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**Strategy for Improving Policy Planning and Coordination in Kosovo
(Integrated Planning System)
2017-2021**

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List of Abbreviations

BDMS	Budget Development and Management System
EA	External Assistance
EI	European Integration
FBAC	Government Fiscal and Budget Affairs Committee
GCS	Government Coordination Secretariat
GP	Government Program
GPMC	Government Planning Modernization Committee
GWAP	Government Annual Work Programme
IPS	Integrated Planning System
LO	Legal Office
MEI	Ministry of European Integration
MoF	Ministry of Finance
MTEF	Medium-Term Expenditures Framework
NDS	National Development Strategy
NPAA	National Plan for the Adoption of the Acquis
OPM	Office of Prime Minister
PI	Public Investment
PIC	Public Investment Committee
PIP	Public Investment Programme
NPISAA	National Programme for Implementation of SAA
SMG	Strategic Management Group
SPC	Strategic Planning Committee
SPO	Strategic Planning Office
SPGS	Strategic Planning Steering Group

EXECUTIVE SUMMARY

In general, Kosovo's current policy and financial planning systems are, for the most part, fragmented and disconnected. Kosovo institutions are aware of the fact that despite the significant progress made over the past decade, the current state of the key planning processes falls short of the desirable standards. Also considering the tightened fiscal space and economic situation, and intensification of EU integration process, a more effective planning becomes eminent.

Considering the early stage of institutional reforms in Kosovo, we consider that now is the right time to address these problems. Certainly, an effective planning process does not ensure the improvement of quality of policies and service provision. However, without undertaking these measures, the prospect of achieving long-term national objectives of Kosovo might be too limited.

The Government identified main shortcomings of the previous Public Administration Reform cycle¹, which served as a basis for the development of a new approach and were identified priorities for the next medium-term period. To this end, a comprehensive strategic framework for PAR has been established, providing essential guidelines for selecting reform priorities, thus providing highest political support and commitment. Based on practices and analysis on the manner of new approach to Administration Reforms, it was assessed that more efficient process management and efforts for avoiding the barriers in reform organization and implementation, as well as the need for focusing on results, has conditioned the approach for division of the scope and its managing structures into three pillars of Public Administration Reform, as:

1. Policy and legislation development and coordination – management of reforms in this field is the direct responsibility of the Office of the Prime Minister;
2. Civil service, human resources management, public administrative service provision and re-organization and accountability are responsibility of MPA.
3. Public Finance Management – is the responsibility of Ministry of Finance

Strategy for Improving Policy Planning and Coordination in Kosovo is one of three main strategies related to the Kosovo Strategic Framework for Public Administration Reform, along with Better Regulation Strategy 2014 - 2020, Strategy on Modernization of Public Administration 2015-2018 and Public Finance Management Reform Strategy. As such, it is part of the Pillar I "Policy Development and Coordination" within three pillars of strategic package of Public Administration Reform and is under the responsibility of Office of the Prime Minister².

By implementing this strategy, the Government of the Republic of Kosovo aims to improve the planning system by avoiding fragmentations and overlaps between key policy and financial planning processes. The main focus of this strategy and action plan is placed on the improvement of Strategic Planning Framework – with a short-term focus on drafting National Development Strategy (NDS), which is already approved, and with medium-term goals for sector strategy in all sectors. In addition, it is also aimed the further advancement in budget planning processes by

¹ The Government in July 2014 approved evaluation of the 2010 Strategy. It found that in spite of some progress, its 12 objectives and 40 measures exceeded the capacity of implementing portfolios (mainly OPM, MPA, MoF) and steering leverage in the MPA-chaired steering mechanism.

² PAR Strategic Package" consist of 3 main strategies - " Strategy for Improving Policy Planning and Coordination 2015-2018" or SIPPC, adopted on 3 June 2015 (Government Decision no 23/04), Better Regulation Strategy 2014-2020" adopted on 23 May 2014 (Government Decision no. 03/189), "Strategy on Modernization of Public Administration 2015-2020" adopted on 23 May 25 September 2015 (Government Decision no. 04/2015), and the Public Finance Management Reform Strategy, adopted on 29 June 2016 (Government Decision no. 01/98)

further improving the Medium-Term Expenditure Framework (MTEF), including three-year plans for achieving objectives and goals within expenditures ceiling. Also, the European Integration Agenda constitutes an important element in the entire policy planning cycle, therefore taking into account the specific nature of this process; we aim for integration and harmonization with other strategic planning and coordination processes. These aims are expressed through strategic objectives below:

- ✚ **Strategic Objective #1: Further improvement of the strategic framework by enhancing the linkage between strategic documents, by better coordination and decision-making;**
- ✚ **Strategic Objective #2: Better linking the strategic planning framework and strategic documents to the external and internal resource planning to ensure the financial affordability and implementation of strategic plans;**
- ✚ **Strategic Objective #3: Full integration of monitoring practices and processes to ensure better implementation results and accountability of the Government to meet its stated objectives;**
- ✚ **Strategic Objective #4: Enhancing the capacities of the administration on policy planning and co-ordination to support better planning results and enhanced functioning of the co-ordination mechanisms of planning and execution.**

The basis for an improved planning architecture already exists in Kosovo. Therefore, *the challenge is not one of building a new system from the ground up, but of reshaping, harmonizing, and connecting existing processes.*

In general, this strategy (based on the so called Integrated Planning System in Kosovo) proposes neither a new nor separate planning system. Nor is it an attempt to amalgamate existing processes within a single process. What this Strategy provides is a set of operating principles and supporting structures to ensure that **government planning and monitoring as a whole takes place in an efficient, integrated and harmonized way.**

Eventually, Government of Kosovo is aware that establishing an integrated planning and monitoring system cannot be achieved with “interim” solutions. System implementation and operationalization needs time and in addition to the structural improvements, it also includes changes of management and administration culture. This process will be fully supported by the highest level of Government, Prime Minister and his Cabinet. In this aspect, Kosovo institutions may learn a lot from the experiences of other countries that underwent this process earlier. Many newly acceded EU countries faced similar problems in the early stages of their integration. Several countries that have established an integrated system such as Albania, Lithuania and Slovenia represent a good model for Kosovo, considering that the size and experience of institutional development of these countries does not differ much from Kosovo.

In order to achieve this, and in compliance with the Public Administration principles for Western Balkans countries determined by OECD/SIGMA in cooperation with European Commission³, Kosovo established strategic framework divided into three pillars, which is supported by institutional framework, namely Ministerial Council for Public Administration Reform. This new approach allows for a special focus of anyone responsible for implementation of reform and establishes a clear monitoring and reporting framework.

³Public Administration Principles are developed by OECD/SIGMA in close cooperation with the European Commission in order to determine the detailed requirements for a genuine administration in each of the key areas. Although the criteria for good governance are universal, OECD/SIGMA has developed specific principles for countries which are in the process of association with the EU. This document is published in Albanian: <http://www.sigmaweb.org/publications/Principles-Public-Administration-Overview-Alb.pdf>

INTRODUCTION

Public Administration Reform is a key priority of the Government of Kosovo, and is essential for economic development and advancing the European integration process, including the implementation of Stabilisation and Association Agreement.

Policies of Government of Kosovo related to the public administration reform are included in government documents that set the government priorities such as: Government Program 2015 – 2018, whereby the government commits to continue the reform and states the priorities of existing governance mandate; National Development Strategy that represents the need for reform to achieve goals for economic growth and improvement of competitiveness; Medium-Term Expenditure Framework and Implementation Program of Stabilization and Association Agreement.

Strategy goals are determined by numerous factors and circumstances, since the main priority of the Program Policies of the Government during 2015 – 2018 are economic growth and growth of employment. Effective public administration and administrative capacity for developing appropriate policies is an essential factor for an economy that generates new jobs and improves the welfare of citizens. Strategic policy for placing the administration in function of the development is also set by the National Development Strategy.

At the same time, recommendations and findings of the Government report for PAR Implementation Strategy for 2010 – 2013, assessment reports of OECD/SIGMA, and especially report and priorities identified with the assessment carried out in 2014, state the existence of three main challenges for the Government: increasing coherence of strategic planning and implementation level; capacity building of ministries for policy development and implementation; and strengthening the capacities for effective transposition of Acquis. It is also highlighted that the improvement of the system for policy development and coordination contributes to better coordination of PAR, by establishing a clear and coherent framework for sector strategy development and building capacities for policy planning and development.

Another factor that impacted the determination of goals of this strategy is related to OECD/SIGMA principles for Public Administration and results of administration reforms prioritization process, developed during the period July - October 2014.

In addition to the need of Administration of the Republic of Kosovo to have a strategic platform for improving its work, this strategy is also developed based on a new context of situation in Kosovo and in other regional countries as a result of EU enlargement process and European integration process of Kosovo, because together with the rule of law and economic governance, Public Administration Reform is one of the pillars of EU Enlargement Strategy.

METHODOLOGY

Specific methodology for elaborating strategy stems from the thorough analysis of key factor of success and challenges for improving policy planning and coordination in Kosovo, which have been identified by members of the working group during the joint workshops for drafting the Strategy. In this process are included the Office of the Prime Minister (Office of Strategic Planning, Legal Office and Government Coordination Secretariat), Ministry of European Integration, Ministry of Finance and Line Ministries, namely Department for European Integration and Policy Coordination.

As part of the process for completing strategic framework for Public Administration Reform, the Strategy was approved in June 2015. However, following one-year of implementation period, given the assessments of different stakeholders and with the aim to adjusting with the comprehensive methodology for monitoring and assessing the strategic framework, in the meeting

of the Special Group for Public Administration (SGPAR) it was decided to review this strategy. It was decided to review only objectives and placements of performance indicators, including the action plan and its relevant costs.

To this end, Secretary General of the Office of the Prime Minister, as Coordinator of the Second Pillar of the Public Administration Reform, established the working group to review the Strategy for Improving the planning and coordination and Better Regulation Strategy, led by the Director of Strategic Planning Office within Office of the Prime Minister. Working group was divided into two sub-groups for each strategy, whereas for this document it consists of representatives of abovementioned institutions.

The Strategy Drafting process is based on identifying internal and external key Assessments Challenges and Problems in the Policy Planning and Coordination system in Kosovo. Initially, we assessed the document, adopted last year, in order to map necessary changes in ACCORDANC with the Conclusions of SGPAR. In this context, in order to improve the strategy and ensure its implementation, during deliberations in the working group it is decided to merge previous objectives, therefore it resulted in four out of eight objectives as it was in the previous version

Also, the Strategy was drafted using comparative method, initially by analysing similarities and differences between policy coordination and planning system in Kosovo with other countries. Based on this analysis, we have identified existing measures and measures that need to be taken to establish an effective mechanism and in line with global trends to guarantee a better policy planning and coordination. Also, were taken into account various international reports and assessments in the field of policy development and coordination, especially progress reports of European Commission, Assessments of OECD/SIGMA for Kosovo, indicators of World Bank for governance efficiency and other reports.

The revised Strategy for improving Planning and Coordination is based on the work and support provided by the European Commission project "Support to Strategic and Policy Planning in Kosovo. OECD/SIGMA and the Swedish International Development Cooperation Agency (SIDA) currently supporting the Office of the Prime Minister in improving Policy Coordination and development, also supported the Strategy revision. Also, apart from revisions within the inter-institutional working group, this document underwent internal and external consultation process.

ANALYSIS OF STATE OF PLAY AND MAIN CHALLENGES

Need for improvement of planning and coordination system

Public Administration Reform remains one of main challenges for developing countries, especially countries aspiring EU membership. The earlier experience of integration processes prove that preparations for EU integration should be based on a system of policy planning, development, coordination and implementation. This system allows for a better planning and coordination of Government activities, including setting priorities and developing more efficient and financially-sustainable policies. Such a system would also include genuine consultations with all stakeholders; and would also ensure that policies are properly implemented, communicated and monitored.

Based on recent practices in both developing countries and other countries, public administration reform is characterized by two main incentives: first, trends and internal developments required the establishment of best possible policy-making system as the main pillar of a transparent and efficient democratic system; and second, this is a response to the need for building administrative capacities to assume obligations deriving from the membership to European Union.

Government of Kosovo is aware of the fact that despite the significant progress made over the past decade, the current state of the key planning processes falls short of the desirable standards. Also considering the tightened fiscal and economic situation, and intensification of European integration

process for Kosovo, a more effective planning becomes eminent.

In Kosovo Report for 2015 prepared by the European Commission it is stated that the legal basis and institutional structure, including for European integration, are largely in place to ensure a consistent policy-making system, but in practice policy planning is fragmented and lacks prioritization at government level. Sector strategies have rarely been financially sustainable. However, there have been major improvements in policy development, although policy-making and legal drafting capacities, including capacity for approximation with *acquis*, are still insufficient. Inter-ministerial and public consultations are regulated, but timelines have often been too short to allow for effective civil society input. With regards to monitoring and reporting, the focus is on achieving results rather than on impacting government policies. There are no reports covering the implementation of sector strategies.

