lithuania: Fostering Open and Inclusive Policy Making*, OECD Public Governance Reviews, Paris.

*5.2.3 Planning Documents*

The **Strategic Planning Methodology (SPM)** is the main legislative base for strategic planning in Lithuania. It was adopted in 2002 and revised in 2010 to strengthen accountability of results, develop a performance management system and reduce the administrative burden. The SPM was adopted by the **Resolution of the Government** and is **mandatory for all government institutions**.

Together with the **Resolution of the Government on The Rules for Composing and Implementing the National Budget and Municipalities Budgets**, the SPM forms the basis for the framework of strategic management in Lithuania, covering several phases:

- Planning;
- Implementing;
- Monitoring;
- Evaluating;
- Reporting.

The Ministry of Finance has also issued **procedures elaborating the SPM provisions**, such as:

- Rules on How to Formulate and Apply Performance Indicators;
- Methodology for Programme Evaluation.

The SPM sets out the following **planning documents**:

- Strategies/ development programmes;
- Inter-ministerial action plans: to implement government priorities in a coordinated manner, directly linked with the budget cycle and with a coordinating ministry;
- Strategic action plans: the main document to organise the performance of an institution is prepared for 3 years and revised annually during the budget cycle. The “Strategic Changes” part is political statement by the Minister showing the contribution to the annual Government priorities and the key legislative initiatives. The “Operational Part” of the strategic action plans specific the policy areas’ budget programmes. The budget programmes are structured by at least one goal, which is measured by result or outcome indicators. For each goal, concrete objectives are determined which are measured by output indicators. A set of activities with corresponding amounts of money for year n, year n+1, year n+2 are determined for each objective. The source of financing activities (e.g. national budget, EU funds, etc.) is also identified. Every ministry sets strategic goals, which are measured by impact indicators;
- Annual action plans: to plan performance in detail, ministries prepare annual action plans based on the strategic action plans. The development of annual action plan is mandatory but the template is only recommended by the SPM so institutions may create a template, customised to their needs. In the annual action plan, activities from strategic action plan can be divided into sub-activities with time periods (usually quarterly) of implementation and allocate responsibilities. Output indicators can be split into input and/or process indicators.

The SPM also sets the **system of strategic planning documents and their relationships** (see Figure 2 above). The system of strategic planning documents’ in Lithuania follows the logic that **components at different levels must be linked with each other (i.e. hierarchical approach)**. Upper-level planning documents are implemented by lower level planning documents, linked through the goals, objectives and indicators.

Planning documents can be **long-term (10 years+)**, **medium-term (7-9 years)** and **short-term (1-3 years)**. According to the SPM, **Parliament** (Seimas) can adopt long-term strategic planning documents but **Government** adopts medium-term and short-term strategic planning documents:

- The main long-term planning documents include the State Progress Strategy “Lithuania2030”, the National Security Strategy, the Lithuania Health Strategy, National Education Strategy, etc.;
- The main medium-term planning documents include the Government Programme (up to 4 years) and the associated Action Plan, the National Progress Programme 2014-2020, as well as the development programmes of one or several governance areas;
- The Annual Government Priorities, Inter-ministerial actions plans (up to 3 years), Strategic actions plans of institutions (up to 3 years), Annual actions plans of institutions present the spectrum of short planning documents in Lithuania.

#### 5.2.4 Key Institutions

The Office of the Government (GO), headed by the Chancellor, is the catalyst for the strategic planning system and reforms. The **responsibilities of the GO** are laid down in the **Law on the Government** - it assists in “*performing the functions of the Prime Minister and the Government*”. The GO coordinates the strategic management system, assesses the quality of the strategic planning documents and drafts government-wide and cross-cutting strategic planning documents. It also coordinates the government priorities’ planning and implementation process and the performance results of the government priorities. It is also responsible for coordinating the Regulatory Impact Assessment (RIA) system and the annual legislative programme preparation process.

In 2011, a government-wide approach placed greater emphasis on political leadership and strategic thinking and sought to address the high administrative burden of the process: at the time, there were **250 planning documents and over 300 budget programmes; and more than 200 performance indicators per ministry**. This shows that Moldova’s current situation is not unusual. Actions were taken to reduce the number of strategic documents, to connect strategic planning with monitoring and evaluation, to use the performance information in the decision-making process, and to scrutinise the performance indicators to develop a manageable and reliable set of key performance indicators (KPIs). Training programmes were also developed as part of this process.

The **GO priority tasks** include **coordinating** the preparation of Cabinet meetings, **strategic planning for the whole of government, policy analysis and regulatory quality and coherence**. The Strategic Planning and Monitoring Unit has 5-6 staff complement but is currently understaffed.

A key institution is the **Ministry of Finance (MoF)**, which coordinates the **annual state budget planning and approval process**. It also assesses the strategic planning documents regarding their impact on public finances and coordinates the programme evaluation system (National Progress Programme, development programmes, strategic action plan/programmes). The MoF is also responsible for developing and implementing the monitoring information system, and for coordinating the drafting process of the National Progress Programme. The issue of the **MTBF** is discussed below.

Areas of **responsibility shared** between GO and other institutions include:

- Human resources strategy and the design and implementation of public administration reform: shared with the Ministry of the Interior;
- Regulatory quality and coherence: shared with the Ministry of Justice;
- Policy analysis and monitoring of the implementation of government policy: shared with line ministries.

#### 5.2.5 Budgeting/MTBF

Lithuania’s budgeting system is designed to connect with the strategic planning system. It breaks down the **budgets** of each Ministry by policy **goals, objectives and activities**. This is what allows the commitments made through the strategic planning process to be **linked with the budget allocations** of individual budget users. It is worth noting that **Strategic Action Plans are the only source of information required for budget formation**. Accordingly, the budget formation process is arranged around development of strategic action plans.

The annual planning and budgeting processes are fully integrated, as illustrated below:

- **Analysis of situation and achieved results:** the preparation of a strategic action plan starts with review of programmes under implementation. The managers assess the achieved results and allocated resources. This is followed by the annual activity report preparation. Ministers deliver to the Government their activity report and by 15 March each year, the GO drafts the annual report of the Government;
- **Government priority setting:** the Government priorities are the pivot point in the annual budgeting process at the government level. The Government priorities are a stepping stone to start the budget formation process. In March the Government sets priorities and their implementation direction, which are by government resolution;
- **Macroeconomic prognosis:** The Ministry of Finance produces macroeconomic forecasts for the next year, usually in April, and provides the basis for developing the fiscal indicators of the country: expected income and appropriations, expected deficit, public debt dynamics and constraints. Along with the macroeconomic forecasts, the Government approves the general principles for the establishment of the maximum rates of appropriation. The general principles serve as a guide for managers in developing their annual strategic action plans;
- **Preparation of Strategic action plans:** when the government priorities are set out, the ministries prepare drafts of strategic action plans. The drafting of strategic action plans take into account the Government Programme provisions, the government priorities, the goals of long- and medium-term planning documents and conclusions of performance assessment;
- **Budget negotiations:** by 15 May, Ministries submit draft strategic action plans and estimates of required appropriations to GO and MoF. During the budget negotiations process, joint working groups of the GO and MoF experts assess the draft strategic action plans and pay special attention to the delivery of the Government priorities. During the budget negotiations, ministries are asked to identify how their strategic actions plans and budget request reflects the government's priorities and to defend the efficiency and effectiveness of the prior and current year's expenditures;
- **Revision of Strategic action plans:** after the budget negotiation the MoF informs managers in writing about the limits of appropriations. In line with the outcomes of budget negotiations, the ministries adjust the figures and by September, submit the revised draft strategic action plans to the MoF and GO. The GO examines the compliance with the findings of Budget negotiations and, if necessary, provides recommendations to the ministries. In turn, the managers revise draft strategic action plans and submit them to the MoF;
- **Approval of Government priorities and the draft Budget:** in accordance to the draft strategic action plans the MoF prepares the draft proposals on the State Budget. In parallel, the GO prepares the Government priority document and submits it for consideration by the Government. The Government approves the Government priorities and submit them, along with the with the draft law on the State Budget to Parliament, at least 75 days before the end of the budget year;
- **Approval of strategic action plans:** after submission, the ministers, upon written approval of the Prime Minister, approve the strategic action plans. All managers post the approved strategic action plans on their websites by 1 November;
- **Consideration and approval of Budget law in the Parliament:** once the Law on the State Budget comes into force and the Government approves the allocation of appropriations by programmes, the managers revise, where necessary, the strategic action plans within 10 days and publish them on their websites.

The key feature of the Lithuanian planning and budgeting processes is a **coherent cycle driven by priority-setting and the development of strategic action plans**. The Government priorities serve as a tool for the Government to alter policy goals and redirect appropriations towards the most significant policy areas. The Government priorities play a significant role during the entire annual planning and budgeting process. The mid-year budget negotiation is a crucial stage to reach an agreement on priorities as well as on strategic goals, intended results and limits of appropriations. The findings of the budget negotiations are reflected in the draft strategic action plans and the draft budget accordingly.

#### 5.2.6 Evidence Based Policy Making

International experience suggests that evidence-based policy-making tends to lead to greater effectiveness and efficiency in achieving strategic outcomes and Lithuania is continuing to promote a culture of evidence-based policy-making.

The OG, headed by the Chancellor, is responsible for coordinating the **Regulatory Impact Assessment (RIA) system**. The Government started requiring ministries to include impact assessments with all policy proposals from 2003 at ministries, district governments and municipalities. Initially, decision-makers did not prioritise RIA analysis, since there were hundreds of policy proposals, resulting in *pro forma* impact assessments. A lack of political support and low civil servant prioritisation meant that impact assessment did not add much value for several years.

