PUBLIC GOVERNANCE DIRECTORATE

SIGMA - Support for Improvement in Governance and Management

Toolkit for the preparation, implementation, monitoring, reporting and evaluation of public administration reform and sector strategies: guidance for SIGMA partners

SIGMA Paper No. 57

The development and implementation of public administration reform (PAR) and sector strategies are both processes that require identifying the core problems a given country administration is facing, setting clear objectives and targets to address those problems, and translating these into specific actions.

This Toolkit is designed for the preparation, implementation, monitoring, reporting and evaluation of PAR and sector strategies. It is designed to support governments and public administrations that are committed to meeting the targets of Sustainable Development Goal 16 and the SIGMA Principles of Public Administration. The Toolkit provides practical insights and advice, as well as easy-to-use tools for those involved in the development and implementation of PAR and sector strategies. It was developed by gathering, reviewing and compiling lessons learned, recommendations, advice and tools developed and promoted by SIGMA over more than 25 years.

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SIGMA
Creating Change Together

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Toolkit for the preparation, implementation, monitoring, reporting and evaluation of public administration reform and sector strategies

Guidance for SIGMA partners

SIGMA PAPER No. 57

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Table of contents

Foreword

A well-functioning public administration is a prerequisite for transparent and effective democratic governance. It is the foundation for the functioning of the state, determining a government's ability to provide public services and foster competitiveness and growth.

Achieving the necessary standard of public administration requires reforms in many areas of both policy and administration. If reforms are planned and implemented in a fragmented, *ad hoc* way, they may not transform the governance system and functioning of a public administration as expected[1]. Achieving results requires governments to steer and co-ordinate implementation of an overall reform vision and prioritised objectives.

Effective and clear leadership, well-functioning implementation mechanisms, clear accountability lines and financial sustainability are at the heart of any successful reform strategy. They are critical for ensuring that a strategy is actually implemented and does not exist only on paper.

Over the years, SIGMA has assisted a number of countries with developing plans for the reform of their public administration, as well as elaborating and introducing the corresponding monitoring and reporting frameworks for these reforms. SIGMA has also helped countries to develop their national strategic planning systems to ensure that the same quality of standards and conceptual approaches are applied to their sector strategy development and monitoring, irrespective of the specifics of the policy area.

This Toolkit provides practical insights and advice, as well as easy-to-use tools for those involved in the development and implementation of public administration reform (PAR) and sector strategies. It is based on the lessons learned, recommendations, advice and tools developed and promoted by SIGMA and the rest of the OECD Public Governance Directorate.

The Toolkit guides the reader through each stage of the development, implementation, monitoring and overall management of strategies. It covers:

- problem analysis;
- the prioritisation of reform ambitions;
- the setting of objectives;
- the definition of indicators (with baselines and targets);
- action planning and costing;

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[1] For a deeper understanding of the differences between the notions of change and reform, see: Huerta Melchor, O. (2008), "Managing Change in OECD Governments: An Introductory Framework", *OECD Working Papers on Public Governance*, No. 12, OECD Publishing, Paris, https://doi.org/10.1787/227741782188.

- implementation, monitoring, reporting and evaluation;
- PAR management and learning.

It also provides a number of recommendations, tools and templates.

Executive summary

The functioning of public administrations has become a key component of discussions about economic development and democratisation over recent decades.

The recognition that an accountable public administration is crucial for to democratic governance and economic development is in line with the UN Sustainable Development Goals[2]. Goal 16 – amongst others – refers to the promotion of peaceful and inclusive societies, the provision of access to justice for all, and building effective, accountable institutions at all levels. Furthermore, Goal 8 refers to the promotion of inclusive and sustainable economic growth, employment and decent work for all.

A well-functioning public administration has advantages and benefits both for individuals and the state. First, it enables governments to achieve their policy objectives and ensures proper implementation of political decisions and legal rules, and therefore promotes political efficiency and stability. Conversely, poor public administration causes delays, inefficiency, uncertainty, corruption and other forms of maladministration, which lead to citizens' resentment, disappointment, resistance and protest against the state and its institutions. These undermine the legitimacy of the government and can lead to a failing state.

Second, the importance of public administration for the development of the economy is internationally acknowledged[3]. Together with appropriate legislation and an independent, effective judiciary, a good public administration is an essential underpinning of a well-functioning market. Investors assess risk largely by the predictability of administrative decisions, which depends on the stability of the political and institutional environment. Maladministration, in the form of administrative deficiencies and lengthy and unnecessarily complex administrative processes, obstructs economic initiatives by potential domestic and foreign investors, negatively affecting employment and political stability[4].

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[2] United Nations (2015), *Sustainable Development Goals*, https://www.un.org/sustainabledevelopment/.

[3] OECD (2017), *Government at a Glance 2017*, OECD Publishing, Paris, https://doi.org/10.1787/gov_glance-2017-en. Also: *World Public Sector Report 2015* of the United Nations Department of Economic and Social Affairs, http://workspace.unpan.org/sites/Internet/Documents/UNPAN95253.pdf.

[4] Based on recognition of these challenges and the need to integrate comparative knowledge and international best practice, the OECD Public Governance Directorate is currently developing a Policy Framework on Sound Public Governance, a flexible diagnostic tool to assist governments with designing and implementing effective approaches to public governance reforms.

One important aspect of an effective administration is the ability to plan important reforms so that well-defined policy objectives are pursued through targeted actions in accordance with available resources in a logical way. These actions should address the core of the identified and analysed shortcomings or problems the reforms seek to address.

Strategic and business planning documents should provide a clear roadmap for implementing individual policies. These planning documents should translate political-level priority statements into objectives and reform targets, designate actions and the institutions responsible for performing them, allocate the necessary resources and provide other relevant information for implementing the reform agenda. Once the planning documents are in place, implementation must be supported by adequate financing and administrative capacity in the key institutions involved.

Since reforms usually require substantial resources and focused implementation over years, the set-up and functioning of a proper co-ordination and management system – one that enables corrective actions, if necessary, to ensure successful implementation - is also crucial. Such systems can function effectively only if they operate on the basis of sound data on both implementation progress and the advancement of reforms against set objectives. Hence, the development of a robust monitoring and reporting system, as well as evaluation of the reform results, are necessary for decision-makers to successfully steer the reform processes.

This Toolkit for the preparation, implementation, monitoring, reporting and evaluation of both PAR and sector strategies is a compilation of lessons learned and practical tools developed over more than 25 years by SIGMA through working on these issues with its partners.

The primary target audience of this Toolkit includes staff of the centre of government institutions, line ministries, agencies and other public sector institutions tasked with developing and implementing strategies and their action plans. In addition, this Toolkit can be a useful source for stakeholders in development co-operation, such as development partners, implementing organisations involved in development aid, and non-governmental and civil society organisations working in the various areas of public administration.

Introduction

Context for developing the Toolkit

In 2014, the EC introduced PAR as the third fundamental pillar of the enlargement policy, together with rule of law and economic governance. The Commission provided its definition of PAR for the first time, highlighting that PAR has the following core dimensions: strategic framework of PAR, policy development and co-ordination, public service and human resource management, accountability, service delivery and public financial management. PAR is now considered among the key reforms that countries need to engage with early in the accession process, as a prerequisite for a successful accession process and for eventual functioning as an efficient member country.

The importance of PAR was also highlighted in the European Neighbourhood Policy (ENP) review in 2015 and the EU Global Strategy of 2016. These strategy documents, which provide the same definition of PAR as is used within the context of enlargement, especially stress the importance of having an accountable public administration as a key for democratic governance and economic development.

SIGMA, at the request of the EC, developed the Principles of Public Administration[5] (the Principles) to define the requirements for a well-functioning public administration, as advocated in both the enlargement and ENP policies. These Principles operationalise the universal principles of good governance, including those advocated by the Sustainable Development Goals, especially Goal 16[6].

The Principles set the conceptual framework, basic requirements and key aspects for an effective and efficient public administration. They also provide a structured framework within which the public administration systems and processes of EU candidate countries and potential candidates and ENP countries can be analysed and recommendations can be provided.

As part of its strengthened approach to PAR, the EC also advocates that certain **relevant Principles of Public Administration be integrated (mainstreamed) into sector work**[7] by governments and the EC alike, in order to ensure that horizontal

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[5] OECD (2017), SIGMA, *The Principles of Public Administration*, OECD, Paris, http://sigmaweb.org/publications/Principles-of-Public-Administration_Edition-2017_ENG.pdf and OECD (2016), SIGMA, *The Principles of Public Administration: A Framework for ENP Countries,* OECD, Paris, http://sigmaweb.org/publications/Principles%20-ENP-Eng.pdf.

[6] Particularly its targets 16.6, 16.7, 16.10 and 16.A.

[7] Mainstreaming of the Principles of Public Administration into sector work is reflected in some recent EC documents such as the *Twinning Manual*: https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/twinning-manual-revision-2017-final-updated-09-08.pdf

public administration reform efforts are not undermined by inconsistent approaches in different sectors.

Purpose of the Toolkit

This Toolkit for the preparation, implementation, monitoring, reporting and evaluation of both PAR and sector strategies aims to support governments and public administrations that are committed to meeting the Sustainable Development Goal 16 targets and the Principles.

The Toolkit is directly linked to the Principles in the areas of the **strategic framework of PAR** and **policy development and co-ordination**.

PAR and sector strategy development and implementation are processes that require the identification of the core problems that a given country administration is facing, the development of clear objectives and targets addressing those problems and the translation of these into specific actions. The process of developing PAR strategies differs from the development of sector strategies in that it deals with topics that are cross-cutting in nature and which affect the functioning of the entire public administration (e.g. the quality of human resource management, the accountability of public sector institutions, sound public financial management and evidence-based decision making). Consequently, the **management of PAR** requires specific management forms that are designed according to this cross-cutting aspect and hence differ from the management of sector-specific strategies.

Who is this Toolkit aimed at?

This Toolkit provides practical insights and advice, as well as easy-to-use tools, for those involved in the development and implementation of both PAR and sector strategies. Therefore, the primary target audience of this Toolkit are the **staff of centre of government institutions, line ministries, agencies and other public sector institutions** tasked with developing and implementing strategies and their action plans. In addition, this Toolkit can be a useful source for **stakeholders in development co-operation**, such as development partners, implementing organisations involved in development aid, and **non-governmental and civil society organisations** working in the various areas of public administration.

The Toolkit is designed in such a way that it can be applied in the EU Enlargement and Neighbourhood regions when it is recognised that complex horizontal and sectoral reforms do not produce the expected outcomes and will not have the desired impact when they are planned and implemented on a fragmented, *ad hoc* basis.

Structure of the Toolkit

In the following chapters the Toolkit guides the reader through each stage of the development, implementation, monitoring and overall management of strategies. It covers problem analysis, the prioritisation of reform ambitions, the setting of objectives, the definition of indicators (with baselines and targets), action planning and costing, implementation monitoring, reporting and evaluation, and, in relation to PAR, the process management and learning. The Toolkit (with its Annexes) offers a number of recommendations, easy-to-use tools, and templates to help to develop and implement strategies.

The Toolkit is structured using a **cycle/phases approach**, showing and explaining the inherent interconnections between the various stages of strategy development and implementation. For example, the relevance of the objectives of a strategy is dependent on how well the problems have been identified, and the clarity of the reform objectives in turn influences how successfully the relevant indicators for their measurement are set. The cyclical approach also reveals how the development and implementation of strategies is not a one-off exercise but rather a continuous learning process, allowing strategic objectives and actions to be revised, based on lessons learned. It also helps to explain the strategy development and management processes specific to PAR[8].

The Toolkit is comprised of:

- An **explanatory document** (in the chapters below) detailing the strategy development and implementation cycle, providing PAR-related examples derived from SIGMA's experience of working with its partners and further developed for this Toolkit, with references to additional materials developed by other institutions;
- **Annexes** containing supporting tools (templates and frameworks) for future use by readers when developing and implementing strategies, as well as additional detailed examples provided for illustrative purposes.

Some limitations

While this Toolkit usefully guides strategy development in any particular sector, those involved in the development of a sector strategy need to ensure that the **strategy respects any rules provided at the central government level for sector strategy development**. Furthermore, as management structures for sector strategy development and implementation depend on each sector and its context, this Toolkit does not provide guidance on how sector strategy management should be conducted but does address PAR strategy management and the co-ordination of PAR. Hence, while the same logic and the described key roles and responsibilities of the main co-ordination forums are applicable to any sector, some aspects are specific to PAR strategies only, due to the cross-cutting nature of PAR.

SIGMA takes no responsibility for the content of materials developed by other organisations referred to in this Toolkit. The authors felt, however, that they were potentially of interest to readers wanting to extend their knowledge beyond the areas covered in the Toolkit.

The terminology used in this Toolkit is not necessarily aligned with the terminology used in the referenced documents. The terms, phrases and concepts explained in the

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[8] Similar to the cycle approach used in this Toolkit, the DG NEAR Guidelines and other strategy development-related reading use the so-called 'intervention logic' approach to illustrate the sequential and temporal path of defining strategic interventions. For further reading please see European Commission (2016), *DG NEAR Guidelines on linking planning/programming, monitoring and evaluation*, Brussels, p. 30 (https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/ pdf/financial_assistance/phare/evaluation/2016/20160831-dg-near-guidelines-on-linking-planning-progrming-vol-1-v0.4.pdf).

Toolkit are based solely on SIGMA's experience and practice. For example, while the Toolkit aims to align with the 2016 DG NEAR Guidelines on linking planning and programming, monitoring and evaluation, certain terminological differences can be found between the two documents.

The templates included in the Annexes have been designed by SIGMA in such a way that any user can adapt and complete them according to their specific needs. SIGMA cannot accept responsibility for any content developed when using these templates.

This document is not intended to be an exercise in reading from beginning to end. It is rather to be considered as a handbook that users may find helpful during various steps of strategy development and implementation. For this reason we suggest that the reader uses the various parts of the Toolkit where and when they are relevant in the actual work process of the reader.

The Toolkit and its Annexes are designed based on the experience SIGMA has gathered through years of working with its partners and through summarising international good examples and conceptual thinking on strategy development and implementation. As such, this document is a snapshot of advice, based on current knowledge and experience. Since strategy development and implementation is a prominent topic in international literature, as well as a key area of SIGMA's work, this Toolkit should be considered as a live document that may be reviewed and revised based on new experience and developments in the international context.

The cycle of the strategy process

Strategy development, implementation, monitoring, reporting and management is a dynamic, complex, iterative and interactive process by which the government – in an **inclusive process** with internal and external stakeholders – identifies problems, defines and prioritises its objectives, plans activities to achieve those objectives (including the calculation of their costs and the identification of financing sources), and sets a measurement framework (with targets) to validate progress and support the addressing of difficulties in the implementation phase. As such, the strategy process generally follows a universally designed and applied policy-planning cycle consisting of the following stages:

1. *Problem analysis* – Analysis of the current state of affairs (achievements, challenges, and opportunities), preferably also based on lessons learned from previous reform monitoring and evaluation reports, where these exist;
2. *Prioritisation of problems and objectives* – Review and selection of the problems to be addressed, based on their urgency, importance or scale, in accordance with government priorities and available resources, and in light of the views of affected institutions and the wider stakeholder community;
3. *Objective setting* – Definition of the level of ambition of change compared with the current state of play, in relation to the selected problems to be addressed;
4. *Definition of indicators with baselines, milestones and targets* – Development of ways to measure the attainment of the defined objectives, as well as the setting of measurable targets which express the extent and direction of change envisaged and the expected level of performance;
5. *Action planning* – Elaboration of the defined objectives and targets, resulting in a planned programme of key activities (along with their timeline and

implementation responsibilities) designed to achieve the objectives and lead to the desired change;

6. *Costing of planned activities and reforms* – Calculation of the financial and non-monetary costs necessary to execute the planned actions and create the change envisaged, as well as identifying the sources of financing for the agreed actions;

7. *Monitoring and reporting* – Development and execution of a process and system allowing the regular assessment of progress against the plans to support effective and efficient implementation;

8. *Evaluation* – Development and execution of an indicator-based system to assess the attainment of the envisaged reform goals against the defined problems of the original state of affairs in order to adjust, refine or stop certain reforms or to support the development of new phases of reforms.

In addition to the above-listed phases of the cycle, for PAR strategies there is an important additional aspect, namely the **framework of PAR management and co-ordination.** PAR strategies must be designed in such a way that each element of the above cycle can function effectively and efficiently, and such that each phase or step of the cycle is carried out **in consultation** with various government and external stakeholders. This consultation serves to help with the identification and discussion of problems and solutions, as well as increasing the ownership, credibility and realism of a country's reform process. Ideally, consultation should be organised so that the issue of **gender balance** is addressed during the consultation and with regards to the development of the strategy (especially in the case of PAR-related strategies). The analysis of impacts from a gender perspective (both during the strategy development process and throughout its implementation) should be taken into account in the planning of reforms in any sector[9].

During the development of complex sector strategies, which cover a number of institutions and stakeholders, it is equally important to ensure a proper management and co-ordination structure, which reflects the institutional and thematic complexities.

It is also important to highlight that both PAR and sector reforms should be carried out with maximum transparency by **ensuring communication and visibility** of the reforms within and outside the administration with properly planned and executed communication activities on the reform objectives and their attainment in a genuine and well-targeted manner[10]. Citizen engagement is key throughout the development and implementation of strategies and can be ensured only with the explicit commitment of the government to conducting its affairs in an open, understandable and transparent way by widely providing information, on the internet or elsewhere, that carefully describes government initiatives in a language that citizens can understand[11].

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[9] For further reading on gender governance, see: OECD (2018), *Toolkit for Mainstreaming and Implementing Gender Equality*, Paris, http://www.oecd.org/gender/governance/toolkit/.

[10] For further reading on the importance of and approach to reform communication, see also: European Commission (2017), *Budget Support Guidelines*, Brussels, https://ec.europa.eu/europeaid/sites/devco/files/bs_guidelines_2017.pdf, pp. 62-64.

[11] The need for inclusive and transparent policy design and governance is at the heart of the Open Government Partnership (OGP), an initiative which almost 100 countries and cities have

The cycle of the strategy process is illustrated in Figure 1.

It is important to note that this cycle approach is just one way of presenting the complex process of strategy development and implementation. Various other approaches also exist but one of their aspects in common with the cycle approach is that they all advocate for a comprehensive, inclusive and complex process for strategy and policy design. Recent studies present good arguments for governments to engage in the application of system or design thinking when they develop and implement new policies or strategies[12].

Figure 1. Strategy process phases

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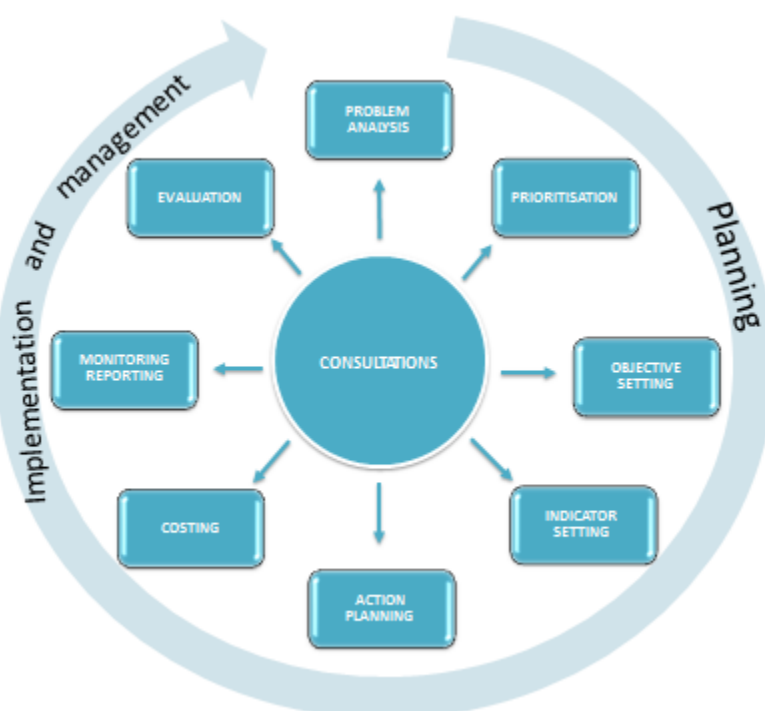
joined since its launch in 2011 to commit themselves to actively making their governments more open, accountable and responsive to citizens. The OGP has developed a series of helpful tools for decision-makers and stakeholders for implementing these commitments. For further reading, see: http://www.opengovpartnership.org. For further reading on the OECD's commitment to open government, see the Recommendation of the Council on Open Government, adopted on 14 December 2017 by the OECD Council and OECD (2016), *Open Government: The Global Context and the Way Forward*, OECD Publishing, Paris, https://doi.org/10.1787/9789264268104-en.

[12] For further reading on system thinking and its application in governance reforms, see OECD (2017), *Systems Approaches to Public Sector Challenges: Working with Change*, OECD Publishing, Paris, https://doi.org/10.1787/9789264279865-en and OECD (2017), *Fostering Innovation in the Public Sector*, OECD Publishing, Paris, https://doi.org/10.1787/9789264270879-en.

Why is advance planning important for the development of a strategy?

There is a strong link between the success of reforms and the care with which those reforms were planned. In addition, those tasked with drafting a strategy need **sufficient time** to review the problems thoroughly (on the basis of evidence), to consult and engage those impacted by the strategy, to develop the right objectives and define the most suitable indicators, to elaborate the best set of key actions and to accurately calculate their costs. For the sake of ensuring an inclusive development process and securing the required credibility and ownership of the reform, the external stakeholders (other concerned institutions and non-state actors) will need to be allowed sufficient time to be involved in an effective way in the strategy development process.

Rushing the strategy development process can easily result in suboptimal analysis, a lack of clarity of the reform directions needed (objectives), a wrong or incomplete set of key actions and low credibility of the reforms, leading to dissatisfaction among internal and external stakeholders. At worst, a poor design process can result in low rates of implementation of the envisaged activities, or do more harm than good for the functioning of the public administration or sector, or those impacted by the strategy. Hence, to achieve a good quality and credible strategy, it is important to allocate enough time and institutional resources for its development and adoption.

If the development of a new strategy starts only when (or just shortly before) a previous strategy expires, the most likely consequence is a time gap in the reform process. This may pose various risks such as institutional instability, the loss of reform momentum, gaps in financing, or even the loss of credibility of the overall reform process. Also, if the administration does not engage in the strategy development process early enough, governments may face political pressure or other external requirements to act swiftly and may then demand faster strategy development than would be optimal, similarly leading to problems in the quality and credibility of the end product.

On average, based on SIGMA's experience, the development and adoption of a PAR or sector strategy takes from 9 to 12 months. In some cases it may take even longer, depending on circumstances. Thus, the **development of a strategy** (or revision of an existing one) should start **at least 12 months prior to the envisaged start of implementation** or expiry of an existing strategy.

Key issues for planning the strategy development process

When planning the development process of a PAR or sector strategy, officials should take into account the following aspects:

- The **data collection and analysis methods and tools** that are to be used (in particular the establishment of baseline values for the indicators), as different methods require varying amounts of time for their execution;
- The **human and financial resources** needed for the development of the strategy, depending on whether the strategy is to be developed using internal

- resources only or whether some of the strategy development tasks need to be outsourced[13];
- The process, methods, scope and composition of institutional **structures for strategy development**;
- The processes, methods and targeted audience for **consultation** with external stakeholders (both extra-governmental and cross-institutional), including citizens, in line with the country requirements for stakeholder engagement.