“Strategy for Improving Policy Planning and Coordination 2015-2018” or SIPPC, approved on 3 June 2015 (Government Decision No. 04/23), is a step forward to the modernization of policy planning and coordination system in Kosovo. However, implementation depends on how much importance will be given by OPM and main central institutions, which have an important role on the improvement of decision-making and prioritization process.

Upon the implementation of the Strategy for Improving Policy Planning and Coordination, fields where the strategy implementation progressed are related to the to the improvement of decision-making system and harmonization between policy planning and budgeting. In the framework of implementation of strategy and IPS principles, Government established the Strategic Planning Committee in 2016. The Committee is chaired by the Prime Minister and involves all main ministers. Moreover, SPO worked with Ministry of Finance on the Declaration of Medium-Term Priorities for MTEF 2017-19. The document was approved and now includes in one framework the priorities to guide budget planning in ministries. The framework is also in compliance with priorities set in NDS and ERP.

Almost all functions of policy-making system are well-organized, consistent and competent within OPM, MoF and MEI, but not all are applied at the desired level. The biggest challenges are in coordinating the content of policy proposals for decision-making in Government, coordinating preparations and approving Government work programme and ensuring that the policies are financially affordable.

It was improved the relation with the medium-term policy development documents, but it is still not inclusive. Government Coordination Secretariat (GCS) is responsible for the process of preparing Annual Work Plan and provided cooperation between offices within OPM by establishing technical review teams to review proposals of the line ministry. However, GAWP has been drafted through bottom-up approach and GCS’s review does not ensure that the number of activities included in the plan corresponds to the implementation capacities of ministries. Also due to the lack of assessment of policy impact on budget during the preparatory stage, this results in unreal plans and accumulation of a number of strategies, concept papers and laws for approval. Most of sector strategies include systematic information about expenditures needs, but not always are included financing sources.

Various reports that monitor progress achieved in public administration reform that also relate to the policy development and coordination, emphasize the existence of problems in coordination between institutions of centre of government and lack of capacities for policy planning and implementation.

However, in general we can say that the policy planning system in Kosovo has been developed a lot during the previous decade, throughout the planning environment which still consists of numerous frameworks, each containing individual calendar and various requirements for monitoring and reporting.

Recent developments in planning and coordination system in Kosovo

Documents of Public Administration Reform (PAR) of Kosovo emphasize the “policy planning and coordination” as a priority for the Government of Kosovo. However, the level of implementation of reforms planned in the first Strategy on PAR (2010-2014) is not satisfactory. It also showed that there are clear shortcomings in coordination and monitoring mechanisms, in selection and prioritization of activities, as well as their financing from the Kosovo Budget and/or external assistance. Based on the analysis carried out by mid-2014 in the policy dialogue between EU/Kosovo Special Group on PAR, the government agreed to address the shortcomings with the assistance of EC and SIGMA.

Challenges to be addressed: Improvement of the policy coordination and planning remains a challenge for Kosovo, although it is necessary for European Integration. There is a need for better harmonization between policy and budget. With the tight fiscal and economic situation, as well as EU integration process, more effective and realistic policy planning is becoming more demanding for Kosovo as a result of Stabilization and Association Agreement (SAA) approval between EU and Kosovo (on 1 April 2016), more effective and realistic policy planning becomes essential. To improve the policy planning and coordination, the following essential issues should be improved:

The need to consolidate the Strategic Planning Framework – The framework for policy planning in Kosovo consists of seven main documents: National Development Strategy (NDS) lists Kosovo's strategic priorities to ensure economic growth and social inclusion and cohesion; National Implementation Plan of the Stabilisation and Association Agreement (NPI) provides the framework for medium-term planning of European integration; European Reform Agenda (ERA) document for the development of high-level dialogue between the Republic of Kosovo's and EU will further the implementation of the SAA and other fundamental reforms to the country's EU accession; Economic Reform Programme (PRE) that focuses on increasing the competitiveness and provides a common framework for the budget; Statement of Policy Priorities Medium Term (DPPA) and Medium Term Expenditure Framework (MTEF) - DPPA Government reviewed annually to process Framework and Medium Term Expenditure (MTEF), which offers the prospect of the budget for the next three years; and the Annual Work Plan of the Government (GAWP) that reflects the commitments of the Government of the strategic documents for the current year.

However, it is considered that the process of drafting the new policy is not always in full compliance with the aforementioned documents and their content is not fully harmonized. Also, missing a hierarchy or defined types of strategic documents for the development of policies. This affects policy planning environment still consists of multiple frames, each with special requirements and results in duplication, over-prioritize, and unclear roles / responsibilities.

Implementation of National Development Strategy (NDS) – In order to establish a national strategic framework, the Kosovo Government has adopted, early 2016, the National Development Strategy which is considered to be the main mechanism to consolidate the strategic process of prioritization. NDS (approved on January 2016), may serve as a long-term document of priorities and consensus building. Keeping the focus on economic growth and development, the main mandate of NDS is to ensure that all national policy priorities, including EU integration, are appropriately reflected. NDS will identify high level indicator to monitor Kosovo's progress towards medium-term and long-term goals/purposes.

However, having an inclusive strategic planning document it requires providing for its implementation, same time to link it with other strategic documents, especially those of financial nature. Therefore, it is of great importance to establish a coherent approach linking long-term goals with an mid-term strategy, through which, the horizontal and sector strategies inform budget planning process, through Mid-Term Expenditure Framework. The existence of such an inclusive document does not ensure the implementation of declared goals if we lack a genuine prioritisation system and same time harmonisation and integration between various planning processes.

Consolidation of Sector Strategic Framework under the guidance of NDS/ERP/NPISAA – ERP and NPISAA, under the umbrella of NDS, are documents which should guide the sector planning prioritization. Ideally, implementation of NDS/ERP/NPISAA priorities should be a high priority of sector strategy, which then should be functionalized through MTEF, annual budgeting and AGWP.

At the end of 2015, 67 strategic plans were in force, which is a very high number. Although during the previous year there was a slight decrease in the number of sector strategies “accumulated” for approval compared to 2014. For 2016, are planned to be adopted 41 strategic documents, whereas based on SIGMA 2015 Report, it is recommended to include only sector strategies in annual plan of strategic documents for the purpose of more real figures.

With this large number of strategic documents, there is a tendency of high fragmentation, inconsistency and clear pressure from the top down that leads to unrealistic plans that are not prioritized. The term "sector" and "strategy" are used for different levels. Often the "sector" is equated with a ministry or central agency, in other cases used to describe sub-sector or the programme within a ministry (eg Forestry, Industry Sector Strategy). Different levels and types of priorities are not clearly and firmly defined, while in most cases they lack accurate indicators and goals. Sector strategies can hardly be used as strategic plans or to be monitored properly.

According to the assessment report of the OECD/SIGMA, the consolidation of strategic planning system remains a challenge. The SPO is responsible for co-ordinating the strategic planning process but, however, in the absence of sufficient capacity has not been able to consistently provide the necessary instructions and perform quality control of sector strategies. The report estimates in numerous cases ministries develop sector strategies without following the procedures and content standards set out in the instructions. SPO is responsible to ensure that a proposed strategy is not contrary to any strategy or does not duplicate existing or proposed strategies by other ministries. However, several adopted or planned strategies cover similar or even the same areas, thereby creating the possibility for conflict and duplication.⁴

As a result, consolidation and improvement of sector strategic document may be the first step towards sector planning improvement and thus also the planning framework of the Government.

European Integration Agenda – The process of European integration of the Republic of Kosovo has marked an improved dynamic in recent years. Kosovo has negotiated the SAA and is on the verge of concluding the visa liberalization process. Visa liberalization has paved the way for the implementation of a number of deep reforms in the rule of law over the years. However, these reforms will be monitored and will continue during the post-visa liberalization, the Stabilization and Association Agreement entered into force on April 1, 2016. The implementation of the SAA is now a strategic priority and the driving force of national vision and policy goals covering NDS and sectoral strategies. This process will affect each sector and identify detailed commitments from most of the ministries. For this purpose it requires a joint effort by the Ministry of European Integration, OPM / SPO and Ministry of Finance to provide detailed timetable and methodology on the respective roles of European Integration in the NDS and MTEF and mechanisms of integration of its various components in the processes of the ISP.

Planning of the European integration process is further consolidated in 2016 where MEI has prepared a National Programme for the Implementation of the SAA (NPISAA). Also, during 2016 MEI has established a new system of quantitative and qualitative monitoring of implementation of the Programme, and regular quarterly reports on its implementation were prepared during the year.

Ministry of European Integration is responsible to coordinate issues related to EI, ensuring that proposed policies are in line with EU integration priorities. MEI has led the process of preparing NPISAA and is responsible to coordinate and report on the activities related to EI. and also

⁴ Monitoring Report: The Principals of Public Administration in Kosovo. May 2016: <http://www.sigmaweb.org/publications/Monitoring-Report-2016-Kosovo.pdf>

prepared a roadmap to support the process. However, during the process it was noticed the need for closer coordination with Line Ministries, mainly in ensuring proper implementation and in due time of all planned activities. NPISAA was drafted for the first time in 2015, and adopted in December 2015 by the Government. Despite the efforts of coordination between the institutions of the Centre of Government (MEI - OPM - MoF), upon first drafting, it lacked a standard coordination process (in terms of process and timelines). This has resulted in two major shortcomings, first, there is room for better harmonization with GAWP, and second, short-measures budgeting shall be improved.

In May 2016, the Government of the Republic of Kosovo and the European Commission have launched the European Reform Agenda (including a short-term Action Plan for implementation by the end of 2017). ERA was finalized in October, and then approved by the Government and officially launched in early November 2016. The ERA will serve as a platform for the identification of key priorities in the process of European integration that will ensure the implementation of the SAA and for regular dialogue (annually) at the highest political level Kosovo - EU) in this regard. Besides political dialogue, its implementation at the level of policy/sectors will be monitored regularly through common institutional framework established by the SAA, and will be reviewed at every year-end. ERA has been in harmony with NPISAA, NDS and ERP.

In order to improve key aspects of European Agenda implementation, during the upcoming period, **three** new aspects shall be added within the existing planning framework:

- **National Programme for Implementation of SAA** – novelty to the Programme would be the Chapter “*Declaration of European integration midterm priorities for funding through the MTEF*”. In this context, MEI will identify and describe the key medium-term priorities which need to be financed from the state budget.
- **Implementation of European Reform Agenda**– implementation of key priorities will contribute to the satisfactory implementation of the SAA and will bring Kosovo closer to the application for candidate status, in accordance with the Government Programme.
- **SAA dialogue and structure** – From the beginning of 2017 the European integration process will mark a new momentum with the inauguration of the formal structures of stabilization and association that will oversee the implementation of the SAA and take key decisions about the EU integration process. Council, Committee and Subcommittees and Special Groups for Stabilisation and Association Agreement will be in full compliance with relevant structures of other countries of the Western Balkans in this process.

Budget planning – In Kosovo, main functions of Centre of Government are in place, but the coordination of the content of policy proposals regarding Government decision has not been concluded properly. However, an improvement since the last SIGMA assessment is that most of reviewed sector strategies contain information related to the need for expenditures. Despite that, the link between sector strategies and MTEF has been worsened, as MTEF does not include detailed planning of main objectives of all sectors.

Ministry of Finance is responsible to supervise and coordinate the resources planning. In May 2015, the Government approved an Administrative Instruction on Budget Impact Assessment (BIA), which replaced prior contradictory instructions. During the BIA assessment process, MoF is focused whether there is available budget for covering the proposed policy. Ministry of Finance carries the Budget Impact Analysis of new Government initiatives by comparing and analysing data provided by the Proposing Body against budget appropriations as provided by Law on Budget for the fiscal year as well as projections in current MTEF. .

The methodology provided by AI 03/2015 on budget impact analysis of new government initiatives, its enforcement shall be strengthened. Proposing Bodies shall build their capacities with regards to budget impact analysis of government new initiatives, even though are being improved, are not

sufficient. MTEF priorities do not reflect several important national priorities, such as the EU integration. Even though strategic document of EU integration identify priority areas and IPA priorities consider them, there is no clear link between these documents and MTEF/annual budget. To a large extent, EI obligations are quite unclear and not much related to the most of sector strategies. Performance data and indicators are unclear and are used only occasionally for budget planning and monitoring..

Nevertheless, the role of MTEF as linking document between strategic planning and annual budget, is diminished due to shortcomings as follows: Currently the Government Declaration of Priorities sets out many priorities (in fact all potential activities), not exactly setting the Government priorities: Costs of sector strategies should be consistent with the real possibilities of the budget and serve as a basis for drafting the MTEF. In our case, the lack of full costing of strategies by BO has prevented full compliance of proper costing of the medium term expenditure framework; deviations between the spending ceiling set out in the MTEF, approved in April, and the final annual budget ceiling for budget organizations approved in October of the same year. These differences are enormous between the second year budget planning in the current MTEF, and the current budget to be approved in the coming year.

