INNOVATIONS FOR
SUCCESSFUL SOCIETIES

IMPROVING THE QUALITY OF DECISION MAKING: FIGHTING REFORM FATIGUE IN LITHUANIA, 2006 - 2012

SYNOPSIS

In 2006, Lithuania was in the midst of its most robust period of economic growth and political stability since independence. The Baltic nation was a model of administrative capacity among new European Union members. But after years of energetic reform, weaknesses started to emerge in the strategic planning system the government had developed to meet the requirements for European Union accession. Civil servants increasingly viewed planning procedures as technical requirements rather than useful tools. And although planning documents proliferated, the system did not provide decision makers with the information required to assess policy impacts and performance. Officials from the prime minister's office and the Ministry of Finance engaged other ministries in an effort to strengthen the strategic planning system. They refocused government on priority policies and improved the quality of information that decision makers needed. They improved the data management systems, reduced the number of policy priorities and impact assessments required, and empowered ministers in their sectors. In 2008, when a global financial crisis hit, new leaders endorsed and expanded the reform effort.

Jonathan Friedman drafted this case study based on interviews conducted in Vilnius, Lithuania, during January and February 2012. Case published June 2012. A separate case study, "Focusing on Priority Goals: Strategic Planning in Lithuania, 2000 – 2004," deals with the initial implementation of the strategic planning system in Lithuania.

INTRODUCTION

A 2006 World Bank study rated Lithuania as one of the best countries in Europe for strategic planning capacity, policy coordination and performance management.[1] The Lithuanian government could have rested on its laurels, satisfied with the progress its Strategic Planning Unit had made since creation of the unit in 2000.

However, Kęstutis Rekerta, head of the planning unit, was concerned. His own internal review had found that the quality of information provided for the Cabinet so that it could assist decision makers had declined. The Cabinet and its supporting agencies could not easily evaluate the efficiency and effectiveness of programs. Usually, program evaluations occurred on an ad hoc basis, which produced assessments that "were only an inch deep" and that decision makers viewed as having little value, commented Vitalis Nakrošis, a Vilnius University professor.

Politicians had not embraced as a useful decision-making tool the impact-assessment procedure the government had introduced in 2003.

Leading public administrators also began to worry about reform fatigue, an emerging problem in neighboring countries. Lithuania's accession to the European Union (EU) in 2004, coupled with increased prosperity and political stability, had relieved some of the pressures for improvement. From 2003 to 2007, the country had experienced a business boom that lifted annual economic growth above 8%. The center-left Social Democrats had held power from 2001 to 2008, the longest such uninterrupted stretch in Lithuania's brief post-Soviet history. With money for programs and projects more available and the scramble for entrance into the European Union over, the urgency of priority setting and impact assessment waned.

Supported by officials within the Chancellery (later called the Office of the Prime Minister) and the Ministry of Finance, the governments of Prime Ministers Gediminas Kirkilas (2006-08) and Andrius Kubilius (2008-12) took steps to diagnose the problem and then to revise the goal-setting and -monitoring process put in place earlier.

THE CHALLENGE

When Lithuania introduced strategic planning in 2000, the initiative had a clear purpose. At that time, Lithuanians worried that failure to join the EU might open the door to financial cataclysm and political upheaval. Strategic planning was essential in order to focus government's time and resources on the country's pressing needs.

Six years later, the National Audit Office conducted a study of Lithuania's strategic planning system. The office's 2007 report concluded that Lithuania's priority-setting process was broken; strategic plans were too long and complex; and many government workers in positions of responsibility considered the planning system a burden.[2]

What had gone wrong? After Lithuania succeeded in joining the EU and NATO in 2004 and subsequently enjoyed an economic boom, successive governments lost sight of strategic priorities, supporting diverse projects that satisfied various constituencies but did little to further national goals. Former first deputy chancellor Giedrius Kazakevičius recalled, "Back in 2000 … the money was spent for priorities. Later, with the economic situation improving year after year, the list of the priorities increased, and we had nearly all the sectors on the priority list."