Efforts were made to improve the RIA system through a **modern methodology and higher status**, especially from 2014 onwards. Priority legislative initiative impact assessment comprises several steps: impact on a particular public policy area, impact on state finances, impact on the administrative burden of citizens and other individuals, state and municipality institutions, and impact on the economy.

The shift towards sound, evidence-based policy making is still taking shape. **The RIA system has some way to go** before it becomes embedded in the culture of policy making, at both the *ex ante* and *ex post* evaluation stages (Jaroslav Dvorak, 2015).

#### 5.2.7 Stakeholder engagement

Lithuania has established a legal, institutional and policy framework for citizens and stakeholders once the authorities recognised the importance of involving them in the policy-making and service delivery process. The national strategy, **Lithuania2030**, represented a major step forward in building consensus over the **main aspirations of the nation** in the long run and a significant effort was made to involve different **stakeholders in defining the strategic directions** of the government.

The **RIA system** requires consultation (associations, professional unions, NGO representatives, citizens or groups which represent the public interest). However, the forms or processes of consultation are not described in the RIA methodology, so the institutions choose the form of consultation on their own.

The experience of RIA and of Lithuania2030 have established the principle of stakeholder engagement in the strategy making process. However, when designing and implementing initiatives to improve civic engagement, Lithuania's **challenge is to move beyond the current approach based on compliance with legal procedures** to a much greater focus on impacts. An explicit focus on the

inclusion of target groups such as minorities would increase the comprehensiveness of the stakeholder consultation process, as well as the validity of the results obtained.

#### *5.2.8 Monitoring, Evaluation and Reporting*

The main strategic planning document, the SPM, also lays down the **framework for monitoring and evaluation**. After the Seimas adopts the national budget and ministries, if necessary, the strategic action plans are adjusted and the regular monitoring of performance starts. The main goal of monitoring is to **keep track of the implementation results of strategic action plans** and to use this information in the decision-making process to foster achievement of the planned goals and results.

Performance is monitored using a centralised **Monitoring Information System (MIS)**, which became operational in 2012. The **GO manages the MIS** and the **MoF ensures the technical aspects** of the system. **All institutions accountable to the Government use the MIS**. Based on the MIS, all components of the strategic planning system are interlinked, and all mentioned strategic planning documents from the strategic action plan as the lowest level planning document, are monitored using the MIS. The **GO** monitors the Government Programme, the Government priorities, Lithuania2030, NPP2020, strategic action plans of institutions accountable to the Government. The **MoF** monitors performance indicators. The **ministries** monitor strategies / development programmes, strategic action plans, inter-ministerial action plans that they are responsible for coordinating.

The **monitoring data** consists of **planned and actual performance indicators** of strategic planning documents. Monitoring is done on **quarterly basis**: institutions enter the data into MIS no later than 25 days after each quarter. Data related to the Government Programme and Government priorities are entered in the MIS 10 days after each quarter, allowing the GO time to summarise the information in the form of **quarterly Progress Reports**. Monitoring data are used for the preparation of institutions' **Annual Performance Reports** for publication.

The **MIS** enables the delivery of performance data and offers a **single access point for performance information across the planning documents**. The system allows to link performance indicators to several documents and activities (e.g. the poverty indicator in both Lithuania2030 and the Government Programme). Progress towards goals and targets is measured and visibly presented in a "traffic light system" format.

Based on the monitoring data, **evaluations** and **spending reviews** can be initiated. Evaluations provide more systematic, evidence-based analysis of the performance results, efficiency and effectiveness. Evaluations of budget programmes are built on internal institutional capacities, with the possibility of adding external expertise for specific themes. The **MoF is in charge of evaluation, but the GO leads the evaluation of national programmes**. The GO is primarily interested in the evaluations related to government-wide issues, inter-institutional matters, complex problems, etc.

## 5.3 Estonia

### 5.3.1 Background

Estonia has an interesting strategic planning history. After regaining independence from the Soviet Union in 1991, it was **initially uncomfortable with centralisation and government co-ordination led by the Centre**, so its capacity to lead government strategy setting and co-ordinate strategy implementation government-wide was relatively limited. The consequence was that national development was pursued through **uncoordinated line ministry decision-making**. This changed as a result of the process of preparing for accession to the EU. By the early 2000s, the number of **sector-specific national development strategies** adopted by the government or parliament (Riigikogu) had grown to over **120**. However, as the number of strategies increased, **the need for co-ordination across line ministries also became increasingly apparent**, as well as the necessity for coordination led by the Government Office (GO). The importance of co-ordination actually increased post-accession in 2004 (OECD 2015) and, as a result, **the number of strategies has decreased** due primarily to the role of the Strategy Units mandate in co-operation with the Ministry of Finance. Recent reform efforts have focused on assigning **clearer responsibilities and shared accountability** for implementing priorities in the Government Programme; integrating common **performance targets into the Government Programme** and the government's medium-term expenditure programme; and linking more closely strategic planning and the budget framework as well as the **medium-term expenditure framework (MTEF)**. Estonia's strategic planning evolution mirrors certain aspects of Moldova's own evolution and so represents an example worth considering.

### 5.3.2 Overarching Instruments

The Estonian system is based on the following types of **instruments**:

- **Horizontal** vision documents:
  - Long-term vision (up to 30 years).
  - Approved by Parliament.
- **Sectoral** policy strategies:
  - Time perspective 5-10 years.
  - Mainly approved by Government.
- **Ministry** development plans:
  - Basis for State Budget Strategy.
- Horizontal **budget** strategies

Estonia has developed **three key** long-term **horizontal national strategies**:

- National Competitiveness Strategy "Estonia 2020";
- National Sustainability Strategy "Sustainable Estonia 21";
- National Security Concept (no time horizon, reviewed periodically).

Those documents have long time horizons and are intended to influence multiple Government Programmes. The Government Programme is based on the country's political commitments (i.e. Coalition Agreement) and it is the Government Office's Strategy Unit's role to convert these into a strategic four-year action plan for the government (i.e. the Government Programme).

The Table below illustrates Estonia's most important current national strategies.

**Table 3: Estonia's Key National Strategies**

Strategy	Timeline	Responsibility	Goals and Objectives
Government Programme 2016-2019	For the term of the government	Strategy Unit, Government Office	About 400 tasks in the action plan: – Foreign and security policy and defence – Economic policy, public investment and taxation – Democracy, Government and Civil Society – Education and Science Policy – Culture and Sport – Integration – Environment and Energy – Local government and Regional Policy – Rural development – Internal Security and Justice – Social Policy and Health
National Competitiveness Strategy "Estonia 2020"	2020	Strategy Unit, Government Office State Budget Department, Ministry of Finance	Two primary challenges: – Increasing employment rate in 20-64 age group to 76% – Increasing productivity per employed person to 80% of EU average
State Budget Strategy	4 years, rolling	State Budget Department, Ministry of Finance	Four priorities and 22 strategic objectives with approximately 80 indicators. Divided between 14 policy areas, following the structure of the (previous) Government Programme
National Security Concept of Estonia	Renewed periodically	Ministry of Defence, co-ordinated with Government Office	The National Security Concept states the foundations of the Estonian security policy (adopted in 2010). It lists the activity trajectories in four areas – foreign policy, defence policy, security policy, societal coherence and endurance. Based on the overarching concept, the National Defence Strategy was adopted and National Defence Development Plan for 2013-2022.
Estonian National Sustainable Strategy: "Sustainable Estonia 21"	2030	Strategy Unit, Government Office	– The viability of the Estonian cultural space – The growth of welfare – A socially coherent society – Ecological balance

Source: OECD 2015; Government Programme 2016-2019

### 5.3.3 Planning Documents

The Strategy Unit within the Government Office (GO) has **two important strategic planning documents**. In 2005, in an attempt to harmonise the strategy-generation system and establish clear ties between sector development and budgeting, the government adopted a **Decree on Strategic Planning**, prepared by the Ministry of Finance. This remains the key official instrument but as the system has evolved over time, its importance has declined. Although it forms the formal basis for strategic planning, different versions have evolved since 2005. According to the Strategy Unit, the most up to date guidance is now to be found at the Ministry of Finance website (<https://sites.google.com/site/eelarvejuhend>), which combines strategic with budgetary guidance.

**The State Budget Law (SBL - 2015)** also addresses the issue of strategic development documents and their preparation and implementation. The SBL (2015) sets out the following **planning documents**:

- **General principles of policy** (may/may not have timescale): a development document which determines the vision, national objective and priorities for one or several interrelated policy areas. It is prepared at least for the budget strategy period and is approved by the Riigikogu;
- **Sectoral development plan** (5-10 years, mostly 7): a development document which determines the general objective and sub-objectives for one or several policy areas and the indicators providing an opportunity to measure these, and the policy instruments through

which it is planned to achieve the established objectives. The sectoral development plan is submitted to the Riigikogu for deliberation and approval;

- **Organisational development plan** (if no sectoral plan, Ministries should create these, 1+3 renewed annually): a development document which records the contributions by a ministry and the authorities in its area of responsibility to the achievement of the general objectives of the performance area(s). It is prepared at least for the budget strategy period and is approved by the minister. In due course, this type of planning document will disappear;
- **Budget Programme** (1+3, renewed annually): a development document which determines the measures, indicators, activities and financing scheme targeted at the achievement of a sub-objective of a policy area. It is approved by the minister and if several ministries contribute to the achievement of the programme objective, it is divided into sub-programmes and the respective ministers approve the sub-programmes or programme.