Monitoring and reporting – Legal framework for monitoring government performance is in place, and monitoring of central planning documents is carried out on annual basis and reports are available for the public. The monitoring of the implementation of the GAWP requires ministries to transmit data to the GCS on a quarterly basis, indicating the extent to which each activity has been achieved, specifying whether the deadlines have been met and providing an assessment of the problems encountered during implementation.⁵

Both quarterly and annual reports are mainly focused on outputs, except the part of annual report related to government strategic objectives that contains some information on outcomes achieved. However, due to the lack of indicators and targets for GAWP, most of activities are not monitored or systematically evaluated. The section of the report on individual ministries includes very detailed descriptions of the implemented activities without analysing the implementation of the respective plan, also quarterly reports do not provide a general data on high level of implementation backlog.⁶ In general, it is considered that monitoring the performance of the government does not include its full potential as managing or accountability tool.

On the other hand, Kosovo's biannual input into the annual EC Progress Report was used to monitor the implementation of EI- related activities prior to the adoption of the NPISAA. The reporting on the achievements that the Government committed to in the NPISAA is separate from the reporting on the GAWP. As only 58% of the activities from NPISAA for 2016 are included in the 2016 GAWP, coherent monitoring of the NPISAA commitments is not possible, at least for 2016. In addition, ministries are burdened by double reporting requirements on the items that are listed under both the GAWP and the NPISAA.⁷

Furthermore, detailed reporting on implementation of sector strategies is rare. Even though ministries are obliged to monitor the implementation of the strategies, and the SPO may require reports on the implementation of strategy documents that relate to the priorities of the Government, there is no requirement to compile regular implementation reports and submit them to the Government nor are sectoral strategies systematically subject to evaluation.⁸

⁵SIGMA monitoring report 2016–Principles of Public Administration: <http://www.sigmaweb.org/publications/Monitoring-Report-2016-Kosovo.pdf>

⁶For additional information on backlog and monitoring challenges check both 2015 and 2016 SIGMA monitoring reports.

⁷SIGMA monitoring report 2016–Principles of Public Administration: <http://www.sigmaweb.org/publications/Monitoring-Report-2016-Kosovo.pdf>

⁸ ibid

In general, the Government does not have a well- functioning system to regularly monitor its performance and attainment of stated policy objectives, as the annual planning documents generally are not outcome- oriented and lack good indicators and targets. The annual report is not consistent and lacks a coherent overview of the implementation of the legislative programme. There is no regular monitoring of the implementation of sectoral strategies.⁹

Building capacities of the centre of government and line ministries to develop policies - Line Ministries have an important role in preparing new policy initiatives. Ministries tend, but not always cooperate regularly with OPM, MEI and MoF. Departments for European Integration and Policy Coordination (DEIPCs) exist in all ministries and are responsible for policy planning and coordination and coordination on EU issues. There are no special divisions within DIEPC for performing these functions. Based on the quality of proposed strategic documents, capacities in the line ministries should be further developed.

Comparative analysis with other countries

Different countries have put different emphasis on the establishment of integrated planning system and also applied different approaches and models, conditioned by the priorities, conditions and structures of country governance. In some countries are placed completely integrated government centres, which are experiencing their importance as essential part of the governance. Among these states are included: Lithuania, Latvia and Croatia. In all three cases were undertaken reforms to establish an integrated planning system, but they differ regarding the approach and the manner of establishing the system. A very important factor of success for integrated planning system is the communication between policy and financial planning. However, based on assessment from various reports, none of the analysed country managed to establish all elements of integrated system.

Lithuania - Strategic planning system of Lithuania was introduced in 2000 and has been updated several times since that year. At the central government level, the planning system includes all management stages (planning, monitoring and assessment) of strategic and operational performance. Main strategic documents include a long-term strategy Lithuania 2030, and the mid-term strategy National Progress Programme, which is associated with the short-term strategic plans and budgetary programs. The system of strategic planning capacity in general is institutionalized; its functioning is supported by a network of strategic planning units within each ministry and by a governmental Strategic Committee. In addition, strategic issues are discussed regularly at meetings of government members or representatives of the ministry. For the development of the strategy Lithuania 2030, it was established State Council for Progress, which is composed by politicians, civil and public servants, academics, businessmen and other representatives of the Lithuanian society, and it monitors the implementation of this strategy. Although these strategic and advisory bodies have a long-term approach and offer sustainable policy solutions, their influence on governmental decision-making in fact differs in reference to specific issues. There is a certain gap between the long-term policy goals included in the various strategic documents and current practices of individual organizations of the public sector. In addition, important political decisions are made several times, without taking into account the strategic priorities and of monitoring results of the performance, with the strategic planning documents and performance reports that often play little role in the daily decision-making processes.

Lithuania has reorganized the Government Office in the Office of the Prime Minister, taking into account also the function to assist in the formulation and implementation of government policies. Also, the development of evidence-based decision-making instruments, such as e.g. information monitoring system, a system of assessment of the budgetary program and a system of impact assessment has increased the capacity of the basic government to monitor and assess government

⁹SIGMA monitoring report 2016 – Principles of Public Administration: <http://www.sigmaweb.org/publications/Monitoring-Report-2016-Kosovo.pdf>

decisions based on the government political agenda. However, the degree of effectiveness has changed from the instrument, as well as the importance and quality of the available empirical evidence for decision-making. However, regarding the assessment of coordination of policies in Lithuania, OECD has recommended recently the creation of an integrated strategy plan for better regulation, a high level coordinating body, and a better unit-regulation within the central government.

Latvia - has established a new planning unit in the central government, the Inter-Sectorial Coordination Centre (ISCC), which is mandated to develop a long-term strategic approach in drafting public policies, by also monitoring the decision-making and ensuring that public policies are effective. The ISCC also monitors the progress of ministries towards meeting the goals set by the government, as defined in the government statement. To date, ISCC has developed the National Development Plan and it has established and ensured an active role for itself in decision-making, by contributing in public debates on a range of cross-cutting issues. ISCC reviews all proposals discussed by the government and provides weekly conferences for the Prime Minister on essential matters pending for discussion by the Cabinet. In 2015, the mandate of the ISCC has expanded, to include a coordinating role in the management of state owned enterprises. Ministerial planning units are committed in cooperating with the ISCC in the early stages of policy development.

As a conclusion, the formation of ISCC, which reports directly to the Prime Minister, has provided a convenient mechanism which enables provision of input by the government office for the content of policy proposals from the line ministries. ISCC assesses all proposals that will be addressed by the government on a weekly basis, focusing on three issues: cross-cutting impact, respecting the government's statement and compliance with long-term strategic documents (such as the National Development Plan).

Croatia – has started with the establishment of mechanisms for strategic planning and management within the public administration of the country. At the central government level, strategic planning over the last decade was dominated by the goal of joining the EU, while since the membership in EU in 2013, the strategic planning capacity has increased significantly, partially due to the learning process that took place during the membership period, but also because of the inclusion of Croatia in the exercise of EU strategic planning organized within the framework of the European semester. The most recent examples of improving strategic planning can be found in the National Programme for Reform, which sets out the measures of structural reforms undertaken by the government in accordance with the recommendations of the European Commission, and with the convergence program April 2015, which aims to align the economic policies of Croatia with the jointly defined goals and provisions of EU in the field of microeconomic policy.

VISION AND STRATEGIC OBJECTIVES

The main goal of improving the planning system in Kosovo is avoidance of fragmentation and overlapping of the central political and financial planning processes, as an essential element to address the existing challenges in order to strengthen administration in the context of preparations for membership in European Union.

The Integrated Planning System (IPS) *constitutes a wide range of planning and monitoring, designed to ensure that central policy and budget processes of the Government of Kosovo function in a coherent, efficient and integrated manner.* Through these interventions planned reforms will:

- enable continuous planning and coordination of government activities, including defining the priorities regarding the issues related to entry and membership in the European Union (EU);
- create substantial and consistent policies that are affordable, economically efficient and financially sustainable;
- include consultation with relevant domestic and foreign interest parties;
- ensure that policies are implemented, communicated and monitored properly;
- support transposition and implementation of the *Acquis* in all sectors;
- set the milestones to function effectively as an EU member state.

To realize the vision of this strategy, and the political aspirations of the Republic of Kosovo, the Strategy for improving the planning and coordination includes six objectives, which cover the area of responsibility of the Government's central institutions, namely the Office of the Prime Minister, Ministry of Finance and Ministry of European Integration. Implementation of the selected reforms in this strategy includes the period 2017-2021.

Strategic objectives include the following:

- (i) Strategic Objective #1: Further improvement of the strategic framework by enhancing the linkage between strategic documents, by better coordination and decision-making;**
- (i) Strategic Objective #2: Better linking the strategic planning framework and strategic documents to the external and internal resource planning to ensure the financial affordability and implementation of strategic plans**
- (ii) Strategic Objective #3: Full integration of monitoring practices and processes to ensure better implementation results and accountability of the Government to meet its stated objectives;**
- (iii) Strategic Objective #4: Enhancing the capacities of the administration on policy planning and co-ordination to support better planning results and enhanced functioning of the co-ordination mechanisms of planning and execution.**

MAIN INTERVENTIONS OF THE STRATEGY

I. Further improvement of strategic planning framework

Strategic objective #1: Further improvement of the strategic planning framework by enhancing the linkage between strategic documents, by better coordination and decision-making

This objective focuses on harmonizing and alignment of all planning documents, including the documents deriving from the European integration process, through the strengthening of institutional and coordination mechanisms and by establishment of an integrated calendar of strategic planning. It is also aimed to improve the strategic planning of sector and national policies on fulfilling the obligations of SAA and other priorities, based on a harmonized approach with the national framework, in order to prepare for the next phase of EU accession. Also, another focus of this objective is consolidation of the sector strategic framework, improvement of the quality of sector planning, including costing, and introduction of performance indicators during the planning process.

Specific objective 1.1 Alignment of the main strategic documents with the National Development Strategy and assurance of its implementation

The Government of Kosovo has already approved the National Development Strategy (NDS). **Adoption of a long-term document such as NDS has undoubtedly marked a development of the policy planning and monitoring system in Kosovo.** As such, it is an important step towards the establishment of strategic orientation, so that the governmental planning is more focused. On the other hand the focus of the Government is aimed in improving the planning of national policy for meeting the obligations of the SAA, in order to prepare for the next phase of EU accession.

As a mechanism for effective monitoring of the NDS with a focus on implementation and on realizing the measures is a **Roadmap for implementation of NDS.** This will be a standardized document within the NDS, which in addition to planning for the current year, it should include sufficient aspects for the following three years. Annual planning can reflect the latest approved budget and will guide relevant activities, same as currently, while information for other years will guide the MTEF proposals.

On the other hand, as part of the dialogue with the European Union on economic governance, Kosovo has so far prepared two cycles of Economic Reform Programme (ERP). This Program covers a three-year medium-term period and is based on macro-fiscal framework, priorities of structural reform and appropriate measures that are part of the Government Programme 2015-18 and National Development Strategy 2016-21. In principle, NDS and ERP are well aligned and harmonised with each other, and in a way a part of the same package.

As the result, through this objective the aim is to further strengthen the strategic planning framework, through ensuring alignment and harmonisation of main planning documents and their implementation through operational planning.

Specific Objective 1.2: Improvement of strategic policy planning to meet the obligations of SAA

National Development Strategy, emphasizes the Kosovo's vision for economic growth and European integration. This is a hard and long journey, however, both these elements of national vision are closely related to one another. Upon signing the SAA, its implementation is now a strategic priority and the driving force of national vision and of objectives of policy that cover NDS and sector strategies. This process will affect each sector and will identify detailed commitments by most ministries. For this purpose it requires a joint effort by the Ministry of European Integration, OPM/OSP and Ministry of Finance to provide detailed plan and

methodology on the relevant roles of European Integration in the NDS and MTEF and mechanisms of integration of various components in overall processes of IPS.

Recently, the Government of the Republic of Kosovo and the European Commission launched the European Reform agenda. The agenda will serve as a platform for identification of key priorities within the European integration process that will ensure the implementation of SAA. In addition to political dialogue, its implementation at policy/sectoral level will be regularly monitored through the joint institutional framework established for SAA and will be revised annually.

Given the strategic orientation for planning the European agenda should be fully integrated within the integrated planning system, process improvements should endeavour to ensure that the European integration agenda is integrated into each step and stage of processes of NDS, sector strategies, MTEF and GAWP. In addition to this, main purpose of this objective is ensuring alignment of SAA commitments/requirements within other planning processes, in particular their budgeting, thus establishing a more coherent and realistic planning. As a result of a well-functioning prioritisation and coordination process, would increase the implementation rate of SAAIP.