All the above factors have an impact on the timescale of the strategy development process. They may either shorten or prolong the development of a strategy and thus have to be carefully considered in advance. To facilitate the process, it may be useful to develop a **decision document** (such as a concept paper) including the key milestones, the most important stakeholders, the composition of working bodies, the overall timeframe of the entire process, the resource needs for all parts of the strategy development, and details of the planned consultations and communication[14].

With regard to PAR, it is equally important to establish in advance whether the country wants to have **one PAR strategy document or several PAR-related strategies**. There is no single best way of setting up the strategic document framework of PAR. The number of PAR-related strategies depends on the administrative/institutional structure and the complexity and ambition of PAR. For example, public financial management (PFM) reform is a complex area, which is often planned through a separate strategy. In the case of several strategies, it is particularly important to ensure that the information on, and management of, the various areas of PAR covered in different strategies is streamlined through a single or fully-aligned information pipeline (the system and processes of monitoring and reporting) and management structure. In this way, it will be possible for the institutions that address different parts of the reform to effectively co-ordinate the actions, solutions and allocation of resources, for both the development and implementation of the various strategy documents.

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[13] For further reading about the challenges related to the necessary skills for high-performing civil service and some recent trends in addressing these challenges, see: OECD (2017), *Skills for a High Performing Civil Service*, OECD Public Governance Reviews, OECD Publishing, Paris, https://doi.org/10.1787/9789264280724-en. The OECD Public Employment and Management Working Party (PEM) is working on identifying current trends and good practice regarding skills, competencies and performance. The PEM is a collaborative international forum of senior practitioners seeking to address current challenges affecting public services and civil service reform. It undertakes comparative analysis on issues related to strategic civil service management and compensation, which provides governments with unique data to inform their reform agendas.

[14] More on programme or project management can be found here: https://ec.europa.eu/europeaid/node/1579 and https://europa.eu/capacity4dev/t-and-m-series/minisite/list-available-publications

1. Problem analysis

The first phase of the strategy development process is **analysis of the current situation** with the purpose of **identifying problems** and their **causes, as well as challenges and opportunities for reform**. During this phase **supporting evidence** related to the identified problems, challenges and opportunities has to be collected and provided by the team developing the strategy for decision-makers in various stages of the development process. Evidence is available facts, data or information which indicates whether a stated belief, judgement or proposition is true or valid.

This phase is a key part of strategy development, because the results of the analysis are used later for **prioritisation, objective setting and identification of actions**. The quality of the analysis is crucial in shaping the quality of the strategy: the scope of the analysis will determine what kind of problems can be identified and verified, thereby fundamentally affecting the objectives of the strategy. For this reason, the choice of data collection and analytical methods requires good planning in order to avoid bias and short-sightedness, as well as to ensure the engagement of key stakeholders.

The **results of the problem analysis will be summarised** in the subsequent strategy either as a separate section (e.g. the Albania[15], Ukraine[16] and Montenegro PAR Strategies[17] and the Tunisia National Programme of Major Reforms 2016-2020[18]) or as part of the section detailing the objectives of the reform (e.g. the Moldova[19] and Georgia[20] PAR Strategies), depending on the methodological requirements for strategy development in the country. The analysis should be concise and to the point and should present only analytical, not descriptive, information. Additional information

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[15] Cross-cutting PAR Strategy 2015-2020, April 2015. http://dap.gov.al/images/DokumentaStrategjik/PAR_Strategy_2015-2020_English.pdf.

[16] Strategy of Public Administration Reform in Ukraine for 2016—2020, June 2016, http://zakon2.rada.gov.ua/laws/show/ru/474-2016-%D1%80#n9.

[17] Public Administration Reform Strategy in Montenegro 2016-2020, July 2016, http://www.mju.gov.me/ResourceManager/FileDownload.aspx?rid=268749&rType=2&file=PUBLIC%20ADMINISTRATION%20REFORM%20STRATEGY%20IN%20MONTENEGRO%202016-2020.pdf.

[18] National Programme of Major Reforms 2016-2020, January 2016, https://www.tustex.com/sites/default/files//PNRM2016_2020.pdf.

[19] Public Administration Reform Strategy 2016-2020, June 2016, https://cancelaria.gov.md/sites/default/files/document/attachments/strategie_actualizata_par_strategy_2016-2020_30jun16.pdf.

[20] Public Administration Reform Roadmap 2020, May 2015, http://gov.ge/files/425_49309_322150_15.07.21-PublicAdministrationReformRoadmap2020(Final)(1).pdf.

and supporting data can, if needed, be provided in a separate annex to the strategy document.

Nevertheless, the **scope of analysis should be wide and comprehensive** to allow for the capturing of all relevant aspects of the policy issues at stake. Later on, during the prioritisation and scoping phase of the strategy, the key relevant elements of a wider analysis are used as reference to why certain analysed problems remain unaddressed in the strategy (if it is the case). However, in order to develop a relevant and credible strategy, it is vital to have a comprehensive analytical overview of the current state of affairs with identification of the main challenges and the reasons behind those problems. This can be best ensured if the team working on the analysis is composed in a way that allows for the representation of different views and is **multidisciplinary**, both in terms of the scope of knowledge of its members and in terms of their institutional or sectoral composition.

The main results of the analysis should be the evidence-based listing and describing of:

- major results achieved with the ongoing and previous strategy (with a focus on whether the reforms in question are complete);
- core problems or bottlenecks and their root causes.

The results of the analysis can be summarised in short and well-targeted sentences with a reference to the key problems, some demonstrating data and an explanation of the nature of the problem. Such summaries do not necessarily require long explanations, as shown in a few examples in Box 1.

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Box 1. Examples of PAR-related problem descriptions

Weak linkage between policy planning and the budgeting processes

Policy development is, for the most part, detached from the budgetary processes. The Government Programme, as well as 80% of short-term planning documents and 30% of medium, and long-term planning documents, have no direct links to the Medium Term Economic Framework document or annual budget; nor do they contain any financial estimates relevant to the implementation of the action plan. This situation is due to the fact that there are no clear formal requirements to provide such information; moreover, the capacity of ministries to provide such estimates is severely lacking.

Complex organisation of the public administration

The main deficiencies relate to the diversity of the status and functioning of organisations, as well as to insufficient control over the legality and effectiveness of their work. There is no clear typology for public sector organisations and no clear criteria to define their status. Lack of such a system leads to more than a dozen types of organisations without clear criteria for either functioning or accountability requirements.

Lack of clear requirements in the area of access to information

The Law on Access to Information is incomplete, it does not clearly describe the nature of the information that ministries and agencies must publish, and the responsibility for its implementation has not yet been assigned. Thus, at least 50% of the public institutions failed to comply with the basic provisions of the Law. These institutions publish no data on budget execution, activity reports, and policy initiatives. The current legal framework justifies the lack of pro-active initiatives, particularly the institutions' unwillingness to publish information with regard to their activities.

Arbitrary and unreasonable public service tariffs

There are no uniform and transparent principles to standardise the setting of tariffs for services provided. The prices for services are regarded by most of the citizens as arbitrary or unreasonable. The lack of principles and guidelines for setting tariffs for paid services lead to higher tariffs. Thus, the paid services are regarded, in the main, as a source of additional revenue for public institutions, recorded as "special means". On the other hand, the disordered legal framework and the lack of any clarity on the service elements makes it difficult to calculate the cost price of the services and to objectively assess and set proposed tariffs.

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Problem analysis helps to provide understanding of the problems and why they exist, how acute the problems are, the root causes and whether they require immediate action. It is important to use evidence to determine the nature of the problems and how acute they are. For example, the data might show the existence of gaps in performance

compared to other institutions, regionally or against targets, or it might reveal gaps larger or smaller in size compared to others.

There are several different options regarding the choice of who is to conduct the analysis, depending on the time and budget available, the level of expertise required, and the culture and tradition in the administration. Box 2 assesses the kinds of set-up typically used to conduct the analysis.

**Box 2. Benefits and limitations of typical problem analysis set-ups
(PAR example)**

OPTION 1: In-house

Civil servants in the ministries and agencies carry out the analysis.

A working group comprised of civil servants from the key institutions with complimentary skills and expertise, and potentially also external experts, led by the lead PAR institution, can be established to lead the analysis process. Proper design of the analysis, including defining the right questions and information sources to have an unbiased and informative picture, is the key to success for internal analysis.

Benefits: better internal insights of the problems or gaps, on-the-job enhancement of the expertise of the civil servants involved in the process.

Limitations: more time consuming (civil servants usually have other tasks to fulfil alongside the analysis), fewer opportunities to apply sophisticated analysis methods, lack of internal self-censoring, greater risk of bias.

Examples: in-house analysis was used by the Montenegrin Government when preparing its PAR strategy 2016–2020. The Kosovo[*] Government completed internal analysis when developing the Public Administration Modernisation Strategy 2015–2020[21] and the Strategy for Improving Policy Planning and Coordination in Kosovo 2017-2021[22].

OPTION 2: Outsourced

An NGO or private-sector service provider is procured to carry out the analysis.

The lead PAR institution has to develop the Terms of Reference (TOR) to properly target the scope and define the methodology; this requires expertise.

Benefits: an opportunity to use more sophisticated or complex methodological approaches to get harder evidence in cases where in-house expertise is not available; can be faster than in-house analysis.

Limitations: less in-house ownership; limited information on acute problems not visible to an external analyst; requires additional financial

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

[21] Strategy on Modernisation of Public Administration, 2015-2020, September 2015, http://www.kryeministri-ks.net/repository/docs/Strategy-for-Modernisation-of-PA-2015-2020.pdf.

[22] Strategy for Improving Policy Planning and Coordination in Kosovo (Integrated Planning System) 2017-2021, December 2016, http://www.kryeministri-ks.net/repository/docs/Strategy_for_Improving_Policy_Planning_and_Coordination_in_Kosovo_2017-2021.pdf.

resources; limitations on development of the necessary in-house skills.

Examples: Cross-cutting PAR Strategy of Albania 2015-2020, Public Administration Reform Strategy in the Republic of Serbia[23] and PAR Strategy of Moldova 2016-2020.

OPTION 3: Combination

Civil servants in the ministries and agencies do the initial analysis. An NGO or private-sector service provider is hired to carry out deeper (or complimentary) analysis in certain areas, to collect additional data or to take an external view to check the quality and findings of the in-house analysis.

The lead PAR institution has to develop a TOR to properly target the scope and define the methodology; this requires expertise.

Alternatively, a combination can mean establishing a mixed working group (civil servants, experts, NGOs), with experts preparing background documents and analyses, and then discussing and finalising the problem analysis at the working group meetings with civil servants.

Benefits: allows better insight and quality testing of the initial analysis to ensure that core issues have not been omitted; opportunity to use more solid methodological approaches to get harder evidence.

Limitations: more time consuming; requires additional financial resources; requires additional co-ordination efforts; reduced opportunity for in-house skill development; risk of limited ownership compared to a fully in-house set-up.

Examples: Combination analysis was used in Bosnia and Herzegovina to develop the analysis for the elaboration of a country-wide PAR strategy in 2016 and 2017[24].

A proper analysis takes time, on average **between two and six months**, sometimes even more. The time allocated to carrying out the planned problem analysis depends on the particulars of the decision-making process, the available resources and the complexity of the internal and external consultation process needed to develop and validate the findings of the analysis. Most importantly, they depend on the availability of sufficient and reliable evidence.

Whatever set-up is chosen for the analysis, it is important to **engage and consult** various stakeholders both during the development and on the results of the analysis: decision makers, managers, implementing staff, external service users, NGOs and citizens. Broad consultation will allow for problems to be picked up "on-the-ground" and for policy solutions to be developed, all of which are relevant for the groups that

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[23] Public Administration Reform Strategy in the Republic of Serbia, January 2015, http://www.mduls.gov.rs/english/reforma-javne-uprave.php.

[24] At the time of the publication of this Toolkit the PAR Strategy of Bosnia and Herzegovina has not been adopted by all main administrative levels in Bosnia and Herzegovina, but SIGMA was involved in the development of the draft of the strategy and hence is informed about the use of combined method for the elaboration of the problem analysis.

the reforms are ultimately targeting, namely service users or the direct beneficiaries of the strategy.

Communication on the results of the analysis is equally important. It should contribute also to setting the tone of the reform and to avoiding reform-refusal tendencies.

1.1. Planning of the analysis

Since analysis may require the collection of both existing and additional data and may be based on a combination of various data collection methods, it is necessary to plan the analysis ahead of time in order to ensure its timely completion. Planning of the analysis will involve the following:

- defining the scope of the analysis;
- asking relevant questions according to the agreed scope (preparing a set of questions);
- selecting key data collection methods and data sources;
- determining key involved institutions and stakeholders with their corresponding responsibilities.

A good analysis of the current state of affairs (with a focus on identifying problems that require reform or intervention) is important in order to properly **define the scope** of the subsequent reform strategy, its priorities and the objectives of the change process. The areas (or scope) of analysis may be based on:

- the pillars of a current or expired PAR or sector strategy;
- the Principles of Public Administration (for a PAR strategy);
- the most acute problems as perceived by key stakeholders;
- the changes in the policy agenda of a (new) government.

However, the scope of analysis under each of the options above should be as comprehensive and objective as possible to allow for a full picture of the achieved results, key challenges and problems within the defined scope to be provided, and to support their prioritisation later on.

Before embarking on the analysis, it is necessary to do some **preparatory work**, both to avoid duplication of work and to prepare for the actual analytical tasks. As part of this preparation the **analytical team should identify any monitoring and evaluation reports** on the implementation of previous strategies, any **external assessments** (for example, SIGMA assessments on PAR and the EC enlargement reports, peer review assessments in different sectors, OECD analyses[25], etc.), the available data related to the scope of the analysis, and the list of key stakeholders.

A set of **indicative problem-analysis questions** is provided in Box 3. This is not an exhaustive list, but can be used as a basis for the preparation of a more extensive list of key questions.

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[25] In the case of public governance reforms, a strong comparative outlook on key governance issues can be obtained from the OECD (2017), *Government at a Glance 2017*, OECD Publishing, Paris.

Box 3. List of indicative questions for problem analysis

1. Regarding the key challenges and problems related to the implementation of previous strategies:

   a. What are the key challenges and problems still not addressed or unsuccessfully addressed according to the beneficiaries of previous strategies? Have any other such challenges (or similar) arisen since the start of the implementation of previous strategies?

   b. What are the issues that institutions implementing the reform measures complain about the most?

   c. What are the views of the stakeholders on the implementation of the previous strategies or about the key problems related to (various areas of) PAR or a particular sector?

2. Where are the biggest performance gaps of the previous reforms or in the functioning of the public administration as a whole or a particular sector, based on data, including any internal or external assessments and monitoring and evaluation reports? Wider capacity assessment may also include shortcomings in, among other things, planning procedures and institutional competency overlaps.

3. Regarding the key causes of the problems and gaps according to available data (from external and internal assessments):

   a. Why were objectives and performance targets not achieved?

   b. Why were activities not implemented?

   c. What unplanned activities were undertaken and why?

4. What are the views of the implementing institutions and key stakeholders, including beneficiaries, on the causes of the problems and gaps?

5. How significant is the problem or gap based on the available data and complaints of the implementing institutions or stakeholders, including beneficiaries?

6. How is the country performing in the various areas of public administration or in the particular sector in comparison to others (similar countries, the region and international best performers)?

7. What are the systemic reasons behind the difference in performance compared to other countries?

8. What reforms or actions can be adapted from other country reforms or from good performers and what are the limitations of such adaptation?

1.2. Commonly used analytical tools

The analytical process can either employ a number of **methods and tools** or be a **less tool-intensive (and simplified) process**.

A simplified process is an option when there is shortage of in-house skills, analytical expertise and financial resources. In such cases the recommendation is to identify the

key areas of analysis and simply start listing and describing results achieved, gaps, problems and their root causes. It must be stressed that if the analytical process is simplified in this way, proper and wide-ranging consultations and early engagement of all internal and external stakeholders are of particular importance, as they allow the sharing and validating of the results of the analysis: the identified core problems and their root causes. Consultations and public participation can also be used to further enrich the analysis by providing additional data, information and insight.

The use of specific methods and tools requires resources, intensive preparation and co-ordination. The most frequently used tools to structure and organise the analysis are:

- Analysis of Political, Economic, Social, Technological and Legal factors (PESTL) [26]
- Analysis of Strengths, Weaknesses, Opportunities and Threats (SWOT)
- Problem-tree analysis

PESTL(E)[27] analysis is a framework for the analysis of the external environment of the policy in question. It comprises a checklist of areas to be examined when analysing these factors. It is used to determine the external factors that have or will have an enabling or hindering impact on the policy and which are later either translated into opportunities and threats in the SWOT analysis or used independently. Some of the questions that can be used to structure a PESTL analysis are presented in Box 4 and Box 5 shows a hypothetical example of a PESTL analysis summary.

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[26] Further reading on these methods and their use can be found as follows:

- PESTL(E) at https://www.mindtools.com/pages/videos/ pest-transcript.htm and https://www.mindtools.com/pages/article/newTMC_09.htm;
- SWOT at http://diytoolkit.org/tools/swot-analysis-2/ and https://www.mindtools.com/pages/article/newTMC_05.htm;
- Problem diagram at http://diytoolkit.org/tools/causes-diagram/; and
- Problem definition at http://diytoolkit.org/tools/problem-definition-2/.

[27] In its classical form this method also covers ecological factors (E in PESTLE stands for the 'Environmental' aspect), but that is not widely used when analysing the functioning and performance of public administrations.

Box 4. Questions for structuring a PESTL analysis

Political

- What is the impact of the political agenda (for example, elections, government programmes and political priorities) on the policy?
- Are there any (new) political commitments that should be addressed by the policy?
- How might other policy areas (for example, taxation, competition and regional development) affect the policy?

Economic

- How might current or projected economic development (consumption, employment, inflation, income levels, etc.) affect the policy and its target group?
- Is the current position of the target group going to deteriorate, improve or stabilise and will it require new solutions?

Social

- How might demographics, cultural limitations, levels of education and health affect the policy and its target group?
- What changes and solutions should be sought?

Technological

- How might technology impact the policy and its target group, either positively or negatively?
- Are there any new technologies that could be used to make the policy more effective and efficient?

Legal

- Are there any legal bottlenecks that are delaying the implementation of envisaged activities and reforms? Where are they?
- How significant is the regulatory burden in a given field and might there be any legal bottlenecks affecting the implementation of reforms?

Environmental

- How might environmental factors (e.g. climate change or pollution) affect the policy and its target group?
- What changes and solutions should be sought?

Box 5. Example of a hypothetical PESTL analysis summary (based on PAR)

Political

- Ambitions to introduce e-governance, set out in the new Government Programme, offer many new opportunities to adopt an innovative reform agenda in the areas of civil service, public financial management and service delivery;
- Priority placed on strengthening the fiscal balance and reducing tax evasion will allow significant reforms to be made in the area of tax administration, where e-tools can be used;
- There are no clear political commitments to reform the areas of policy co-ordination and accountability. This indicates a need to seek agreement and build a broad coalition of political support;
- The EC's strong message on moving forward with the PAR agenda clearly supports renewing the PAR strategic framework.

Economic

- An expected increase in economic growth (projected +4% and +5.5% in the next two years) will allow more ambitious public administration reforms in the medium term;
- The gap in funding for PAR reforms can be significantly reduced by re-allocating budgetary resources resulting from efficiency savings and the prioritisation of PAR reforms.

Social

- Due to the ageing population, there will be a need in the long term to increase expenditure in areas such as pensions and health care, which will cause greater budgetary pressure in other reform areas, including PAR;
- Reforms of the public administration can significantly help to implement social policy reforms by improving service delivery in these areas, meaning that pilot projects in service delivery could be planned in the social sector;
- Movement towards self-service through e-tools brings forward the need to improve computer literacy, to enable citizens to use more efficient and faster e-services.

Technological

- Fast technological development is creating an opportunity to adopt the most modern solutions in public governance, but it requires the government to prioritise related areas such as cybersecurity, digital authentication infrastructure and improve the information and communications technology (ICT) skills of civil servants;
- Interoperability between registries and different institutions has to be ensured both legally and technically in order to benefit from the digital solutions;
- There is a growing need to strengthen the User Experience (UX) approach. This requires a new set of skills and competencies within the public administration, to allow business processes to

> be re-engineered both in front and back offices, in order to deliver more user-friendly services.
>
> **Legal**
>
> - Regulation of the civil service is outdated and does not support the development of a merit-based civil service, which is a prerequisite for enhanced efficiency and better service provision;
> - The large amount of regulation related to the provision of administrative services limits both comprehension of the rules and their application in the course of providing such services.

The **SWOT** analysis is one of the most popular tools for analysing the external and internal environment of the policy in question. It is a quick and simple technique that can be used to support the preparation or amendment of policies, and it often follows on from a PESTL analysis. S (strengths) and W (weaknesses) represent internal factors (for example, the capacity of the implementing organisations, finance and legal aspects), while O (opportunities) and T (threats) cover external enablers and limitations (for example, awareness of beneficiaries, social norms, demography and the economy).

SWOT analysis is done through brainstorming sessions, workshops or focus groups involving a wide range of stakeholders and representatives from related organisations. In the case of a PAR-related SWOT exercise, it might be useful to obtain the views of service users, NGOs, academics, practitioners and policy makers, in addition to those who represent the implementing institutions. Some advance preparation will be needed to conduct a successful SWOT analysis (for example, facilitation questions, prior discussions with stakeholders and reading on the subject). SWOT sessions are organised to get information for each section of the analysis and results are presented in a SWOT table.

The biggest challenge in SWOT analysis is confusion as to whether something should be considered to be a strength, or an opportunity, i.e. a weakness or a threat. This judgement should always be the result of deliberative discussion of the stakeholders. It should be noted that no factor should appear under more than one category.

Box 6. Example of a hypothetical SWOT table (PAR example)

S	**W**
• Established general rules of administrative procedures ensure internationally and constitutionally established standards of democracy and fair service provision • Wealth of experience among institutions and individuals in developing e-government in public administration, high-quality electronic services already established in individual areas • Established government ICT infrastructure and national open data portal	• Weak connection between work results and remuneration of employees • Limited opportunities for flexible employee management • Inefficient organisation and co-ordination of ICT in public administration, strategic documents are not interrelated, and they address the available potential of advanced digital concepts differently and insufficiently • Poor transfer of knowledge and good practice related to digitisation
O	**T**
• Rapid development of digital and mobile lifestyle in society allowing accelerated introduction of the digital government concept • More ambitious public administration reforms possible due to a credible medium-term economic framework • Better awareness of corruption in society	• Poor current level of use of e-services, poor coverage of broadband communication connections to end-users (citizens and households), insufficient digital competences • Continuing poor and uneven coverage of access to broadband internet, which may slow down the digitisation of services

The **problem-tree method** assists in analysing an existing situation by identifying the major problems and their main causal relationships. The output of the analysis is a graphical presentation of **problems,** their **causes** (reasons behind the problem) and their **effects** (consequences of the problem).

The construction of a problem tree is an interactive exercise that involves brainstorming sessions to identify problems and their causal relationships. It is recommended that the main stakeholders (drawing from members of civil society, academia, the private sector or other government institutions) are invited to participate in the exercise, so that the problem tree represents a negotiated and shared view of the situation. An experienced facilitator might be needed to conduct a successful problem-tree analysis. The first task is to identify focal problems, then the main causal relationships between them are visualised using a problem tree.