As priorities multiplied, so did planning documents. Ministries and agencies produced strategic plans for nearly 250 programs; some plans numbered hundreds of pages and contained dozens of indicators. Inundated by waves of documents, officials at the Ministry of Finance and the Office of the Prime Minister had little time to discuss the appropriateness of goals and indicators with the line ministries responsible for implementation. Eglė Rimkutė, who joined the Strategic Planning Unit of the Chancellery as an analyst in 2000 and later headed its successor, the Planning and Monitoring Unit, recalled, "The programs and plans were endless. … They were a big burden on ministries because we had to monitor and report on achievement and adjust. We produced many reports and didn't have enough time for consultations and discussions."

Inga Tarakavičiūtė, who led the 2007 study by the National Audit Office, said ministries were producing strategic plans in name only—merely to obtain budget allocations. "Some … did not have any performance indicators, while others had them; but we could not really measure performance by them," she said. "We had official strategic plans, but [they] did not work in real life. It was more preparing them because we had to, but not living by them."

Rimkutė agreed: "We did not pay enough attention to efficiency and effectiveness, because we focused on planning and implementing. We did not have rational tools to decide whether we had the right programs and whether we were delivering what we had planned."

In addition to the administrative burden, ministers said they lacked sufficient authority in their sectors to implement the strategic plans their ministries produced, because many of the more than 200 appropriations managers in charge of executing strategic plans were responsible not to line ministers but to the heads of independent agencies, Parliament, or the prime minister's office.

Kazakevičius said decision makers, whom the strategic planning system was meant to assist, viewed the procedures as tedious and largely irrelevant. Indeed, without reliable information about government programs' performance, strategic plans were of little use. Strategic planning "became such a bureaucratic process that nobody asked anymore what the system brings, why it was introduced, and what the outcomes of the system should be," Kazakevičius said. "We had to either abolish the system or make it really work."

FRAMING A RESPONSE

In 2007, in the wake of the National Audit Office report, leaders of the Strategic Planning Unit proposed to revise the way the government set priorities and monitored results. The Government Office, which was in charge of administering Cabinet affairs, endorsed the unit's effort. Through a competitive bidding process, it selected the Public Policy and Management Institute of Lithuania, a local management group, to provide expertise and support. The program was called the Results-Based Management project, better known by its acronym VORT (based on its Lithuanian name, *Valdymo, Orientuoto į Rezultatus, Tobulinimas*).

The project initially had three goals: to improve the performance-monitoring system, to develop ways to evaluate the effectiveness of agencies and programs, and to improve the impact-assessment component introduced in 2003. An interministerial steering committee—chaired by the first deputy state chancellor and including officials from the National Audit Office as well as the finance, interior and justice ministries—oversaw the project's work. The head of the planning unit served as VORT project head and managed many of the day-to-day affairs with the support of two project analysts, a project coordinator, an administrator and a financial officer.

The project team received advice and financial support from several sources. The local management group, which included scholars and practitioners who had worked previously with the Lithuanian government, helped develop the methodology. They looked to models in the United States, United Kingdom, Canada and New Zealand. The project's head brought in a Canadian consultant, Gordon Evans—who had advised Lithuania on reforms from 1998 to 2003—to provide the VORT project with counsel based on broad comparative experience. The project secured funding from the European Social Fund, an EU program that aimed to harmonize living standards within the region and which made money available for public administration reforms for the first time in 2007.

Midcourse changes in the country's leadership could have derailed the review. In 2008, global financial woes reached Lithuania. As in the U.S. and elsewhere in Europe, much of the country's recent economic growth had been inflated by overvalued real estate and by personal spending made possible only by unsustainable levels of household debt. When Lithuanians went to the polls in October 2008, they elected the center-right Homeland Union–Lithuanian Christian Democrats Party, led by Kubilius, who formed a coalition government. Kubilius had initiated the strategic planning reforms during his first term as prime minister in 1999–2000 and knew the system well. Persuaded that his predecessor's concerns had merit, however, he decided to move forward with the revisions and supported the process Kirkilas had started.