Specific objective 1.3: Consolidation of sector strategies framework

The hierarchical relation between the long-term NDS and sector strategies is very important. Ideally, the implementation of NDS priorities must pass through highest priorities of sector strategies, which will be functionalized through the MTEF, annual budget and through annual work planning.

Consolidation of sector strategies documents will be the first step to improve sector planning. Sector strategies will be the foundation of the new system, by integrating financial and policy planning and by relating long-term and medium-term planning with the budget process.

From such a perspective, the gap across sector planning should already be addressed after the approval of NDS. Institutions that still don't have a unified approach should consolidate their main documents, and those who have done this should promote sector strategies by adapting NDS priorities. This harmonization is necessary for NDS aspects that can compete against lower "priorities"; they can also benefit non-priority portfolios by eliminating redundancy from the doubled or obsolete planning.

Regarding the strategic framework, NDS and most of sector strategies should take into account the requirements of European integration or the respective plans (SAAAP), whether being legislative, policy or institutional aspects. Consequently, all the requirements of the Implementation Plan of the SAA should be interconnected to relevant planning plans of ministries and to reflect on priorities, targets, goals, activities, outputs and budget. In order to achieve this, NPISAA should be a three-year planning document, aligned with sector strategies and MTEF (and NDS) in substantial and time aspect, while it is ensured the flexibility of annual review as needed

Specific Objective 1.4: Improving the Coordination and Decision Making Process at the central and ministerial level

The main implication of the new planning system for decision-makers is the need for the Government to assume a more strategic role and be engaged much earlier in the planning process. This is aimed to be achieved through the functioning of existing planning structures, and establishment of the same mechanisms within ministries.

All this should work under the Integrated planning calendar which effectively sequences all the actions and decision making points resulting in the integration of various planning processes (in the best case) or maximum harmonisation (if possible).

(i) Improving policy coordination and decision making process at central Government level

The Strategic Planning Committee chaired by the Prime Minister, established in January 2016, will be the structure on top of IPS architecture. Essentially, the Strategic Planning Committee would be responsible for guiding the policy planning process prior final decisions by Government.¹⁰

The SPC will be supported by a full year round integrated planning calendar and be supported at technical level by an inter-institutional coordination mechanism through the Strategic Planning Steering Group (SPSG).¹¹ SPO shall operate as an OPM unit supporting the functioning of the Strategic Planning Committee.

The Strategic Planning Committee will be involved in reviewing and deciding on main policy planning processes before their submission for final approval by the government, including the following: setting out government strategic priorities and reviewing new policy initiatives before their submission for government review; monitoring the implementation of National Development Strategji and evaluation of priorities as necessary; monitoring implementation of National Program for Implementation of SAA and alignment with other priorities for development; sector and cross sector strategies; fiscal policy and macro-economic framework; finalising MTEF; elaboration of strategic issues related with public investments and foreign aid, etc.

(ii) Improving policy coordination and decision making at the ministerial level

Upon strengthening of policy coordination at central Government level, the next challenge would be to improve (based on the same approach) the process of policy coordination and decision making at the level of line ministries.

A Strategic Management Group should be established at each line ministry (mirroring the approach of SPC, but at the level of each line ministry). The SMG will be chaired by the Minister. The ministry's senior management will form the Group and assure the quality of decision making and monitor the implementation of their ministry's plans within NDS, European Integration agenda for the sector, Sector Strategy, MTEF, public investment and external assistance plans.

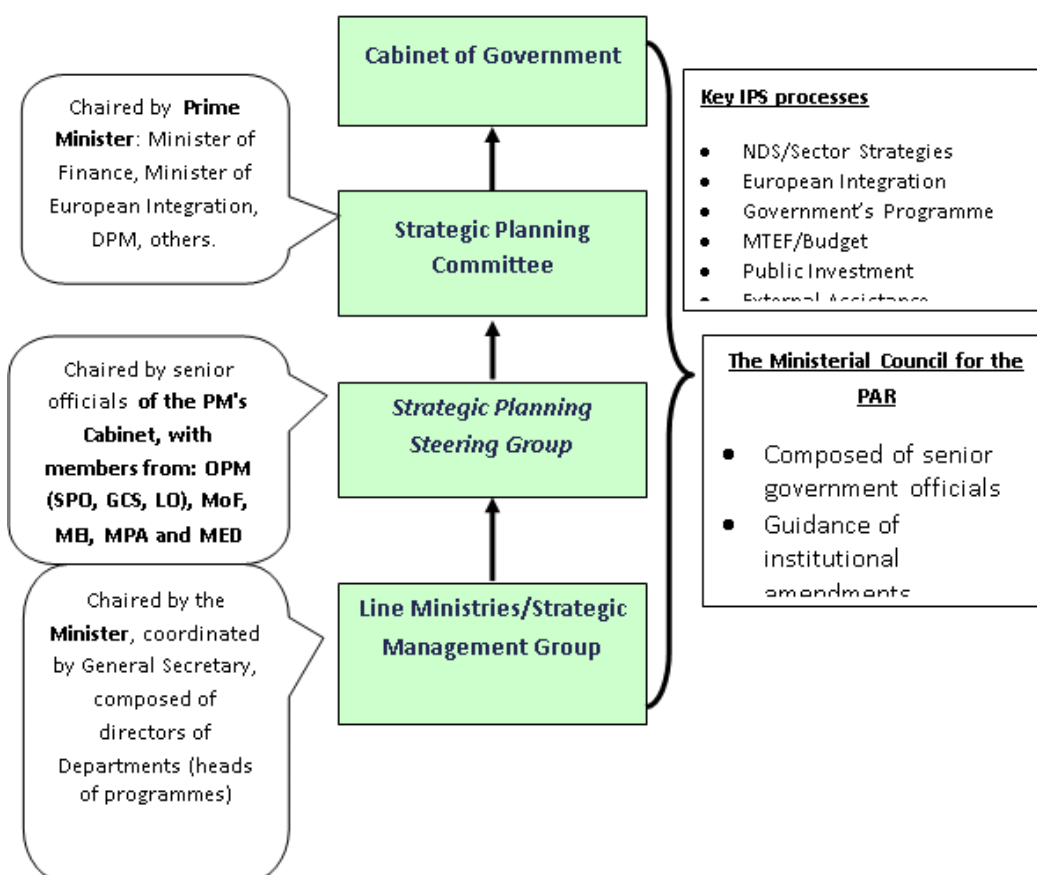
The SMG will be involved in all major planning decisions before being submitted further for review and approval to SPC and government, including; setting sector's strategic priorities and new policy initiatives; approval of the sector/cross-cutting strategies; determining aggregate ceiling of sector and programmes prior submission to MoF; finalizing and approval of the sector proposals for MTEF/Annual Budget; reviewing and approval of sector input to the GAWP before submission to GSC. The group should be chaired by the Minister (or Deputy Minister on his/her behalf); coordinated by the General Secretary and comprised by main Directors of Departments. The group will be supported by respective Departments for European Integration and Policy Coordination.

Given the fragmented situation in terms of planning, it is necessary to establish an annual integrated planning calendar. An Integrated Annual Calendar should effectively sequence all steps and decision points in different planning processes, IPS components so that they merge in the appropriate decision-making points. Strategic Planning Steering Group should prepare this as one of the first tasks of the year. The draft of integrated calendar must be presented to SPC and receive government's final approval.

The institutional structure of the Integrated Planning System for Strategic Planning

¹⁰ Decision of Government No. 02/70 of 15 January 2016: http://www.kryeministri-ks.net/repository/docs/Vendimet_e_Mbledhjes_se_70-te_te_Qeverise_se_Republikes_se_Kosoves_2016.pdf

¹¹ SPSG is composed by senior technical representatives of OPM, MoF, MEI, MPA and MED.



Indicators and main outcomes					
Indicators	Unit	Baseline indicators /2016	Intended outcome 2018	Intended outcome / 2021	Reference
Specific objective 1.1 Alignment of the main strategic documents with the National Development Strategy and assurance of its implementation					
1. Percentage of alignment of Government Annual Work Plan with the NDS (through NDS implementation roadmap)	%	40% ¹²	60%	95%	GAWP, The annual report of the work of government
2. Percentage of linkage of NPISAA with the NDS (through NDS implementation roadmap)	%	0	60%	90%	PKZMSA,
Specific Objective 1.2: Improvement of strategic policy planning to meet the obligations of SAA					
3. Percentage of NPISAA short-term measures reflected in GAWP (including Government Legislative Programme);	%	58%	80%	90%	SAAIP, GAWP
4. Degree of implementation ERA	%	0	70%	95%	ERA report, EC Progress Report,

¹² Assessment of alignment carried out by the Government Coordination Secretariat for GAWP 2016. The assessment included only strategic level of alignment, NDS measures and their respective activities.

Action Plan					GAWP
5. Degree of implementation of NPISAA short term measures	%	40%	70%	90%	ERA report, EC Progress Report, GAWP
Specific objective 1.3 Consolidation of sector strategic framework					
6. Share of strategies arising from NDS compared with the number of approved strategies outside the scope of NDS's	%	0	30%	90%	Annual plan for strategies
7. Share of pre-2016, which streamlined with strategic framework ¹³	%	0	20%	90%	Strategies adopted based on NDS
Specific Objective 1.4 Improving the Coordination and Decision Making Process at the central and ministerial level					
7. Number of ministries that have adapted IPS structures and integrated calendar.	#	0	7	19	Government/Minister Decisions
8. Percentage of implementation of the Integrated Planning Calendar.	%	0	50%	80%	Meeting minutes from SPC and SPSG
Main outcomes					
<ol style="list-style-type: none"> 1. Preparation of Roadmap for implementation of National Development Strategy and establishment of a system for monitoring, reporting and evaluation of NDS and ERP; 2. Improvement of interconnection between SAA Implementation Program and the Government Annual Work Plan, by ensuring more realistic presentation of relevant actions in two documents and increase the percentage of realization; 3. Improving the quality of development of sector strategies by reviewing the guidelines and methodology for drafting the strategic documents, including the costing and the introduction of performance indicators; 4. Setting up a hierarchy of planning documents and development of sector strategies in accordance with the needs of NDS, by clarifying the typology of documents and establishing criteria for strategies that can be adopted by the government or handled in other forms. 5. Integrated Planning System is functionalized through coordination mechanisms, and is implemented through integrated planning calendar 					

II. Better linkage of strategic documents with financial resources

Strategic objective #2: Better linking the strategic planning framework and strategic documents to the external and internal resource planning to ensure the financial affordability and implementation of strategic plans

Strengthening the interconnection between the government medium-term planning documents (NDS, NPISAA, ERP) with MTEF and annual budget; increase the interconnection between public investment projects with NDS's priorities and sector strategies through a consistent process and dialogue of prioritization, as an integral part of planning the MTEF/annual budget; and effective management of external assistance by strengthening the planning and programming processes with the aim of harmonizing and linking the external funds with government priorities and MTEF.

¹³The review will include alignment with NDS and SAA commitments, merging of existing strategies, introduction of outcome indicators and finally deleting some of them in line with the updated Administrative instruction on methodologies and procedures for drafting strategies and their implementation plans

Kosovo has made significant progress in improving the budget planning process. Despite significant progress, it is necessary to work on improving the translation of national and sector priorities to MTEF and annual budget. Interconnection between MTEF/annual budget with the strategies can be improved and based on an effective process of prioritization and decision-making. This also relates to improving the possibility of costing and prioritization of policy.

The nature of the proposed changes related to the improvement of the planning framework of MTEF and annual budget planning is comprehensive. These interventions are articulated through the Public Finance Management Reform Strategy (PFMRS) of Kosovo 2016-2020. Among its main strategic priority also set the development of the Medium Term Expenditure Framework (MTEF), with the aim to further advance the role of MTEF as a linking document between National Strategies and budget planning for the next three years.

There is a correlation of measures foreseen under the PFMRS which strengthens the implementation of SIPPC where PFMRS addresses the following issues: functioning of strategic planning coordination structures, respectively the Strategic Planning Committee and Strategic Planning Steering Group; training the staff in order to strengthen budgetary impact assessment according to Administrative Instruction (AI) 03/2015 on Budgetary impact Assessment for new Government initiatives; addressing deviations between the ceiling of MTEF and ceiling of Annual Budget; implementation of sector approach in preparation of MTEF.

However, despite interventions under PFMRS, while trying to avoid eventual duplications between two documents, this Strategy aims to address some challenges in the context of MTEF strategic planning and its linkage with main planning documents. In general, through interventions in this strategy the aim is to improve costing of sector strategies and the same be serve to inform the MTEF and annual budget planning process. Finally, an important aspect is improvement of presentation of EI agenda in MTEF and annual budget.

Specific objective 2.1: Improvement of strategic orientation of MTEF/budget

The main aim of this objective is to improve the strategic orientation of MTEF/budget. This is aimed to be achieved through the functioning of planning structures, namely Committee for Strategic Planning based on integrated planning calendar. Through this it is aimed the involvement of the highest political level at the beginning of preparation process of MTEF/budget, thus leading to improvement of policy planning and prioritization to be financed in the medium term period (see strategic objective #1).