Figure 2. Example of a hypothetical Problem-tree analysis
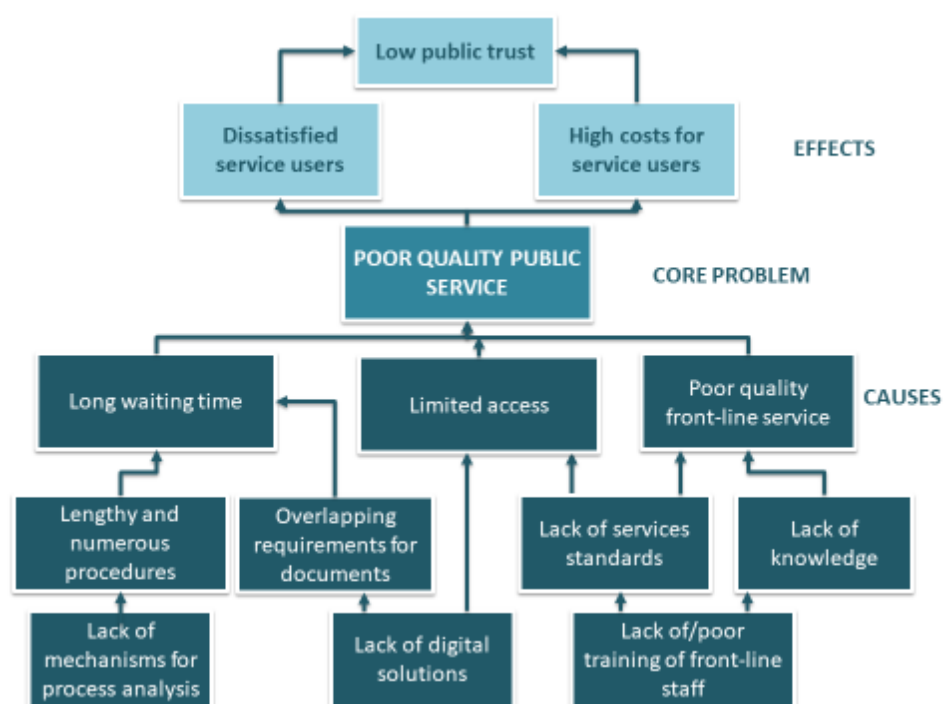
1.3. Methods of collecting data for the analysis

Several data collection methods can be used to collect information and data on the current situation. The most appropriate and widely used data collection methods for the analysis of the current state of affairs include:

- desk research (monitoring, evaluation or other reports, regulatory review, use of national statistics and administrative data, etc.)
- brainstorming
- focus groups
- interviews
- targeted questionnaires
- surveys and opinion polls.

Most often the sound application of any of the analytical tools described in section 1.2 requires the use of a **mixture of various data collection methods**. It allows a more solid methodological approach and may lead to a stronger and sounder evidence base and the establishment of a joint understanding of the problems among the involved stakeholders.

When different methods yield conflicting results or conclusions (for example, if implementation or statistical data collected shows that everything is on track but external sources or stakeholders flag specific problems during interviews), it is necessary to investigate the issue further, either by collecting additional data or by organising additional consultations or fact-finding workshops, in order to understand the problems better.

It is worth remembering that, in many cases, there is a preceding strategy to the one now being developed and thus the level of ambition of the new strategy should be set making clear reference to the outcomes of the previous one. When monitoring or evaluation reports are available, their results and evidence should have been used during the analysis. Of course, if evidence shows that the preceding strategy was of poor quality or not implementable, it should be used only to a very limited extent to set the new strategic ambitions.

1.4. How to define the circle of involved institutions for the analysis

In accordance with the scope of analysis and the selected analytical approaches, tools and methods for data collection, the analytical team should reach out to the widest possible set of institutions to ensure that the analysis is credible and robust. Acknowledging that even the best-equipped in-house analytical team cannot have all the information and data useful to enrich the analysis is the starting point to understand what information, and from which sources, supplementary data should be obtained in order to deepen the understanding of the current situation and problems requiring actions to be solved.

When defining the circle of institutions and stakeholders to be involved in the analysis as sources of information, the leaders of the analytical process should also clearly define and communicate to those involved what is expected from them in this process. Some such expectations are:

- Provision of statistics, data and information that is not available to the analytical team;
- Provision of opinion (with supporting evidence and reasoning behind each stated opinion);
- Participation in discussions related to the analysis of the situation and problems or verification of the analytical findings (through meetings, one-to-one interviews, written questionnaires or any combination of such methods);
- Clarification of information (especially if various sources lead to conflicting findings).

The group of institutions and stakeholders involved in the analytical process as information providers, opinion-givers and verifiers of the findings should be set widely to allow for the gathering of as much information and for as many relevant aspects as possible. This should avoid (or at least limit) the possibility of bias and distortion of the analysis. Of course, proportionality of the information sources and invited participating institutions for information provision should be applied in accordance with the availability of existing information and the complexity of the issue to be analysed. Also, the analytical team needs to stay focused on leading the whole process of information gathering, analysis and verification through the consistent application of the selected methods, guiding the participating institutions and stakeholders, so as to achieve consistent, sound and robust analysis at the end of the process.

> *Practical insights:*
>
> ✓ *The most important thing is to start doing the analysis!*
>
> ✓ *In-house analysis is often rejected due to an assumption that it will require the use of sophisticated tools, extensive data collection and strong analytical capacities that are not available in-house. This assumption is not always correct: the analysis can start from a simple list of problems and their causes and can be further deepened and enriched through "brainstorming"[28] (bringing a number of stakeholders around the table to discuss the problems and to jointly look for solutions).*
>
> ✓ *In-house analysis is useful because it allows better internal insights on the acute problems and improves the skills and competencies of civil servants.*
>
> ✓ *Use a wide range of information sources to analyse the problems and generate findings. These might include national statistics, administrative data, accountability reports, evaluation reports, reports of European or international organisations (in particular EC and SIGMA reports), as well as interviewing representatives of key institutions, development partners, NGOs or other external stakeholders.*
>
> ✓ *There is always a fine balance between the sophistication of the analysis, the available resources (and capacities) and the actual needs. Once the analytical and data collection methods have been designed, their economy should also be assessed. There is no point in spending time and money to obtain very detailed and complex data if it is not necessary for the level of the analysis required.*
>
> ✓ *Be practical, not scientific, but aim for a sound, unbiased and proportionate analysis.*

> *Things to remember:*
>
> ✓ *Always plan the analysis ahead, including how the results of the analysis will be communicated within and outside the administration.*
>
> ✓ *Analysis should lead to the identification of core problems and their root causes and should be supported by evidence.*
>
> ✓ *Analysis may involve several information gathering, context setting and data collection methods. Try to use various methods and reliable data.*
>
> ✓ *Consultations are important for validation of the results of the analysis, as well as to provide additional data, information and insight.*
>
> ✓ *Analysis can be done in-house, outsourced or in combination.*
>
> ✓ *Analysis may take from two to six months or more.*
>
> ✓ *Use a wide selection of data and information sources (including recent external reviews such as reports of international organisations like the OECD and the World Bank, or SIGMA assessments and EC country reports).*

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[28] Brainstorming is used in the public policy domain by engaging a "crowd" of different stakeholders to discuss the key issues and problems and find innovative solutions to them. The main idea behind brainstorming is to get a variety of perspectives on the issues from different stakeholders.

2. Scoping and prioritisation

Information gathered through problem analysis – the list of key problems and their causes, supported by evidence – is used to set strategic objectives. Experience shows, however, that countries often try to address too many problems through their strategic documents, endangering the successful achievement of the set objectives. In answer to this threat, the list of objectives and activities should be either limited (where resources are scarce) or phased-in (where some problems require immediate action, while others are less urgent). This can be done through scoping and prioritisation.

Defining the exact scope of the strategy and prioritising problems in accordance with their relative importance and urgency is the "art of saying no". A strategic initiative with a somewhat limited scope but genuine focus and realistic intervention plans is worth more than a broad strategy which cannot be realistically implemented.

With regard to PAR, scoping (and prioritisation) might imply limiting the objectives in terms of (1) the PAR areas covered and (2) the different aspects of a given PAR area. For example, some PAR areas might be excluded if there are no major problems with them, or alternatively certain areas might be selected to receive particular attention under the current strategy, even where this means leaving out other, equally important areas of PAR for now. Similarly, certain aspects of, say, civil service, such as remuneration or recruitment, could be excluded from the strategy if they currently present no major problems. **Phasing-in** will be reflected in the targets and through the timing of the major activities to be taken.

While the scope and priorities of reforms can also be developed and decided in-house, it is highly recommended that it be done in **partnership with a wider range of stakeholders**, to validate the initial strategic reform ideas (and hence the targeted selection of actions) developed by the main drafters of the strategy, and to ensure that reforms are designed such that they have the widest possible backing among the key stakeholders and the wider public, as well. This will make it more likely that the selected problems to be addressed by the reforms, along with the reasons behind their selection, gain collective recognition. The wider the agreement on the direction of the reforms, the better the chances is that the country will be able to address them through the joint efforts of all stakeholders involved in their implementation.

The key to the success of the scoping and prioritisation exercise is **well-organised and participatory discussion among high-ranking officials** (i.e. those holding some level of decision-making power), civil servants and, in some cases, external stakeholders. Representatives of all the major implementing institutions should participate in the discussion, otherwise the validity of the results of the prioritisation – agreement on a set of objectives and actions to achieve them – might be questioned and ownership may suffer during the course of implementation of the selected reforms. In addition, the discussion should be well prepared, making use of high-quality material presenting the results of the problem analysis and initial suggestions for strategic issues to be

addressed by the reforms, as well as good moderation, to ensure that all participants have the opportunity to contribute, and that by the end of the discussion a joint agreement can be reached on the key reform objectives and planned actions to achieve the objectives. Thus, the key inputs and outputs for scoping and prioritisation are as follows:

- **Input**: well-prepared material and moderated discussion
- **Output**: agreed objectives and (broad) plan of actions to achieve the objectives, as a minimum. In addition, key indicators with corresponding milestones and targets, as well as some details of the responsibilities for various actions and their planned deliverables, may be discussed and agreed upon, if the time allocated to the joint discussion(s) allows.

If several PAR or sector-related strategies are being developed, it is recommended that a separate scoping and prioritisation exercise be carried out for each of them.

Whilst a participatory discussion to set the priorities is the best possible way to ensure agreement and make a well-informed selection amongst the most pressing issues requiring reforms, the final decision on the scope and priorities should come from the top-level decision makers responsible for adopting the strategy. Hence, it may be necessary to ask for a preliminary decision about the scope and priorities from the key decision-makers after a joint discussion has taken place. However, it is the **shared responsibility of all participants** of such decisions **to ensure that the selected reform is realistic** in terms of its scope and priorities **and that the set of proposed reform objectives is not overstretched** *vis-à-vis* the implementation capacities and available resources of the country. Only through such a thorough selection process can the credibility of the strategy be ensured.

2.1. SIGMA Prioritisation Tool for PAR strategy development

SIGMA has developed a scoping and prioritisation tool to facilitate the process of prioritisation. This tool has been tested during the development of comprehensive PAR strategic documents in a number of partners (for example, Albania, Georgia, Kosovo, and Bosnia and Herzegovina). The prioritisation tool is based on the use of a simple **self-assessment questionnaire** covering all areas of public administration within the scope of the Principles. Detailed explanation of the Prioritisation Tool is presented in **Annex 1.**

The use of the Prioritisation Tool in PAR strategy development is **optional** and depends on the decision of the country. However, the **advantage** of using it is that it helps PAR strategy developers by offering an easy-to-use template that can replace problem analysis as described in Section I above, since it requires a brief assessment against each Principle. In this way it provides a logical assessment framework for each area and sub-area of public administration, following the logic of the Principles.

The prioritisation tool includes a **questionnaire** which is designed in such a way that it allows various stakeholders to assess each aspect of the country's public administration using a **simple numerical scale**. It also provides a **description** of the main features of the current state of affairs and includes **suggestions** as to how to address them. The questionnaire covers all the Principles, but it can also be **modified** by removing self-assessment statements that are not relevant in a country's particular context (for example, where certain areas are already covered by existing strategies) or

by adding additional statements (for example, where a certain aspect of the public administration requires special, more in-depth assessment and targeting).

It is important to **select the respondents to the questionnaire carefully but comprehensively**, in order to ensure that relevant inputs are collected from all different stakeholders responsible for or involved in the various areas covered by the questionnaire (including – if possible – information from external stakeholders). It is also important that respondents (especially if they are expected to represent an institutional answer to the questions) fully understand the purpose of the questionnaire and have a clear mandate to answer, with internal consultation on the proposed answers before they are submitted (if necessary). For this reason, the recipients of these questionnaires should be senior managers or responsible high-level decision makers of the institutions.

It is equally important to ask the respondents to avoid self-censoring their answers so as to get genuine observations about the main challenges and problems. For this reason, the lead prioritisation body should assure the respondents that the answers will be handled carefully and only aggregated answers will be shared with a wider audience.

In the course of working through the SIGMA Prioritisation Tool, the aggregated results of the questionnaire, along with any other inputs such as external analysis (including SIGMA assessment reports, if available) and the details of any previously developed problem analysis, are used to facilitate a **discussion** aimed at reaching **joint conclusions** on the identified **challenges**, defining **objectives** targeting them, and broadly defining **actions** to achieve those objectives. Key to the Prioritisation Tool's framework is that such a discussion is truly participatory, providing a platform to speak and to discuss diverging opinions where these exist, and involves all key stakeholders (including external stakeholders), especially the key institutions in charge of the various aspects of the country's public administration.

The **main tasks** of the prioritisation discussion are to:

- Align and validate the problem analysis and clarify any diverging conclusions or findings, based on the scores given to the questionnaire statements and any conflicting views regarding the relative urgency of aspects covered;
- Agree the selection of the core and most pressing issues or challenges by assessing their importance, urgency and complexity, and the resources available to address them;
- Settle on an indicative set of objectives and (broad) plan for actions (and activities), based on the agreed key challenges,

The application of the Prioritisation Tool should be co-ordinated by the lead PAR institution and its use should involve all implementing institutions. It is of vital importance that representatives with decision-making power take part in the discussion and workshops organised for prioritisation. Remember that **prioritisation will only be valid if representatives at the decision-making level participate**. In addition, prioritisation should be a process where all participating institutions have a chance to speak and present their opinion, and which offers the opportunity to reach a joint agreement on the skeleton of the PAR strategic framework.

The **core outputs** of the prioritisation exercise are:

- an aligned set of conclusions and scores from the problem analysis;

- an agreed list of indicative objectives and (broad) plan of actions, i.e. the "skeleton" of the PAR strategy.

The results and outputs of the prioritisation are used to define objectives and actions for the PAR strategy being developed.

The use of the SIGMA Prioritisation Tool involves the following main steps, which happen in a linear order.

Figure 3. Key steps in the application of the SIGMA Prioritisation Tool

| Review of prioritisation questionnaire | Launch of self-assessment process | Carrying-out self-assessment | Analysis and summary of assessment results | Prioritisation discussion: Agreeing on core problems, objectives and actions |

Practical insights:

✓ *Prioritisation is vital to ensure that the designed reform is realistic and can be implemented.*

✓ *While prioritisation can be carried out by a smaller circle of the key developers of the strategy or strategies, it is recommended that it be done through (ideally gender-balanced) wide consultation, involving also external stakeholders to ensure that the selection of targeted reforms is validated and that there is improved buy-in and ownership.*

✓ *Participatory prioritisation saves time and resources in the implementation and monitoring phase by focusing reforms on the most relevant objectives, rather than scattering limited resources on unnecessary processes or on initiatives of less importance or added value.*

✓ *The selected priorities, as well as the reasons behind their selection should be widely communicated to ensure reform support within and outside the administration and to demonstrate the political commitment to the reforms.*

✓ *Prioritisation is not a sophisticated exercise requiring the application of complex tools. On the contrary, prioritisation may only require a light self-assessment of the situation and problems, and it is usually adapted to in-house expertise.*

✓ *Prioritisation can be done successfully only if high-level decision makers are involved and present during the discussion, since it should lead to important decisions regarding important matters to be excluded from the designed reform, due to the scarcity of resources that ought to be applied to the most pressing issues.*

Things to remember:

✓ *Prioritisation of objectives and actions is necessary to ensure that the planned reforms will be realistic and implementable. Lack of prioritisation may end in developing an unrealistic strategy that may not be implementable, resulting in reform fatigue and mistrust.*

✓ *Whatever method is used, having a well-facilitated and inclusive discussion on core problems, priority objectives and major actions is of paramount importance.*

✓ *Prioritisation should be addressed by decision makers.*

✓ *When developing PAR strategies, the use of the SIGMA Prioritisation Tool is optional. The advantage is that it offers an easy-to-use template which, once agreed, provides the skeleton of a draft PAR strategy which can be presented to and discussed with the key decision makers.*

3. Setting objectives

The vision, objectives, indicators and actions (interventions and activities) are the key elements that constitute the building blocks of any reform. They are in a hierarchical order and serve to funnel down the political ambitions of the reform to executable steps or initiatives.

Evidence shows that the better the design of the hierarchical structure of the reform, the better it can serve to focus the attention of both the political leadership and the implementation institutions' efforts to create sustainable and successful change. This section will explain some definitions and approaches to setting the reform vision, as well as how to translate the defined and prioritised challenges into general and specific objectives.

3.1. Visioning

The vision is a statement of the desired future condition in relation to the state of the public administration generally or in a sector. It is the most abstract-level direction given to the reform. The vision has to be time-framed and ambitious enough to inspire and drive changes, but it should still be defined so as to be achievable.

The **vision is usually defined by a small group of main stakeholders** and then shared with wider (ideally gender-balanced) stakeholder groups. The main techniques used in visioning are the interactive methods of brainstorming and roundtable discussions. In the process of developing a strategy, it is usually done after the problem analysis and prioritisation have been carried out. However, sometimes it might also be done prior to the analysis in order to encourage creative and progressive thinking, directed by the definition of the conceptual end position the decision makers want to see as a result of the reforms. In such a case, the vision statement can be adjusted later, where necessary, to take fully into account the results of the problem analysis. However the vision is set, it is important to create a consensus around the overall need and purpose of the reform, including why the government aims to engage in a reform process and what fundamental objectives the government is trying to achieve through the reforms.

The vision statement should be concise, short, clearly written, easy to remember, and should clearly provide future direction. The best vision statements are considered to be only one or two sentences long. While lengthy vision statements should be avoided, some additional explanation can be provided to support the vision statement, if deemed necessary.

Vision is not always given in a strategy document and can be omitted if so decided. However, it can be useful to crystallise in a simple way what the ultimate aims of the reforms are. Some examples are provided in Box 7.

> **Box 7. PAR Vision statement examples**
>
> - (*Country name*)'s public administration is designed and is functioning to professionally and efficiently serve the citizens, ensuring democratic values and the rule of law.
> - The public administration of (*country name*) is trustworthy, transparent and delivering efficiently for citizens and businesses.
> - Public services are seamless and efficient, using the best available technology to generate citizen satisfaction and ensure trust.
> - By 2020, the public administration of (*country name*) is efficient, effective and accountable, serving the interests of citizens, using financial resources efficiently and applying transparent procedures.

3.2. Strategic objectives and their hierarchy

Objectives are basic statements that define the direction of reforms specific to identified challenges in such a way that they inform the direction of reform actions and define the desired future state in a tangible manner. Objectives underlie all actions, serve as the basis for creating the framework of the policy, and are fundamental to the monitoring and evaluation of performance.

A strategy can have several **levels** of objectives. As a rule of thumb a strategy should have two levels of objectives: **general** and **specific**. However, according to the scope of the strategy and the complexity of the challenges covered, as well as in accordance with the design of the entire reform intervention logic, objectives can be more aggregated or further disaggregated. For example, the PAR strategy of Bosnia and Herzegovina from 2006[29] has only one level of objective, while the PAR strategies of Serbia and Montenegro have two levels. The PAR strategy of Ukraine has priorities and key objectives, the PAR strategy of Georgia has general objectives and priorities, and the PAR strategy of Moldova, general and specific objectives. Overall, any objective, be it general or more specific, should be **directly linked** to identified problems and their causes and strive to address them, as well as being the basis for defining indicators.

A **general objective** represents a more general and longer-term aspiration in the form of a statement about the preferred conditions which a government is committed to achieving by improving a specific policy area. It covers a wider, but well-defined and clearly set, area of reforms and hence serves to direct a series of reform actions aimed at achieving this envisaged future condition.

With regard to PAR, general objectives can be linked to the areas of the Principles of Public Administration, or to a subset of items defined by the Principles within one area or across a number of areas. Where the Principles are used to define general objectives, this will allow countries to address the fundamental elements of an effective administration through a clear conceptual framework, based on international

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[29] Bosnia and Herzegovina Public Administration Reform Strategy, 2006, http://parco.gov.ba//wp-content/uploads/2014/02/strategy-for-public-administration-reform.pdf.

good practice and endorsed by the EC. Some examples of general objectives following the Principles are presented in Box 8. Box 9 also sets out some good examples of general PAR objectives.

Box 8. Examples of general objectives following the Principles		
Principles	**Example 1**	**Example 2**
Policy Development and Co-ordination	Develop the policy making process by improving the policy planning system, strengthening the link between policy planning and budgeting, and building a strong mechanism of monitoring, evaluation and accountability.	Enhance coherence, efficiency, predictability and transparency of decision-making processes in public administration.
Human Resources Management and Civil Service	Creation of an effective and efficient civil service built upon a merit-based system that motivates, promotes and rewards professionalism.	Adjust human resources management system to the objectives and the requirements of a modern administration.
Accountability	Improve integrity and public trust, increase transparency and openness of government, making it more accessible and accountable to citizens and empowering them through the use of advanced technologies, innovative and modern approaches to governance.	Strengthen accountability of administrative authorities, public institutions and state-owned enterprises by improving their management.
Service Delivery	Reform service delivery system to achieve high quality, accessible and well-administered services for the entire country.	Improve access, efficiency and effectiveness of public services at central and local level by reducing unnecessary administrative burdens, minimising the cost and taking into account the beneficiaries' needs.
Public Financial Management	Ensure financial stability and effective distribution of state finances in accordance with government priorities.	Create modern financial management system based on principles which will ensure fiscal discipline and transparent procedures for administration of public budget.

A **specific objective** specifies more concrete results, focusing more narrowly on an aspect of an area (or set of areas) defined under a general objective, usually with a shorter-term (or medium-term) perspective. On the one hand, specific objectives are defined to provide more exact directions for actions, and each one is to be achieved through the implementation of one or more actions. On the other hand, they should be linked to a general objective and represent a means to achieve it. Specific objectives can also be linked to the requirements under each area of the Principles.

Overall, all objectives (specific or general) should be mutually aligned and jointly contribute to reaching the next level of objectives, and ultimately the reform vision.

	Establish a civil service system based on merit and the promotion of effective human resource management to support more professional service provision	**Improve the quality of public services to better fulfil user needs**	**Enhance coherence, efficiency, predictability and transparency of decision-making processes in public administration**
General objective			
Specific objective 1	Broaden the scope of the civil service to cover all positions in the system	Improve physical and digital access to public services	Introduce new (or strengthen existing) mechanisms for evidence-based and coherent policy, complying with the legal framework
Specific objective 2	Establish a fair and competence-based recruitment system	Improve public service provision through defined quality standards for public services	Align policy planning with the medium-term budgetary framework annual budget
Specific objective 3	Establish a performance-based remuneration system	Increase awareness of digital access among service users	Increase transparency of Government policies by ensuring public consultations and public access to decisions
Specific objective 4			Strengthen capacity of Government Office and Ministry of Finance to perform functions of "Centre of Government"

Box 9. Examples of general objectives on PAR

As a rule, there should be only a **limited number of objectives** to help focus and mobilise resources for their achievement. Too many objectives will split scarce resources and may lead to the unfocused, and hence suboptimal, delivery of policies and reforms. As detailed further below, the objectives should be directly linked to the identified problems and their causes.