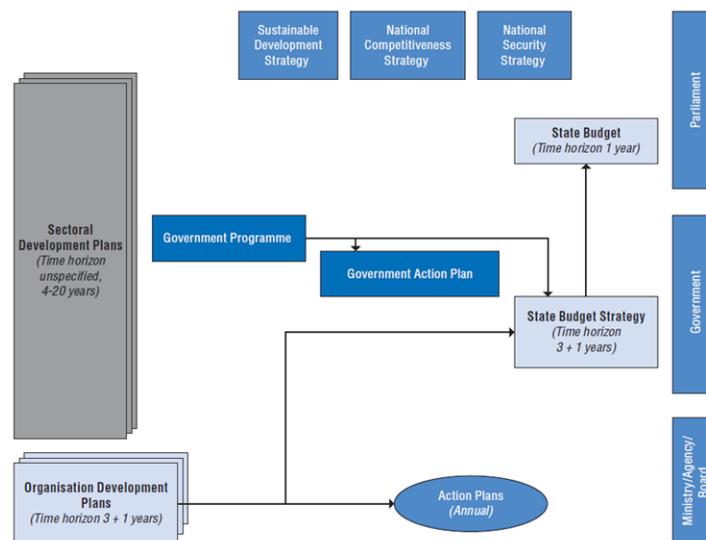
Thus the SBL is important in defining the **strategic environment** and clarifying the respective **responsibilities** of the legislative and executive branches. The strategic documents are normally prepared by various **stakeholders** (ministries, agencies, interest groups) and discussed in **Parliament** to ensure legitimacy. They normally include the strategic **principles, objectives and targets**, which are measured and evaluated by a set of **performance indicators**.

The final set of measures and instruments is then translated into **Action Plans**, which break the measures down into **tasks, resources, responsible ministries, timetables, outputs**, etc.

These strategic inputs feed into the **State Budget Strategy** and eventually into **Ministries’/Agencies’ Annual Plans**. These issues are discussed in more detail below.

The **Estonian system of strategic planning documents and their relationships** are illustrated in the Figure below. The Coalition Agreement informs horizontal strategies and cascade to the State Budget Strategy and the Government programme. These are reflected in Sectoral Development Plans and organisational development plans. Thereafter, annual plans, budgets and programmes are aligned.

**Figure 3: Estonian Strategic Planning System and Documents**



Source: OECD (2011), [Estonia. Towards a Single Government Approach, OECD Public Governance Reviews](#).

The Strategy Unit has worked assiduously in order to **reduce the number of strategies over time**, so as to minimise overlaps and increase coordination and effectiveness. In doing so, it is assisted by the fact that:

- All line Ministries must submit an **Intention to Create a Strategy**: this enables the SU to screen the proposed strategy to see if it is already covered elsewhere and engage early with the ministries and thus influence the process, though a lot depends on the minister;
- The **SU and MoF work closely together**: this ensures that resources are mobilised in support of the strategic documents that are eventually prepared and approved.

The result is that the number of strategies has decreased markedly over time, a process that continues to today, as illustrated in the Table below.

**Table 4: Estonian Sectorial Strategies (2005-2011)**

Valid strategic documents	2005	2007	2010	2011
<b>1 Approved by the Riigikogu</b>	<b>17</b>	<b>20</b>	<b>19</b>	<b>19</b>
1.1 Policy principles or guidelines	8	n/a	9	9
1.2 Concept papers	1	n/a	1	1
1.3 Development plans and strategies	6	n/a	9	9
1.4 Action plans and programmes	2	n/a	0	0
<b>2 Approved by the Government</b>	<b>100</b>	<b>79</b>	<b>61</b>	<b>45</b>
2.1 Policy principles or guidelines	20	n/a	4	5
2.2 Concept papers	6	n/a	7	3
2.3 Development plans and strategies	28	n/a	34	29
2.4 Action plans and programmes	46	n/a	16	8
<b>Total documents in force</b>	<b>117</b>	<b>99</b>	<b>80</b>	<b>64</b>

Source: Strategy Unit Presentation (2016)

At the end of **2016**, the number of planning documents had been **reduced to 49** with a current **target of about 20**. The Estonian experience demonstrates that **it is possible to increase policy coherence over time**.

This not to suggest that the system is flawless. The evolution of an efficient strategic planning system takes time. According to the Strategic Unit (2016, presentation), the following **problems** are evident:

- Variety within strategies in terms of scope, adoption, timescale, internal structures, etc.;
- Too much overlapping means that the same issues are covered in different strategies;
- Ministries and interest groups insist on having their “own” strategies;
- Limited involvement by other ministries in preparing and monitoring strategies;
- A tendency for wish-lists, rather than prioritised activities;
- Monitoring undermined by casual selection of indicators;
- Casual and insufficiently evidence-based evaluation.

Plans exist to introduce **programme based budgeting by 2020**, to further **reduce the number of planning documents** and **better align them with the budget**. Reform is a series of iterations.

#### 5.3.4 Key Institutions

The institutional structures corresponding to the Centre of Government vary but normally, the key whole-of-government co-ordination functions are carried out by the President's or Prime Minister's Office with other key departments in ministries, notably in the Ministry of Finance, working closely with them. In Estonia, the key CoG functions are shared between various institutions:

- **Government Office (GO)**: supports the Prime Minister and ensures effective implementation and management of government strategies, including ensuring implementation and monitoring of the Government Programme. More specifically, the **Strategy Unit's (SU)** function is to ensure effective implementation and management of the government strategies, ensuring implementation and monitoring of the Government Programme;
- **Ministry of Finance**: overall responsibility for the budget processes, including the medium-term expenditure frameworks (**MTBF**);
- **Ministry of Justice**: coordination of the legal and regulatory process, ensuring and legislative quality, as well as implementation of the Regulatory Impact Assessment (**RIA**) system. The SU is also involved since the impact assessment covering both regulation and strategic planning.

The Ministry of Economic Development, Trade and Entrepreneurship has some responsibilities in that it co-ordinates the management of the information systems and oversees implementation of the digital government agenda which is all pervasive in Estonia. However, the main strategic planning role is performed by the Strategy Unit. The Box below illustrate the nature of its role.

##### **Box 1: The Role of the Government Office's Strategy Unit**

The Strategy Unit (10 staff members) coordinates the whole-of-government exercise of translating the Coalition Agreement into the Government Programme. It plays the role of the Government Office's "nerve centre" by:

- Leading the translation exercise of the coalition's political commitments into the Government Programme by working with other CoG institutions and with line ministries translating political commitments into action plans;
- Refining policy objectives by sector and sub-sector, along with the performance information needed to assess whether ministries eventually achieve the results to which the government commits under its programme;
- Working closely with the network of Deputy Secretary General responsible for policy in line ministries for this purpose and for monitoring performance as these action plans are implemented;
- Working closely with the Ministry of Finance to ensure that the Government Programme, National Competitiveness Strategy and the multi-year budget framework are linked.

OECD 2015, p. 69

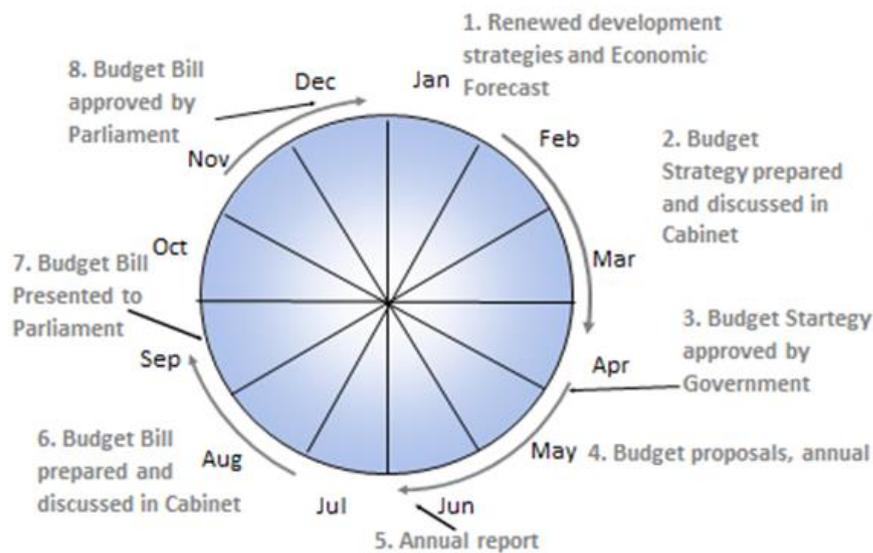
#### 5.3.5 Budgeting/MTBF

Estonia has taken steps to **strengthen linkages between strategic and budget frameworks**. The implementation of strategic planning was part of the 2003 revision of the State Budget Act, which was most recently revised in 2015. It led to the adoption of an annual **State Budget Strategy** on a four-year, rolling basis. The State Budget Strategy provides the budgetary policy principles; the priorities of the government and their activity-based funding plans for the four years; as well as an analysis of the economic situation and a forecast of economic development.

Every year, the Ministry of Finance prepares the state budget for the next four years and the state budget for the following year, guided by two economic forecasts undertaken in spring and summer. The annual planning and budgeting processes are linked albeit not being as fully integrated as the Lithuanian case (see preceding analysis).

The strategic planning process and timetable for budget formulation is illustrated below:

**Figure 4: Estonian Strategic Planning Process and Timeline**



The State Budget Strategy is led by the MoF based on the country's needs (development plans) the actual financial scope (economic and financial forecasts) and is prepared **annually**. It defines the main budget directions of state policy, reflecting the general objectives of the Government.