In terms of Public Finance Management Reform Strategy, it is important the budget-based programs to be an integral part of reforms for better strategic orientation of MTEF and annual budget. These are provided in PFMRS, and will only be referred to in this document.

Rule of Procedure of the Government defines that a Declaration of Priorities is issues and which serves as policy basis for preparation of MTEF, budget and annual work plan. Having in mind recent assessments it is important to further improve the declaration of priorities, bu clarifying its main targets and ensuring alignment and presentation of EI requirements in midterm declaration of priorities.

In order to ensure implementation of NDS there is a need for a consistent prioritisation and decision-making process. In this regard, through NDS implementation Roadmap, the Government commits to integrate its strategic planning framework to ensure that financial resources required

for implementation of the Guidelines will be fully available within the expected timeframe. Ministry of Finance ensures to extend preferential treatment to NDS activities in terms of resource allocation, starting from allocation of budget ceilings in MTEF and then specifically into the annual Budget. Whereas, Ministry of European Integration, Minister of European Integration shall ensure that NDS measures and relevant activities, especially those reflected in the ERP, are involved in the dialogue with the donor community on any programmes of additional development assistance.

On the other hand, although it is compulsory, there is no sufficient linkage between sector strategies and MTEF. Therefore, increased linkage between MTEF and sector strategic documents should be improved; upon the functioning of NDS and the revision and adoption of new sector strategies it is expected an improvement of the process; with special emphasis in 2016, the emphasis should be put on harmonization of European Integration and reflection of the Government Programme in MTEF.

As a step to improve the strategic orientation of the MTEF and to further advance the role of linkage between the MTEF, National Strategy and budget planning for the next three years, which is also planned in the SRPFM 2016-2020, it is to functionalize the Strategic Planning Steering Group (SPSG) and the Strategic Planning Committee (SPC), the structures that will implement activities as: reviewing the Declaration of Priorities (during February); reviewing the MTEF (April) and the review of the draft Annual Budget (October) (for more see the SRPFM objective 4.1).

Furthermore, the current Public Investment Program (PIP) system used in Kosovo is a good system for project assessment and (at least in principle) for prioritisation of project, but it need to be linked more effectively with the rest of planning and processes of strategic prioritisation.

The main objectives within this component is to strengthen the interconnection between public investment projects with priorities of NDS and sector strategies through a consistent prioritization dialogue and process as an integral part of planning the MTEF/annual budget. It is essential that the process of planning and prioritisation of public investment be reorganised in the view of overall IPS architecture.

Currently, the Public Finance Management Reform Strategy of Kosovo 2016-2020, has set as special priority the quality of information of capital budget (Priority 6), which aims to achieve a more efficient and effective management of planning and monitoring the public investments of BO in PIP system, which will affect the proper planning of capital projects that should be interconnected to the National Development Strategy and the Government's priorities. The ultimate goal of this is the reduction of the number of re-allocations for central level BO and increasing the percentage of the budget implementation for capital investment compared to the planned budget within a fiscal year (for more details please refer to Public Finance Management Reform Strategy (PFMRS) of Kosovo 2016-2020).

Specific objective 2.2: Improvement of medium and short-term budgeting, with the aim of fulfilling the obligations of SAA

Within the dialogue on economic governance with the European Union, Kosovo for the third time is preparing the Economic Reform Program. In principle, together with NDS and priorities of the European agenda through NPISAA, all these planning frameworks provide a greater clarity of

priorities and provide planning guidance at various levels of MTEF/annual budget and government annual work plan. However, major challenges remain in aligning and harmonizing NPISAA and MTEF.

Furthermore, in order to ensure SAA implementation there is a need for alignment of MTEF strategic orientation with its priorities. For this purpose, a novelty to NPISAA will be the new chapter “Declaration of European integration medium-term priorities for MTEF funding”, which will define and describe key medium term priorities which should be planned within MTEF and financed from state budget.

This will contribute to the process of drafting the Government Medium Term Declaration of Priorities¹⁴, by ensuring that medium term commitments from European agenda are reflected in MTEF and therefore in the annual budget. It’s important to underline that this process shall be coordination in the framework of Strategic Planning Steering Group, to present an integrated document to Strategic Planning Committee before final approval by the government.

The main aim is interconnecting the NPISAA with MTEF/annual budget by ensuring the reflection of the European agenda priorities in the Declaration of Medium Term Priorities of the Government, and consequently their respective budgeting.

Strategic Objective 2.3: Effective management of external assistance

The main objective within this objective is enhancement of planning, programming and monitoring capacities of the state administration to ensure effective management of external assistance, in accordance with the state budget, in order to implement government strategic priorities and the advancement of integration process of Republic of Kosovo.

During the following period will be added 3 new aspects to the existing planning framework of external assistance:

- **Development Assistance Program (DAP)** – MEI with the help of the European Commission in the upcoming period will draft the Development Assistance Program. DAP will identify the priorities and projects for funding from the entire spectrum of the donor community. The program will provide a coherent framework of donor activities, in accordance with the state budget.
- **Expanding and updating the Single Project Pipeline (SPP)** – MEI will update SPP, whereby will be included new projects within the existing four sectors (transport, environment, energy and social sectors) and will also expand infrastructure investment planning in other sectors.

¹⁴Article 46 of the Rules of Procedures of the Government stipulates that “1. The Government shall issue a statement of priorities that shall provide the policy framework for the preparation of the Medium Term Expenditure Framework (MTEF), the Budget and the Annual Work Plan of the Government. The Government shall review and confirm or amend these priorities before the start of the medium term expenditure framework process each year. The Strategic Planning Office of the OPM shall coordinate the preparation of the annual statement of priorities before its submission to the Government, in close cooperation with the Ministry of Finance, the Ministry for European Integration and the Secretariat.

Rules of Procedure of the Government: http://www.kryeministri-ks.net/repository/docs/RREGULLORE_E_PUNES_SE_QEVERISE_SE_REPUBLIKES_SE_KOSOVES_NR_09_2011.pdf

- **Implementation of capacity building modules for the management of external assistance.**

Indicators and main outcomes					
Indicators	Unit	Baseline indicators/2015	Intended outcome 2018	Intended outcome / 2021	Reference
Specific objective 2.1: Improvement of strategic orientation of MTEF/budget					
1. The percentage of the average deviation between the ceilings of the MTEF and annual budget limit for BO. ¹⁵	%	7.5%		3.5%	PFM Strategy reports
3. Percentage of the coverage of the NDS actions in MTEF (through NDS implementation Roadmap)	%	40% ¹⁶	60%	90%	MTEF
3. Ratio between the total funds calculated in sector strategies and total funding identified for the relevant sectors in the MTEF	%	20%	40%	75%	SIGMA
4. Requirements of the IPS calendar are met for the development of financial planning documents including capital investments programme ¹⁷	Binary	NO	YES	YES	Meeting minutes from SGSP and SPC
Specific objective 2.2: Improvement of medium and short-term budgeting, with the aim of fulfilling the obligations of SAA					
6. Percentage of NPISAA objectives reflected in MTEF ¹⁸	%	0 ¹⁹	80%	100%	MTEF/NPISAA
7. Percentage of NPISAA short-term measures covered with annual budget throughout the year.	%	45%	80%	100%	Annual Budget/NPISAA

¹⁵ This is an identical indicator from the PFM strategy

¹⁶ This is a preliminary assessment based on the number of NDS measures and activities under implementation, measured through the GAWP. A complete assessment will be possible with finalisation of the NDS Implementation Roadmap.

¹⁷ This shall include the Public Investment Programme and Single Project Pipeline, which are reflected within the investment clause.

¹⁸ Through the Statement of medium term priorities for European integration for MTEF funding. The Statement will be constitute a new NPISAA chapter which aims to address better funding requirements of European agenda commitments and their reflection into MTEF.

¹⁹ There is a need for an assessment on the share of alignment between NPISAA and MTEF. As NPISAA was adopted only on December 2015, a baseline value for 2016 is not possible since the existing MTEF cycle entails the period 2017-2019.

Specific objective 2.3: Effective management of external aid					
8. Development Assistance Programme (DAP) approved and interlinked with MTEF expressed in percentage of coverage of priorities	%	0	50%	70%	DAP, MTEF
5. Percentage of alignment of Single Project Pipeline with NDS priorities ²⁰	%	0	70%	90%	NDS, SPP
Main outcomes					
<ul style="list-style-type: none"> • Improvement of strategic orientation of MTEF and annual budget by ensuring full involvement of NDS's priorities and NPISAA in MTEF and improvement of costing of outputs of NDS and NPISAA for the first three years of MTEF. • Declaration of Government Medium Term Priorities aligned with strategic documents such as NDS, NPISAA, ERP and other strategic documents. • Linkage between NPISAA/ with MTEF/annual budget by ensuring the reflection of priorities of European agenda in Declaration of Medium Term Priorities of the Government, and consequently their respective budgeting; • Review of the National Programme for Implementation of SAA, including the new chapter "Priorities of SAA for funding from MTEF and annual budget" and review of the latter within the structures for strategic planning, set forth according to first objective of this document; • Strengthening the review of budgetary impact assessment of policy priorities by the Ministry of Finance, aiming not only assessing whether the costs are within budgetary possibilities or not, but should also cover other issues such as: effectiveness of expenditure and efficiency of policy and legislative proposals. • Under the coordination of SPSG and by using the departments for European integration and policy coordination within the ministries, OPM, MEI and MoF, harmonize development process of GAWP, MTEF and NPISAA. • Improve decision-making for public investment program to ensure that public investments are identified through strategic planning processes within the IPS (NDS / sector strategies / MTEF); • Review the single project pipeline; • Effective dialogue with the donor community through the implementation of the Regulation on Donor Coordination; • Efficient monitoring system of external aid through the External Aid Management Platform and the Annual Report on Donor Coordination; 					

III. Integration of monitoring practices and processes

Strategic objective #3: Full integration of monitoring practices and processes to ensure better implementation results and accountability of the Government to meet its stated objectives. ;

The main purpose of the objective is to improve the monitoring system of key planning documents, including the establishment of a systematic process of monitoring and evaluation of sector strategies, Also this Objective aims at establishing an Integrated Monitoring System through Government Annual Work Plan, in order to provide to the government necessary information about monitoring in order to track main government commitments (including all agreed European integration initiatives, where it is aimed to advance and integrate NPISAA monitoring and reporting system); and provide to the government, Central Government Institutions as well as management staff of ministries with comprehensive information on

²⁰This included the Public Investment Programme and the Single Project Pipeline, with the list of projects under the investment clause.

Specific objective 3.1: Improvement of sector strategies monitoring including their periodic evaluation

It is estimated that the detailed reporting on sector strategies implementation is defective. Although the ministries are required to monitor the implementation of strategies, and SPO may request reports on the implementation of strategic documents related to the Government priorities, there is no regular requirements for drafting of implementation reports and submission to the government, nor systematic assessment of sector strategies.

In order to change this situation, we shall review the AI 02/2012 on the procedures, criteria and method of preparation and adoption of strategic documents and plans for their implementation. The amendment of the AI, in addition to aspects necessary for ensuring consistency of development strategies, aims to include the requirement that ministries during the drafting of strategies to introduce performance indicators. Also, another novelty will be the introduction of a unified approach to monitoring and reporting on strategies, to enforce the requirement that ministries must submit reports on the implementation of the relevant strategy. This will also include the requirement for periodic assessment of strategies

Specific Objective 3.2: Strengthening the role of GAWP monitoring system, as a mechanism to inform policymakers and increasing the accountability of line ministries

In the analysis presented above, and which is based on external reports and internal government evaluations, is indicated that the government does not have a proper system for regular monitoring of its performance and the achievement of stated policy objectives. This situation comes as a result of lack of planning documents that enables outcome orientation, and the lack of appropriate indicators and performance targets. Also, it is considered that annual reporting is inconsistent and lacks a coherent overview on the implementation of the legislative program.

Although it is deemed that GAWP Monitoring functioned well so far, but there is a need for further improvements in order to become the main mechanism that provides qualitative information on achievements and outcomes of the Government of Kosovo. GAWP need to improve the information/performance indicators in the implementation of policy priorities or objectives in the context of these measures, providing better quality data for making policy decisions. Also, this will enable the improvement GAWP quality, more realistic indication, and thus increase the level of implementation of the government's annual commitments.

Simultaneously, the planning of European integration process with this is further consolidated in 2016 where MEI has prepared a National Programme for the Implementation of the SAA. Also during 2016, MEI has established a new system of quantitative and qualitative monitoring of the Programme implementation, in which MEI has started drafting regular reports on the programme implementation, on a quarterly basis. However, it is necessary that in addition to improving the interconnection of NPISAA with the annual budget, it is important to further improve the quality planning activities and promotion of the NPISAA monitoring and reporting system aiming at integration with other monitoring and reporting systems, i.e. the system of the Government Annual Work Plan.