The review gained momentum when the global economic recession caused the country's gross domestic product to fall 14.8% in 2009 and shrank Lithuania's budget. The government made four rounds of across-the-board budget cuts in 2008 and 2009. Aiming to identify more ways to save money, Kubilius set up the Sunset Commission, formally called the Commission for the Improvement of State Management, in January 2009, chaired initially by one of his advisers. The commission's task was to identify agencies and programs that could be disbanded because they lacked a strong relationship to priorities or had little impact. The Sunset Commission needed analytic support and advice and began to partner with VORT.

Jurgita Šiugždinienė, who became head of the new Strategic Management Department in the Office of the Prime Minister in 2009, recalled, "The Sunset Commission needed a tool to review ministries and their functions." As a result, the VORT project added a fourth goal: to identify efficiency gains the government could realize by restructuring organizations, eliminating duplicative functions, or combining groups and programs.

As part of a reform in 2009, the Chancellery was renamed the Office of the Prime Minister, and the Strategic Planning Unit became part of a larger Strategic Management Department within that office. A Planning and Monitoring Unit was also set up in the same department. The VORT management project worked with the Sunset Commission and the newly restructured Office of the Prime Minister to adjust and adapt the strategic planning and monitoring system. Officials from the Ministry of Finance, the Ministry of Interior and the Office of the Prime Minister participated in decision making within the VORT project as well as via the commission. Officials from all of those units worked closely to achieve common goals.

GETTING DOWN TO WORK

Members of the VORT project and Sunset Commission had a mandate from the prime minister to improve government decision making. To bolster the government's performance, they had to introduce monitoring and evaluation tools to provide decision makers with better information, revitalize the strategic planning process, and trim costs by streamlining and by eliminating nonessential functions.

Improving information for decision makers

The architects of the VORT project aimed "to generate more and better evidence to inform governmental decision making," said Professor Nakrošis, a member of the project. VORT's goals were to set up a computerized monitoring system that would help officials collect and analyze performance-related data, to develop ways to measure the effectiveness of budget programs, and to create impact assessments that would be more useful to decision makers.

A local information technology company won the tender to help design and develop a tool to track progress on strategic plans. The information technology (IT) program helped officials organize data on the outcomes, outputs and indicators for all strategic plans, and a separate function tracked the implementation of priority projects. Ministries entered their specific indicators and targets into the monitoring tool and updated the status of projects daily.

Using the information, decision makers could analyze the performance of appropriations managers, the use of budget allocations, and the implementation of individual tasks. Importantly, the system also could also correlate budget adjustments with results.

Rimkutė offered an example of how the IT tool would help the prime minister's office analyze information more quickly and easily. During the 2011 budget negotiations, she recalled, staff members had to collect from appropriations managers certain data on the results of programs from previous years, enter that information into spreadsheets, and then calculate such metrics as per-unit cost or impact achieved for funds invested. The new system provided a way to organize and retain that information, as well as a way to enable people at each ministry to enter information themselves. "Now, the information system will provide us that information using this historic data," she said. "We will not have to go into different files and look for that information."

The new IT tool also made it easier to create graphs, diagrams and concise reports that simplified complex concepts for policy analysts and high-level decision makers. Rimkutė said the pithy reports and graphics on priority items were particularly attractive to decision makers. "It will help us to present information to decision makers in a more friendly way," she said. "If we can have one sheet—a picture of how we are dealing with all priorities—it is going to be more attractive to decision makers to read this information."

Rimkutė said officials from some ministries complained at first about the additional work required to gather the gritty data required by the IT tool, but she was confident the ministries would embrace the new system when they saw its benefits. "The administrative burden increased during the introduction of the new IT tool and [will remain] until public servants get to know the IT system. This is typical of every new IT tool," she said. "However, in the future the IT tool will bring the benefit of saving time in generating data [especially historic data] for analysis, which will be used for policy and budget planning, budget negotiations, program evaluation and monitoring."