According to the Strategy Unit, although efforts are being made to improve the situation, **there is still insufficient linkage between the strategic planning documents and the State Budget Strategy**. The Go intends to undertake further reform to improving this issue.

### 5.3.6 Evidence Based Policy Making

International experience suggests that **evidence-based decision-making tends to lead to greater effectiveness and efficiency in achieving strategic outcomes**. Estonia has adopted mechanisms to promote a culture of evidence-based policy making in the public administration even if the systematic use of evidence based policy-making is not yet engrained throughout the civil service.

Estonia has introduced and improved its **Regulatory Impact Assessment (RIA)**, which focuses on *ex ante* evaluation of possible regulatory and non-regulatory policy options. Since 2014, it has had a legal basis for ministries to carry out RIA, requiring *ex ante* preliminary impact assessments to accompany **all new primary legislative proposals** (to identify the need for in-depth RIA), with quality control and support being conducted by the **Ministry of Justice**. Drafting, the requirement for a preliminary RIA applies to both **primary and secondary legislation** initiated by the government.

According to the **Estonian Methodology of Impact Assessment** (Ministry of Justice, 2012), preliminary impact assessment **also applies to strategic development plans** and to the shaping of Estonian positions with respect to **EU legislative initiatives**. An entire section of the methodology is devoted to the issue of impact assessment of strategic development plans (Section 2.1.1 Assessment of impacts of strategic development plans).

Oversight responsibility is shared between two CoG institutions:

- **Legislative Quality Division** of the Ministry of Justice: is the focal point for all preliminary and in-depth RIAs related to **primary legislation**, ensuring the quality of ministries' impact assessments, as well as providing support capacity.
- **Government Office**: is tasked with ensuring the quality of impact assessments dealing with **strategic development plans and EU legislative initiatives**, while providing support, for example with tailor-made capacity building for civil servants.

The RIA system is a work in progress. While initial impact assessments are carried out, the number of detailed impact assessments remains low and the focus is on *ex ante*, rather than *ex post* evaluations. It remains to be seen how effectively ministries use the impact assessments and whether the new RIA system will prove effective in terms of regulations and strategic planning.

### 5.3.7 Stakeholder engagement

**Effective consultation** enables the interests of citizens and businesses to be taken into account in the development and design of regulation, thus improving the effectiveness of regulation. The positive effect of increased transparency and stakeholder engagement is not just confined to **regulations**, but **also enhances policy and programme development and delivery**.

Although there is no legislation, a **good practice guide** on consultation matters has been prepared (<https://riigikantselei.ee/et/kaasamise-hea-tava>), which covers: stakeholder involvement, planning and information, cooperation at different stages, information channels and evaluation.

Citizen and stakeholder engagement is a mandatory part of the *ex ante* **impact assessment methodology**. Engagement is compulsory for ministries when designing the intention of **developing a draft as well as formulating a proposal to prepare a strategy**. In the development of the legislative intent, the line ministry has an obligation to actively engage interest groups directly affected by the chosen policy instrument.

Relevant interest groups must also be given the possibility to participate in the development of the intent. Once the intent has been drawn up, concerned ministries, agencies, the Ministry of Justice, interest groups and the general public are involved in its approval via the **online platform**, the Estonian Information System for Legal Drafts (<http://eelnõud.valitsus.ee>), which is an inter-institutional **national consultation environment and a comprehensive tool for broader engagement covering all drafts** submitted by the government institutions for public consultation and inter-institutional consultation.

Estonia is the most advanced eGovernance country in the EU and is at the **leading edge of ICT use to engage with citizens and other stakeholders**. A **direct democracy e-portal** (Today I Decide) has been established aiming to increase public participation in the decision-making processes. It allows citizens to **submit ideas, initiatives, proposals and comments** on what had been submitted by others, as well as on legislative drafts. The proposals that gain the most support from citizens go to the Prime Minister's Office for further consideration.

Another online platform, [www.petitsioon.ee](http://www.petitsioon.ee), enables citizens to express their opinion on **issues concerning society** at large (i.e. make petitions).

### 5.3.7 Monitoring, Evaluation and Reporting

Estonia has made **significant progress in systematically monitoring the implementation performance of the Government Programme**. In each ministry, a Secretary General, the most senior

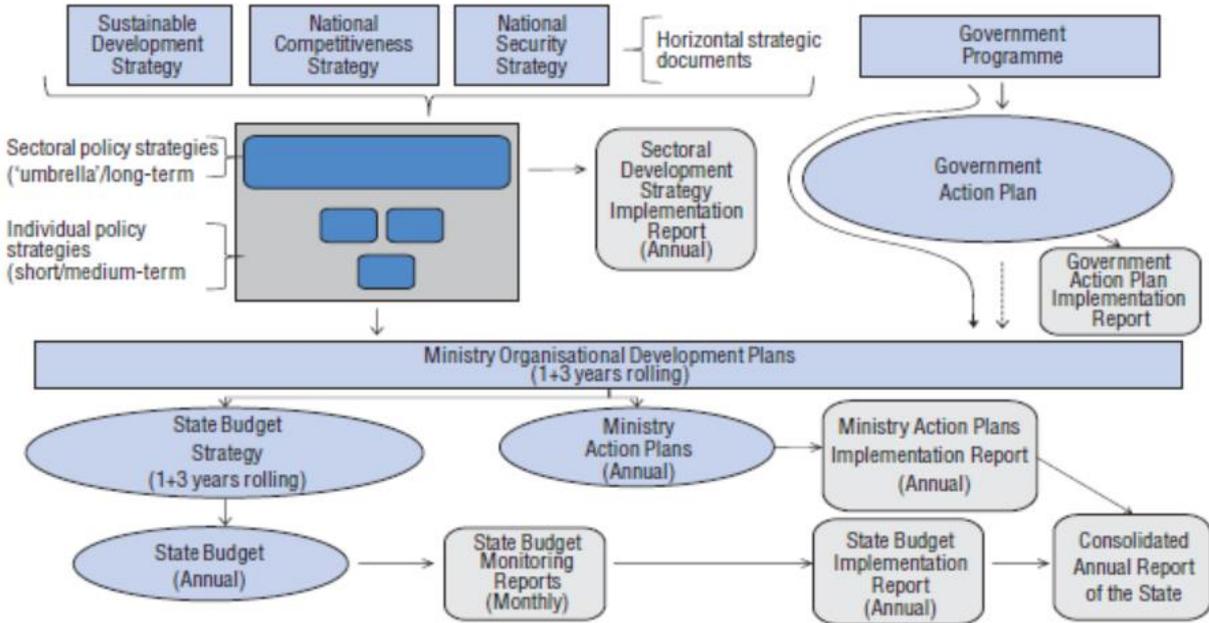
civil servant in the ministry, leads the line ministries' implementation efforts. The **GO leads the process of monitoring the performance of strategy implementation.**

The implementation of the **Government Programme is reported** on as follows:

- **Quarterly reporting** to the Secretaries General meeting chaired by the GO, based on feedback from each ministry on the implementation of particular activities (submitted by the ministries to fulfil the Coalition Agreement);
- **Annual reporting** for all government-approved strategies: on a yearly basis via feedback collected from ministries and reported to the government. For most single-sector strategies, the reporting time frame is set in the strategy. The Action Plan presented with the budget is also reported to the Ministry of Finance annually on 1 March.
- **Progress on implementing the Government Programme** is reviewed each month: meetings with the Deputy Secretaries General for each policy area are held to update/amend/cancel/add activities. Participants include the Government Office and Ministry of Finance budget staff and line ministries.

An overview of the nature of the overall **administrative reporting system** is illustrated in the Figure below.

**Figure 5: Estonian State Administration Reporting**



Source: OECD (2011)

## 5.4 Albania

### 5.4.1 Background

After examining the situation in two Baltic countries, both of which are members of the European Union (EU), it is worth highlighting an example of a **Western Balkans country**. Albania has applied for Candidate Country status (but has not yet succeeded), since its development path is not dissimilar to that of Moldova. Albania has sought to introduce a more effective strategic planning system (the **Integrated Planning System**) since 2006 and has made good progress with World Bank, UNDP and EU. Nevertheless, it still has a significant Public Administration Reform agenda ahead. Albania is also a good example because of the link to **European Integration, EU funding system and MTBF**.

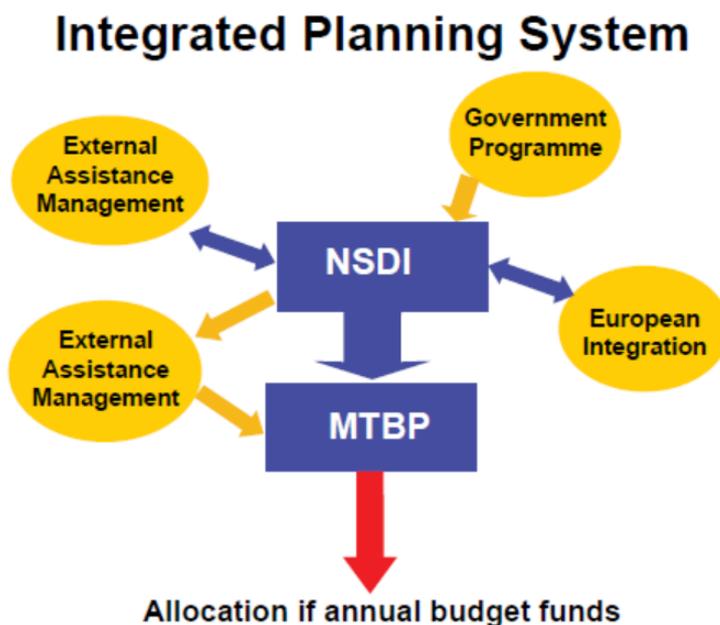
### 5.4.2 Overarching Instruments

The Albanian framework is called the **Integrated Planning System (IPS)**. It basically seeks to link-up strategic planning /policy with budgeting (MTBF) and the process of European Integration (EI). The IPS has the following core elements:

- National Strategy for Development and Integration (NSDI);
- Medium-Term Budget Programme (MTBP) and the Public Investment Management Process;
- European Integration;
- Donor/external assistance.