Specific Objective 3.3: Ensuring coherence of reporting through the integration of monitoring and reporting systems.

The main objectives under this component is the establishment of a GAWP Integrated Monitoring System in order to provide the government necessary monitoring information to convey the government's main commitments (including all agreed initiatives of European integration) and provide to the management of ministries comprehensive information on the implementation of the operational plans of ministries.

The principles of integrated planning and monitoring require placement of an Integrated Management Information System that would cover all commitments of Government and line ministries. Although the government receives results reports during the year from various sources (GCS, OSP, MEI, MoF), monitoring is not always tied to the planning cycle. There have been efforts over the past year to improve the monitoring and reporting systems in Kosovo. Several online Management Information Systems²¹ are established. However, this has led to fragmented monitoring of line ministries by multiple institutions of central level by using various and inconsistent formats. All these systems are operating independently with limited connection or integration of electronic systems with each other.

In principle the development of parallel databases should be discouraged based on principle that the monitoring will be integrated in GAWP..

Nevertheless, it should be recognised that, realistically, some parallel monitoring will exist on their own, for the time being because the current monitoring system cannot be annulled immediately. For example, monitoring of European Integration agenda will take a while to be fully integrated with the reporting system for GAWP. This, because of its very specific requirements of the EI process; dynamics of reporting to EC; institutions set up (entire EI process is managed in a full closed cycle by MEI, where OPM and MoF have limited involvement). Thus, attention should be paid to synergies and overlapping between GAWP MIS and the other monitoring systems. Where possible these systems should be integrated but if this is not the case, should be aimed maximum harmonisation.

Finally, the potential systems integration will enable integrated reporting for both GAWP and NPISAA, focusing on results and impact achieved compared to commitments and the approved budget.

Indicators and main outcomes					
Indicators	Unit	Baseline indicators/2016	Intended outcome 2018	Intended outcome / 2021	Reference
Specific Objective 3.1: Improve monitoring of sector strategies including their periodic evaluation					
1. Percentage of prepared and published sectorial strategies annual reports.	%	0	40%	90%	OPM webpage,
2. Annual reports of strategies developed pursuant to amended Administrative Instruction, also provide information on the outcome achieved	%	0	80%	100%	Reports from sector strategies
Specific Objective 3.2: Strengthening the role of the GAWP monitoring system as the mechanism for informing policy makers and increased accountability of the line ministries					
3. Annual implementation backlog of planned commitments in central planning documents (percentage of total GAWP commitments carried over to next year)	%	26%	15%	10%	SIGMA, annual government report

²¹GAWP Information Management System, that of Government Decisions; Legislative Program Monitoring System; Visa Liberalisation Action Plan Information Management System

4. Performance indicators for the GAWP are introduced	Binary	NO	YES	YES	GAWP
5. Annual implementation backlog of planned commitments in NPISAA (percentage of total NPISAA commitments carried out to next year)	%	0 ²²	25%	10%	NPISAA
Main outcomes					
<ul style="list-style-type: none"> • Advancing the monitoring and reporting system of NPISAA by aiming the integration with other monitoring and reporting systems, namely the system of Government Annual Work Plan; • Creating an Integrated Monitoring Plan in each Ministry, as an integral part of GAWP in order to make a clear distinction between the activities deriving from the priorities of government and those important for ministries and to set the focus on monitoring the sector / ministry, as well as the integration of all requirements for monitoring the ministry / sector in question. • Development of an official structure and methodology (jointly by OPM (especially GCS and OSP), MEI and MoF) to ensure consistency and unified methodology for all frameworks for planning and monitoring and this should be used by GCS/GAWP and all line ministries. Improvement of integration and communication between IMS in GCS / GAWP with other systems. • Setting the modalities, roles and responsibilities for monitoring the implementation of the roadmap of NDS and existing monitoring, which in principle should be done within GAWP. OSP and GCS should develop a joint proposal for addressing this issue. • Improvement of annual reporting of ministries, focusing on outcomes and impact achieved in comparison with commitments and the approved budget. 					

IV. Enhanced capacities on policy planning and coordination

Strategic objective #4: Enhancing the capacities of the administration on policy planning and co-ordination to support better planning results and enhanced functioning of the co-ordination mechanisms of planning and execution.

Through this objective it is aimed the achievement of capacity building for different processes of integrated planning system, based on existing and planned interventions of the institutions of Republic of Kosovo. Also, a special emphasis will be placed on strengthening coordination and decision making structures, drafting of policies within the European integration and management of external assistance.

Implementation of both SIPC and BRS a close coordination shall be established for implementation of activities related to capacity development for policy planning and coordination, which is composed of three main components:

Component I) Capacity development for integrated planning system processes and strengthening coordination and decisionmaking structures.

Development of a programme for strengthening and increasing capacities (including curricula, organisation of training modules and providing in-service training) for the personnel of central coordination units (SPO, GSC, LO); personnel ministries with coordination role – Ministry of European Integration, and Ministry of Finance and personnel from Department for European Integration and Policy Planning within line ministries. The main focus of these trainings will be on

²² As 2016 is the first year of NPISAA implementation is not possible to measure the share of commitments carried over to the next year, hence the baseline value is 0.

integrated planning process and policy development and management (with focus on European integration related policies).

Component II) Planning, programmatic and monitoring capacity building of public administration for management of external aid

Implementation of capacity building modules for management of external aid in cooperation with MEI, KIPA, and with the support of the European Commission, will design and implement permanent curricula and modules for capacity building of administration for management of external aid. Special novelty will be the establishment of a sustainable approach of local capacity to conduct training, moving away from the conventional approach of international experts and ad-hoc activities for the training.

Component III) Capacity building for implementation of the integrated monitoring system reflecting also the processes related to European integration

Capacity building for monitoring and reporting will be focused on implementation of Integrated Monitoring System in order to provide government sufficient monitoring information to convey the fulfilment of main government commitments (including also all agreed European integration initiatives) and to provide to the management of ministries comprehensive information on implementation of operational plans of ministries.

Specific objective 4.1: Completion with necessary staff for policy planning and coordination

SIPC 2017-2021 aims to have a permanent impact which means that achievements should be sustainable and presented changes should be anchored within the administration of the Government of Kosovo. However, such a sustainability partially is depended on ensuring that individual capacities are strengthened and that organisational measures, such working procedures, are effective.

To some extent, sustainability is depended from center of government, especially on that fact that GCS, SPO, LO and Communication Office within OPM, shall be able to carry out their mandates on a satisfactory level. Currently, as different reports outline (SIGMA) and also identified by the communication office, OPM units have a lack of staff compared to the mandate they have. If not addressed the issue of personnel, it could stagnate the implementation of this strategy.

To improve this situation, with the support of SIDA supported Project, a need assessment process shall take place for the OPM for completion with staff, which will provide an assessment on current staff and needed staff for GCS, SPO, LO and Communication Office and will provide proposals on improvement of OPM functioning in respect to its role and duties. This assessment will include an analysis of job descriptions, capacity building practices and compensation policies. This allows the analysis to form the starting point for the discussion of staffing levels and working practices with the Secretary General of OPM and measures to address the issues identified. Such assessment is intended to expand in all center of government, with the aim of providing appropriate levels of staff in charge of developing and coordinating policies.

Specific objective 4.2: Capacity building for policy planning and coordination

Concrete recommendations on improvement of policymaking and planning system, as well as relevant capacities of personnel were provided by domestic and international reports and

assessment which indicate the current need for capacity building for policy planning and coordination.

Capacity building would be important for ensuring uniform application of new initiatives and to improve policy planning and coordination of the entire Government, by managing to implement Integrated Planning System which means harmonization of roles, responsibilities and mechanisms for sector planning and coordinating sector, national and European integration policy. Capacity building will be focused on: i) strengthening the decision-making coordination and structures ii) development of policies within the European integration iii) management of external aid and iv) implementation of integrated monitoring and reporting system.

The objective for staff capacity building included in policy and planning coordination shall be focused on design, preparation and provision of a comprehensive training program on policy management– i) for the central coordination departments staff (Strategic Planning Office, Government Coordination Secretariat, Legal Office), ii) representatives of ministries, with a coordination mandate - Ministry of European Integration, Ministry of Finance and iii) representatives of European Integration and Policy Coordination departments in line ministries. The latter are on the focus of the proposed training program, given that their common mandate performed at ministerial-level is coordination of general policies and strategic planning, policy analysis and methodological support, donor coordination or European Integration. The same serve as counterparts of central institutions for various processes, including the development/implementation of measures envisaged by the National Development Strategy.

Capacity building program is planned to be institutionalized and serve as the main instrument for capacity building of relevant civil servants who will be equipped with knowledge of policy planning and analysis and will ensure that primary government policies are developed, implemented and monitored in uniform manner in most efficient and effective manner. This strategic objective foresees the development of a curriculum with the recommended modules and the training program topics, the general approach on the preparation and delivery of training as well institutional arrangement.

Based on the Strategy for Better Regulation, within the project supported by SIDA, other training activities are foreseen for the OPM staff on a wide ranges of issues: Training for Trainers, training on gender equality, training on conflict sensitivity analysis, policy communication, training on standard costing model and trainings on other topics will be open for all center of government institutions and relevant staff from line ministries.

Indicators and main outcomes					
Indicators	Unit	Baseline indicators/2016	Intended outcome 2018	Intended outcome / 2021	Reference
Specific objectives 4.2: Capacity building for the integrated planning system processes and strengthening the coordination of decision-making structures					
1. Number of trainers certified for planning and implementation of the SAA and policy development	#	0	15	15	
2. Increased capacities for policy development within	%		25%	75%	

the CoG institutions and all line ministries through training and Training-of-Trainers programmes					
Main outcomes					
<ul style="list-style-type: none"> • Capacity building of officials of central coordination departments of Government and ministries mandated to coordinate: i) processes of integrated planning system; iii) policy development and management; iv) implementation and monitoring of the National Development Strategy and other sector strategies; • Capacity building of officials from the line ministries who are responsible for of European integration processes and policy coordination for: i) development, coordination, implementation, monitoring and reporting on the implementation of policies and strategies in line with national frameworks; ii) planning, coordination, monitoring and reporting and the monitoring of external aid management; • Preparation of a number of trainers from officials of central coordination departments of the Government, through on the job training, to help officials from line ministries to be coherent and effective, requests of the Government regarding development, implementation, monitoring and reporting of strategic documents; • Capacity building for monitoring and reporting the NPISAA and the Government Annual Work Plan; • Capacity building of responsible officials of line ministries to improve annual reporting of ministries by focusing on achieved outcomes in relation to the commitments; 					

MONITORING AND EVALUATION OF IMPLEMENTATION OF THE STRATEGY

Public Administration Reform

Reforms related to the development and coordination of policies and legislation that are coordinated by the Secretary General of OPM, is one of the three pillars of the Public Administration Reform (PAR), therefore also the institutional structures for implementation of the strategy for improving policy planning and coordination in Kosovo (Integrated Planning System) 2017-2021 will be in line with the structure for reform in PAR.

Structure of institutional management of the Public Administration Reform (PAR) is determined by the Government by the decision of Government No. 05/09 (dated 21/01/2015) for organization and functioning of the Council of Ministers to ensure the implementation of PAR and decision No. 9/13 (dated 12/02/2015) for the organization and functioning of the structures for implementation of strategic documents of PAR, which for the main oversight mechanism for PAR implementation is set the Council of Ministers for Public Administration Reform that is chaired by Minister of Public Administration and consists of the Minister of Finance, Minister of European Integration, Minister of Local Government Administration, Minister of Trade and Industry and a political representative from the Office of Prime Minister.

Whereas the administration and coordination for monitoring the implementation of PAR at technical level, is divided between three institutions:

- Office of the Prime Minister is responsible for reforms related to the development and coordination of policies and legislation; coordinated by the General Secretary of OPM.
- Ministry of Public Administration is responsible for the civil service, service delivery, accountability and organization of the Public Administration; that is coordinated by the Secretary General of MPA.

- Ministry of Finance is responsible for reforms related to Public Finance Management that is coordinated by the General Secretary of MoF.

Responsibility for implementation and reporting in relation to the development and coordination of policies and legislation remains within the General Secretary of OPM. However, CMPAR is responsible for ensuring that all pillars of PAR create coherent systems for monitoring and reporting, which means that the methodology of reporting defined by the MPA will apply to all pillars and all reporting institutions along the same deadlines.

Strategy monitoring and reporting

Strategy for improving policy planning and coordination in Kosovo (Integrated Planning System) 2017-2021 in its composition has an action plan covering the period 2017-2019 which consists of activities, indicators, institutions responsible for implementation and financial cost for implementation. Action Plan of the strategy will be reviewed on a two-year basis within the planning for monitoring that is defined in the strategy.