3.3. Linking objectives to problems and their causes

Objectives are not set in isolation. Firstly, they must address identified problems. Secondly, they should be backed up by relevant and related actions, as well as being expressed and evidenced using relevant indicators. Thus, the crucial **precondition** for setting a good objective is the problem analysis leading to the identification of the key challenges and their causes. If the problem analysis is properly done and problems are well defined and prioritised (see Section II for more on this), the development of the objectives should not be difficult.

An initial definition of objectives can be arrived at by turning the identified problems and their causes into positive conditions, as shown in Table 1. This is a simple matter, provided the problems and their causes have been sufficiently identified and defined, and the analysis realistically reflects the most pressing core problems. Very often, the problems and their causes are fragmented and used interchangeably and in the wrong way. If the core problems are not defined as they should be, but are fragmented into sub-problems, then there is a high chance that the objectives will be also scattered, resulting in an over-complicated strategic framework and suboptimal direction of reform. Overall, if the problem identification work is done well, there should be the same number of objectives as there are problems and their causes, but they will be well focused on addressing the key problems only.

Table 1. Problems and Objectives (PAR example)

Problems and their causes		General and specific objectives (in bold) and associated actions
Problem: Poor-quality public services	➔	**Improve the quality of public services**
Cause: Long waiting time	➔	**Establish a mechanism for public service business process re-engineering** Conduct business process re-engineering for ten selected services
Cause: Limited access to services	➔	**Increase digitisation of services** Digitise ten public services to reach level 4 interaction **Expand physical access to services in regions using current public infrastructure** Establish service centres in post offices and community centres
Cause: Poor-quality front-line services	➔	**Develop service standards** Train the service providers to comply with service standards
Problem: Irrelevant structure of public administration	➔	**Streamline the structure of the central public administration**
Cause: Lack of analysis of functions of public administration institutions	➔	**Optimise the number and functions of public administrative authorities** Set a mechanism for periodic and consistent review of the efficiency and effectiveness of the administrative structure Launch analysis to review the functions of public administrative authorities

In this way, objectives are directly linked to the problems and their causes identified through the problem analysis and prioritisation exercise, and they are the key element of the strategy.

3.4. Key aspects of the process of setting objectives

The objective-setting process should be **participatory** and agreed by all main stakeholders. This can be achieved by conducting a prioritisation workshop which is also used to craft the draft objectives or through a series of joint meetings or workshops with all stakeholders.

The objectives of a strategy should be as short as possible and formulated in simple language. The objectives should avoid the use of abbreviations, professional jargon and long and complex sentences.

The suitability of objectives should be tested against the so-called **SMART** model**.** Objectives should be:

- *SPECIFIC* – an objective must be concrete, describing the result to be achieved, and focused, contributing to the solution of the problem;

- *MEASURABLE* – an objective should be expressed numerically and quantitatively in relation to a specific benchmark, and should allow the progress of implementation to be tracked;
- *ACTION-ORIENTED/ATTAINABLE/ACHIEVABLE* – an objective should motivate action, and it should state what is to be improved, increased, strengthened, etc., but it also should be reachable;
- *REALISTIC* – an objective should be realistic in terms of time and available resources;
- *TIME-BOUND* – the realisation of the objective should be specified in terms of a time period.

In many cases it is the associated **indicators with their baselines and targets** that make an objective measurable and time-bound. However, it is important to keep this model in mind in order to set simple, clear and easy-to-read objectives.

Objective setting and writing is an **iterative process** and it may be necessary to revise the objectives several times before they are finalised. They may be revised in several iterations:

- After setting indicators with their corresponding baseline and targets and indicator passports detailing their measurement method, as some objectives may be too narrowly or too widely defined;
- After planning and costing the actions, due to some objectives appearing to be too ambitious and unachievable with the given circumstances and available resources;
- After a review of the objectives reveals that their formulation is not clear enough.

The set of objectives should **tell the "story"** of the strategy in a logical and sequential way, so they should be logically connected. They should be connected to all the defined and selected problems that require reform and – where multiple layers of objectives are used – they should be linked to each other, in order to provide a complete picture of the reforms envisaged.

No objective should address reforms that are not backed up by defined problems in the analysis. Neither should any defined problem be left untargeted by an objective, or a number of objectives, unless it is clearly explained why the given problem has not been addressed in the strategy, i.e. as a consequence of a sound and genuine prioritisation. Just as for the identified problems and the selected reform priorities, the defined objectives should also be properly communicated to ensure support for their attainment and to demonstrate transparency, commitment and accountability.

Practical insights:

✓ *Objectives should not be written like a law or regulation. They do not need to reflect legal or technical vocabulary. The best objectives are written in simple language.*

✓ *One of the core problems with setting objectives is their fragmentation. When the initial set of objectives is completed, always count how many objectives you have for the same area. Remember that there is always room for consolidation and streamlining. Always double-check this aspect!*

Things to remember:

✓ *Strategy objectives may have more than one level, such as general and specific.*

✓ *Strategy objectives are not set in isolation, they address defined problems and are logically linked to specific activities and their attainment, measured through indicators.*

✓ *The number of objectives must be limited in order to focus resources and attention on the core problems.*

✓ *The objectives should tell the story of the reform(s), clearly explaining what will be changed, how, and by when. (The use of the indicators also plays a key role in this – see Section IV).*

4. Developing indicators

Developing indicators, their baseline and targets is a crucial stage in the strategy development process. Very often indicators and especially baselines and targets are neglected in the development stage, leaving the strategy as a vague document that does not **properly guide implementers** on what they should actually achieve, and leaving the wider audience without a clear **measurable and traceable definition** of the ambitions of the government in reforming a sector or a selected area of the public administration. Indicators with their related baselines and targets are used to measure the level of success and progress against the agreed strategic objectives and often also concrete actions and activities[30].

The word 'indicator' refers to the means by which an objective or action can be assessed as having been achieved or implemented or not. Therefore, indicators are directly tied to objectives and actions (including activities or so-called measures) within the strategy. They serve as **yardsticks by which to measure the degree of success in achieving an objective**, or to check whether an action has been implemented and what it has delivered. In addition to measuring success, indicators should be **actionable** – they should be tied to the strategy objectives and actions which they aim to improve. The indicator and its target should lead to taking actions to make the situation better, or if the trend is going the wrong way, should drive corrective actions.[31]

Indicators are **qualitative or quantitative tools** and are usually expressed as a rate, ratio, percentage or volume, or as narrative (e.g 'extent to which…' or 'degree of…'). Qualitative indicators (for example, expressing an expert assessment of a reform aspect), through set targets can also indicate the direction of change (a reduction or increase in something), but such indicators should be used in fine balance with quantitative measurement. Ultimately the defined objectives, actions and activities should direct what type of measurement is best fit to capture the progress in their implementation and attainment of the reform ambitions.

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[30] More on setting indicators can be found at:

https://www.nao.org.uk/wp-content/uploads/2013/02/fabric.pdf; and OECD (2009), *Governing Regional Development Policy: The Use of Performance Indicators*, OECD Publishing, Paris, http://dx.doi.org/10.1787/9789264056299-en and European Commission (2016), Guidelines on linking planning/programming, monitoring and evaluation, Brussels https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/financial_assistance/phare/evaluation/2016/20160831-dg-near-guidelines-on-linking-planning-progrming-vol-1-v-0.4.pdf

[31] Howell, Marwin T. (2006), *Actionable Performance Measurement: A Key to Success,* ASQ Quality Press, Milwaukee, Wisconsin.

No indicator captures the entirety of any reform objective. They are rather illustrations to give a tangible and comparable explanation of the progress made through the course of the reform(s). Put simply, an indicator expresses progress, success or failure, much in the same way that a thermometer measures the temperature, from cold to warm to hot!

Indicators should be useful for **different groups**:

- *Ministry/institution managers and staff* need to see whether resources allocated to the implementation of a strategy are being used effectively and whether the activity mix is leading to the desired results.
- *The government* needs to see whether an adopted strategy is achieving the desired results and whether public expenditure is being wisely invested.
- *Service users and the wider audience* need to see whether the performance of the public administration (and consequently the quality of services) is improving.

To be able to measure progress, indicators must have a **baseline** value and a **target** value(s). A baseline is the situation just before or at the outset of a new strategy against which progress is measured or comparisons are made as part of the monitoring and evaluation process. In most instances, a baseline is the level of performance recorded in the previous year or period. A target is the value of an indicator expected to be achieved at a specified point in time. An indicator may have different intermediate target values (so-called milestones) where it is possible to measure attainment more than once through the course of the reform implementation[32].

4.1. Types of indicators

While many governments measure performance, there are differences in approach to the classification and use of indicators. The types of indicator most frequently used are shown in Table 2.

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[32] Indicators should be designed in a way that through their measurement the results of the government's action can be identified separately from other factors affecting the end result. This can be best tested during evaluation with a so-called counterfactual analysis when impact of the government's action can be isolated and tested.

Table 2. Indicator types

Indicator type	PAR-related examples
Input indicators – The value of resources used to produce an output. – Include finances, personnel, equipment and buildings. "What we invest to do the work". But it can also include political commitments or technical know-how. – Usually not part of the core strategy text, but provided in the budget documents, for example, the annual budget and medium-term expenditure framework (MTEF).	• Number of staff needed to draft regulation • Amount of money needed to digitise five services to level 4 • Number of working days needed to develop a new training programme
Output indicators – Products or goods and services produced through the activities. – Activity-oriented, measurable, and usually under managerial control. – "What we produce or deliver".	• Number of staff who have successfully completed training courses • Number of public consultations carried out • XYZ law drafted and adopted
Outcome indicators – Intended or achieved short-term and medium-term effects of an action's outputs. – Changes in institutional performance, or behaviour of individuals or groups, triggered by the outputs. – Should clearly relate to a given objective of the strategy. – External forces may limit managerial control over the attainment of outcomes, but managers are still responsible for their overall attainment. – "The results we intend to achieve".	• Percentage of draft laws/by-laws preceded by evidence-based discussion (e.g. impact assessment) • Percentage of services reaching a level 4 digitisation • Percentage of public procurement value obtained through competitive tendering • Share of institutions meeting minimum requirements for staff of internal audit unit
Impact indicators – Overall and long-term effect of achieving specific outcomes. – Express the ultimate improvement or change in the quality of people's lives and services. – Usually have a direct influence on user satisfaction (as a consequence of the reforms, among other things). – Can also be developed using international indexes such as the World Bank Worldwide Governance Indicators or the Global Competitiveness Report.	• Percentage of citizens/users satisfied with service delivery • Perceptions of the level of administrative barriers in selected spheres of economic activity/OR perception of fairness of public procurement system by business community • Percentage of citizens' trust in defined public institution(s)

Note: Use of international indexes to develop indicators should be handled with special care, as they are rather complex and difficult to reconstruct. Generally, one-to-one use of such indexes as indicators should be avoided as the indicators should always be directly attached to the specificities of the designed reform.

Indicators also have a **logical hierarchy** (a so-called logical framework), as shown in Figures 4 and 5, which depict this framework and introduce the links and key questions attached to the various types of indicators. An input is always external to what has been directly produced (the output). The delivery or attainment of certain outputs leads to the achievement of a change, which is in turn described as a particular outcome. Achieving outcomes can trigger overall change in the wider stakeholder environment, described as an impact[33]. Correctly identifying the type of indicator means also that it is correctly positioned within this hierarchy[34]. This is best ensured by asking the key questions for each indicator, i.e. does it express the delivery of a product or service, does it depict the achievement of the results of the planned change, does it depict the achievements of a change in the reality of the end users of the services of the public administration, etc. (see Figure 4).

Figure 4. Types of Indicators

| INPUT- what we use to do the work? | OUTPUT - what we produce or deliver? | OUTCOME - what results we intend to achieve? | IMPACT - what is the benefit for society/ service users? |

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[33] Wider impact can be assessed through the method of counterfactual analysis/method, when the question is what would have happened if the intervention hadn't taken place. This is usually a key question of evaluation.

[34] Different typology to that which is presented here also exists in international literature. E.g. the so-called **process indicators** are also widely used. These measure the process or transformation of inputs to outputs.

Figure 5. Example of a PAR logical framework showing links between objectives and indicators
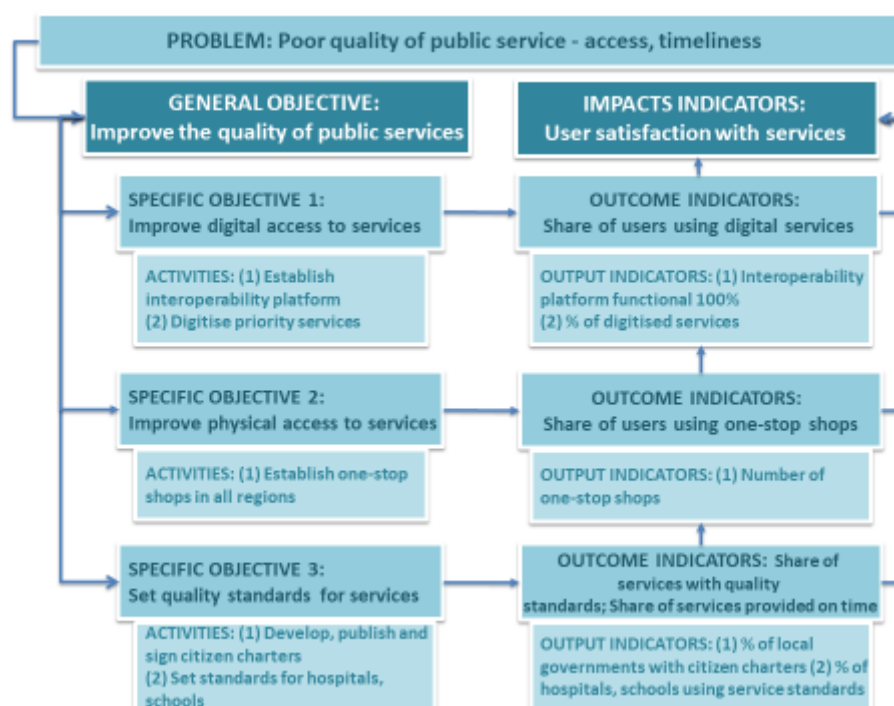
4.2. The links between objectives and actions and the indicators measuring their attainment

In the course of the strategy development, it is important to have direct connection between the indicators and the objectives and actions they are to measure. Objectives will be realistic and achievable if they are logically connected with other elements of the strategy:

1. Identified problems are solved through **general objectives**, which must be directly linked to identified problems and their causes. A general objective is usually measured using an **impact-level** measurable indicator, though in some cases it can be measured only at an outcome level**.**

2. General objectives must be implemented via a set of **specific objectives**. For each specific objective there should be an **outcome-level** measurable indicator(s).

3. Specific objectives will be achieved through – among other things – the implementation of a limited number of **actions** (activities, programmes, measures and the like). Each of these must have a **budget** and **output-level** measurable indicator(s) expressing what has been delivered through the action.

4. **Input-level** indicators and information are to be found in the budget-related documents, such as budget programmes or the annual budget, as well as in the supporting documents of the PAR strategy action plan or in other sources of administrative data, e.g. detailed employment or salary data, as well as in national statistics.

Ideally, a strategy should have as many levels of indicators as it has levels of objectives. In addition, actions (specific defined activities) should have tangible output-level indicators as well. By default, a strategy should include outcome- and output-level indicators to measure the attainment of the defined objectives and the implementation of the actions set to achieve those objectives. Impact-level indicators may (and ideally should) be used in order to also measure regularly the wider impact of the reforms on the environment they aim to affect. They are best measured through impact assessment during evaluation by using the counterfactual method and asking the question of what would have happened without the reform actions.

It is recommended to **use a limited number of indicators,** in order to manage the workload and costs of monitoring, since it is a comprehensive and work-intensive process (see Section VII), and may often even require additional data collection, sometimes from primary sources, such as surveys designed specifically for the monitoring of the implementation of the strategy. At the same time, it is necessary to capture the core aspects of all objectives in order to be able to fully monitor progress against what was planned under them. It is recommended that each objective should have between one and three (impact or outcome) indicators, and each action should have at least one (output) indicator.

Very often objectives defined in a strategy are detached from the action plan and they do not have measurable indicators with baselines and targets. While this separation may help in reading the strategy document itself, it may hinder the development and application of a proper monitoring framework to continuously check the attainment of the envisaged reforms. If the action plan is separated from the rest of the strategy, it is strongly recommended that all the defined strategy objectives (general and specific ones alike) be replicated in the action plan and linked to the defined individual activities. It is equally important to ensure that each general and specific objective has at least one measurable indicator linked to them.

4.3. Responsibilities for indicator measurement and the quality of indicators

A crucial issue in setting indicators, including determining their baseline and target values, is the definition of institutional responsibilities. It is important to specify the following:

- title and definition of the indicator
- how the indicator is calculated
- who is responsible for data collection for each indicator,
- the required frequency of data collection,
- who is responsible for reporting on progress against each indicator, its milestones (intermediary targets) and its final targets,
- who is charged with analysing the reasons behind good or bad performance (i.e. the development of the analytical part of performance reports).

Setting these responsibilities clearly is a key prerequisite for timely and effective reporting, as it allows all stakeholders with assigned responsibilities to prepare in advance and to ensure that the development of reports does not suffer any delay due to unclear definition of responsibilities and timing of data provision. It is recommended that such responsibilities are set out in the strategy documents, in an annex giving the details for the selected indicators, for example.

It is not easy to define a good list of indicators. It is recommended that several **criteria** be applied when developing and using indicators. The set of criteria most commonly used to assess the quality of selected indicators is as follows:

- *Clear*: Indicators should be precise and clear. They should clearly indicate the aspects that the indicator is measuring, such as timelines, quality, amount, etc. They should also clearly indicate whether or not there is any systemic bias or limitation to what they can measure.
- *Relevant*: Indicators should be linked and appropriate to the given objective of the strategy.
- *Economical*: Information to develop an indicator should be obtainable at a reasonable cost in terms of the budget and human resources required for this purpose.
- *Actionable*: Indicators and their target should lead the reformers to taking actions to make the situation better, or if the trend is going the wrong way, they should drive the implementers to take corrective actions.
- *Monitorable*: Indicators should be easily monitored and amenable to independent validation (i.e. if measured independently, other users should get to the same result based on the same raw data).
- *Participatory*: Indicators should be developed and used together with the end beneficiaries (who are ultimately the citizens)[35].
- *Interpreted and communicable*: Indicators need to be explained or interpreted for different stakeholders. Numbers do not speak in isolation: the context and consequences of an indicator value need to be explained through the analytical findings of reports.
- *Disaggregated*: It should be possible for indicators to be broken down for different groups along lines of gender, income, etc.

Similarly to the above-listed criteria the so-called RACER[36] principles of indicator setting can be applied. According to this scheme the relevance, acceptance, credibility, easiness and robustness of an indicator should be checked[37].

A PAR-specific example set of indicators is presented in **Annex 2**.

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[35] However, this criterion is often not applicable, especially in the case of indicators of a technical nature, e.g. public debt, when participation of citizens in their development cannot be ensured. Also, expert-based measurement can be limited in ensuring participation of a wider audience when they are developed and applied.

[36] For further reading on the RACER approach please see: European Commission (2016), *DG NEAR Guidelines on linking planning/programming, monitoring and evaluation*, Brussels, p. 53.

[37] Other criteria also exist, such as the reliability, validity or feasibility of the data used for measurement. For further reading on other criteria to develop good indicators see Lafortune G., González S., Lonti Z. (2018) *Government at a Glance: A Dashboard Approach to Indicators*. In: Malito D., Umbach G., Bhuta N. (eds) The Palgrave Handbook of Indicators in Global Governance. Palgrave Macmillan, Cham; González, S., L. Fleischer and M. Mira d'Ercole (2017), "Governance statistics in OECD countries and beyond: What exists, and what would be required to assess their quality?", *OECD Statistics Working Papers*, No. 2017/03, OECD Publishing, Paris, https://doi.org/10.1787/c0d45b5e-en.

4.4. Setting baseline and target values

Once a set of key indicators has been defined for each objective and action the next step is to specify the **level of performance**. This involves specifying suitable performance targets in relation to current (or historic) baselines. Performance targets express a set level of performance that the public administration is aiming to achieve through the implementation of the strategy within a given time period.

The first step in setting performance targets is to identify a **baseline value**, which is an expression of the current state of affairs (ideally the current or historic performance on the measured aspect). The baseline value can be taken from various sources such as national statistics, administrative data and international sources (for example, in the case of PAR, the World Bank Worldwide Governance Indicators, Global Competitiveness Reports, SIGMA country assessment reports or the OECD's Government at a Glance report). However, some indicators may be new, and in order to set the baseline value one of the following options may need to be applied:

- **Collection of new data and calculation of a new value**. For example, if a strategy aims to improve the effectiveness of the work of the country's Data Protection Agency, among other aspects, it will need to look into how many decisions of the Agency were annulled by the Administrative Court. In this case, calculation of the baseline value may require data to be collected on the total number of Agency decisions and the number of annulled decisions. Such data is usually readily available and does not require many resources, but if data for the new indicator is not available, or even if it is available, but the underlying calculation method is different, a different method of calculation may need to be developed.

- **Setting the baseline value at "0" where a new system or process is introduced**. For example, if a country government plans to establish a new approach to recruiting senior civil servants through the establishment of a new assessment centre, then prior to its introduction the number of senior managers recruited by this method will logically be set at "0".

- Alternatively, it may be **impossible to set a baseline, due to the data being unavailable or very costly to collect retrospectively**. In these cases the baseline value will be set as "not available", "not applicable" or "to be determined". For example, if the aim is to reduce a country's administrative burden and costs through the introduction of the so-called Standard Cost Model (SCM), it will need to calculate the current level of savings to set the baseline value. However, since the activity – application of SCM – is new, the baseline value might be set as "not available". In this case it will be necessary to calculate a baseline value once the SCM is introduced. In a similar fashion, if the country envisages the introduction of new activities to improve access to data through new legal requirements for data provision on ministerial web portals, and under the strategic framework it is to be monitored by measuring proactive data provision by ministries using the indicator "Share of ministries and agencies proactively providing digital data in line with legal requirements", the value might be set at "not applicable", since none of the institutions have yet applied the new legal requirements for data provision referred to in the designed indicator. The baseline value should be set as "not available" or "not applicable" in exceptional cases only. In cases when such values are used, the strategy must clearly indicate in which year the exact

baseline value will be calculated, and every effort should be made to ensure the establishment of this baseline value at the earliest possible date.