These **core elements** are illustrated in the Figure below.

**Figure 6: Integrated Planning System: core elements**



IPS focuses on the technical harmonisation of the above core elements. The fundamental assumption of IPS is that the quality and coherence of these technical processes affect the government's ability to achieve its policy goals/objectives and keep its promises to the public (IPS Manual, 2009).

An interesting feature of the IPS is that it also allows decisions to be made at a strategic level about the **types and amounts of external/donor assistance** needed. Sector and cross-cutting strategies identify the areas where external assistance is necessary, consistently with Government's policy

goals and objectives. Government then engages in **dialogue with donors** about the support available and donor preferences for supporting particular projects and programmes identified by Government. The Department of Strategy and Donor Coordination at the Prime Minister’s Office is responsible for the preparation of the **External Assistance Orientation Document**, which aims to assist the process of orienting external assistance towards government priorities, as defined in the NSDI and in the related mid-term and annual budget processes. The management of external assistance is supported by an **External Assistance Management Information System (EAMIS)** which will be operational by the end of 2017.

The **key cross-cutting planning documents** of the Government of Albania include the following:

- **Government Programme 2013-2017;**
- **Road Map on Key Priorities:** namely Public Administration Reform; Judicial Reform; Anti-Corruption Policy Reforms; Fight Against Organised Crime and Corruption; and Human Rights;
- **300 Days Plan and a matrix of Government priorities:** a basis for various monitoring activities;
- **Medium-term Budget Programme (MTBP) 2015-2017:** sets a 3 year budgetary timeline;
- **National Strategy for Development and Integration (NSDI) 2014-2020:** the basis for medium-term planning and monitoring of the European Integration (EI) process. It **captures the sectoral strategies in a single document** comprising 4 pillars:
  - Improving Good Governances and Rule of Law.
  - Growth through Fiscal Stability and Increased Competitiveness.
  - Sustainable Growth through Efficient Use of Resources.
  - Investing in People.
- **National Plan for European Integration (NPEI) 2014-2020:** the basis for medium-term planning and monitoring of the EI process and is primarily based on the screening of integration tasks, including a prioritised plan for the medium term.

There are also a number of **other relevant planning documents**, such as: the cross-cutting PAR Strategy 2015-2020, the Albania Public Finance Management Strategy 2014-2020, as well as the Digital Agenda of Albania 2015-2020.

#### *5.4.3 Planning Documents*

An important document is the Council of Ministers (CoM) **Decision No. 584** on the “**Approval of the Rules of Procedure (ROP) of the CoM**” (and amendments thereof), which regulates policy co-ordination, requirements for developing laws, issues related to European Integration and Council of Ministers (CoM) decision-making.

In the context of developing **laws and EI**, the ROP covers the following elements:

- Initiating and preparing draft laws;
- Giving opinions on draft laws;
- Coordinating draft laws
- Submission to CoM for examination;
- Publication and distribution of acts;
- Annex: Explanatory Memorandum for the draft laws;
- Annex: Compatibility of draft normative acts with the Acquis Communautaire:

- Evidencing the institution responsible for the preparation of the draft act or review of the act and the co-operating institutions.
- Status of the proposed draft act in the legal order.
- Explanatory memorandum of the draft act.
- Compatibility with *acquis table*.
- Description of the implementing measures.
- Confirmation of the Ministry of Integration.

The **governmental stakeholders are generally aware of and follow the Rules of Procedure**. Regular and official weekly meetings are held at the level of the Secretary General, and the Government works with a set of inter-ministerial co-ordination forums.

Although the RoP sets out the process for developing the Government’s annual schedule of draft acts based on the ministries’ needs, the process is not always adhered to. There is no formal basis for how the Government priorities are to be set on the basis of its political programme or a formal and publicly available Government work plan or legislative plan (OECD, 2015, p.24).

The **quality of strategic planning** is fundamentally influenced by the requirements for the **development and content of sectoral plans** and the organisation of implementation monitoring. In addition to the overarching/cross-cutting strategies previously discussed, **each ministry prepares its own strategies**, which are meant to be consistent with, among others, the MTBF and the National Strategy for Development and Integration (NSDI).

The framework for developing the NSDI created **guidelines for the development of sectoral and cross-sectoral strategies in terms of both content and format** (Prime Minister’s Order No. 93, 07 August 2012), as well as the requirement for alignment between strategies and the MTBP (and Prime Minister’s Order No. 183, 23 June 2014). The guidance for sector strategies is summarised below.

**Table 5. Guidance on Sector Strategy Structure**

Chapter	Activities
<b>1. Current conditions</b>	Use latest statistical information Ensure authoritative studies on the sector are consulted Overview to incorporate findings of evaluation activities with donors e.g. Public Expenditure and Institutional Review Review broad performance of public expenditure in the sector Envisaged role for the government
<b>2. Mission, strategic priorities and goals</b>	Statement of mission, strategic priorities and goals with reference to: <ul style="list-style-type: none"> <li>• Draft statement on vision, strategic priorities and strategic goals of NSDI</li> <li>• Technical analysis on determinants of growth</li> <li>• European Integration commitments specified in Stabilization and Association Agreement, European Partnership and Government action plans</li> <li>• Government programme</li> </ul> Revisit goals and adjust the targets after initial costing Approve statement of the mission, strategic priorities and goals
<b>3. Policies</b>	Review assumptions about links between policies and achieving goals in sector Review link between strategic priorities and budget programmes in the sector On basis of participation in the Inter-Ministerial Committee, assess if corresponding crosscutting strategy issues are reflected in the sector strategy
<b>4. Resource implications</b>	Examine soundness of cost assumptions behind sector goals and realism of goals relative to working assumptions of macroeconomic framework
<b>5. Accountability, monitoring and evaluation</b>	Provide draft list of monitoring indicators / plans for future data collection with INSTAT  Develop joint work plan with the Sector Advisory Group and the External Assistance Technical Working Group

Source: Prime Minister's Order No. 93, 07 August 2012

The Unit of Policy Development and Strategic Planning (UPDSP) at the centre of government (OPM) keeps track of all strategies that are planned for adoption but are outside the scope of the NSDI. In all, **there are 29 major national strategies linked to the NSDI**. There are also about 30 smaller ones dealing with particular sub-sectors, also linked to the NSDI. This is a relatively small number, compared with the situation in Moldova and indeed the other countries covered in this report.

In addition to the sectoral strategies, each ministry prepares a **Ministry Integrated Plan (MIP)**, an annual document that highlights the key MTBP commitments, including European Integration commitments, planned legislation, major public investments, anticorruption measures and external assistance projects. The MIP is discussed in more detail in the M&E section below.

#### *5.4.4 Key Institutions*

The institutions fulfilling the functions of the COG in Albania are:

- **Office of the Prime Minister (OPM)**: the critical centre of government functions are distributed among several units, which means that co-ordination of the policy content of the proposals for Government is thus also distributed between them:
  - **Unit for Policy Development and Strategic Planning (UPDSP)**: focus the implementation of sectoral strategies;
  - **Unit of Legislation and Programme Monitoring (ULPM)**: focus on performance based on the “promises” made in the Government’s programme and on the annual legislative activities proposed by line ministries;
  - **Delivery Unit (DU)**: focus on six government priorities.
- **Ministry of Finance (MoF)**: oversees the budget and expenditure, including the management of the MTBP/F;
- **Ministry of Justice (MoJ)**: ensures legal / constitution conformity;
- **Ministry of European Integration (MEI)**: the tasks of line ministries in relation to implementing the EU acquis are defined in the ROP and EI-specific legal acts. MEI co-ordinates and plans the transposition and translation of the EU acquis, EU assistance and overall EI policy. It are six key functions related to EI:
  - Overall daily co-ordination of EI.
  - Planning of EI, including costing of reforms.
  - Monitoring country preparations for the EI process.
  - Co-ordinating transposition of the acquis.
  - Co-ordinating EU assistance.
  - Co-ordinating EI-related negotiations (not yet operational).

Therefore, the basic legislative and institutional frameworks for policy making and strategic planning, including the European Integration (EI) process, are in place.

There is also a co-ordination body for strategic planning. The **Strategic Planning Committee** functions as regular, joint discussion and decision-making platform for institutions fulfilling the centre of government functions (various units of the OPM, MoF and MEI) based on Prime Minister’s Order No. 18 (22 January 2014) on the Establishment of the Strategic Planning Committee.

According to a SIGMA draft report (Functioning of the Centres of Government in the Western Balkans, 2017) between them, **the main Albanian institutions, especially OPM, cover all the key functions expected of the Centre of Government, namely:**

- Co-ordination of preparation of the government sessions;
- Ensuring legal conformity;
- Co-ordination of preparation & approval of government’s strategic priorities & programme;
- Co-ordination of the policy content of proposals for government decision making;
- Ensuring that policies are affordable and co-ordination of public sector resource planning;
- Co-ordination of the communication activities to ensure a coherent Government message;
- Monitoring of the government’s performance;
- Handling relations between the government and the parliament;
- Co-ordination of European Integration affairs.