Structure for monitoring the implementation of the strategy for improving policy planning and coordination in Kosovo (Integrated Planning System) 2017-2019 consists of measurable indicators which are set at the level of specific objectives in the strategy for 2017 and 2021. A specific objective contains more than one indicator which are mainly based on SIGMA indicators, according to principles covering main horizontal levels of governance system, which determine the overall performance of public administration and in this case deal with aspects of policy development and coordination. But some of the other indicators were drafted by administration, by agreeing with each carrier institution.

The current situation presented under the baseline (according to assessment by SIGMA)" is taken as a basis the year 2016 according to the assessment of SIGMA for Kosovo. A considerable part of indicators used in the Strategy for improving policy planning and coordination in Kosovo (Integrated Planning System) 2017-2021 are quantitative indicators according to the categorization of SIGMA methodology. Although, some of the specific objectives also include qualitative indicators.

SIGMA methodology for measuring the quantitative or qualitative indicators is as follows:

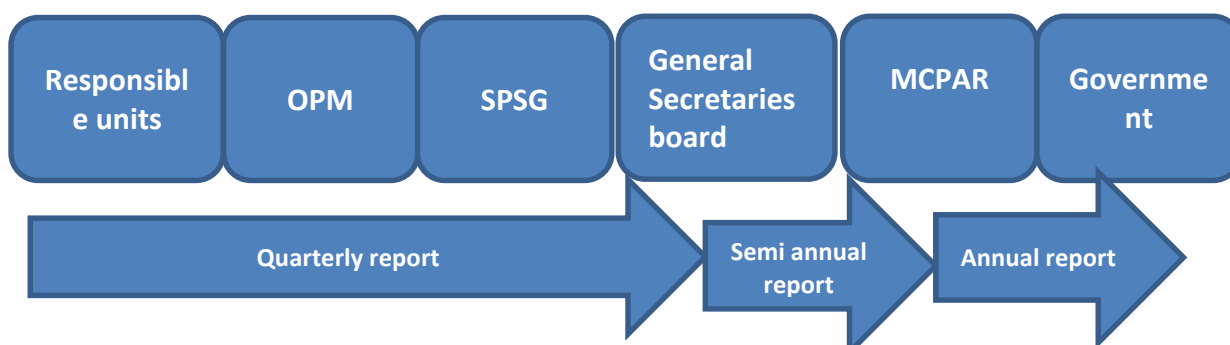
- assessment from 0 to 5, where 0 indicates lowest level of progress whereas 5 represents the highest level of progress in that field that is being assessed;
- valuation by percentage, where is represented the level of progress based on the percentage of progress for relevant field being assessed.

Monitoring the progress of implementation and achievements of the strategy for improving policy planning and coordination in Kosovo (Integrated Planning System) 2017-2021 will be communicated to the relevant bodies on regular basis and if necessary also to the public opinion.

Responsible for monitoring the implementation of the Strategy will be Steering Group for Strategic Planning (SGSP) which consists of senior representatives of the technical level of OPM, MoF, MEI, MPA and MED.

Monitoring of the progress will be based on indicators. The Action Plan contains in total..15.. indicators for 11 specific objectives. Specific definition and measurement methods will be further elaborated in "Passport of Indicators". Passport of indicators will also include a risk assessment for achieving the target for every indicator/achievement. Monitoring and reporting should be also coordinated with monitoring and reporting of Better Regulation Strategy since the two strategies fall within the framework of strategic planning of OPM.

The Concept Document on PAR monitoring and evaluation system, defines main elements for monitoring and reporting in the PAR process, which are developed for the Public Administration Modernisation Strategy 2015-2020, such as: preparation of quarterly, semi and annual reports; deadlines for preparation of reports and reporting formats will be used also for the monitoring and reporting of the Strategy for improvement of planning and coordination. Quarterly, semi and annual reports from three institutions (OPM, MPA and MoF) are reviewed by the Ministerial Council on Public Administration Reform, working group on respective pillar, in this case SPSG, and the Board of General Secretaries. Annual report shall be discussed and adopted by the government and published accordingly.



Monitoring of the progress will be based on passport indicators will have been identified for each specific objective. The strategy contains totally 15 indicators. Specific definition and measurement methods will be processed further through the ‘indicators passport’. The Passport of indicators will include also a risk assessment for achievement of the objective for each indicators. Monitoring and reporting shall be coordinated also in concert with the monitoring and reporting of the Better Regulation Strategy, as both of them are part of OPM strategic planning framework.

Mid-term review of strategy

Strategy for improving policy planning and coordination in Kosovo (Integrated Planning System) 2017-2021 will be followed with the Action Plan 2017-2019 that will be updated on a regular annual basis. IPS will be a mid-term assessment and a final assessment. Thus, OPM together with the report for 2017, will undertake a mid-term review process of objectives and indicators. Midterm and final assessment of the strategy will be focused on the following aspects: implementation of the Strategy and Action Plan as well as the relevance of interventions to achieve the intended outcomes and objectives.

Assessment and review process for the Integrated Planning System will relate to reviews and assessment within the PAR reform, as well as SIGMA assessments and assessments of other organizations.

FINANCIAL IMPACT OF IMPLEMENTATION OF THE STRATEGY

Overall assessment of costs of activities

The three year action Plan (2017-2019) of the Strategy for improvement of planning and coordination (integrated planning system) 2017-2021 has a total cost for its implementation in the amount of 2,536,600 Euro.

The implementation of the Action Plan of the Strategy for Improving the Policy Planning and Coordination in Kosovo (Integrated Planning System) from 2017-2021 is expected to be supported by donors, through existing (SIDA, GIZ, EC, etc) and committed support. Part of the cost is related to other costs within the existing budget planned in the OPM and Ministries that will be involved in delivering the appropriate products of this Strategy.

ANNEX 1: Implementation Plan of the Strategy for policy improvement and coordination

Action Plan 2017-2019 for the Implementation of the Strategy for Improving Policy Planning and Coordination in Kosovo (Integrated Planning System) 2017-2021

I. Further improvement of strategic planning framework						
Strategic objective #1: Further improvement of the strategic framework by enhancing the linkage between strategic documents, by better coordination and decision-making						
Specific Objective 1.1	Indicator(s) for measuring objective achievement			Baseline	Target 2018	Target 2021
Alignment of the main strategic documents with the National Development Strategy and assurance of its implementation.	<ul style="list-style-type: none"> Percentage of alignment of Government Annual Work Plan with the NDS Implementation Roadmap. Percentage of linkage of NPISAA with the NDS (through NDS Implementation Roadmap). 			<ul style="list-style-type: none"> 40% 0 	<ul style="list-style-type: none"> 60% 60% 	<ul style="list-style-type: none"> 95% 90%
Activity	Implementation deadline	Total cost	Funding source	Leading institutions	Supporting institutions	Output
1. Finalization of the Roadmaps for the Implementation of the National Development Strategy (NDS) from line ministries.	Q1 2017	100,000 €	EU Project.	OPM (SPO)	LM	Consolidated Roadmap for implementation of NDS.
2. Finalization of the consolidated Roadmap for NDS implementation.	Q1 2017	Administrative Cost.	BRK.	OPM (SPO)	LM	NDS Implementation Roadmap adopted and published.
3. Ensuring alignment of Economic Reform Programme (ERP) with NDS.	Q1 2017- Q4 2018	100,000 €	BRK.	OPM (SPO), MoF	LM	NDS relevant measures reflected in ERP.
4. Provision of support for line ministries in further drafting the actions of policies related to the implementation of measures of NDS and	Q1 2017 to Q4 2019	15,789 €	GAP	OPM (SPO, GCS)	/	Concrete/ adequate OPM and MEI support provided

ERP.						to ML.
6. Ensure the reflection of ERP and NDS measures in GAWP.	Q4 2017 Q4 2018 Q4 2019	Administrative cost.	BRK.	OPM (SPO, GCS)	MoF	NDS and ERP measures reflected in the GAWP.
Specific Objective 1.2	Indicator(s) for measuring objective achievement			Baseline	Target 2018	Target 2021
Improvement of strategic policy planning to meet the obligations of SAA	<ul style="list-style-type: none"> Percentage of NPISAA short-term measures reflected in GAWP (including Government Legislative Programme); Degree of implementation European Reform Agenda Action Plan Degree of implementation of NPISAA short-term measures 			<ul style="list-style-type: none"> 58% 0 40% 	<ul style="list-style-type: none"> 80% 70% 70% 	<ul style="list-style-type: none"> 90% 95% 90%
Activity	Implementati on deadline	Total cost	Funding source	Leading institutions	Supportin g institutions	Output
1. Improving linkage between the Program for the Implementation of the SAA and the Government Annual Work Plan.	Q4 2017	Administrative Cost.	BRK	MIE	OPM (GCS), MoF	GAWP reflects the NPISAA key short-term measures.
2. Improving coordination between MEI and OPM in the annual regular drafting/revision of the NPISAA and GAWP.	Q1 2017 Q1 2018 Q1 2019	Administrative cost	BRK	MEI	OPM (SPO, GCS)	Timeframe for revision of NPISAA aligned with the drafting of GAWP.
3. Provision of appropriate guidance by the MEI and OPM to the line institutions to link and harmonize the NPISAA and AGWP.	Q1 2017 to Q4 2019	Administrative cost.	BRK	MEI	OPM (SPO, GCS)	NPISAA short-term measures reflected in the GAWP.
4. Ensuring alignment of ERA with NDS, ERP and NPISAA.	Q1 2017 to Q4 2019	Administrative cost.	BRK	MEI, OPM (SPO)	OPM (GCS)	ERA measures related to NDS, ERP and NPISAA.

Specific Objective 1.3	Indicator(s) for measuring objective achievement			Baseline	Target 2018	Target 2021
Consolidation of sector strategies framework.	<ul style="list-style-type: none"> Number of strategies arising from NDS compared with the number of approved strategies outside the scope of NDS's Share of pre-2016, which streamlined with strategic framework ²³ 			<ul style="list-style-type: none"> 0% 0% 	<ul style="list-style-type: none"> 30 % 20% 	<ul style="list-style-type: none"> 90% 90%
Activity	Implementation deadline	Total cost	Funding source	Leading institutions	Supporting institutions	Output
1. Review of Administrative Instruction for drafting strategic documents.	Q2 2017	100,000 €	EU/SIGMA	OPM (SPO)	MoF, MEI	The revised Administrative Instruction for drafting strategic documents.
2. Drafting the manual for development of strategic documents.	Q4 2017	Administrative cost.	BRK	OPM (SPO)	OPM (GCS), MF, MEI	Manual for drafting strategic documents developed and approved.
3. Establish a hierarchy of planning documents in the process of revising the Rules of Procedure of the Government	Q3 2017	Administrative cost.	BRK.	OPM (SPO)	MoF, MEI	The hierarchy of planning documents established.
4. Preparation of new sector strategies (piloted for two or three sectors) based on NDS's approach and reviewed Administrative Instruction for the drafting of sectoral strategies.	Q1 2018	340,000 €	GAP	LM	OPM (SPO), MoF, MEI	Three sectoral strategies drafted based on the NDS's approach and new manual.
5. Review of existing strategies with the aim of establishing sectoral approach.	Q1 2019	650,100 €	GAP	LM	OPM (SPO),	New / or revised sector strategies

²³ The review will include alignment with NDS and SAA commitments, merging of existing strategies, introduction of outcome indicators and finally deleting some of them in line with the updated Administrative Instruction on methodologies and procedures for drafting strategies and their implementation plans

					MoF, MEI	compiled based on NDS's approach and new instructions.
Specific Objective 1.4	Indicator(s) for measuring objective achievement			Baseline	Target 2018	Target 2021
Improving the coordination and decision making process at the central and ministerial level	<ul style="list-style-type: none"> Number of ministries that have adapted IPS structures and integrated calendar. Percentage of implementation of the Integrated Planning Calendar. 			<ul style="list-style-type: none"> 0 0% 	<ul style="list-style-type: none"> 7 50% 	<ul style="list-style-type: none"> 19 80%
Activity	Implementation deadline	Total cost	Funding source	Leading institutions	Supporting institutions	Output
1. Functionalizing the strategic planning structures (Strategic Planning Committee and the Strategic Planning Steering Group)	Q2 2017	Administrative cost.	BRK.	OPM (SPO)	MoF	Review of key decision processes based on integrated calendar.
2. Establishment of Strategic Management Group (SMG) in all line ministries, which will be chaired by the minister.	Q4 2017	Administrative cost.	BRK.	LM	OPM (SPO)	Established and functionalized SMGs in all LM.
3. Drafting, approval and implementation of Integrated Planning Calendar	Q4 2017	Administrative cost.	BRK.	LM	OPM (SPO, GCS)	Integrated Planning Calendar drafted by SPSG and approved by KPS.
II. Better linkage of strategic documents with financial resources						
Specific Objective #2: Better linkage of the strategic planning framework and strategic documents to the external and internal resource planning to ensure the financial affordability and implementation of strategic plans						
Specific Objective 2.1	Indicator(s) for measuring objective achievement			Baseline	Target 2018	Target 2021

Improvement of strategic orientation of MTEF/budget	<ul style="list-style-type: none"> The percentage of the average deviation between the ceilings of the MTEF and annual budget limit for BO.²⁴ Percentage of the coverage of the NDS actions in MTEF (through NDS implementation Roadmap). Ratio between the total funds calculated in sector strategies and total funding identified for the relevant sectors in the MTEF. Requirements of the IPS calendar are met for the development of financial planning documents, including capital investment programme 	<ul style="list-style-type: none"> 7.5% 40%²⁵ 20% Jo. 	<ul style="list-style-type: none"> 5% 60% 40% Po. 	<ul style="list-style-type: none"> 3.5% 90% 75% Po. 		
Activity	Implementati on deadline	Total cost	Funding source	Leading institutions	Supportin g institutions	Output
1. Drafting the Declaration of the Government's Medium-Term Priorities for MTEF, based on national development priorities and the process of European integration.	Q4 2017	Administrative cost.	BRK.	OPM (SPO)	MoF	DPPA includes priorities from NDS, ERA, NPISAA, ERP, and other sectoral strategic documents.
2. Review of the Declaration of the Priorities, MTEF document and Annual Budget by the relevant structures (Strategic Planning	Q2 2017 to Q4 2019	Administrative cost.	BRK.	OPM (SPO, GCS)	MoF, MEI, SPC members	Declaration of Priorities, MTEF and Annual

²⁴ This is an identical indicator from the PFM strategy

²⁵ This is a preliminary assessment based on the number of NDS measures and activities under implementation, measured through the GAWP. A complete assessment will be possible with finalisation of the NDS Implementation Roadmap.