Once the baseline has been established, the second step is to set the **target**. Questions to ask prior to setting target values include: how should the target be set, and what is the right level and size of ambition? It is not easy to decide how ambitious the target should be, but it is not too difficult either. An indicator target is usually set by taking into account the following aspects and information:

- *Priorities of the government/institution* – has the objective to be measured been declared as a priority by the government or institution? Is there public pressure to substantially improve performance? If the objectives have been given a high priority or public pressure is strong, then the target may be more ambitious than what would be arrived at through a straight extrapolation of past trends, rather the target might indicate exponential improvement.
- *Peer average* – what is the level of performance of other similar institutions or jurisdictions, and how must the country's performance be improved if it is to become a comparative front-runner? If there is a big gap between the peers, then the strategy may set a more ambitious target to decrease or eliminate the gaps.
- *Available resources* – what is it possible to achieve using current resources, and should resources be re-allocated? If the achievement of a target is directly linked to financial resources (the digitisation of public services has, for example, direct financial implications), the target should take into account the projected necessary budget.
- *National or international performance standards* – are there any benchmarks established by national or international organisations for measuring the expected performance on the given aspect of the functioning of public administration? Often standards and targets are complementary. For example, the national standard for processing passport applications might be 2 weeks (excluding delivery), and a target may be to process 95% of applications within this time.
- *Past trends* – what is the performance trend for the last several years (say three, five or more years) and what are the reasons behind any ups and downs in performance? What is the size and tendency of annual increase or decrease? This aspect has particular importance, as substantial additional resources and focus are usually required in order to bring about improvements where long-standing performance levels are entrenched.

It should be remembered that having the baseline value and, perhaps even more importantly, the performance trend for the preceding years is a key factor in setting realistic target values. Unless good historical data is available, targets might be either too ambitious or too easy to achieve. Because targets are monitored and exposed to scrutiny by external stakeholders, institutions often tend to set artificially low targets to avoid criticism. Such targets should be subject to question and revision by the lead institution for reform, a reform or sector council or similar structures tasked with ensuring the quality of the strategy and steering the whole reform process. Similarly, overambitious target setting should be avoided and the mentioned structures should always challenge the realism of achieving the proposed targets with the given resources and in the given country context.

Targets can be set at different **frequencies**: annual, mid-term and final year, or final year only. The intermediate targets (annual or mid-term) are called milestones. For the sake of proper government accountability, it is not recommended that final year targets (Option 3) be selected as the main type within a set of targets. Targets for outcome-level indicator values (the type most widely used to check the attainment of reform objectives) should be set at least for the mid-term and final year of the strategy in order to be able to assess the achievement of the objectives and the overall success of the implementation of the strategy. Where defined and developed, final-year-only impact-level targets may be set in parallel, using evaluation techniques, as detailed in Section VIII. Box 10 sets out some of the benefits and limitations associated with each option.

Box 10. Benefits and limitations of target frequency options

OPTION 1: Annual

Targets are set for every year for which the strategy is valid. They are usually set for output targets, less frequently used for outcome-level indicators and not advisable for impact measurement.

Benefits: provide strong accountability and control, strengthening incentives for implementing institutions.

Limitations: labour-intensive, as they may require revision due to context changes. In addition, since change may not always be demonstrated year to year, the effort involved in measuring performance against annual targets might be considered disproportionate compared to the information gained.

Examples: Kosovo Better Regulation Strategy[38] (for outputs).

OPTION 2: Mid-term and final year

Targets are set for a mid-term milestone year and for the final year of the implementation timeframe of the strategy. They are usually applied to outcome-level indicators, but sometimes also for impact measurement, provided partial impact measurement is meaningful.

Benefits: less labour-intensive than annual targets, making it easier to react to any changes in the context.

Limitations: weaker accountability and incentives to "push" for results. Limited opportunity to take corrective measures if attainment of the targets is not shown.

Examples: Cross-cutting PAR Strategy of Albania 2015–2020, PAR Strategy of Moldova.

OPTION 3: Final year

Targets are set only for the final year for which the strategy is valid. They can be used to measure impacts but are not advised for outcome measurement and do not facilitate efficient monitoring of output delivery.

Benefits: less labour-intensive, making it easier to react to any changes in the context.

Limitations: weak accountability and incentives to "push" for results. No opportunity to take corrective steps during the course of the implementation of the strategy.

Examples: Tunisian National Programme of Major Reforms.

The strategy indicators, along with their baseline and target values, can be presented in a strategy document in various ways. Box 11 presents some of the options in the case of PAR-related strategies.

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[38] Better Regulation Strategy 2.0 for Kosovo 2017-2021, December 2016, http://www.kryeministri-ks.net/repository/docs/Better_Regulation_Strategy_2_0_for_Kosovo_-_ENGLISH.pdf.

Box 11. Options for presenting indicators and their baseline and target values in PAR strategy documents

OPTION 1: Within the text of the PAR strategy, next to the objectives

Indicators, along with their baseline and target values, may be presented within the PAR strategy text immediately after the defined objectives. . It is best if such information is presented in table format to show clear links between the objectives and indicators and to facilitate the presentation of baseline and target values.

Benefits: information on objectives and expected levels of performance is presented in one place and allows direct links between the two.

Limitations: the PAR strategy document may appear longer and more technical. This option is also less flexible, and target revisions may be less frequent than is the case when they are presented only as part of an action plan.

Examples: PAR Strategy of Montenegro 2016–2020.

OPTION 2: Within the PAR strategy action plan (or roadmap)

Indicators, and their baseline and target values, may be presented in the PAR strategy action plan.

Benefits: flexible enough to allow targets to be revised should changes occur in the context. The strategy document itself is more concise.

Limitations: information on objectives is spread over two locations. There is no direct, visual link between the agreed objectives and their measurement framework.

Examples: PAR Strategy of Serbia and its Action Plan 2015–2017[39].

OPTION 3: In a separate document annexed to the PAR strategy

Indicators and baseline and target values may be presented in a separate table which can be annexed to the PAR strategy. In this case the annex should have the status of an official part of the PAR strategy.

Benefits: sufficiently flexible to allow targets to be revised as required due to changes in the context, and makes for a more user-friendly PAR strategy and action plan.

Limitations: information on objectives is spread between several places. There is no direct, visual link between the agreed objectives and their measurement framework.

Examples: Cross-cutting PAR Strategy of Albania 2015–2020.

A template designed by SIGMA for the presentation of indicators within a PAR strategy or action plan is presented in **Annex 2** of this Toolkit (also applicable to any

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[39] Action Plan for the Implementation of the Public Administration Reform Strategy in the Republic of Serbia, 2015-2017, http://www.mduls.gov.rs/english/reforma-javne-uprave.php.

other sector strategy). Indicators may, of course, be presented in whatever format is convenient for the country concerned, as long as the essential information relating to the objectives, indicators, baseline values and target values is provided, whichever method of presentation is used.

4.5. The use of indicator passports

Practice shows that the use of indicators requires much more than just agreeing on the indicator definition, baseline and targets. It requires clarification and agreement on how the values will be calculated, what data will need to be collected by whom and when, and what sources will be used. The use of indicator passports is a **practical framework** to systematise data and its collection, and increase data availability and quality.

The major challenge most frequently encountered in relation to the use of indicators in the course of the implementation and monitoring of a strategy is that the institutions charged with providing the data, or measuring a given indicator, do not know how to **calculate** the indicator values, what **data** will be required to do this, or precisely **what the indicator is measuring**.

As a consequence, it may be that the institutions responsible for the indicator claim that it is not possible to provide information on the indicator, the indicator is not relevant, it is not possible to collect data, or that the indicator is not what was intended when the strategy and action plan were being developed. Developing an indicator passport is a way to mitigate the risk of such a scenario emerging.

The indicator passport is an **integral part** of the strategy documentation, providing information on the details of each indicator in order to make the performance monitoring framework more robust and reliable. Its purpose is not only to clarify the understanding, interpretation, scope, and exact value calculation process of each indicator internally (i.e. among the implementers of the reform and institutions in charge of data provision and measurement), but also to help external readers to know exactly what has been captured through the developed indicators and what may or may not be expected from the performance monitoring framework. Therefore, the strategy indicator passport should be made **externally available** (i.e. published), thereby also enhancing the credibility and transparency of the entire reform process.

The passport may cover the following aspects:

- title of indicator
- link to objectives
- brief definition of indicator
- data source, collection method and collection frequency
- institution(s) in charge of collecting the required data
- method of calculation of indicator values (in the form of a formula where necessary)
- indicator baseline, intermediary and final target values
- anticipated difficulty of data collection and possible solutions (along with any systemic bias or limitation)

- performance trend information for the previous few years[40]

The passport can and should be used during several stages of strategy development and implementation:

- *Planning*: communicates and explains, helping readers to understand performance information
- *Monitoring and reporting*: clarifies performance information and helps in the assessment of performance against targets
- *Evaluation*: helps understanding and clarification of performance information, and helps to assess performance and the overall impact of the reforms
- *Auditing*: helps understanding and clarification of performance information and verification of the claimed results of the reforms

There are various names given to this kind of detailed description of the defined indicators, the most widely and frequently used being "indicator passport", "technical note", "measurement methodology" and "indicator profile".

A template developed by SIGMA along with an example of an indicator passport is presented in **Annex 2** of this Toolkit.

Practical insights:

✓ *Avoid over-developing the list of indicators – if one indicator is enough to measure the success of the objective or action (by capturing its essence), do not set another one just for the sake of it. Try to be economical, as measurement and regular reporting require time and effort.*

✓ *Very often ready-made indicators that truly capture the objective or action in question are available from existing statistics, international sources or other similar programmes. If this is not the case it will be necessary to design new, tailor-made indicators. Do not be tempted to save time by creating artificial links with existing but in fact irrelevant indicator sources. This will serve only to create an unnecessary burden.*

✓ *There will often be a need to agree additional budgets to cover the cost of designing a new methodology or the collection of data (for example, in order to measure user satisfaction objectively).*

✓ *It is astounding how useful an indicator passport can be! They can help to test whether performance indicators can be used in practice and whether they really make sense to all those involved in using them. Developing an indicator passport creates final agreement on what, by whom, when and how to measure, and it can also help to see where the calculation of certain indicators is not realistic, or where there is a need to adjust internal procedures to obtain the necessary data.*

Things to remember:

✓ *Indicators must be directly linked to objectives and actions.*

✓ *The number of indicators to capture the essence of a given objective should be kept rationally limited. Each action should have (at least one) corresponding indicator which captures what has been delivered through its implementation, unless a set of*

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[40] The aspects listed above are often also known as the metadata of the indicator.

actions jointly create the expected output, in which case a single indicator may suffice.

✓ *No objective or action should be without some level of measurement.*

✓ *Ideally, every indicator should have a baseline value and a target value(s).*

✓ *Responsibilities for data collection, regular monitoring, reporting and analysis should be clearly defined in the strategy or corresponding planning documents.*

✓ *Every indicator, if so decided, should have a passport detailing all key aspects of its measurement, application, calculation method, etc.*

✓ *The details of the selected indicators should be made public to enhance transparency and credibility.*

✓ *Indicators and their passports must be developed in the course of strategy development, not after the adoption of the strategy.*

5. Developing the action plan

Once the strategy objectives have been agreed and indicators and targets set, the next step is to plan the specific actions that are to be implemented or executed in order to meet the defined objectives and achieve the set targets: in other words, the preparation of an **action plan**.

Actions can be defined as the means by which a country (usually, but not exclusively, that country's government) implements its policies. An action is a way to make things happen or to achieve change. It is a **tangible** activity or set of activities and measures which is directly linked to the use of **inputs** (human, financial or material resources), in order to produce certain pre-defined **deliverables** or to reach specific **policy goals**. An action can be considered tangible only if **responsibility** for its implementation is clearly set out. This responsibility can be addressed at both the institutional and individual managerial level (ideally both the institution and the manager or unit within the institution will be specified). Each action should also be supported by **resources** for its delivery, and calculating the costs of the necessary resources will be fundamental to its definition (as is further explained in Section VI). Some hypothetical PAR-related examples of tangible activities and corresponding basic details are presented in Table 3.

Table 3. PAR-related hypothetical examples of tangible activities

Activity	Deliverable	Responsible	Timeframe	Resources in EUR
Draft manuals regarding legislative techniques when drafting legislative and regulatory acts	Manual adopted by Government resolution	Ministry of Justice, Legislative Technique Department	Q1 2019	33 000
Training units dealing with the drafting of legislation and central monitoring units	230 civil servants successfully trained	Department of Public Administration	Q4 2019	38 000
Establish 4 pilot service delivery centres as one-stop-shops	4 centres established and receiving customers	Ministry of Public Administration	Q4 2020	3 000 200

It is important to **limit the number** of actions in order to concentrate efforts (and financial resources) on the implementation of those which will be most impactful. A strategy is a high-level medium- or long-term planning document that does not need to provide details of every activity leading to the attainment of the objectives. If there is too much detail, there is a risk that drafters and future implementers will lose track, and that ultimately the reform will not focus on implementation of the most important, comprehensive and effective actions with the highest possible chance of creating change.

Actions should be, as far as possible, **reform-oriented, new and innovative**. They also should be effective ways of solving the problems and causes that were identified during the problem-analysis stage and linked to problem-tree analysis, if this method is used. Actions that are, or should be, already routinely implemented should be avoided. In other words, actions should be reform-oriented new programmes, activities, projects and measures that significantly change or improve existing practices or systems. For example, reform-oriented actions are "Design and establish a Human Resource Management Information System and fully operationalise it", "Develop and adopt a new wages system", "Develop a methodology for designing strategic planning documents, monitoring their implementation and conducting impact assessment", "Establish 4 pilot service delivery centres as one-stop-shops", etc.

The list of **control questions** for checking whether an action is new or innovative or not, and whether it has the potential to bring about the expected level of impact or change is presented in Box 12. These are just a few initial questions to check and this list is not meant to be exhaustive by any means.

Box 12. List of questions to test the novelty and potential impact of actions

1. Is the action new or does it have a precedent of any kind?
2. Does the action change the whole system or one or more elements?
3. Is the action complex or simple in terms of both its implementation and the variety of factors it will impact?
4. Is the action comprehensive (i.e. a set of interlinked activities)?
5. How big is the target group that will be affected by the change or new action?
6. How significant is the change? Will it affect only internal factors such as administrative procedures, or will it also impact the external environment in terms of such factors as quality and timeliness of service?
7. How big is the budget for implementation of the action?
8. How much time is needed to implement the action?

5.1. Types of actions

The identification of actions involves thinking about the different policy instruments that could be applied by the public sector to solve problems. The most common types of policy instruments used by governments include those presented in Box 13.

Box 13. Examples of PAR-related policy instruments

Policy Instrument	(PAR-related) examples:
Regulatory instruments – setting forth rights, obligations, restrictions, or standards stipulated in laws and secondary legislation	• Revision of the legislative framework, to include the tax and customs administrations and the diplomatic corps within the scope of the civil service • Revision of the legal framework to limit non-competitive public procurement • Introduction of the requirement to carry out regulatory impact assessments when developing new legislation under the government Rules of Procedure
Administrative instruments – including direct or indirect (i.e. outsourced) provision of services, infrastructure investment, capacity development (training),	• Introduction of technological interoperability solutions to enable the unlimited exchange of documents among various registers and institutions.

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inspection, etc.	• Establishment of an assessment centre for the centralised recruitment of senior managers • Training of senior civil servants in efficient staff management • Enhanced tax inspections of targeted sectors to reduce the grey economy
Informative instruments – including information dissemination campaigns, publications and the development of new information websites, etc.	• Design and execution of a country-wide campaign to increase use of digital services among citizens • Design and execution of informative sessions on the importance of data protection for main government organisations • Hotline to inform citizens on anti-corruption measures
Institutional instruments – including the establishment or rearrangement of public institutions to ensure the fulfilment of necessary state functions or provision of public services and to improve service quality	• Merging of public procurement units into one centralised unit • Complete functional review of and provision of recommendations for the streamlining of IT functions in ministries and government agencies
Financial instruments – including subsidies, tax deductions, guarantees, favourable trade conditions, etc. In PAR these are seldom used, however, although new fines or financial incentives may be introduced	• Increase in fines for public and private personal data holders for breaching data protection requirements • Scheme of incentives for the best performers within public institutions

These policy instruments serve as a framework against which the possible and optimal courses of action for solving the identified and selected problems should be considered. Very often the objectives can be achieved through a **combination** of several policy instruments. Actions can also be interlinked, in the sense that for one to be generated another needs to come first.

5.2. The action formulation process

It is very difficult to identify and conceptualise actions that are reform-oriented and have significant impact. Often the action proposed has only limited, administrative impact. The responsible institutions should therefore devote **ample time** and organise a number of **interactive sessions** (such as working group meetings, focus groups and brainstorming sessions) to fully ensure that the results of the problem analysis, the defined problems and their causes are understood, and that the best set of reform-

oriented actions are designed to tackle them. Action planning should also include a strategic overview presenting a rationale for the prioritisation and chronology of actions to be pursued – so why a specific course of action makes sense, what it implies in terms of trade-offs and risks, and the implications of the proposed course of action. This rationale should be explained in the strategy when the main line of the proposed actions is described.

SIGMA experience in PAR shows that representatives of the key institutions often feel uncomfortable when proposing only a small number of actions and therefore suggest a long list of activities, including some activities which are not new and are not appropriate for the purpose of a PAR strategy action plan. It is also a common problem that the proposed actions are diffuse, with many of them not directly linked to a defined problem(s). Hence, throughout the course of iterative discussions, the drafters of the actions should always verify that the proposed actions **address the identified problem(s)**, are truly **essential** and are realistically **implementable**.

In order to meet these challenges, each proposed activity should be assessed as to whether it would be carried out regardless of being included in the action plan. If yes, then there is no need to include it in the action plan, because it is "business as usual". For example, "Drawing up a new template for reporting" is a minor activity which is inevitable if a new monitoring system is introduced, thus, instead "Establish a new monitoring system based on performance information and public reports" should rather be used. In order to come up with realistic deadlines, it is useful to identify all the actions relevant to achieving the end result, starting with the final output, and then to assess the time required for each one.

The main concern of the action planning process should be to smartly design a method for achieving the objectives, using a limited number of reform-oriented actions which target the root causes of the problem. Examples of how an objective is translated into reform-oriented actions are presented in Box 14.

Box 14. Examples of PAR-related objectives and actions directly linked to their attainment	
Specific objective	**Linked actions**
Improve evidence-based policy making in public investment planning	1. Develop and start the application of a new public investment project appraisal methodology (Cost–Benefit Analysis), including thorough training of all ministry staff from 2018 onward. 2. Develop and start the application of a Standard Operating Procedure to prepare a pipeline for public investment projects across sectors from 2019. The first pipeline to be developed by the end of 2019.
Increase access to public information and data	1. Oblige all public institutions, through changes to the Law on Access to Information, to provide information proactively on their websites. 2. Define criteria for the provision of open data by all public institutions and oblige all public institutions to start providing open data by the end of 2019. 3. Design and launch a centralised open data portal by the end of 2020.

One of the challenges in action planning is to define **clear, concise and well-written** actions that are understandable to all external readers. The formulation of an action is often long, clumsy and technical. The action should not be formulated as a legal act or scientific work. Examples of both badly- and well-written actions are presented in Box 15.

Box 15. Examples of badly- and well-written actions (PAR examples)	
Badly-written actions	**Well-written actions (re-formulated)**
Creation of a study on management performance in public administration as the initial basis for connecting all performance management elements[41] into a single, coherent system, including recommendations for amendments to the legal framework.	Streamline performance management systems (i.e. policy planning, human resources management, programme budgeting, internal control) based on review of international good practice and through necessary legal changes.
e-government office operations – implementation of the Electronic Document Management System (eDMS) in all ministries and in the General Secretariat (Stage 1).	Expand the application of the eDMS to all ministries and the General Secretariat (Stage 1).
Establish higher level of e-democracy through an increased level of application of e-participation.	Increase the use of public consultations through the e-participation platform to improve outreach.
Development and adoption of policy papers (concept papers) for establishment of a co-ordinated public service system with criteria for hiring and development in accordance with the principles of transparency, competition and merit, and with recommendations for improvements in all areas of the public administration system.	Develop the legal acts necessary to introduce a transparent, competitive and merit-based public service recruitment and promotion system, covering all areas of public administration, based on good practice.

5.3. The action plan document

The actions are listed in an action plan, which should set only the main directions for actions. However, an action plan may be supplemented by **additional internal**

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[41] Organisational responsibility; public policy management – strategic planning; management of public finance and programme budget; risk management and internal control; human resources management and civil servants assessment.

documents listing the series of steps for the implementation of each action. Such a document may be useful when costing the action plan, as in some cases the action plan may not provide the level of detail needed to identify all the necessary inputs. It will also help institutions to understand whether the envisaged actions are realistic in relation to the available financial resources and the timeline for their execution. However, the aim should not be to make such documents an integral part of the strategy, as this would overburden the decision-makers, as well as most of the external readers.

Development of an action plan should involve not only representatives of government institutions, but also **external stakeholders** (such as NGOs, associations, opinion makers in certain areas, practitioners and academics), as they can serve to validate the direction being proposed and may suggest additional or even more innovative and user-centric solutions to problems than those originally designed. The development of an action plan is an iterative process which will require **several rounds** of discussions and adjustments.

As an example, this approach is well demonstrated by the development of the action plan of the Serbian PAR Strategy in 2017, where the lead ministry issued a public call for non-state organisations for joining the various thematic groups developing the different parts of the new action plan. The civil society organisations were equal members of the thematic groups and their contribution was not only to monitor the process, but to actively participate in developing activities, results and indicators.

The action plan is usually prepared in the form of a **table** reflecting the core policy elements of the PAR strategy (i.e. the various levels of objectives and their respective indicators) and including all the information needed for efficient implementation, monitoring and reporting, clearly linked to the objectives it is intended to support. This includes:

- a brief description of the action
- the deadline(s) for implementation (possibly multiple or phased and, if close monitoring and accountability are required, specified by quarter or month)
- the required financial and human resources for implementation and sources of funding
- responsibility for implementation in terms of the entities/units in charge and any other institutions contributing to the implementation
- output or process-level indicators for each action

The **timeframe** of the action plan can be set in various ways, depending on the validity of the objectives. However, action planning is most realistic where the timeframe is set at between one and three years. This also means that if the strategy timeframe is longer than this, **consecutive action plans** can be developed and as the close of an initial action plan approaches, the timely development of a new action plan document allows for a **review** of the relevance of the original objectives, any major change in the external factors affecting the reform, any change in the problems originally identified, and any newly emerging priority reform needs. A careful assessment should also be made as to how realistic the implementation ambitions of the original action plan were so that actions can be re-designed where necessary. Countries use different timeframes for action plans, for example it can be a 2-year action plan (e.g. Montenegro, Georgia), a 3-year action plan (e.g. Albania, Serbia), but also, though less often, a 5-year action plan (e.g. Ukraine). In very few cases countries do not indicate the exact timeframe for

the implementation of the strategy even if they develop consecutive action plans (e.g. the PAR Strategy of Serbia).

The action plan should be prepared, and ideally also adopted, together with the strategy or immediately after adoption of the strategy (the latter in very exceptional cases only with a clear explanation of the reasons and a clear commitment to a future adoption date). The actions set out in the action plan document have a direct impact on the achievement of the envisaged objectives, and they therefore also influence the setting of the corresponding indicator targets. In addition, the budget for implementation of the strategy can be calculated only once the action plan has been drafted. The financial resources available for the execution of the strategy also have a direct impact on what can be realistically planned. Therefore, **parallel adoption** of the strategy action plan increases the **financial feasibility** of the overall public administration reform process and allows for setting more **realistic objectives and targets**. However, it does require strong discipline, commitment and planning from lead and participating institutions to complete the development of both the strategy and the action plan at the same time.