The VORT team devised new procedures to evaluate the effectiveness of budget programs upon completion—procedures that decision makers had found cumbersome. After researching models in the U.S., Canada and the U.K., the team decided to focus on policy areas and themes that decision makers valued the most. Evaluations could examine specific budget programs or look at broader themes. Applying such an approach in 2012, the Ministry of Finance consulted with line ministries to identify policy themes and programs. Nakrošis said the ministry applied five criteria to determine what areas to evaluate: the amount of money allocated to the initiative, whether the area was a government priority, the availability of data to conduct a thorough evaluation, potential implementation problems for programs, and potential risks of implementation. Interministerial working groups, led by officials from the target ministry and including members from the finance ministry and prime minister's office, would conduct the evaluations and make reports available to the Cabinet and the Sunset Commission. Previously, external consultants had conducted most evaluations—at a higher cost to government.

The VORT team also sought to revise the procedures for impact assessments first put in place in 2003. Each year, line ministries produced as many as 800 impact assessments attached to policy proposals. The volume of assessments overwhelmed decision makers and bogged down the decision-making process. In addition, the assessments were often inadequate and lacked detail, reflecting the ministries' emphasis on quantity over quality and the awareness that no one really paid much attention anyway.

To get decision makers involved in the assessment process, the project team knew it had to focus on priority policy proposals, with a greater emphasis on depth and quality of analysis. As part of a legislative planning process, the Cabinet put together a list of all the legislation it would submit to Parliament in an annual plan. Under the new system, line ministries and the prime minister's office identified about 25 priority policy proposals that required impact assessments.

Although the prime minister's office took the lead in reviewing the assessments and controlling the quality of the analysis, the new process created a bigger role for key ministries: the finance ministry reviewed the fiscal impact, the economy ministry looked into possible administrative burdens on businesses, and the justice ministry examined the legal implications and quality of drafting for related laws and regulations.

Revitalizing strategic planning and management

Further goals were to get ministries to focus on priority projects and to revise the planning schedule to create more time for discussions between ministers and the prime minister on policy matters. The prime minister's office aimed to restore and improve the strategic planning system Kubilius had helped introduce during his first term as prime minister.

In 2010, the prime minister's office developed new priority-setting procedures. First, the prime minister's policy advisers analyzed the implementation of priorities from the previous year and consulted with the prime minister regarding his goals and preferences. The advisers then drew up an initial list of government-wide priorities that the prime minister then presented to other ministers at a weekly Cabinet meeting in March. After the Cabinet agreed on priorities and signed off on a final list, the prime minister's office communicated the priorities to the ministries, which then proposed supporting projects. The prime minister's planning staff met regularly with ministry officials during this stage to ensure that the ministries understood the Cabinet's priority aims and developed appropriate initiatives.

Šiugždinienė, who led the Strategic Management Department, said the consultative approach for ministries worked well. "The priorities were much better communicated to and understood by the ministries," she said. "We organized a number of roundtable discussions with ministries [at the vice minister or ministry chancellor level] to clarify the priorities and together identified possible projects."

The prime minister's office institutionalized new procedures through Cabinet resolutions and, when needed, through Parliament. When working on legislation, the prime minister's office set only basic principles, roles and responsibilities, in order to allow the Strategic Management Department the flexibility to adapt procedures as circumstances evolved.

The prime minister's office designated line ministries as coordinating ministries for individual strategic goals and worked with the line ministries to submit a list of the other parts of the government whose cooperation they needed to meet strategic goals. For example, the Ministry of Economy was principally responsible for reducing businesses' administrative burdens as part of the goal of improving the overall business environment in 2012. Rimkutė said, "We asked the coordinating ministries to propose the interventions to be carried out by other ministries and in this way ensured that a full picture of the problem was targeted." The prime minister required quarterly progress reports on priority items from all ministries and held informal Cabinet meetings to discuss bottlenecks.

The next step was to shift the planning cycle to create more time for discussion of goals and indicators early in the budget process. Previously, the finance ministry had issued preliminary budget appropriations to ministries in June or July, giving those ministries only one or two months to compile strategic plans for how they would use their funds. Šiugždinienė of the Strategic Management Department noted that that process had focused negotiations with line ministers on simple funding issues rather than on substantive policy considerations. Furthermore, with strategic plans sent to the prime minister's office only a month or so before budgets were finalized in September, the system was often allowing insufficient time to discuss and revise plans.