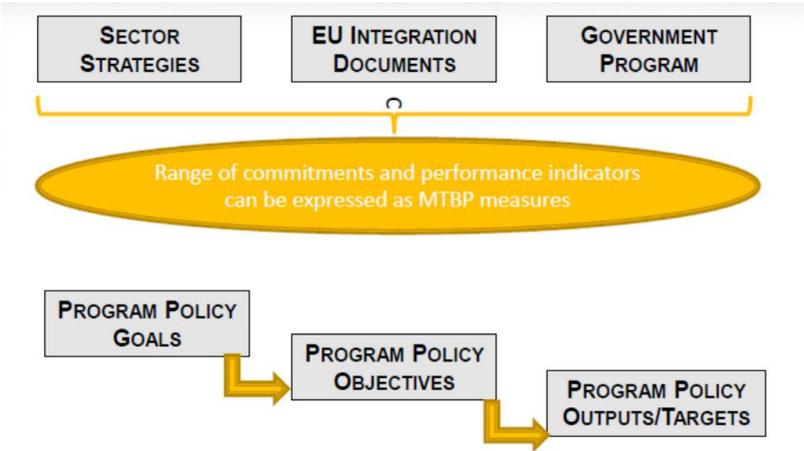
*5.4.5 Budgeting/MTBF*

The Government adopted the Albania **Public Financial Management Strategy 2014-2020**, which aims to ensure fiscal stability by strengthening the overall fiscal framework, eliminating accumulated arrears, creating mechanisms to ensure that forecasting is realistic and improving the three-year Medium Term Budget Programme (MTBP) preparation process.

Instruction No. 8 of 27 January 2015 for the Preparation of the Medium Term Budget Programme 2016-2018 paved the way for the **Medium Term Budget Programme 2016-2018 (MTBP)**. The MTBP sets out the macroeconomic projections, as well as the revenue and expenditure forecasts, for a **three year period**. The Government spending outlined in the MTBP is not a binding ceiling, but rather an indicative target.

The MTBP is well established at both ministerial and programme levels. For each programme, it includes a description, expenditures and **targets (including indicators)** for the current year and for all years of the MTBP, as illustrated in the Figure below.

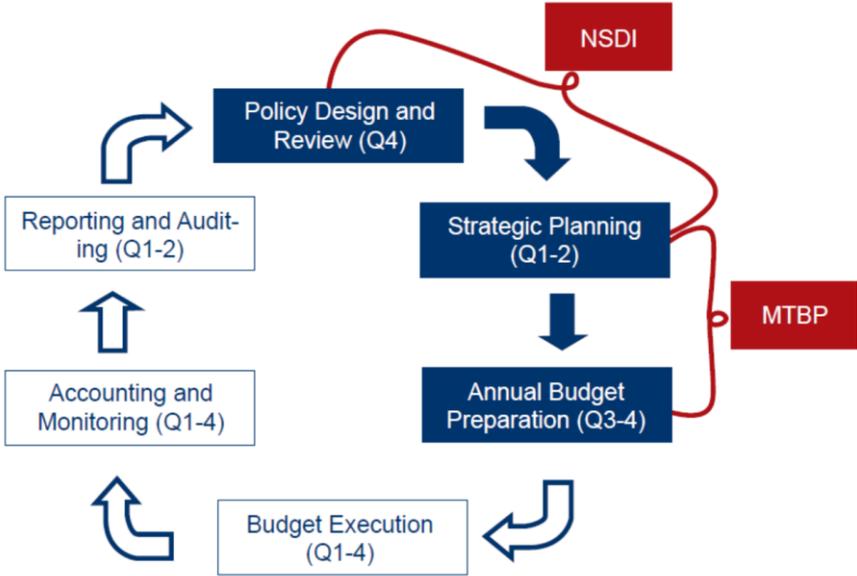
**Figure 7: Indicators and Linkage to MTBP**



However, as the **macroeconomic and fiscal forecasts are not based on realistic assumptions**, regular expenditure cuts are necessary, which prevents the MTBP from having the full impact intended. The medium-term targets in the MTBP became binding in 2016 but the monitoring and enforcement procedures haven't yet been defined.

The MTBP ensures that **budget allocations reflect policy priorities over the medium term** (3 year period) by making an **explicit link between budget allocations and programme policy objectives**. In doing so, the MTBP addresses the appropriate mix between investment and recurrent expenditure allocations and considers the balance between expenditures undertaken by central government and those undertaken by local government. The three year time horizon for expenditure planning allows **greater predictability in future resource allocations**. The **linkage between the medium- to long-term national strategic priorities and the budgeting and resources allocation process** is an important feature of the Integrated Planning System (IPS), as illustrated in the Figure below.

**Figure 8: Linkage between NSDI and MTBP Cycle**



The MTBP does not give details for new policy initiatives for the period or detailed explanations of what a new policy will cost in the coming year / the following two years. This makes it difficult to separate and analyse the costs of existing policies from the costs of improving existing policies and from the costs of new policies. In addition, although each programme policy statement in the MTBP sets out **goals and objectives** for that programme, it **does not provide information or analysis of the key priorities of the Government for the coming three years**, so does not state clearly the focus of public spending and how the proposed allocations contribute to the implementation of key policies.

Albania’s Integrated Planning System (IPS) is designed to ensure that government **policy planning and implementation** take place in a coherent, efficient and integrated manner. The Unit for Policy Development and Strategic Planning at the OPM **coordinates with line ministries on their strategies**. While in theory the it advises on **how a strategy is integrated with the MTBP**, the limited number of staff means that it **focuses more on the quality of the strategies** to ensure they are in accordance with the standards set by the Unit. Furthermore, the Unit **does not assess the costing of individual strategies**; only the MoF reviews these. The **Group for Strategic Budgeting and Integration** reviews the strategic plans and comprises of OPM, MoF, Ministry of Economic Development, Trade and Entrepreneurship and MEI. But given that there are only indicative costs in the NSDI and that a number of sector strategies remain to be completed and investment priorities can change, the **MTBP continues to have a relatively weak relationship to sector strategies**.

#### 5.4.6 Evidence Based Policy Making

Two documents require evidence based policy making: **Decision No. 584 Rules of Procedure (ROP) and the Law Drafting Manual (2009)**. The ROP has already been discussed, including the necessity for and **Explanatory Memorandum**. The latter has the following requirements for draft laws:

- Purpose.
- Political assessment.
- Analysis of problem.
- Reason for and preliminary impact of the draft law.
- Legality and conformity with constitution.
- Approximation/conformity with *acquis communautaire*.
- Summary of content of draft law.
- Implementing institutions.
- Stakeholders contributing to the preparation of the draft law.
- Financial issues.

As such, the Explanatory Memorandum is an **embryonic form of impact assessment**, since it requires policy-makers to address a list of issues during the legislative process and make an impact assessment of the costs and benefits of draft laws.

The RIA-like nature of the **Explanatory Memorandum** is recognised in the LDM, which stresses the importance of evidence based policy/law making (2009, p.101) and recommends that the impact evaluations cover:

- Economic implications for the public and private sectors;
- Cost-benefit analysis, including possible alternatives;
- Administrative implications;
- Description of implementing measures of the draft.

Whereas the Ministries of Justice and Finance and European Integration have a horizontal role (checking legality, fiscal impacts and compliance with the *acquis* respectively), the **Office of the Prime Minister performs the quality control of the final version of Explanatory Memorandum**, which includes policy analysis, consultation and other general policy development-related activities. Ministry officials require further training in the drafting of Explanatory Memoranda, the management of stakeholder consultation, the process of policy analysis or the drafting of fiscal and other impact assessments.

This is because **Albania does not yet have a Regulatory Impact Assessment (RIA) system**, with the consequence that instead of assessing various regulatory as well as at least one non-regulatory option, at present **only one policy option is covered**. While this option is accompanied by an estimation of budget costs and benefits, the basis for calculating costs and benefits is unclear and linkages to the MTBP are not established. Proposals lack information on key issues such as the implementation of the proposed measure, additional staff, training and other needs. During 2016-17, the PMO has been exploring the basis for the **establishment of a RIA system** to achieve more effective regulations / policy making.

#### 5.4.7 Stakeholder engagement

The evidence available suggests that effective stakeholder engagement is critical the development of regulations and planning documents. In Albania, the general principle of **consultation** with external stakeholders is embedded in **Decision No. 584 Rules of Procedure (ROP) and the Law Drafting Manual (LDM** - undated). The ROP has already been discussed, including the link to consultation. In addition, the **LDM** stresses the **importance of internal and external consultation**:

- Internal consultation:
  - Consultation of other governmental departments.
  - Opinion of the Ministry of Justice.
- External consultation:
  - Purpose and value.
  - Consulted parties.
  - Transparency.
  - Timing.
  - Consultation documents.
  - Evaluation of comments.
  - Use of Information Technology.

Citizen and stakeholder engagement will become a mandatory part of *ex ante* impact assessment, once the **RIA system** is officially introduced.

Furthermore, to improve consultation in practice, Albania created the **National Economic Council (NEC)** to establish **dialogue between government and the business community**.