Conversely, preparation and adoption of the action plan document only after the strategy has been adopted is to be avoided and should apply only in exceptional cases. The consequences of such may include:

- questions as to how the broad commitments will be actually achieved
- a tendency to revise targets if the costs subsequently appear to be too high
- impact on the choice of strategy indicators, as some may have to be corrected or adjusted as they are translated into executable activities
- forced re-prioritisation due to the subsequent discovery that the financial resources required for the planned implementation are lacking

After the adoption of the strategy and its action plan it is the responsibility of the key co-ordinating institution(s), and ultimately the responsibility of the reform management structures, to **ensure that the envisaged activities are duly reflected in the forthcoming annual and medium-term planning documents of the government**. It is particularly important that through these government-wide planning documents, the implementation (as well as the planning of the necessary resources for the implementation) of the envisaged reforms is consistently acknowledged and supported.

In order to support the action planning process, an action plan template has been developed by SIGMA and is presented alongside an example of an action plan document in **Annex 3** of this Toolkit.

Practical insights:

✓ *Do not be put off if your action plan is short. Quality is better than quantity. Aim for a few actions with real impact rather than a long list that will have little effect.*

✓ *Be creative and open minded, and try to organise meetings that will reveal the best, most efficient and effective solutions to identified problems. Invite external stakeholders, because they often have a different, user-centric approach and may therefore highlight different key aspects and provide good solutions.*

✓ *Ask someone who has not participated in drafting to read the draft action plan. If they understand what is to be done to achieve the agreed objectives, this will signal that the actions are clearly formulated. If not, then work on the draft further to*

capture the essence of the envisaged actions.

Things to remember:

✓ *Ideally, the action plan document should be prepared in parallel (or even before) the finalisation and adoption of the strategy.*

✓ *Actions should be new and should significantly change current practices or systems.*

✓ *Each action should be directly linked to a given objective and should be designed to genuinely impact the identified problems and their root causes. No action should be included without a foundation, namely the problem it aims to address and the objective it serves to achieve.*

✓ *An action plan should include: 1) the definition of the action; 2) the deadline (or timeframe); 3) the responsible institution or unit; 4) the costs and funding sources; and 5) output or process-level indicators.*

6. Costing

A strategy is valuable only as far as it is implementable. Experience shows that one of the biggest obstacles to reform is the lack of funding for delivering the envisaged actions. Developing a strategy is a way not only of knowing what a country identifies as the main problems and how and to what extent it wants to address these problems, but also of **planning ahead** what **resources** are required to make the desired changes.

Once the objectives have been set and the necessary actions to achieve these objectives have been crafted, it is crucial that the resources required for their implementation are estimated and their costs calculated. Furthermore, such calculations need to be checked against the estimated available funding before the strategy is finalised, as it could all too easily turn out that the calculated costs of implementing the envisaged actions exceed not only the available resources, but also what can be realistically expected in terms of support from external sources (such as from development partners like the EU, individual EU member countries, or international organisations like the International Monetary Fund [IMF] or the World Bank). In such cases the level of ambition needs to be re-adjusted, perhaps by phasing some actions for later implementation, or even by re-prioritising the objectives the reforms aim to achieve.

When a strategy is developed it must always include the proper **calculation** of the costs of resources needed for its implementation. In addition, steps must be taken to ensure that the identified resources are **budgeted**, that is, they are set aside in the annual and medium-term budget(s), and that development partners have committed to providing any necessary supplementary resources.

The costs of the implementation of the strategy should be calculated **in advance** in order to take into account the necessary financial resources when setting MTEF and annual budget(s). At the same time, when drafting an action plan for a PAR strategy, the lead institution and other institutions concerned should **consult** with the **ministry of finance** on the amount of fiscal manoeuvrability that exists within the MTEF, in order to avoid being over-optimistic from the very start.

Ideally, when a strategy and its budget are prepared, the implementation of the envisaged actions should **take the annual budget preparation process into account**, in order to ensure that no action is planned such that its implementation could be delayed due to not being covered in the current or forthcoming annual budget, or that any new financial burden unexpectedly endangers the planned state budget execution.

Ideally, the costing should use **methodologies approved** by the country's government or ministry of finance. Governments can apply various methodologies to calculate the costs of existing and new policies (reform of the public administration represents a set of new policies), such as costing based on activities, unit costing or project costing, among others. However, such methodologies are often missing, so for the purposes of this Toolkit, the experience and work of SIGMA in supporting the costing of PAR strategies in different countries has been summarised and presented in the sections

below. The approach, terminology and details of the costing process detailed below makes no claim to be fully exhaustive or the single best approach to apply, but it has been developed taking into account both the **concepts and requirements** defined in the Principles, and the **level of complexity and quality** of costing that SIGMA partners can reasonably be expected to apply**,** given the capacities of the administrations[42]. A template costing table is provided in **Annex 4 Part I**. Additionally, part of the Albanian Cross-cutting PAR Strategy 2015-2020 Action Plan costing spreadsheet is provided as an example in **Annex 4 Part II**.

6.1. The typology of costs and some approaches to their calculation

Countries may, of course, set their own approach to the costing of policies, including how to cost and budget for strategies. However, there are some universal concepts that can be identified and should be taken into account when deciding the costing methodology for strategies. When costing the various actions, activities, services and outputs within a strategy, it is necessary to identify what **types of costs** will be incurred as a result of their implementation. In most costing approaches expenditure is classified as either **direct vs. indirect** costs or **fixed vs. variable** costs.

One way to specify costs is to identify direct and indirect costs of activities, outputs or services. **Direct costs** are expenditures that are directly related to the fulfilment of functions or provision of services. Such costs can include, among other things, wages, materials and training. **Indirect costs** are expenditures that are incurred indirectly (for example, office rents, maintenance expenditures and other overheads). They are incurred by an implementing institution, such as a ministry, in the course of carrying through their overall mandate, and are therefore difficult to associate with a particular activity because they are shared across different activities. Indirect costs cannot be fully or easily associated with specific services or outputs, but without them the provision of such services would be impossible. For example, in processing applications for citizens' passports, examples of direct costs might include:

- wages for the officers dealing with passport applications and the production of passport documents
- purchase of materials used for producing the passports
- training of officers to handle applications and the production of passports

Some examples of indirect costs would be:

- use of electricity, water and heating
  cost of ICT and telephones

Another way to identify costs is to structure them into variable and fixed costs. **Variable costs** are expenses that vary depending on the volume of outputs, activities and services provided. They can include costs to acquire materials, communication costs, training costs, etc. **Fixed costs** are constant and do not vary depending on the volume of the given activity (for example, office rents, utilities and overheads). Taking

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[42] A comprehensive and detailed guide for the costing of strategies has been developed by the Regional School of Public Administration, available at: http://www.respaweb.eu/11/library#respa-publications-2018-7.

the same service of passport application handling and provision of passports to citizens, examples of variable costs could include:

- purchase of materials used for producing the required passports
- training of officers to handle applications for and production of passports

Examples of fixed costs might be:

- wages for the officers
- use of electricity, water and heating
- cost of ICT and telephones

Implementation of a strategy usually involves not just one but several institutions or, in other terms, budget organisations. It is therefore critically important to know the **budgetary implications** of the planned actions for all implementing organisations' budgets when the strategy and its action plan is being developed.

As a rule, when a strategy is being costed, it is more important to be clear about what direct or variable costs will occur, as they usually constitute a financial burden that is **additional** to the existing base budget of the institution. Wages of civil servants are taken into account only when new institutions are to be established or additional civil servants recruited as a consequence of a planned action. **Other fixed costs**, (be it direct or indirect ones) such as wages of civil servants already employed, utilities or telephones are, as a rule, **not included** in the costing of a strategy. This is in order not to overcomplicate the costing process and to ensure that the development of the strategy and its costed action plan can be done in a timely manner. However, if the country administration has more sophisticated costing capacities and skills, it might be useful to estimate all the costs of implementation of the strategy. In this case all costs, including the existing cost elements (i.e. including all indirect costs and the wages of the civil servants working on implementing the strategy) are to be calculated. This is called **full costing**. If such a method is applied, it requires that particular care be taken not to cost elements in multiple cases (double counting) and to attach the proportionate fixed or indirect costs to the reform activities with maximum possible precision.

Calculating the total costs needed for an envisaged action (for example, the training of senior civil servants) can be done by finding the **average cost per unit of output** and multiplying it by the **planned number of such units**. However, this costing method can be applied only to services that can be standardised (in our example, the unit cost for the planned activity would be the average cost of training one civil servant). Unit cost calculations cannot be undertaken for all related services, since in many cases the services are different and therefore their **unit cost is not standard**. For example, the establishment of a new civil service remuneration system, digitising public services, and carrying out public consultations in line with the country's legislation cannot be standardised. In such cases a more advanced, **activity- or project-based costing**, should be used. These approaches allocate costs to a particular project or activity resulting in a set of products or services.

In broad terms then, the recommended approach for calculating the cost of the implementation of a strategy is to identify the additional direct costs for each planned activity in the action plan. However, the costs are usually also classified according to **economic category** as found in the chart of accounts, which is used in the country's annual budget preparation and management. Broad economic categories are:

Recurrent

- services and goods
- travel
- office supplies and expenses
- interest on loans
- subsidies
- other transfers
- social expenditures

Capital (non-recurring)

- acquisition of fixed assets
- loan repayment

## 6.2. Logical steps in the costing process

The costing of the action plan elements within a strategy involves several steps, as presented in Figure 6. This schematic description includes only the major steps considered to be essential to arrive at a reasonable estimate for all the elements which make up the strategy's action plan. They could include further detail, including any preparatory, but nonetheless necessary, steps relating to the planning of the actual process of costing (such as responsibilities, timeline, methods of calculation, identification of data sources, etc.).

Figure 6. Steps in the costing process
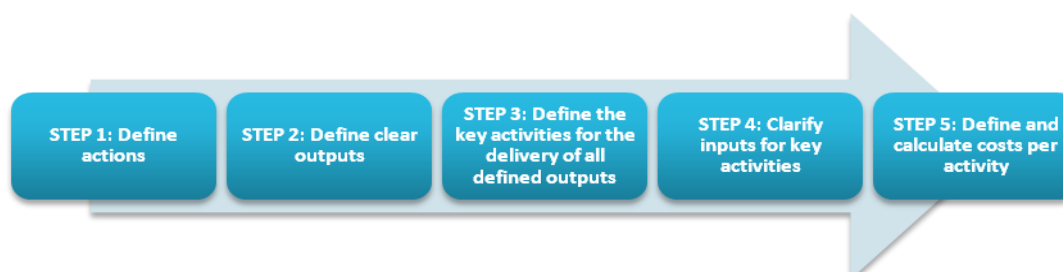
Practical experience shows that often SIGMA's partner's strategy action plans go only as far as Step 2. They include only the actions for each objective and their respective output or process-level indicators. Thus, in practice, few action plans include costings this detailed. In order to arrive at a more accurate overall estimate for the implementation costs of all key actions it is necessary to **break down the actions into costable activities and their required inputs**. Activities (i.e. any kind of measure, programme, project or similar) are the more specific course of actions that have to be executed in order to implement the action and deliver its (their) output(s). Inputs are the financial, human and material resources needed to deliver these outputs or deliverables. The logic of costing is presented in Figure 7. It is important to see how with this approach the final cost of implementing the entire strategy is gradually built up activity by activity, out of all the detailed costings. This approach is also known as **bottom-up costing**.

Figure 7. Inputs used for costing
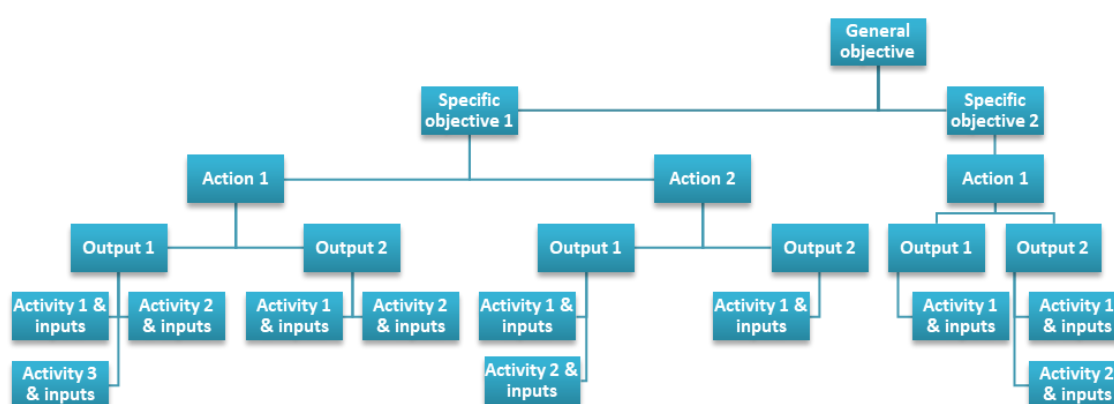
The most frequent types of activities (and their necessary inputs) are the following:

- *Soft measures* – technical assistance, capacity-building actions (workshops, training, etc.), publications, awareness and information campaigns, etc.
- *Investment* – purchase or development of IT systems, construction of public buildings, purchase of equipment, etc.
- *Human resources* – hiring new people or reorganisation.

In order to ensure that all key elements are captured and that the necessary typology and classification of the various cost elements are included, the use of **Excel spreadsheets**, or any other tool that allows easy modifications and calculations, is highly recommended. An example of how to separate defined actions into further activities and their inputs is provided in Table 4.

Once the activities and inputs have been identified (Steps 3 and 4), it is necessary to **define reference prices and calculate the required budget** (Step 5). This step involves turning the inputs into financial costs. The activities and inputs can be turned into costs in several ways:

- Applying the *average unit cost* method;
- Applying *historic costs of similar services* (i.e. the same type of costs for similar past activities);
- Applying *average reference prices* received through a survey or from other external sources. If the inputs are goods or services to be purchased from the private sector (for example, obtaining a feasibility study, conducting training or purchasing social media advertising), the cost of the specific input can be identified by requesting quotes from a few potential service providers (perhaps through telephone calls or e-mail enquiries). The quotes can then be used to calculate an average price, which will then be used as the estimated cost of the given input in the strategy costing process.

When turning the inputs into financial costs it is also critically important to take into account how often the cost will be incurred. If the cost is to arise only once (for example, in the case of one round of training or a one-off investment in the

development of an IT system), it is called a **one-off cost**. On the other hand, if an input will be required several times during the course of the implementation of the given activity or if it may reappear after the implementation of an activity, it is considered to be a **recurring cost**. If the cost will be incurred for several years running, the total cost for those years should be given (by providing the annual amount and the number of years it may be incurred). An example of the costing of activities and inputs is provided in Table 4.

In all cases, it is important that all key input elements are **presented** and that the calculation of the final cost of implementation of the given activity is **clearly traceable** in the detailed table used for costing. Nevertheless, the details of such a costing table (or tables) can be **aggregated** at the level of activities and maybe even at the level of each defined objective to ease the presentation of the ultimate costs of the reforms to the final decision makers and external readers of the strategy.

Table 4. Example of hypothetical PAR-related actions, underlying key activities, inputs and their costing

No.	Action	Outputs	Activity	Inputs	Costs
1.	**Establish assessment centre (AC) for the selection, recruitment, and deployment of senior civil servants based on international practice.**	Concept paper developed and adopted by Q2 2019	Preparation of concept paper	50 man days (MDs) of technical assistance	One-off activity. The cost of 1 MD is EUR 300. 50 MDs x 300 = **EUR 15 000**
		Government Decree on the Establishment of AC adopted by end of 2019	Preparation of Government decree	Input by existing civil servants	Base budget (no additional costs)
		Annual Budget 2020 includes budget for AC	Preparation of annual budget with AC budget	Input by existing civil servants	Base budget (no additional costs)
2.	**Develop and implement new leadership development programme (LDP) for senior managers.**	Ministerial Decree on Leadership Development Programme (LDP) adopted by Q2 2020	Preparation of LDP	20 MDs of technical assistance	One-off activity. The cost of 1 MD is EUR 300. 20 MDs x 300 = **EUR 6 000**
			Preparation of Minister for Public Administration decree	Input by existing civil servants	Base budget (no additional costs)
		Increased leadership skills of top manager civil servants as 40% of senior civil servants have completed LDP by end of 2022	Training of 120 senior civil servants	15 trainers	Training of one senior civil servant costs EUR 700 (all inclusive). Activity will be carried out every year for 120 civil servants. 120 x 700 x 3 (3-year action plan) = **EUR 252 000**
3.	**Upgrade the Civil Service Registry to collect and analyse data on senior civil service management and development.**	Function in place to collect and analyse data on the management and development of senior civil servants	Development of IT functionality scope	5 MDs of technical assistance (contents)	One-off activity. The cost of 1 MD is EUR 300. 5 MDs x 300 = **EUR 1 500**
			Development of IT functionality	40 MDs of technical assistance (software)	One-off activity. The cost of 1 MD is EUR 300. 40 MDs x 300 = **EUR 12 000**
			Training of 10 HR staff in the Ministry of Public Administration	10 trainers	Training of 1 HR staff member costs EUR 100. One-off activity for ten staff. 10 x 100 = **EUR 1 000**
			Collection of necessary data	Input by existing civil servants	Base budget (no additional costs)
	Total cost of actions 1–3 for the validity (timeframe) of the Action Plan:				**EUR 286 000**

Note 1. This calculation is based on the market prices when the service is completely outsourced. However, in some cases institutions may organise training courses by hiring training experts and making their own logistical arrangements. In this case they will have to calculate the costs of the following inputs: cost of the trainer, training material, rental of venue, catering, accommodation, etc.

Note 2. Training costs of different target groups can and will often vary. For example, training of a senior civil servant can be several times more expensive for the reason that such training will imply more individual approaches, such as coaching or mentoring.

6.3. Feeding back the results of costing before finalising the strategy development

Once the costs of the implementation of the strategy have been determined, the additional task of assessing its financial feasibility in relation to the country's medium-term expenditure framework and current or future annual budget should not be skipped. A strategy may contain activities which are already ongoing, especially if they represent a continuation of previously started reforms, as well as new initiatives. Therefore, for each envisaged activity, it is important to know whether and to what extent the identified costs are **already in the budget**, i.e. already taken into account as a planned cost (such as in the case, for example, of the salaries of existing civil servants who will execute the planned activity) and hence not demanding additional resources, or whether the activity in question is an entirely new initiative that requires **extra funding** on top of what the implementing institutions already have. New initiatives may require additional funding and this has to be compared with overall and institutional **expenditure ceilings**.

If the implementation of the envisaged strategy requires additional resources and the identified costs exceed the present ceiling(s), the country's government, on the basis of the recommendations of the lead institution (developed in close co-operation with the ministry of finance), should **prioritise new spending initiatives** in one or more of the following ways:

- *re-allocating* funds from lower priority areas or programmes to those with a higher priority
- *re-appraising* the objectives and targets that were originally set
- *further adjusting* the list of priorities within the strategy, eliminating lower priority initiatives
- *reducing* the scope of the strategy or removing some initiatives
- *re-scheduling* the implementation of certain policy initiatives
- *eliminating* new spending initiatives by, for example, finding other ways of achieving the objective that are less demanding of resources
- *seeking* other sources of funding such as development partners or loans

If the resources fall short of what is needed to accomplish the aims of the reforms, it is worth looking first for **alternative internal solutions** for the execution of the planned activities, re-allocating funds from lower to higher priority areas or programmes, making efficiency savings, etc. Only if it is not possible to secure funding from available resources within institutional base budgets or programmes set for the purposes of the planned initiatives, is it advisable to turn to **other external sources**, namely development partners, donors, international financial institutions or loans.

Overall, when comparing the level of resources necessary for the reforms to the available funding, it is important to **calculate conservatively**, in order to ensure that

what remains in the strategy can actually be implemented and the course of action as envisaged, in terms of both timing and its desired outputs, is not hampered by a lack of funding. To this end, the lead institution and the implementing bodies responsible for defining the actions of the strategy, and designing the activities for their attainment, should **closely co-operate** with the finance ministry throughout the process of finalising the strategy and its action plan.

Nevertheless, strategies and their corresponding action plans often still work with funding gaps as long as the remaining funding gap is based on thorough deliberation and it **is constantly monitored and managed** so that the necessary resources and the availability of funds are regularly reviewed (ideally annually, in accordance with the annual budget cycle).

It is also important that all institutions responsible for the implementation of the envisaged strategy use the cost information (along with other information about the strategy, especially regarding the indicator targets) to produce their budget request for the ministry of finance, in accordance with the national budget planning format and requirements.

Practical insights:

- ✓ *It is often assumed that costing requires a sophisticated methodology, when, in fact, it requires only the precise application of a few main concepts and methods.*
- ✓ *Costing may require looking beyond actions. The drafters need to clearly understand what it takes to implement the action and therefore it is usually necessary to break the action into smaller steps, namely the key activities.*
- ✓ *Any existing country requirements should be applied during costing, and it should be carried out as part of an iterative process, involving all the institutions that may have a part in implementing the envisaged actions, and in close collaboration with the country's ministry of finance.*
- ✓ *Overall, the quality of costing depends on the quality of the plans. The more clarity the action plan provides about the envisaged activities the better their costs can be calculated.*

Things to remember:

- ✓ *The costing of a strategy is based on its action plan, and it is a logical process that should be inclusive and iterative.*
- ✓ *Often the actions in the action plan have to be broken down into further detail in order to arrive at sound estimates of the financial resources required for their implementation.*
- ✓ *When estimating the cost of the implementation of a strategy, both the costs of activities already ongoing and for which additional funding have been secured, and the estimated costs of new activities, have to be taken into account.*
- ✓ *Unless a government requires full costing, the cost of salaries of civil servants already in place at the implementing institutions are usually not calculated, their wages are already part of their base budget. Only wages for new institutions or additional staff are calculated and should be reflected in the country's annual budgets as well as the MTEF.*

✓ *As the available resources are usually scarce, the results of the costing exercise should be fed back into the planning process, to allow for resource re-allocation, fine-tuning of the priorities or further adjustment of when and what can be realistically achieved with the available funding. Additional costs should first be funded through internal re-allocation and savings, and requests for external support should only be explored as a secondary option.*

✓ *There is no single, right and universally applicable method for the costing of a strategy, methods and approaches may vary. However, whichever approach is selected, it must be applied consistently and systematically throughout the exercise. This may also mean a combination of methods, but still, their application should be consistent.*

7. Monitoring and reporting

Once a strategy and its action plan have been approved, implementation begins. Institutions have to constantly and continuously monitor and evaluate[43] progress to see whether implementation of the strategy is achieving the objectives and delivers as expected[44]. There are two stages which help to assess the success of the strategy and its implementation:

- Monitoring and reporting
- Evaluation

The monitoring, reporting and evaluation of a strategy are vital, yet they are also rather resource-intensive and capacity-demanding stages of the strategy process. The main purpose of the monitoring and reporting efforts is to **identify problems** and **make recommendations** for solving them during the course of the implementation of the strategy. It is of paramount importance that the monitoring, reporting and evaluation system should be developed and set up **in conjunction** with the adoption of the strategy, detailing the **various roles and responsibilities** for data provision, data collection, report writing, frequency of reporting, the structure of various reports, key aspects of evaluation, etc. If a country has a strategic framework consisting of several strategies, it is also important to ensure the monitoring and reporting process is **streamlined and aligned** to minimise the additional burden occurring with each strategy within the framework. It is equally important that any monitoring, reporting and evaluation set-up is in alignment with the requirements and standards of the national system, if they exist.