For the 2010 planning cycle, the strategic planning staff reversed the process to focus discussions between the prime minister and line ministers on the policy content of ministerial strategic plans rather than on money issues. They postponed till June the announcement of proposed budget appropriations and instead called on the ministries to submit strategic plans that reflected the Cabinet's strategic goals as a first step.

The Strategic Management Department and Planning and Monitoring Unit worked with the ministries to reduce the number of performance indicators in their strategic plans so that decision makers had a clearer picture of what was being proposed. Not only had ministries produced too many indicators to monitor effectively, but they also had produced indicators of little relevance to policy outcomes, said Rimkutė. The number fell from 190 indicators per ministry before the new process to 120 to 130 indicators, on average, in 2011. Although Rimkutė conceded in 2012 that the number was still too high, she said the reduction helped the prime minister's office and the line ministries monitor performance related to indicators.

To prepare for negotiations, joint working groups from the prime minister's office and the finance ministry's budget department reviewed the strategic plans that each of 14 line ministries had submitted. The working groups assessed the alignment between the ministries' proposals and government's priorities, the quality and appropriateness of performance indicators and targets, and the financial feasibility of the plans. Each working group contained members of the prime minister's staff—who were in charge of analyzing policy content—and a budget analyst from the finance ministry, who was in charge of assessing financial feasibility. After the prime minister and line ministers agreed on priorities for the coming year, the finance ministry set budget ceilings in June, and ministries had until August to update their strategic plans in time for completion of the budget in September, as shown in Figure 1.

Šiugždinienė stressed that the three-way negotiations involving the prime minister, the finance ministry and the line ministers had focused more sharply on the policy content of strategic plans than in previous planning cycles for two main reasons: first, budget considerations did not bind ministries at an early stage, and, second, the analysis the prime minister received from his staff and from the finance ministry helped

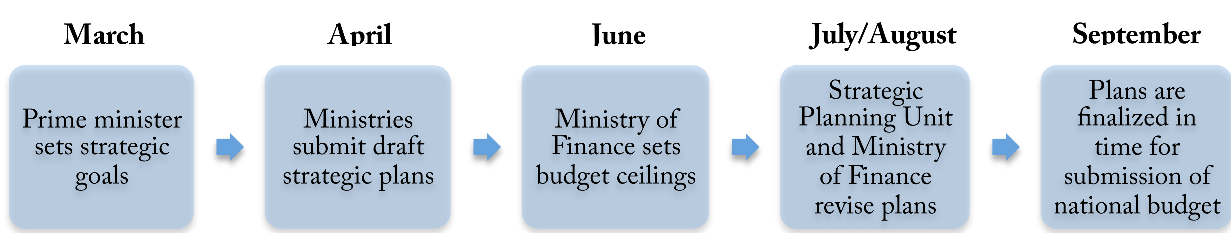

Figure 1. Budget and Strategic Planning Process

illuminate important policy considerations.

Streamlining government functions

In 2009, the new Sunset Commission went to work to try to merge independent agencies with existing ministries, consolidate authority in ministers, and cut costs. A significant problem was that line ministers often lacked the authority to implement their own ministries' strategic plans. Many of the more than 200 appropriations managers in charge of executing ministerial programs were responsible solely to the heads of independent agencies, Parliament or the prime minister's office. Former deputy chancellor Kazakevičius noted, for example, that the health minister was responsible for reducing the consumption of narcotics and alcohol throughout the country but that two agencies responsible for these issues—the Drug Control Department and the State Tobacco and Alcohol Control Service—reported to the prime minister.

The Sunset Commission set out to consolidate authority by reducing the number of semi-independent government agencies and transferring responsibilities to existing ministries so that ministers could coordinate more effectively within their sectors. Such moves required parliamentary approval. A commission working group identified 10 agencies that were legally responsible to the prime minister but that had fallen outside the oversight system. The commission recommended folding some of the 10 into existing ministries and eliminating others. The goal "was to increase [the] power of ministers to make decisions and take responsibility, because these institutions [would become] his responsibility," Kazakevičius said.