More importantly, the **Law on Consultation** entered into force in 2015 and sets out the rules and requirements which line ministries must adhere to when they are preparing policies and legislation. They are obliged to **publish draft acts on the electronic register for public notification**, which serves as the central point of consultation of external stakeholders. Every public body has to appoint a **co-ordinator** for public notification and consultation. The comments and recommendations received through the public consultation process have to be **published and a commentary provided** on how the feedback has been taken into account. The Law on Consultation has been a catalyst for consultation practices but its application is still patchy and **requires time to bed down**.

It is worth noting that the **consultation process of sector strategies** is steered and monitored by the Unit for Policy Development and Strategic Planning of the OPM, since sector strategies are considered as priority policy proposals of the Government.

**Interministerial consultation** is a well-embedded procedure, routinely undertaken, and forums for conflict resolution have been established. Legislative proposals are widely distributed between line ministries before a draft proposal is placed on the agenda of the Government. Legislative proposals are supported by opinions from the MoJ and MoF. Other ministries, such as the MEI and the Ministry of Economic Development, Trade and Entrepreneurship (MEDTET), provide their opinion when necessary. As a rule, ministries are consulted on draft proposals which are of relevance for them. The Secretary Generals of the line ministries also meet weekly on an informal basis and discuss items placed on the Government's agenda.

#### 5.4.8 Monitoring, Evaluation and Reporting

Monitoring (as well as reporting and evaluation) of government performance is crucial to ensure that the government delivers on its promises. This is a challenging function, as it requires well designed aims and objectives to monitor their implementation. There are generally two approaches to monitoring: either to create a separate department/unit to fulfil this function or give the task to the officials who are also responsible for setting the priorities and programming the work of the government. Most of the EU countries have chosen the latter option. **Albania uses an alternative model, where the monitoring role is distributed amongst several units.** Such a distribution does not fully correspond to the roles for priority setting and programming of the government's work.

Therefore, although **monitoring of planning documents** is important in Albania, it is **fragmented**.

Within the PMO, **three units are responsible for monitoring performance:**

- Unit of Policy Development and Strategic Planning (UPDSP): monitors all sectoral strategies;
- Unit of Legislation and Programme Monitoring (ULPM): monitors performance of the Government according to the "promises" made in the Government's programme and according to the annual legislative activities proposed by line ministries. It also monitors the EI-related commitments;
- Delivery Unit (DU): monitors the six Government priorities.

The **MEI monitors EI matters** and provides regular **reports** on developments to Parliament. The **MoF** is responsible for **monitoring and reporting on the budget / MTBF**.

Detailed public **reporting on the execution of the strategies / planning documents is not prescribed** but is indicated in the Prime Minister's Order No. 78. **Budget reports** are publicly available, along with **reports on the Government's achievements** in its first 100 days, first 300 days and second 300 days, and also other **EI-related reports**. However, the monitoring system does not ensure full and comprehensive public access to information on the Government's work. Moreover, the monitoring reports include information only about fulfilment of outputs but do not cover achievement of the intended policy objectives.

The primary vehicle for identifying monitoring requirements is the **MTBP process** where **all commitments must be linked to the appropriate ministry programme** and translated into policy **goals**, policy **objectives**, output **targets**, **activities** and a related **programme expenditure request**.

Each ministry prepares the **Ministry Integrated Plan (MIP)**, an annual document that highlights the key MTBP commitments, including European Integration commitments, planned legislation, major public investments, anticorruption measures, and external assistance projects. The MIP comprises two parts:

- **Ministry Annual Report:** highlights the results achieved against the commitments of the MIP of the previous year;
- **Ministry Monitoring Plan:** includes of a set of key objectives and legal requirements for monitoring and reporting, agreed with line ministries by February. The Ministry Monitoring Plan is an annex of the MIP and is negotiated with each ministry to identify the outputs for which the Government wishes to receive regular progress reports.

The **NSDI Progress Report** is an important component of the monitoring system, which is based on the political, economic and social developments of the country and assesses the implementation of

policies and reforms crucial for the achievement of long-term objectives set in the NSDI. It summarises the **progress and performance of the sectors** during the reporting period in relation to the key pillars.

**Table 6: Key characteristics of the Albanian monitoring system**

	Government’s Annual Work Plan				Any report		Report on EI process exists	Reporting on sectoral strategies is functional	Budget report exists
	Quarterly/ monthly report	Annual report	Published	Sent to Parliament	Covers outputs	Covers outcomes and objectives			
<b>ALB</b>	yes	yes	yes	no	yes	No	yes	no	yes

Source: SIGMA (2015), draft [Baseline Measurement Reports](#), OECD, Paris.

The monitoring mechanism is supported by the IPS Information System (IPSIS), which links information reported by line ministries to the Ministry of Finance (regarding MTBP implementation) and the Ministry of European Integration (regarding SAA implementation). It serves two purposes:

- Provides the Government with the monitoring information it needs to track major government commitments;
- Provides ministry management with a means to track comprehensive information on the delivery of ministry operational plans.

## 6.0 Conclusions

A series of conclusions arise from the analysis contained in this report, which is broken down in connection to the main themes covered in the report.

### 6.1 Strategic Planning

Strategic planning is essential to all modern governmental activities; it is a tool for identifying short-, medium-, and long-term priorities and laying out a set of present and future actions for achieving those priorities.

Strategic planning involves determining visions, goals, actions and resources. It also involves inputs, activities, performance indicators, outputs and outcomes. Coordination, evidence based policy making, monitoring, evaluation and reporting are all part of effective strategic planning.

Failure to undertake strategic planning results in inconsistencies, overlapping, conflict, etc. which ultimately lead to inefficient use of scarce public funds.

However, there are numerous alternative approaches and there is not a “one-size-fits-all” model of strategic planning. It must be customized to the particular setting and it evolves over time.

Moldova, as one of the European Neighbourhood countries, is undertaking Public Administration Reform, part of which is connected with the issue of improving policy planning, development and coordination. It is also part of the Western Balkans countries and a signatory to the Association Agreement (AA) and of the Deep and Comprehensive Free Trade Agreement (DCFTA). It is therefore, committed to improving its strategic planning system.

The key institution responsible for strategic planning is the Government Office, since strategic planning is fundamentally about effective coordination by individual ministries and agencies.

That coordination activity focuses, firstly, on the government’s strategic priorities and work programme and, secondly, on the policy content of proposals for decision by the Government, including defining the process of policy preparation by ministries, inter-ministerial co-ordination, and the fit of proposals with each other and with the government’s priorities.

The role of the GO must reflect the necessity for strategic planning and coordination, including linkage to the budget, performance monitoring reporting and evaluation.

Specifically in relation to planning documents, the GO must prepare the instructions/guidelines for ministries on the types of planning document to ensure that the most important issues are addressed and presented in a coherent format, since the GO is ultimately responsible for quality and quality control.

## 6.2 Moldova

Moldova is committed to Public Administration Reform, including improving its strategic planning.

There has been a proliferation of planning documents, estimated at 300+, which creates a variety of problems, such as overlapping, lack of coordination, ineffective monitoring, lack of funding, inability to determine progress, inability to determine impact, etc.

The Moldovan institutional base for strategic planning exists but it needs to improve its performance based on the SIGMA analysis as well as compared with the countries covered in this report.

The four strategic planning documents are determined by Government Decision 33/2007 Drafting Rules and Unified Requirements for Policy Documents: concepts, strategies, programmes and plans. Roadmaps also exist. Government Decision 33/2007 sets out the process by which policy documents are to be prepared, as well as the general and specific content of policy documents.

The guidance is quite general and leaves quite a lot of scope for interpretation; there are significant variations across the different types of policy document; there are gaps in the content of the different types; etc. (see also International Expert's Contribution to Preparation of the Grid Criteria, Dr Ricardo Pinto, 10 March 2017).

In particular, the current situation may need to be reinforced with consultation/public private dialogue, coordination tools, monitoring and evaluation, as well as reporting, linkage to policy, planning and budgeting around the medium term framework (MTBF), etc. (Pinto, 2017).

However, there is a good legal basis for strategic planning so any recommendations arising from this project are geared towards revising and strengthening Government Decision 33/2007.

The MTBF has been introduced, however, there is a need to ensure that the planning documents in the Moldova are more closely aligned with the funding streams in the medium term.

The same applies to the issue of Regulatory Impact Assessment (RIA) and the need for more evidence based policy making; the need for the planning system to connect with the AA process, as well as the new Sustainable Development Goals.

Finally, the weaknesses in the Moldovan strategic planning system were highlighted by the SIGMA (2015) report for Moldova, which noted a large number of areas of future reform, some of which intersect with the aims of this report.

## 6.3 Lithuania

Lithuania has a long history of strategic planning linked to the policy priorities and resource allocations, based on long-term (10 years+), medium-term (7-9 years) and short-term (1-3 years) planning documents. The system has gradually evolved over time and is a good practice example.

Lithuania2030 is the key long term planning document. It is implemented through other planning documents: the National Progress Programme 2014–2020, the sectorial development programmes, inter-ministerial action plans, strategic action plans, as well as the Government Programme/ Action Plan and the annual Government Priorities.

The Strategic Planning Methodology (SPM) is the basis for strategic planning in Lithuania, covering the phases of planning, implementing, monitoring, evaluating and reporting. It defines strategies/programmes, interministerial action plans, strategic action plans and annual action plans.

There is a strong link between the planning documents and the role of the Office of the Government (GO), as well as a strong link with the MTBF through the Ministry of Finance/GO. Through the coordination role of the GO, Lithuania has been able to reduce the number of strategic planning documents from over 250 to 70.

The GO plays a key role in coordinating the strategic management system, assessing the quality of the strategic planning documents and drafts government-wide and cross-cutting strategic planning documents, in the government priority planning and implementation process and the performance results. It also has a role in the RIA system and annual legislative programme preparation process.