The most challenging aspect is determining how to **collect, analyse, and present** (as well as how to communicate) the information in the best way for informing policy improvement, decision making and external users, as well as the wider public. Setting this fine balance requires the dedicated efforts, expertise and skills of **technical staff** and receptive **management and leadership**. It also takes **several reporting cycles** to fully customise and understand what information is required when and from whom, to provide the best support for a smooth and effective implementation.

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[43] For more about monitoring government performance, see OECD (2009), *Measuring Government Activity*, OECD Publishing, Paris, https://doi.org/10.1787/9789264060784-en.

[44] More on reporting can be found at: https://ec.europa.eu/neighbourhood-enlargement/tenders/monitoring-and-evaluation_cs. Additionally, the European Commission's Quality of Public Administration - Toolbox 2017 edition can also serve as a helping tool. The toolbox mentions the active involvement of stakeholders in evaluating public policy, and also provides some examples of participatory approaches to monitoring and evaluation involving all relevant stakeholders. See at:

http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8055&type=2&furtherPubs=no.

The full development of a strategy monitoring, reporting and evaluation system may, in practice, take years before it can comprehensively and efficiently serve the purposes of decision makers and become a well-used set of tools for holding the reform owners accountable for the progress of the reforms. Establishing such a system often starts with developing simple accountability reports on the implementation of actions, and it is improved over time by an increase in the depth and quality of the information generated during the process and, eventually, also by the way this information is used for decision making. Therefore, developing a fully-fledged set-up **takes time** and is an **iterative process** of learning-by-doing.

Ultimately, having a monitoring, reporting and evaluation system is useful if it is timely, focused, relevant and user friendly. Box 16 explains what is meant by these terms.

<table>
<tr><td colspan="2" align="center">**Box 16. Key characteristics of a good monitoring, reporting and evaluation set-up**</td></tr>
<tr><td>**Timely**</td><td>Timely reporting means reports are not only **produced on time**, but also **in line** with the country's policy and budget planning process. This means that reports should fit in with the budget preparation calendar such that strategy-related decisions requiring application for additional funds can be integrated into the annual budget. However, timeliness also means that reporting should take into account those times when strategic decisions are best placed to ensure the effective implementation of the strategy or when newly-occurring implementation bottlenecks emerge.</td></tr>
<tr><td>**Focused**</td><td>Focused reporting means that information provided in the reports is focused on the **most important aspects**, such as objectives, targets and activities. It is also worth mentioning that **reporting is not only about activities**; activities are just means to reach certain objectives, what is of interest for the government and the country is the generation of outputs and progress towards the achievement of the agreed objectives. There is always more data and information available than can be easily consumed. Hence, the art of report development is knowing how to select and present the most important information in order to support effective implementation.</td></tr>
<tr><td>**Relevant**</td><td>Relevant reporting means that **only relevant and strategic information** is provided in the reports. Business-as-usual and administrative information should be avoided, as it overloads the readers who are usually dealing with a number of important topics and therefore can digest only short, focused and concise information that helps them to do their job of managing the implementation of the strategy and taking key policy decisions.</td></tr>
<tr><td>**User friendly**</td><td>User-friendly reporting means information is provided **using a simple structure, concise text and visual information** as much as possible. The language should also be simple.</td></tr>
</table>

7.1. The role of monitoring, reporting and evaluation in the strategy process

The monitoring, reporting and evaluation of the implementation and success of any strategy are integral parts of the entire strategic policy cycle and play a significant role in informing all stakeholders (both within and outside the country's government) about the attainment of the commitments expressed in the strategy and its action plan. More importantly, it ensures that feedback is provided to management and the political leadership on separate policy issues, as well as on the overall progress with implementation of the strategy (including the use and availability of the necessary financial resources). Application of the monitoring, reporting and evaluation system **supports** the making of **informed strategic policy and budget decisions**, and its regular and systematic application provides a good basis for taking key policy decisions at the right time, by having the best available information to hand.

Monitoring, reporting and evaluation help to identify and present information about emerging challenges and implementation bottlenecks. Such knowledge can be used to design and propose solutions for improving the strategy design and operational plan, overcoming specific implementation difficulties, and making better use of the existing management and co-ordination structures. In other words, proper use of the system of monitoring, reporting and evaluation is fundamental for timely, effective and efficient achievement of the planned reform results. In addition, monitoring, reporting and evaluation are also about **accountability**. The information and data generated through monitoring and reporting help to **hold public institutions accountable for commitments made** and reflected in the strategies. It is fundamental that results of the monitoring process, as well as any evaluation, be shared with stakeholders and the wider public, both to ensure that all affected parties are informed about what has or has not progressed, how and what results have been achieved, as well as to validate the key findings themselves. Ideally, stakeholders (and citizens) are involved in the monitoring and evaluation process as information providers and as potential influencers, before any decision is taken in relation to the reforms proposed.

Even though the ultimate benefits are similar, i.e. informed decision making and improved policy design, the ways in which monitoring and reporting are applied, and the methods used for their development and application, differ significantly from those used in evaluation.

7.2. What is monitoring and reporting?

Monitoring is a regular and recurring process, through which the responsible staff collect and analyse information where a reform stands at any given time (and over time) relative to respective reform targets at the output and outcome level. Monitoring ends at the outcome level, as it takes place during the implementation of the reforms and as attainment of the desired impacts can be assessed only through evaluation.

Based on the information collected during the monitoring process, monitoring **reports** are drafted to inform the implementers, key government decision makers and other stakeholders, as well as the wider public, on the progress of reforms, challenges identified and proposed solutions for ensuring the ultimate success of reforms. Good reports assist decision makers to take corrective action(s) for effective implementation and better policy design.

Writing a good report requires several types of **competencies and skills**:

- *analytical skills* to review and analyse data and formulate judgements or conclusions;
- *creative thinking* to structure the report in a user-friendly way;
- *communication skills* to communicate performance information in a way that attracts various readers.

Report writing should not be a routine activity, but an exercise that you **start afresh each time**. Even though data collection is repetitive, based on indicators and information about certain activities which do not change every year, during the writing of the actual report drafters should seek innovation and improvements in terms of structure, visual aids, the description of challenges and development of proposed solutions. In practice, strategy monitoring reports are too often written using the same narrative structure, simply updating the data and information. This practice should be

avoided or used with special care to maintain a focused approach to reporting and to avoid fatigue of the readers of regular reports.

7.3. What determines good monitoring and reporting?

Achieving a good monitoring and reporting outcome requires more than simply a good strategy and action plan. There are three main issues that determine the success and efficiency of the monitoring and reporting set-up, as shown in Figure 8.

Figure 8. Issues determining good quality reporting

7.3.1. Users

First, the type of information provided for monitoring may differ depending on the **users** of that information. The higher the level of decision making, the more aggregate and outcome-oriented the information that should be used. The role of these readers is to take strategic decisions; hence the information provided to them should be focused and strategic. On the other hand, the lower the level of staff a report is aimed at, the more operational the information it might be necessary to present.

Typical users of the monitoring and reporting information are:

- *External users*: citizens, media, NGOs, professional bodies, practitioners, academia, financial donors, etc.
- *Internal users*: parliament, government, ministers, managers and operational staff

As a rule, external users and high-level internal readers, such as members of parliament, the government and ministers (the typical strategic users) are more interested in **strategic information** related to:

- *overall progress* against the objectives and targets set for the key areas (usually the main pillars by which these areas are covered in the strategy), including how much was spent on the attainment of a particular level of results;
- *systemic challenges* encountered;
- *use of the allocated resources*, especially use of the budget.

Managers and operational staff (the operational users) need to have both strategic and operational information (for example, on specific implementation problems, even if they are just occasional, or delays due to operational difficulties). It is therefore important that reports on the implementation of the strategy and action plan include both strategic and operational information, presented in such a way that

> *Users of monitoring reports:*
> ✓ *Include both strategic and operational users*
> ✓ *Need different types of information*
> ✓ *Require all the monitoring and reporting information to be presented in such a way that it is easy to find what they need*

each target group can easily find the information relevant for their purposes.

7.3.2. Frequency and timing

Monitoring is a routine activity, and monitoring data is usually collected for reporting according to a pre-defined, specific frequency. The frequency differs depending on the type of performance information. For example, outcome-level indicators (government effectiveness, turnover of civil servants, etc.) are measured on an annual basis or even less frequently, while information on output-level indicators (number of civil servants trained, number of consultations carried out, etc.) are measured and reported more often, for example, every quarter or whenever a deadline for delivery is approaching.

The preparation of monitoring reports is a labour-intensive activity and it should be done in such a way that the end result (the report) is proportionate in terms of the costs (the time spent on its development) and benefits (the actual use of the report). Based on the practice in various SIGMA partners in the Western Balkans and the needs of the decision makers and development partners (especially the EU), it is recommended that the report covers:

1. Strategy objectives and outcome-level indicators annually or every second year
2. Strategy action plan activities and output-level indicators every 6 months.

7.3.3. Quality of reports

Reports are not only tools for ensuring accountability for and visibility of the pace of implementation of reforms. Strategy reports also allow:

1. **Taking decisions** to solve problems and speed up implementation of delayed or lagging reforms and activities. For this purpose, reports should include an account of major bottlenecks and challenges, focusing on systemic challenges at the strategic level (as well as proposed corrective measure to address them), while also including information on specific, sometimes even one-off, operational difficulties at the operational level. Major bottlenecks and challenges may relate to a lack of financing, public procurement procedures, disagreements between institutions, etc.
2. **Searching for better ways** to achieve the objectives not only through data collection and analysis for report writing, but through the synergy of different perspectives and ideas that can be achieved through high-level discussions among key government and external stakeholders. To support such policy design enhancement purposes, the strategy reports should be presented attractively and in a way that stimulates strategic thinking.

Achievement of these aims of monitoring and reporting depends on the **analytical capacity** and **creative skills** of civil servants to produce reports which are **strategic** as opposed to merely descriptive, and to present them in an accessible way, as opposed to the traditional ways of presenting all information without prior selection and systematisation or in the form of slides full of text. Overall it can be said that the quality of discussions and decisions on the issues of PAR or the relevant sector depends to a large extent on the quality and presentation of the reports supporting such discussions and decision making.

Some of the key problems with reports are that they are:

- too long and focused on the descriptive provision of administrative information only;
- lacking in analytical insights and analysis of the causes of underperformance or bottlenecks;
- not visually attractive and lacking in structural simplicity and visual tools.

Box 17. PAR-related example of a process focus vs. a results focus	
Process description	**Results description**
The working group on public sector optimisation met four times during 2015. It has prepared a public sector Optimisation Roadmap. The action plan was the subject of consultation with all ministries, key government agencies and civil society organisations. The Government adopted the Roadmap in September 2015. The Roadmap covers a period of three years and lists a number of activities envisaging the merging or reviewing of functions.	The Optimisation Roadmap has reduced public sector support functions by 10% in agencies within the first two years of implementation. It is expected that a 20% reduction will be achieved by the end of 2019. Within the first two years the budget for support functions was reduced by EUR 2.5 million. By the end of 2018 it is expected that EUR 5 million will have been saved.

A good strategy monitoring report should therefore be:

- *Visually attractive and easy to read*. Creative presentation of data and information through the use of graphs, pictures, tables, and other modern visualisation tools used for strategic communication is growing.
- *Short and well structured*. No one will read a long, descriptive account of activity implementation, but most will skim through a short paper with informative and catchy headings, a few bullet points, and a number of graphs and tables. Additional information or more lengthy justifications can be presented in annexes, if needed. This approach to presentation has a better chance of attracting the attention of decision makers.
- *Results focused*. The most important aspects are what has changed in a particular policy area (i.e. the impact made since the adoption of the strategy or since the last report), how far the planned commitments have been achieved at the time of reporting, what has not worked well and why, and what needs to be changed and how (i.e. recommendations for corrective measures or action).
- *Factual*. The statements within the report should be based on facts, verified information and valid proofs.
- *Analytical*. Reports should be written in a way that helps the readers to reach conclusions and that tells a story about both the achievements and, especially, the difficulties and their underlying causes.


Box 18. Example of a good monitoring report

Optimisation of public administration

Progress:

The main ambition in 2016 was to reduce the number of civil servants and institutions in line with government optimisation programme targets. The delivery of these two optimisation targets has been delayed due to five laws pending adoption in the Parliament. It is expected that the laws will be adopted in the next session, thus allowing the targets to be met.

In addition, under the co-ordination of the Ministry of Finance, all ministries have worked to establish shared service centres for 15 services. However, this target has not been achieved, as 30% of institutions failed to provide information on three main services, namely public procurement, document management, and accounting.
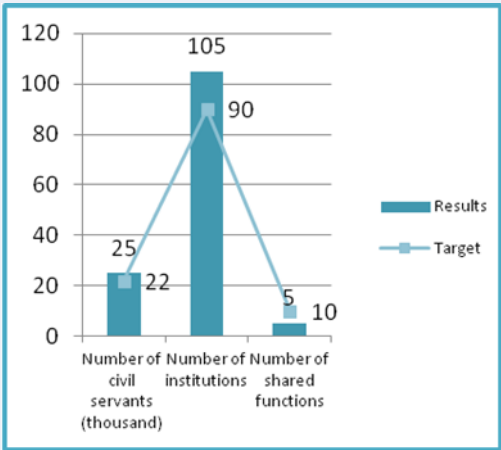
Recommendations:

The Members of the Cabinet should promote the adoption of the pending draft laws in the Parliament.

The institutions listed in the report should provide the information necessary to complete the establishment of shared services within 3 weeks. The timely completion of this task should be given all possible support.

Strategy reports should be a narrative on **performance,** using **evidence**. For developing such narrative, the filtering or **selection** of relevant information is crucial. In the course of monitoring and data collection a vast amount of detail is collected. The civil servants responsible for report drafting need the ability to judge what kind of information and data should be used and in what form (e.g. aggregated or calculated based on raw data). Although the set actions, activities and objectives (along with related evidence in the form of indicators and targets) are the basis for the narrative text, they do not necessarily all need to be presented in the same level of detail. Only those with the biggest **reform impact** or where the most pressing **problems or shortcomings** are being experienced merit a deeper analysis. In addition to this focused narrative, a summary or synthesised description of the progress on each activity should be provided, where relevant in the given reporting cycle. For example, instead of giving an account on implementation of all listed activities for a given objective, it is recommended to select the ones with most impact and provide a generalised picture of positive or negative performance against the objective.

A general PAR strategy report structure and instructions for its development are presented in **Annex 5**, along with examples.

7.4. The institutional set-up and roles for strategy monitoring and reporting

Due to the cross-sectoral, horizontal nature of PAR, and since there are usually multiple institutions taking part in the reform implementation, PAR monitoring and reporting is likely to be a more complex process than monitoring and reporting of a sector strategy. In both cases, however, the proper allocation of responsibilities for implementation and monitoring is of critical importance. These roles, as well as their method of application (the monitoring and reporting process) should be defined in conjunction with the adoption of the respective strategy or strategies.

The key institutions involved in monitoring and reporting on a PAR strategy are as follows:

1. The government
2. Any PAR council or equivalent political-level body
3. Any PAR interministerial group or other administrative-level body
4. The lead PAR institutions (the responsible ministry or government body)
5. Ministries and government agencies involved in implementation

A brief summary of the task of each level listed above in relation to PAR monitoring and reporting is presented in Box 19, while a more detailed description of such tasks can be found in **Annex 5.**

Box 19. Brief overview of PAR monitoring and reporting roles

The **government** is the ultimate decision-making body in PAR (as in any policy area or sector). It can direct the efforts of or can empower the lead and participating institutions during the course of the reforms. It can resolve disputes between different institutions and adopt any necessary measures and solutions to improve and ensure the effective implementation of the PAR strategy.

The **PAR council** (if it exists) is a high-level political decision-making body that steers the implementation of the PAR strategy and provides advice to lead and implementing institutions.

The **PAR interministerial (or interinstitutional) group** (if it exists) is usually one or more administrative-level bodies comprised of senior officials from the key institutions involved. Its task is to ensure that there is regular monitoring of implementation of PAR strategy objectives, targets, activities, and budgets and to resolve disputes that are administrative (non-political) in nature.

The **lead institution (ministry)** is in charge of the overall functioning and reform of the public administration and co-ordinates the attainment of strategic reform objectives, indicators and activities on a daily basis. It is the institution tasked with co-ordinating the implementation of the PAR strategy at expert technical level. Usually the lead institution is in charge of compiling information and developing the monitoring reports as well as ensuring the effective functioning of the entire monitoring system (including ensuring data availability and timely data provision).

The **ministries** (and other governmental bodies) are responsible for ensuring the implementation of activities and objectives that come within their remit (or contributing to the implementation of certain activities as per their defined role in such cases), along with providing the lead institution with the information necessary for the monitoring of PAR strategy implementation.

Practical insights:

- ✓ *Put all the laws and regulations to one side when writing the report. Try to walk in the shoes of decision makers: what are they most interested in, and how would they like to read about it?*

- ✓ *Do not write long reports – it is quality, not quantity, which matters.*

- ✓ *It may be beneficial to consult with communications and public relations (PR) colleagues or experts in order to think innovatively about how to present key information in a more user-friendly way. They may have interesting ideas and advice.*

- ✓ *Reporting quality develops with practice. Do not be put off if the first attempts are not well received and if the first reports are too dry.*

- ✓ *Always analyse, not just present!*

- ✓ *Remember: the report is the best tool to influence change and to ensure reform success.*

Things to remember:

- ✓ *Good monitoring, reporting and evaluation require well-defined indicators with baselines and targets.*

- ✓ *Sound monitoring and reporting takes time, analytical and communication skills, and creative thinking.*
- ✓ *Effective monitoring and reporting needs the active involvement of managers and leaders.*
- ✓ *A good report is concise, well structured, analytical and results focused.*
- ✓ *A report is good only in as far as it helps to ensure effective and efficient reform delivery and supports the taking of corrective measures where necessary.*
- ✓ *The monitoring, reporting and evaluation system (with clear roles and responsibilities, a set report structure, etc.) should be developed in conjunction with the adoption of the strategy.*
- ✓ *If the PAR framework consists of several strategies the monitoring, reporting and evaluation systems should be streamlined and aligned.*

8. Evaluation

Evaluation is the more elaborate process of analysing the success of the strategy implementation, identifying what went right, examining the reasons behind what went wrong, and then re-adjusting the strategic direction accordingly. The design and execution of the evaluation stage is usually independent of the regular monitoring and reporting framework. Evaluation involves forming **evaluation questions,** collecting and analysing data to get **answers** to those questions**,** and gathering evidence to formulate **conclusions and recommendations**. The purpose of evaluation is to improve strategic policy implementation or its design[45]. Good evaluation also is a critical accountability instrument and serves institutional strengthening, as well[46].

As in the case of monitoring and reporting, evaluation requires specific **skills**:

- methodological skills to structure the evaluation framework (mainly the definition of the evaluation questions);
- analytical skills to be able to handle data collation and analysis;
- the ability to translate technical information into practical recommendations;
- networking skills, since data collection will require reaching out to many stakeholders;
- presentation and communication skills to explain technical and complex issues in simple language, avoiding jargon.

8.1. Who and what to evaluate?

Evaluation is a much more resource- and skills-intensive process than monitoring. It requires more sophisticated analytical skills and expertise in various data collection and analysis methods. During evaluation it is common to use statistical analysis methods, for which capacity may not be available internally within the administration (in the lead institution/ministry). There are, however, several options for carrying out evaluation – internally by programme staff, through the commissioning of external

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[45] Further reading on evaluation is available at: European Commission (2017), *Better regulation guidelines - Evaluation and fitness checks*, Brussels, https://ec.europa.eu/info/sites/info/files/better-regulation-guidelines-evaluation-fitness-checks.pdf,
World Bank, https://openknowledge.worldbank.org/bitstream/handle/10986/2699/52678.pdf, and OECD (2002), *Evaluation and Aid Effectiveness No. 6 - Glossary of Key Terms in Evaluation and Results Based Management (in English, French and Spanish)*, OECD Publishing, Paris, https://doi.org/10.1787/9789264034921-en-fr.

[46] For a list of principles and guiding questions for performance evaluation, see: OECD (2014), "Performance evaluation", in *The Governance of Regulators*, OECD Publishing, Paris, https://doi.org/10.1787/9789264209015-12-en.

providers, or by a mixture of internal and outsourced approaches. Box 20 assesses each of these options.

Box 20. Benefits and limitations of the options for evaluation set-up	
OPTION 1: in-house evaluation	Evaluation is designed and carried out internally by the lead institution staff. **Benefits**: allows faster evaluation, as there is no need for often lengthy procurement procedures; availability of inside information; further enhancement of analytical skills and insight. **Limitations**: could be less objective, due to reluctance to disclose challenges and problems. **Examples:** Mid-term evaluation of the Serbian PAR Strategy[47].
OPTION 2: outsourced evaluation	Evaluation is carried out by external consultants through an outsourced procedure. **Benefits**: objective evaluation by external and independent evaluators. **Limitations**: requires additional resources to procure the expertise; may require more time to procure the service providers. **Examples:** Evaluation of the Public Administration Reform Fund in Bosnia and Herzegovina[48].
OPTION 3: mixed/combined evaluation	Only some parts of the evaluation are outsourced (e.g. data collection and some of the more sophisticated analysis), while the rest is done in-house. **Benefits**: objective evaluation due to the involvement of external and independent evaluators; faster evaluation process, as the more time-intensive evaluation steps can be outsourced. **Limitations**: requires some additional resources to procure certain services. **Examples:** Comprehensive report on the implementation of the Kosovo PAR Strategy 2010-2013[49].

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[47] Three year 2015-2017 report on the implementation of the PAR Strategy and its Action Plan, March 2018, http://www.mduls.gov.rs/doc/PAR%20Report_eng_mar2018.pdf.

[48] SIDA Decentralised Evaluation: Evaluation of the Public Administration Reform Fund in Bosnia and Herzegovina, April 2015,

https://www.sida.se/contentassets/7f6661a1ee4046bfa45e4295d26b1c5e/15538.pdf.

[49] Comprehensive Report on Implementation of The Public Administration Reform Strategy 2010-2013, June 2014, https://map.rks-gov.net/getattachment/8548fd1f-60d2-4318-b226-8f1ed8e26d27/Raporti-gjithperfshires-mbi-zbatimin-Strategjise-d.aspx.

The choice as to whether to have in-house, outsourced or mixed evaluation depends also on the objectives of the evaluation process:

- *Organisational self-reflection and learning* – an in-house evaluation is more suitable as it allows better insider insights.
- *Determining which policy option is the most cost effective* – an outsourced evaluation is more suitable as it requires more sophisticated evaluation methods and more objective and independent insights.
- *Verifying that activities and outputs have been delivered as envisaged* – an outsourced evaluation is more appropriate as it such verification may require more objective and independent insights[50].

In either case it is necessary to consider both **costs** and **capacities**. Often countries carry out outsourced evaluations due to a lack of in-house competencies and skills. It takes time and resources to foster the required evaluation competencies. On the other hand, there is a growing need for quick evaluations to analyse rapidly emerging challenges and problems and provide intermediary solutions. Such evaluations are performed in-house and they employ less sophisticated data collection and analytical tools and methods.

Evaluation should be **selective** and **targeted**. It is not necessary (and not recommended either) to carry out an evaluation every year. Decisions on which aspects to evaluate often depend on the data generated through the monitoring process. For example, it might be useful to undertake an evaluation where monitoring data shows that certain targets have continuously been missed or if service users have been complaining about the quality of services. Also, measures with large budgets or concerning important issues on the political agenda (priorities) may be best suited for evaluation.