However, the Sunset Commission failed to win Parliament's support for the changes—partly because of opposition from agency heads who would lose power and partly because by 2010 the commission had begun to change course in response to other pressures. The commission had to negotiate with the heads of the 10 semi-independent agencies for a compromise that was acceptable to Parliament. And as a result, some agencies became subordinated under ministries, while others retained operational independence but became responsible to line ministers instead of the prime minister.

Even though the resolution was not a complete success, Kazakevičius said the commission still managed to achieve its goal. "The slight adjustment was a good lesson [to] always keep in mind: what is the goal of change, what do you wish to change," he said. "We had no primary goal to abolish a class of government agencies. … The goal was to give ministers more authority for policy in the fields in which they're responsible."

Aiming to give ministers more flexibility, the commission's working group also recommended (1) making the top two positions beneath ministers—state secretary and ministry secretary—political appointments rather than civil service positions and (2) creating a new civil service position of ministry chancellor. Parliament passed amendments to the Law on Government that enabled those changes to take place. Although the changes increased the level of politicization in those top-level posts, Kazakevičius said, the new structure facilitated communication between ministers and civil servants and made civil servants more responsive to ministers' agendas.

To further concentrate authority in the hands of line ministers and to reduce costs, the commission led an effort to cut duplicative programs. Using the new analytic tools the VORT project provided to identify waste and potential efficiency gains, the commission led program reviews and found several that shared the same strategic goals and others that duplicated EU-funded programs. The commission worked with the support of the finance ministry's budget department. It shared its findings with the prime minister and persuaded line ministers to reorganize their ministerial structures to eliminate or merge various programs. The number of programs fell to 150 by 2011 from 250 just a few years earlier.

With fewer programs and fewer appropriations managers under their purview, ministers had more flexibility to allocate funds to important projects. Although ministers could shift funds easily within budget programs, they still had to go through a complex bureaucratic process to shift funds between budget programs.

Rimkutė, head of the monitoring unit, said another benefit of the consolidation of budget programs was that planning officials could produce fewer—and better—strategic plans. Planning officials had more time to improve the quality and policy aspects of each plan. "By reducing the number of plans, you free up time for analysis and discussions," she said. "That's how we think. … Now, [strategic plans] are more strategic and policy oriented."

OVERCOMING OBSTACLES

Many of the changes the government introduced were consistent with what other countries were learning regarding how to create effective strategic planning processes and delivery units—offices that could help prime ministers or presidents track progress on their priorities and intervene more effectively when a program wasn't working. Sometimes those units provided a way to hold ministers accountable for helping act on government goals, but not all countries introduced explicit performance contracts, and few tried to integrate the system with human resources policies. By contrast, in Lithuania the new practices were part of a much broader program to introduce results-based management.

Political resistance emerged when the prime minister's office and interior ministry wanted to extend results-based management reforms from the level of programs to the management of civil servants. The prime minister's office and interior ministry set up a working group to craft and implement a civil service reform strategy. The goal, Šiugždinienė said, was "to make civil servants more responsive, proactive and results oriented." The working group proposed to introduce performance-based pay, periodic rotation of senior managers across ministries, and reforms in procedures for the hiring of senior managers. Many of the changes required action by Parliament to amend Lithuania's civil service law.

The working group managed to implement some reform components, including a new performance-appraisal system for all civil servants. The Cabinet approved the procedures for setting annual goals and targets for each civil servant—with annual performance reviews—and aligned the goals and targets with ministerial strategic plans. However, Parliament refused to give supervisors the authority to determine final salary levels, which was the incentive meant to drive the performance-based pay system.

The working group also had mixed success in its attempt to amend the civil service law to create a senior civil service. The group wanted to create a separate class of senior managers with special qualifications and to rotate senior managers through ministries every few years to disseminate ideas and best practices. The group succeeded in introducing fixed terms for some senior managers and incorporating managerial capacity into hiring qualifications but failed to introduce a new managerial salary system linked to performance. Šiugždinienė noted that because salaries were determined by rank and tenure, ministries often rewarded good analysts by promoting them to managerial positions. "At some point, senior managers had no other way to motivate civil servants," she said. However, she pointed out, the qualities that distinguish a good analyst are not the same as those of an effective manager.