A success factor is that the budgeting system is designed to connect with the strategic planning system: it breaks down the Ministry budgets by goals, objectives and activities, allowing the commitments made via the strategic planning process to be linked with the budget allocations of individual budget users. The Strategic Action Plans are the source of information for budget formation.

The annual planning and budgeting processes are fully integrated. There is a coherent cycle driven by priority-setting and the development of strategic action plans. The Government priorities serve as a tool to alter policy goals and redirect funding. The Government priorities play a significant role during the annual planning and budgeting process. The mid-year budget negotiation is crucial to reach agreement on priorities as well as strategic goals, results and limits of budgets. The findings of the budget negotiations are reflected in the draft strategic action plans and the draft budget accordingly.

Lithuania promotes a culture of evidence-based policy-making using the RIA system which covers both regulations and policy proposals, though the system still needs strengthening.

The country has embedded the principle of stakeholder engagement in the strategy making process, though further reforms are needed.

It also prioritises monitoring, evaluation and reporting. The GO monitors the Government Programme, the Government priorities, Lithuania2030 and strategic action plans of institutions accountable to the Government. The MoF monitors performance indicators. The ministries monitor strategies / development programmes, strategic action plans, inter-ministerial action plans that they are responsible for coordinating.

Quarterly Progress Reports are produced, as well as Annual Performance Reports for publication. Evaluations are carried out and provide systematic, evidence-based analysis of the performance results, efficiency and effectiveness but spending reviews and programme evaluations are also performed.

## 6.4 Estonia

Estonia initially mistrusted the concept of centralisation and government co-ordination led by the Centre. But the uncoordinated line ministry decision-making and the proliferation of sector-specific national development strategies resulted in a change of approach towards strategic planning.

The country has horizontal vision documents (up to 30 years), sectoral policy strategies (5-10 years), ministry development plans (basis for budgeting) and horizontal budget strategies.

It has three long-term key horizontal national strategies, focused on Estonia 2020. Two documents govern its strategic planning: the Decree on Strategic Planning (different versions) and the State Budget Law.

The planning documents include: general principles of policy, sectoral development plan, organisational development plan and programme. These are prepared by various stakeholders (ministries, agencies, interest groups) and discussed in Parliament to ensure legitimacy.

They normally include the strategic principles, objectives and targets, which are measured and evaluated by performance indicators. These are then translated into Action Plans, which break the measures down into tasks, resources, responsible ministries, timetables, outputs, etc. These inputs feed into the State Budget Strategy and eventually into Ministries'/Agencies' Annual Plans.

The Strategy Unit requires all line Ministries to prepare an Intention to Create a Strategy, which enables it to screen whether the proposed strategy is already covered elsewhere and then works closely together with MoF to ensure that resources exist in support of the strategic documents.

In 2005 it had 117 planning documents but by 2016, it had managed to reduce them to 49. The process of simplification and coordination continues, with an ultimate target of no more than 20 strategic documents.

The MoF is a very important player in terms of the the MTBF and the State Budget Strategy based on the country's needs (development plans) the actual financial scope (economic and financial forecasts). There is close cooperation with GO in order to link strategic planning to budgeting, though it can be improved further.

The RIA system is coordinated by the Ministry of Justice and covers both new regulations and new strategic plans. The RIA Methodology also provides guidance in relation to both themes.

There is only guidance on consultation but Estonia has developed comprehensive and sophisticated eConsultation tools which could also be of great use in other countries, such as Moldova.

Estonia has an evolving monitoring and evaluation system , as well as reporting basis of quarterly and annual documents, including monthly basis for reporting on progress in implementing the Government Programme.

## 6.5 Albania

Albania may not be as advanced as Estonia and Lithuania in terms of strategic planning but being a Western Balkans country, it offers relevant additional experience to a country that is seeking greater engagement with the EU through the AA and DCFTA elements, and looking to maximise the benefits of EU funding regimes.

The key feature of the Integrated Planning System (IPS) is the linkage of key strategies, namely the National Strategy for Development and Integration (NSDI) and the National Plan for European Integration (NPEI) 2014-2020, as well as the Medium-Term Budget Programme – MTBP (i.e. MTBF), with two other elements that are of relevance to Moldova, namely European Integration (EI) and donor/external assistance.

Albania has too many overarching strategies, even if it has relatively few sectoral strategies (29). These are summarised by the NSDI to allow for more effective coordination.

Like Moldova, the EI process is of major importance. Therefore, in addition to the usual key centre of government coordinating institutions (Office of the Prime Minister, MoF and MoJ), the Ministry of European Integration (MEI) is also of major importance.

The MEI performs six critical EI functions:

- Overall daily co-ordination of EI;
- Planning of EI, including costing of reforms;
- Monitoring country preparations for the EI process;
- Co-ordinating transposition of the acquis;
- Co-ordinating EU assistance;
- Co-ordinating EI-related negotiations (not yet operational).

Unlike the other two countries, Albania has not yet established a RIA system but is working towards creating one. In the meantime it uses an embryonic system, the Explanatory Memorandum, to assess potential impacts and screen EI / acquis communautaire matters.

Stakeholder engagement has been increasing over time and has been boosted by a Consultation Law. Although this is increasingly important, further work is needed to secure effective implementation.

Monitoring and evaluation are important in Albania but the focus is undermined by institutional fragmentation. Within the PMO, three units have responsibility for monitoring performance, as do the Ministry of Finance and the Ministry of European Integration.

Each ministry prepares a Ministry Integrated Plan (MIP), an annual document that highlights the key MTBP commitments, including EI commitments, planned legislation, major public investments, anticorruption measures and external assistance projects. The MIP comprises an Annual Report (results achieved against the commitments in the previous year) and a Monitoring Plan (key objectives and legal requirements for monitoring and reporting), enabling the centre of government to receive regular progress reports.

## 7.0 Recommendations

The focus of this research is on understanding the nature of strategic planning and, in particular, making recommendations for improving the planning documents in Moldova.

There are over 300 such planning documents and the emphasis is on reducing the number in order to increase efficiency, including the ability to ensure consistency, coherence, coordination, secure funding, monitor implementation, report on progress and assess impact, while also building evidence based policy-making and opening the policy process to stakeholders through consultation.

This is consistent with not only addressing the needs of the Centre of Government in Moldova, but also the wider process of Public Administration Reform, as well as the need to link strategic planning more effectively with the MTBF system, the AA/DCFTA/EI process, as well as the UN development goals.

Moldova has issued guidance on the issue of planning documents, namely Government Decision 33/2007 Drafting rules & Unified Requirements for Policy Documents. While it is now rather dated and displays several gaps, the Moldovan civil service is familiar with it. Therefore, the overarching recommendation is that while there is a need to **revise Government Decision 33/2007**, it makes sense to **build on what exists, rather than replace it** with something new.

**A number of revisions** to the Government Decision 33/2007 are recommended:

- Reduce the number of planning documents to the essentials: the foundation of strategic planning is:
  - **Strategies** - long-term (15+ years), medium-term (7-15 years) and short-term (4-7).
  - **Action plans** (1-3 years).
- Further **define the nature of the planning documents** in broad terms, such as:
  - Process of creating strategies and action plans.
  - Content of strategies and action plans.
  - Evidence based policy making, including impact assessment.
  - Stakeholder consultation, including minimum periods, process and eConsultation.
  - Stakeholder and interministerial coordination mechanisms.
  - Monitoring, evaluation and reporting, etc.
- Create a **template for strategies** (e.g. analysis, SWOT, vision, strategic objectives, targets, measures, M&E, reporting, coordination, etc.), allowing scope for customisation;
- Create a **template for action plans** (e.g. measures, activities, responsibilities, funds, timelines, SMART performance indicators, etc.), allowing scope for customisation;
- Establish a **Request for Creation of New Strategies / Action Plans** to be sent to CoG for approval, coordination, linkage to budgets, etc.;
- Create better linkage **to the overarching strategic planning documents**: namely Government Programme 2016-2018 and Moldova 2020;
- Create better linkage to the **MTBF** through the MoF (annual cycle, funding, indicators, monitoring and reporting (monthly, quarterly, annual));
- Create better linkage to the **European Integration process (MEI)**: e.g. regulations and planning documents linkage to *acquis communautaire*;

- Create linkage of the strategies and action plans, MTBF and the monitoring and evaluation system;
- Create the reporting system: monthly, quarterly, 6 monthly and annual through Annual Ministerial Action Plans, connected to the MTBF.

Separately and additionally to the revision and upgrading of the Government Decision 33/2007, there is a need to develop a **series of Guidelines** for the preparation, approval and implementation of strategies and action plans, including:

- Evidence based policy making and impact assessment;
- Effective consultation;
- Process of approval;
- Estimating costs;
- Developing SMART indicators;
- Implementation arrangements;
- Public private dialogue;
- Inter-ministerial coordination;
- Donor/external funder coordination;
- Monitoring;
- Reporting;
- Evaluation;
- Revising and updating strategies and action plans.

Finally, **technical assistance support** is likely to be required to embed the revised Government Decision 33/2007 and the additional Guidance, as follows:

- **Capacity building** for centre of government and line ministries;
- Preparation of **model strategies and action plans** to embed practical experience;
- **Institutional building** support, such as in line ministries for implementations structures, M&E tools, PPD, interministerial coordination, etc.;
- **Building systems** in the centre of government such as:
  - Creating electronic consultation tools.
  - Creating Management Information Systems.
  - Undertaking study tours to countries with relevant expertise.

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