Overall, an evaluation should lead to **decisions**, encouraging administrations to:

- *start, stop or continue* a new or existing strategy;
- *revise policy* – objectives, actions, activities, or indicators and their targets;
- *revise budgets and resources;*
- *adjust implementation processes* – timeframes, responsibilities;
- *learn* about what went right or wrong and why.

8.2. Types and scope of evaluation

Evaluation of a strategy can be **interim** (carried out during the course of strategy implementation) or **ex-post** (carried out after strategy implementation). Evaluation types are also differentiated as being process-, programme- or impact-oriented. A brief description of each evaluation type is presented in Table 5.

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[50] For further reading on what benefits evaluation may carry, see: OECD (2009), "Evaluation Improves Performance", in *Focus on Citizens: Public Engagement for Better Policy and Services*, OECD Publishing, Paris, https://doi.org/10.1787/9789264048874-6-en.

Table 5. Types of evaluation

	Process evaluation	Programme evaluation	Impact evaluation
Focus	Efficiency, implementation, internal mechanisms, implementation/delivery of outputs	Effectiveness, contribution, achievement of outcomes	Cause-and-effect, attribution, achievement of impact
Methods	Workflow analysis, comparison of performed vs. planned activities and outputs	Comparative analysis, cost-effectiveness/benefit analysis, benchmarking	Counterfactual analysis, comparison groups, statistical analysis, randomisation
Question answered	Has implementation gone according to plan, and do results look attainable?	Has the policy been effective in achieving its stated objectives?	What would have happened in the absence of the policy/reform?

The scope of the evaluation is another issue that managers and staff in charge have to decide in advance. It is decided by applying five **evaluation criteria** (see Table 6) and selecting the most relevant ones depending on the timing of the evaluation, its duration, the requirements and the available resources[51]. These criteria and questions help to define the structure and scope of the evaluation. There is no need to ask for everything at once. Selected aspects may be chosen for evaluation based on why the evaluation is needed and what is wanted from it[52].

Table 6. Evaluation criteria and questions

Criteria	Questions
Relevance	• Are the objectives of the strategy still valid? • Does the strategy respond to the needs of the beneficiaries? • How well do the actions/outputs of the strategy respond to the problem/objectives? • How well adapted is the reform to subsequent changes in the context in which the reform is framed (changes in needs, in policies, etc.)?
Efficiency	• Is the action/activity cost efficient? • To what extent are the costs involved justified, given the changes/effects which have been achieved? • Which are the other ways of using resources that have produced more results or have used resources sparingly, yet maintaining the same level of achievements? • Could the same results be achieved through using fewer resources or through a better/different combination of the resources used?

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[51] It is worth noting that according to the EU Better Regulation Guidelines the relevant criteria are: effectiveness, efficiency, relevance, coherence and EU added value as mandatory criteria, while impact, sustainability, utility, complementarity, co-ordination, equity, acceptability are additional criteria for evaluation. For further reading see European Commission, *Better Regulation Guidelines*, Brussels, p. 52.

[52] More information on evaluation criteria can be obtained at:

http://www.oecd.org/dac/evaluation/daccriteriaforevaluatingdevelopmentassistance.htm.

	• How efficient (smooth) is the implementation process?
Effectiveness	• To what extent were the objectives achieved/are the objectives likely to be achieved?
	• Were the objectives achieved on time or will they be?
	• To what extent do the observed effects correspond to the objectives?
	• What are the major reasons why the objectives are or are not being achieved?
Impact	• What has happened as a result of the strategy?
	• What difference did the strategy make to various groups of beneficiaries (and the wider public at large)?
	• How were the various target groups affected?
Sustainability	• Will the benefits continue after the implementation of the strategy?
	• Are the impacts likely to be long-lasting?
	• What can be done to ensure that they remain sustainable?
	• Which institutional arrangements allow for maintaining the benefits achieved?

Since conducting an evaluation usually takes time and effort, it is important to **plan ahead**. If the implementation of a strategy is envisaged to take several phases (expressed in consecutive action plans), it is advisable to introduce the evaluation process and the design of the monitoring, reporting and evaluation framework in conjunction with the adoption of the strategy. This will allow the results of a medium-term evaluation to be used in the development of a new action plan and even the interim fine-tuning of the overall strategic framework (i.e. checking the validity of the originally envisaged objectives and indicator targets, as well as the success of implementation). Also, evaluation is a cost in itself and needs to be considered from the beginning. An example of terms of reference for external evaluation can be found in **Annex 5**.

Practical insights:

✓ *The key to a successful evaluation is a carefully-planned evaluation process where the evaluators are selected, the key questions are pre-defined, the necessary data for answering the questions is identified, and the methods to be used for analysis are decided in advance. The necessary resources for carrying out the evaluation are also estimated and earmarked.*

✓ *Since participating in evaluations is a good way of learning, it is always beneficial to consider involving the key staff in the evaluation process (at least partially).*

✓ *Evaluation is worthwhile only if there is an appetite to learn and make adjustments among the various decision makers and the wider stakeholder audience.*

Things to remember:

✓ *Evaluation is done only occasionally. Evaluation should be a special event!*

✓ *Evaluation can be in-house, outsourced or a combination of both.*

✓ *Evaluation should be selective and analyse only those issues that are most*

problematic.

- ✓ *Evaluation requires specific expertise and skills, which may not be readily available in-house.*
- ✓ *Evaluation builds on monitoring data, but its purpose is different and more strategic.*
- ✓ *Evaluation should be planned ahead.*

9. Management and co-ordination of PAR

Due to the cross-cutting nature of PAR and the multiple institutions usually involved in the implementation of the reforms, it is advisable to have **dedicated steering and co-ordination structures** to oversee the implementation of PAR. In fact this practice already exists in several EU candidate countries and potential candidates, as well as in some ENP countries. While it is of paramount importance to establish such structures to ensure successful implementation, they have often already been established by countries for the development of their PAR strategies. In any case, the formation of the structures, the institutions (and often appointed individuals), their roles and responsibilities, and the working procedures of the structures should be **formalised** in a separate decision or explained in PAR strategic documents. As PAR is not a stand-alone policy area and does not exists in isolation, whatever management structure is established for PAR strategy development and implementation, it must be in alignment with the national policy design and co-ordination requirements and approaches.

Structures may be established at the **political level** (for example, in the form of a PAR council or ministerial committee) and at the **administrative level** (such as through interministerial working groups or sector working groups). As a rule, it is best to have both a political-level and an administrative-level co-ordination structure to ensure focused and effective reform management. As a minimum guidance, the key elements of the respective mandates (roles and responsibilities) of the political-level and administrative-level structures should be as set out in Box 21.

Box 21. PAR co-ordination structure mandates

STRUCTURE	MANDATE
Political-level structure:	1. Steer and oversee the implementation of PAR and all strategies comprising the strategic framework for PAR. Take or propose corrective measures to ensure effective implementation of the reforms. Review, via six-monthly, annual and ad hoc PAR strategy reports, should include regular oversight of the implementation of objectives and activities, attainment of targets, execution of the budget, financial gaps, etc. 2. Discuss and provide strategic advice on specific PAR-related issues, including specific policy directions. Review and discuss PAR-related draft decisions that go forward to the government for approval (such as draft laws, regulations, concept papers, etc.). 3. Co-ordinate and harmonise diverging opinions (dispute resolution). Discuss other PAR-related issues and solve any challenges that arise during the implementation of a PAR strategy. 4. Lead the communication within and outside the public administration about the reform design and its implementation.
Administrative-level structure:	1. Identify gaps in PAR strategy implementation and conflicting views on PAR-related issues. Oversee and discuss the progress in implementing the activities of PAR strategies, either on an ad hoc basis or through regular reports. 2. Support the effective work of the political-level management and discussion in the PAR council (or equivalent) through the preparation of materials for policy deliberation (reports, policy notes, etc.) as well as for communication and visibility purposes. Discuss PAR-related draft decisions that go forward to the PAR council (such as draft laws, regulations, concept papers, etc.). 3. Co-ordinate the actions of the institutions in charge of implementing various PAR-related activities and discuss and solve issues that impede or hamper the successful and timely implementation of PAR activities, objectives and indicators. 4. Based on the analytical and operational information available to the interministerial body, discuss any necessary changes to the PAR strategy and propose such changes to the lead PAR institution or the PAR council.

9.1. Composition of the management structures

9.1.1. The political-level structure

The political-level body is usually comprised of members of the country's **government** (or at least their political deputies). If PAR is a government priority this body might be chaired by the head of the government (the prime minister) or at least by the head of the institution (the minister) in charge of public administration. The membership of the minister of finance and, in the case of EU candidate countries and potential candidates, the minister in charge of European integration is also good practice. Other heads of institutions (ministers) are selected and appointed according to their role in the reform process. If the reforms also address institutions independent from the government (for example, the Judiciary), their political leaders should also be members of the political-level body. In addition, it is advisable to involve key **external stakeholders** (such as representatives of NGOs or academia) in the political-level body, either as members or as observers, to enhance the accountability and credibility of the government's commitment to reform.

The **role of the political structure** (e.g. the PAR council) in the monitoring and reporting process is crucial as it has all the tools to provide high-level feedback and incentives for participating institutions to strive to achieve the stated targets. Based on the information provided in the reports, high-level decision makers can use **political leverage** to "push" institutions to move faster towards meeting the targets or – if evidence shows that this is not possible – to revise the strategy. It is recommended that the PAR council meets at least **every six months** to discuss the progress of implementation and any emerging difficulties in a timely manner. PAR council meetings are called by the chair and organised by the PAR council secretariat. The PAR council secretariat is, as a rule, the lead PAR institution (ministry).

9.1.2. The administrative-level structure

In addition to the political-level body, an **administrative** (or interministerial) body, or several thematic working groups, should be established to co-ordinate the various areas of PAR at the more **technical level**. Such interministerial bodies are comprised of representatives of the key institutions (usually ministries and agencies) implementing the areas covered by the PAR strategy. The chair of the body is usually a senior civil servant of the lead institution (ministry) in charge of PAR. If area-specific administrative-level bodies are established, those should be led by the institution leading the given PAR-related area. The main mandate of such thematic working groups is similar to that where there is only one interministerial group, but limited to their respective PAR areas. Members of the administrative-level bodies should be **competent civil servants** (preferably at senior managerial level with some decision-making authority). **External stakeholders** should also be invited to the meetings of the administrative-level structure(s) either on a case-by-case basis or by pre-defined invitation (through the establishment and formalisation of the structures).

It is recommended that the interministerial body meets at least **every three months (quarterly)** to discuss the progress related to the implementation of the activities. Interministerial body meetings are called by the chair and organised by the secretariat (i.e. the lead PAR institution).

9.1.3. The secretariat

It is also advisable to appoint a secretariat to support both the political- and administrative-level structures. The main functions of the secretariat are to:

- Assist in the preparation of the PAR council and interministerial body meetings by developing their agendas, managing invitations and the circulation of materials, and preparing and circulating minutes and decisions after the respective meetings;
- Co-ordinate the preparation of the working materials for the meetings and review their quality;
- Co-ordinate the development of regular monitoring reports and any analytical tasks associated with reporting and evaluation;
- Co-ordinate and support the communication and visibility activities associated with the reform process;
- Develop and manage the use of the reform monitoring system, issuing guidelines and providing guidance and training;
- Ensure that both the implementation of the adopted strategy and any interim decision made by the political- or administrative-level forums are duly followed and taken into account;
- Where several PAR-related strategies exist, co-ordinate the issues to be discussed and materials to be presented with the respective institutions in charge of the various PAR-related strategies.

Organisationally, the PAR lead institution (in its role as secretariat) should be able to:

- propose relevant and well-prepared agenda items well ahead of meetings;
- prepare memos and draft policy decisions;
- select suitable non-permanent participants in the meetings, such as NGOs, academia, associations and professionals (where membership of the same is not already pre-defined).

Where a country has several PAR-related strategies (including PFM strategies), it is recommended that a **single political-level management structure** be used – a single PAR council, for example – to streamline information flows and decisions, including those about the allocation of resources. In this case, the PAR lead institution will be required to co-ordinate the preparation of materials (regular reports and PAR-related decision-making documents) and discussion of issues with other institutions leading the various pillars of the reforms, such as the finance ministry and the ministry in charge of civil service reform. Administrative-level structures can remain "decentralised", i.e. each separate PAR-related strategy may have its own administrative-level structure.

Public Financial Management (PFM) is a key area of PAR. Yet often, the co-ordination and management of PFM reforms and the implementation of the corresponding strategies fall under separate co-ordination and management structures than those used for the rest of PAR. While this is not a problem in itself, **ensuring the full alignment** in working methods, strategy development and implementation approaches, and tools and interconnection **between the results of the functioning of such separate co-ordination and management structures,** require additional discipline and this should always be the case. This is so that progress can be followed on the various topics of PAR, including PFM which is very closely linked and interrelated. If separate structures are designed for the management of PFM and other

areas of PAR, it is advisable that lead institutions on the various topics be members of the other topical management structures (both at administrative and political level, although for the latter, having a single body in charge is preferable) and that they exchange views and information on a regular basis. In addition to **close co-operation of the lead institutions**, it is strongly suggested to **streamline the work processes and tools used for the co-ordination and management** of reforms, including using the same or similar monitoring and reporting framework, as well as planning co-ordination activities in alignment (e.g. reporting with same frequency).

9.2. Factors for success in PAR management

Apart from the human and financial capacities supporting the implementation and specifically the management of PAR, the efficiency of both the political- and administrative-level management bodies depend heavily on the quality of the documents they are discussing and making decisions about. Whether the potential leverage of the political-level body is used or not depends on many factors, including:

- *the perceptions* of the decision makers about the importance of the PAR agenda;
- *how well the reports are prepared*, along with other supporting documents (i.e. whether they clearly state the key challenges, gaps and risks which are to be communicated);
- *how well the decision-making documents are drafted* and communicated.

The **working materials** for the meetings of the PAR council and interministerial bodies are usually prepared by whoever is to present the subject, in consultation with the secretariat. If needed, the secretariat may ask other members of the interministerial body to contribute to the preparation of such working material. The material to be presented in the PAR council or interministerial body meetings should be sent to the secretariat to be circulated to all members of the respective management body.

The secretariat should always **check the quality** of the material prepared by the other members or presenters, and the drafter of the material should always adjust the document to meet the secretariat's quality criteria upon request.

The documents and issues to be presented to the PAR council should be **discussed by the interministerial body prior to the PAR council meetings**, to streamline and reduce the burden on the political-level decision makers and to ensure that all potential administrative-level disputes are resolved at the correct level of management. In urgent cases, the members of the interministerial body can be consulted on issues via electronic circulation (e-mail) only prior to the PAR council meeting.

The secretariat should prepare a **draft decision** for each issue on the agenda of the PAR council or interministerial body and should submit it as part of the meeting materials. The decision should subsequently be adjusted by the secretariat according to the results of the discussion during the meeting, and the final decision should then be circulated to all members of the respective body.

Successful reforms also depend on **detailed discussion of policy issues** in the PAR council (or equivalent) and the administrative structure(s). It is therefore necessary that the PAR lead institution, which usually performs the role of the PAR secretariat, has the necessary skills to support the making of well-informed, evidence-based and informed policy decisions. The availability of **well-prepared policy decision-making**

documents allows the PAR council to undertake the more targeted, deeper deliberation of PAR-related issues usually not possible at government sessions, where there are many more issues requiring decisions than in a focused and dedicated PAR council meeting. An example of a comprehensive and well-targeted decision-making document can be seen in Box 22.

Box 22. Short hypothetical example of a decision document

PAR Council

Meeting date: 1 October 2017

Place: Government Building

PAR COUNCIL MEETING MINUTES

PARTICIPANTS:

PAR Council members: Prime Minister (Chair), Minister of Public Administration (vice-chair), Minister of Finance, Minister of Transport and Communications, Minister of Interior, Director of Civil Service Agency, Director of e-Government Agency. *Absent:* Minister of Regional and Territorial Administration.

Others: Secretariat of the PAR Council, Ministry of Finance Budget Department, Ministry of Economy Better Regulation Department.

AGENDA ITEMS DISCUSSED:

1) Annual PAR Progress Report

2) Service user satisfaction measurement system

CONCLUSIONS AND DECISIONS:

1) Annual PAR Progress Report

The PAR Council, after having heard the information presented by the PAR Secretariat on the progress made against PAR strategy objectives, and contributions by other respective implementing institutions, concludes the following:

a) The achievement of the objectives and activities in the area of policy co-ordination and accountability are generally on track.

b) The achievement of the objectives in the areas of civil service reform and e-government suffer from significant delays and requires additional efforts to lead the work of the institutions involved. In particular, concerted efforts by respective institutions are required to finalise the Concept Paper on Senior Civil Service Management. In addition, the procurement of the necessary services to advance the establishment of the interoperability platform should be speeded up in order to ensure its timely completion.

c) The involvement of external stakeholders in the elaboration of new policies and laws is neither sufficient nor timely. The completion of the planned activities is therefore subject to delays, the quality of their implementation is threatened, and policy proposals are being submitted to the PAR Council without proper consultation.

The PAR Council assigns the following key tasks to the following institutions:

d) The Civil Service Agency, in partnership with the Ministry of Finance, to finalise the drafting of the Concept Paper on Senior Civil Service Management by 31 December 2017. The Concept Paper should include, among others, the option of a fully-centralised senior service recruitment and selection model. The Civil Service Agency must consult relevant institutions and representatives of the major civil society organisations.

e) The Ministry of Finance, in partnership with the Civil Service Agency, to calculate the financial implications of the options for a newly designed model of senior civil service management by 15 December 2017, to be included in the Concept Paper.

f) The Ministry of Justice, in partnership with the Civil Service Agency, to identify

which laws and by-laws need to be revised to effectively implement the options for a new senior civil service management model by 15 December 2017, to be included in the Concept Paper.

g) The Ministry of Transport and Communications, in co-operation with the e-Government Agency, to complete the public procurement documentation relating to the interoperability platform by 30 November 2017.

h) The Public Procurement Agency to prioritise and ensure the assessment of the public procurement documentation in line with established procedures.

i) All institutions in charge of PAR activities to ensure continuing and timely consultations with and full involvement of key external stakeholders. The results of consultations to be summarised and presented along with the proposals to be discussed by the PAR Council.

2) Service user satisfaction measurement system

The PAR Council, after having heard the information presented by the Ministry of Public Administration on the progress in establishing a service user satisfaction measurement system for services provided by the central institutions, concludes the following:

a) Option 2, which envisages a combination of online and survey-based satisfaction measurements for five prioritised services, will ensure the best outreach and feedback from service users within the available financial resources.

The PAR Council assigns the following institutions with the following tasks:

b) The Ministry of Public Administration to draft the amendments to the Public Administration Law and the required by-laws to mandate service user satisfaction measurement for prioritised services starting from 2019.

c) The Ministry of Public Administration to develop the required survey-based methodologies, if necessary through an outsourced procedure, by 30 June 2018.

d) Ministries and agencies, as indicated in the Concept Paper, to design on-line service user surveys in line with the framework provided in the Concept Paper.

e) The Ministry of Transport and Communications, in co-operation with the e-Government Agency, to establish a technical facility enabling online service user satisfaction measurement for prioritised services by 30 June 2018.

Things to remember:

- ✓ *The management structure(s) and their mandate, composition and working procedures should be set out and formalised either in the PAR strategy or in a separate formal decision. In any case, the strategy should summarise the key management bodies.*

- ✓ *The main mandate of the PAR council is to discuss policy issues based on well-prepared materials.*

- ✓ *The PAR council steers the implementation of PAR strategy and provides strategic advice on separate PAR-related issues, including when, how, what and by whom to communicate about the reform process.*

- ✓ *The administrative-level co-ordination structure can be an interministerial body or several thematic groups. In the latter case there is an even stronger need for an efficient secretariat to co-ordinate the work.*

- ✓ *The staff of the secretariat must have good skills in agenda setting, the preparation of materials (including good quality assurance skills) and the preparation of draft decisions of the PAR council and the administrative-level bodies.*

Glossary of some key terms used in the Toolkit

Action: the means by which a country (usually, but not exclusively, that country's government) implements its policies. An action is a tangible activity or set of activities which are directly linked to the use of inputs (human, financial or material resources), in order to produce certain pre-defined deliverables or to reach specific policy goals.

Activity: any kind of measure, programme, project (or similar) that refers to a more specific course of actions that have to be executed in order to implement the action and deliver the corresponding output(s).

Baseline value: an expression of the current state of affairs (ideally the current or historic performance on the measured aspect).

Evidence: any available fact, data or information indicating whether a stated belief, judgement or proposition is true or valid.

Indicator: a quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement, to reflect the changes connected to an intervention, or to help assess the performance of an actor[53].

Input: value or amount of resources used to produce an output.

Impact: overall and long-term effect of achieving specific outcomes. Expresses the ultimate improvement or change in the quality of peoples' lives and services

Objective: a basic statement that defines the direction of reforms specific to identified challenges in such a way that it informs the direction of the reform actions and defines the desired future state in a tangible manner.

Outcome: effects and results achieved by an action's outputs.

Output: products or goods and services produced through activities or through a course of actions.

Prioritisation: revision and selection of problems to be addressed, based on their urgency, importance or scale, in accordance with government priorities and available resources and in light of the views of affected institutions and the wider stakeholder community.

Problem analysis: analysis of the current situation with the purpose of identifying problems and their causes, challenges and opportunities for reform.

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[53] OECD DAC Working Party on Aid Evaluation (2010a) *Glossary of Key Terms in Evaluation and Results Based Management*

Scoping: definition of the coverage of policy issues within a wider policy area (e.g. sector) or areas (cross-cutting) for reforms through a strategy based on the results of a problem analysis and prioritisation.

Stakeholder: a person, group or organisation with an interest in a specific policy area, policy issue or issues. Stakeholders can be internal (within the administration) or external (e.g. civil society organisations, development partners, trade associations, etc.)

Strategy: a medium-term planning document that defines reform ambitions for a wider policy area (e.g. sector) or areas (cross-cutting).

Target: signals how much change is expected and in what direction.

Target value: the value of an indicator expected to be achieved at a specified point in time.

Vision: a statement of the desired future condition in relation to the state of the public administration generally or in a sector.

The SIGMA Programme

SIGMA (Support for Improvement in Governance and Management) is a joint initiative of the OECD and the European Union (EU), principally financed by the EU. SIGMA has been working with partner countries on strengthening public governance systems and public administration capacities for 25 years.

In partnership with the European Commission (EC) Directorate-General for Neighbourhood and Enlargement Negotiations (DG NEAR), we currently work with:

Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Kosovo, Montenegro, Serbia, and Turkey as EU candidate countries and potential candidates; and

Algeria, Armenia, Azerbaijan, Egypt, Georgia, Jordan, Lebanon, Moldova, Morocco, Tunisia and Ukraine as EU Neighbourhood countries.

SIGMA provides assistance in six key areas:

1. Strategic framework of public administration reform
2. Policy development and co-ordination
3. Public service and human resource management
4. Accountability
5. Service delivery
6. Public financial management, public procurement and external audit.

SIGMA reviews and gives feedback on:

- Governance systems and institutions
- Legal frameworks
- Reform strategies and action plans
- Progress in reform implementation.

SIGMA provides:

- Advice on the design and prioritisation of reforms
- Methodologies and tools to support implementation
- Recommendations for improving laws and administrative arrangements
- Opportunities to share good practice from a wide range of countries, including regional events
- Policy papers and multi-country comparative studies.

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