Steering Group (SPSG) and the Strategic Planning Committee (SPC) ²⁶).						Budget reviewed by the SPSG and SPC.
3. Reflecting the costs of sectoral strategies in the MTEF, according to the methodology provided in AI 03/2015.	Q4 2017	Administrative cost.	BRK.	MoF, LM	OPM (SPO)	MTEF reflects the cost of the sectoral strategies.
4. Costing and addressing financing needs of NDS from MTEF.	Q4 2017	Administrative cost.	BRK.	ML	SPO, MoF	Reflection of NDS costs in the first three years of the MTEF.
5. Budgetary organizations present their activities deriving from NDS within the budget ceilings provided in the MTEF.	Q1 2017 to Q4 2019	Administrative cost.	BRK.	BO, MoF	OPM (SPO)	NDS proposed measures for inclusion in the MTEF are within budgetary ceilings of BOs.
Specific Objective 2.2	Indicator(s) for measuring objective achievement			Baseline	Target 2018	Target 2021
Improvement of medium and short-term budgeting, with the aim of fulfilling the obligations of SAA.	<ul style="list-style-type: none"> Percentage of the priorities of the Declaration of European Integration Mid-Term Priorities for funding by MTEF reflected in the MTEF and budget allocations. Percentage of NPISAA short-term measures covered with annual budget throughout the year. 			<ul style="list-style-type: none"> 0²⁷% 45% 	<ul style="list-style-type: none"> 80% 80% 	<ul style="list-style-type: none"> 100% 100%
Activity	Implementation deadline	Total cost	Funding source	Leading institutions	Supporting institutions	Output
1. Drafting of the Declaration of European Integration Mid-Term Priorities for	Q4 2017	Administrative cost.	BRK	MEI, MoF	OPM (SPO)	Declaration of European

26 This activity is also foreseen in the Strategy for the Reform of Public Financial Management, Objective (4) which deals with the further advancement of the alignment between the MTEF document, National Development Strategy and budget planning for the next three years.

27 An evaluation of NPISAA short-term measures covered by MTEF should be done.

funding from MTEF revised by coordinating strategic planning structures. ²⁸					LM	<p>Integration mid-term priorities for funding from MTEF developed and revised by the end of each year (during the review of NPISAA)</p> <p>Strategic planning coordination structures revise the Declaration in order to ensure reflection of its priorities within the MTEF.</p>
2. Costing and coverage with annual budget of NPISAA short-term measures.	Q1 2017 to Q4 2019.	Administrative cost.	BRK	MEI, MoF	LM	<p>Budget gaps encountered in the implementation of NPISAA short-term measures outlined in regular quarterly reports.</p> <p>MF, MIE and line ministries offer appropriate guidance on costing and budgeting of NPISAA.</p>

²⁸ This is reflected in the Declaration of the Government priorities for medium –term expenditure framework as defined in activity 2.1.1.

Specific Objective 2.4	Indicator(s) for measuring objective achievement			Baseline	Target 2018	Target 2021
Effective management of external aid.	<ul style="list-style-type: none"> Development Assistance Programme (DAP) approved and interlinked with MTEF expressed in percentage of coverage of priorities. Percentage of alignment of Single Project Pipeline with NDS priorities²⁹ 			<ul style="list-style-type: none"> 0 0%	<ul style="list-style-type: none"> 50 % 70%	<ul style="list-style-type: none"> 70% 90%
Activity	Implementation deadline	Total cost	Funding source	Leading institutions	Supporting institutions	Output
1. Introduction of new procedures for reviewing and approving projects funded by EA donors based on the IPS architecture and by allowing “three phases of reviewing process” (MEI (+) - SPSG - SPF).	Q4 2017	80,750 €	GAP	MEI	OPM (SPO), MoF	Methodology, standards and formats to guide line ministries in preparing EA projects and delivering process.
2. Drafting the annual report for projects funded by EA donors (pointing out achieved outcomes against expected outcomes and contributions of external aid).	Q4 2017 to Q4 2019	Administrative cost.	BRK.	MEI	OPM (GCS) MoF	Annual report on benefits from the external aid.
3. Strengthening the connection between public investment projects and NDS and sectoral strategies priorities, through functionalizing structures for integrated planning.	Q4 2017	Administrative cost.	BRK.	OPM (SPO), MoF	MEI	Public investment projects related to the NDS priorities and sectoral strategies.
4. Cooperation with donors to cover the budget gap for financing the NDS by the MTEF.	Q1 2017 to Q4 2019	Administrative cost.	BRK.	OPM, MoF	LM	FA related to the financial gap on financing the NDS measures.

²⁹ This included the Public Investment Programme and the Single Project Pipeline, with the list of projects under the investment clause.

III. Integration of monitoring practices and processes						
Strategic Objective #3: Full integration of monitoring practices and processes to ensure better implementation results and accountability of the Government to meet its stated objectives.						
Specific Objective 3.1	Indicator(s) for measuring objective achievement			Baseline	Target 2018	Target 2021
Improvement of the monitoring of sector strategies including their periodic evaluation.	<ul style="list-style-type: none"> Percentage of prepared and published sector strategies annual reports. Annual reports of strategies developed pursuant to amended Administrative Instruction, also provide information on the outcomes achieved. 			<ul style="list-style-type: none"> 0% 0% 	<ul style="list-style-type: none"> 40% 80% 	<ul style="list-style-type: none"> 90% 100%
Activity	Implementation deadline	Total cost	Funding source	Leading institutions	Supporting institutions	Output
1. Design the methodology and the manual for sectoral strategies evaluation in the framework of reviewing the Administrative Instruction for development of strategic documents.	Q4 2017	Administrative cost.	BRK.	OPM (SPO)	OPM (GCS)	The designed methodology and the manual for sectoral strategies evaluation.
2. Preparation and publication of annual reports on the implementation of sector strategies.	Q4 2017 to Q4 2019	Administrative cost.	BRK.	OPM (SPO)	OPM (GCS), LM	Published annual reports on the implementation of the sectoral strategies.
3. Mid-term evaluation of the sectoral strategies.	Q4 2017 to Q4 2019	Administrative cost.	BRK.	LM	OPM (SPO)	Mid-term evaluation reports of sectoral strategies.
Specific Objective 3.2	Indicator(s) for measuring objective achievement			Baseline	Target 2018	Target 2021
Strengthening the role of the GAWP monitoring system as the mechanism for informing policy makers and increased accountability of the line ministries.	<ul style="list-style-type: none"> Annual implementation backlog of planned commitments in central planning documents (percentage of total GAWP commitments carried over to next year) 			<ul style="list-style-type: none"> 26 % Jo. 	<ul style="list-style-type: none"> 15 % Po. 	<ul style="list-style-type: none"> 10% Po.

	<ul style="list-style-type: none"> Performance indicators for the GAWP are introduced. Annual implementation backlog of planned commitments in NPISAA (percentage of total NPISAA commitments carried out to next year. 	• 0 ³⁰	• 25%	• 10%.		
Activity	Implementation deadline	Total cost	Funding source	Leading institutions	Supporting institutions	Output
1. Development of a unified structure and methodology of monitoring and reporting the implementation of GAWP, aiming its integration with medium-term planning documents (NDS, ERA, NPISAA, ERP) and sector strategies.	Q4 2018	30,000 €	GAP	OPM (GCS)	OPM (SPO) MEI	The structure and methodology for monitoring the GAWP related to the medium-term planning documents and sector strategies.
2. Development of monitoring modality of NDS and ERP as part of GAWP.	Q3 2017	83,750 €	GAP	OPM (SPO, GCS)	LM	Methodology of monitoring and evaluating the implementation of NDS and ERP.
3. Setting the modalities, roles and responsibilities for monitoring the implementation of the NDS roadmap and existing monitoring within the GAWP	Q4 2017	30,000 €	GAP	OPM (SPO, GCS)	LM	Report on the implementation of the NDS roadmap integrated in the GAWP.
4. Regular monitoring and supervision of implementation of NPISAA, including (as necessary) through national coordination structures for European Integration and the Stabilisation and Association Agreement	Q1 2017 to Q4 2019 (on quarterly basis)	Administrative cost.	BRK	MEI	LM	Guidance and advices to LM on the implementation of NPISAA.

³⁰ As 2016 is the first year of NPISAA implementation is not possible to measure the share of commitments carried over to the next year, hence the baseline value is 0.

structures.						Regular quarterly reports on the implementation of NPISAA.
5. Regular monitoring and supervision of the implementation of the Action Plan of the ERA, including (as necessary) through national coordination structures for European Integration and the Stabilisation and Association Agreement structures.	Q1 2017 to Q4 2019 (on quarterly basis)	Administrative cost.	BRK.	MEI	LM	Regular reports (semi-annual) on the implementation of ERA Action Plan, discussed by the Government Cabinet, national coordination structures for European Integration, the Stabilisation and Association Agreement structures; and addressed by the implementing institutions.
IV. Enhanced capacities on policy planning and coordination						
Specific Objective #4: Enhancing the capacities of the administration on policy planning and co-ordination to support better planning results and enhanced functioning of the co-ordination mechanisms of planning and execution.						
Specific Objective 4.1	Indicator(s) for measuring objective achievement		Baseline	Target 2018	Target 2021	
Completion with necessary staff for policy planning and coordination	<ul style="list-style-type: none"> Levels of staff departments within OPM and CoG (responsible for the development, coordination and policy analysis), compatible with the tasks of 		/	/	/	

	different sectors.					
Activity	Implementation deadline	Total cost	Funding source	Leading institutions	Supporting institutions	Output
1. Capacity building needs assessment and increased staff number in the departments within the OPM and CoG (responsible for the development, coordination and policy analysis), compared with the tasks of different sectors.	Q4 2018	12,000 €	Project support/SIDA	OPM(SPO, GCS)	SIDA Project	Report on assessing the needs in OPM and CC for building capacities of existing staff, as well as the need for staffing has been reviewed.
Specific Objective 4.2	Indicator(s) for measuring objective achievement			Baseline	Target 2018	Target 2021
Developing capacities for policy planning and coordination.	<ul style="list-style-type: none"> Number of trainers prepared for planning and implementation of the SAA and policy development. Increased capacities for policy development among the center of government institutions and line ministries through ToT and other training programs. 			0	15 25%	15 75%
Activity	Implementation deadline	Total cost	Funding source	Leading institutions	Supporting institutions	Output
1. Provision of training sessions/training programmes for planning and implementation of SAA and policy development.	Q4 2017	20,000 €	GAP	MIE	ZKM (ZPS), IKAP	Number of officials certified for trainers.

2. Organization and provision of training sessions for officials for processes of integrated planning system and strengthening the coordination and decision-making structures.	Q1 2018 continuing till Q4 2019	20,000 €	GAP	OPM(SPO)	KIPA, MEI, MF	Training curriculum; number of trained officers.
3. Organization and provision of training sessions for building capacities of administration for external aid management, as a regular part of training programmes provided from KIPA.	Q4 2017 continuing till Q4 2019	20,000 €	GAP	MEI	KIPA, MF	Training curriculum; number of trained officers.
4. Organization and provision of training sessions for integrated monitoring, reporting and evaluation.	Q4 2018	20,000 €	GAP	OPM (GCS)	OPM (SPO), KIPA	Training curriculum; number of trained officers.