Šiugždinienė cited a combination of factors for the opposition to civil service reforms. First, she thought it was simply "bad timing." With salary cuts and layoffs affecting many government ministries, civil servants feared that the new, performance-based pay system was more likely to hurt them than help them. Instead of seeing the benefit of bonuses if they did well, civil servants feared they might be laid off if they fell short of their performance goals. Second, she said reformers failed to anticipate the number of parliamentarians and civil servants who did not support a results-based approach for the civil service. Tradition favored the stability of a civil service that promised an entire career in the same ministry and a salary based on rank and tenure.

Šiugždinienė said that if she had anticipated the level of resistance from civil servants and from Parliament, she would have worked harder to communicate the merits of the civil service reform strategy throughout the government. "We somehow scared civil servants," she said. "We did not pay sufficient attention to communicate the strategy and articulate the benefits of the new system. We didn't take into account very seriously this culture of career, stable, based on functions. It has such deep roots that in order to change, you need a critical mass of people understanding and not being afraid. People *were* afraid. We changed the evaluation system, introduced objectives, and performed functional analyses. By setting objectives for each of your staff, you can see very clearly who is performing and who is not. It's natural, and they were against the changes."

ASSESSING RESULTS

Prime Minister Kubilius inaugurated a conference on 26 January 2012 at Parliament that marked the end of the VORT project. In his opening remarks, he underscored the importance of results-based management for improving government performance. "What's important is to make decisions about making the most effective use of funds we have available," he said, according to an official translation. "We need to know why we spend these litai [Lithuania's currency]; what was the end result? Results-based management is the only way to know."

By early 2012, reformers at the prime minister's office and the finance ministry had accomplished much of what they had set out to do: The Sunset Commission had consolidated authority in line ministries by eliminating many semi-independent agencies and had provided ministers greater control over spending on their agendas by reducing the number of appropriations managers from nearly 250 in 2008 to 150. The prime minister's office had revitalized priority-setting procedures to focus government on a small set of strategic goals and reworked the strategic planning process to create more time for consultations between decision makers. And the VORT project had created a variety of technology tools that produced an abundance of useful information and analysis of government performance as the foundation for policy planning.

The VORT project, operating from the prime minister's office, institutionalized its tools for monitoring performance, evaluating programs, reviewing functions and assessing impacts by building them into the strategic planning process. When ministers negotiated priorities and strategic projects, they had to satisfy questions based on all four factors. The IT tools also helped generate quarterly reports on government performance to aid decision makers. The government had piloted a capability review procedure—an assessment of a ministry's capacity to meet its future performance goals—and produced a manual to help ministers evaluate the performance of subordinate agencies and identify gaps. Several capability reviews were planned for 2012.

Nakrošis, the Vilnius University professor who worked on the VORT project, described the strategic planning reforms as a limited success. He said that overall, the planning process "is more politically driven, which is a positive thing. … The prime minister's office and the ministries have more power now and more tools to implement their priorities through the strategic planning system." However, he also said that negotiations within government still focused excessively on budgets at the expense of policy. "So, they reversed the sequence [of presenting strategic plans and budget ceilings] but they have not solved the problem, because even though the ministries propose some policy content, the whole discussion is about the money," he said. "How much money can we expect for the implementation of these strategic action plans and budget programs?"

Although Rimkutė, of the Planning and Monitoring Unit, recognized that the VORT project immediately gave government the tools needed to provide decision makers with better information, she said greater benefits would appear in future years. "So far, we have not been able to generate information using these tools, because they will start to be used basically this year in the full scope," she said in early 2012. "So, hopefully, we'll be able to get better information, better input for analysis and strategic planning for us in the future."

REFLECTIONS

Former first deputy chancellor Giedrius Kazakevičius said the strategic planning process simplified planning across Lithuania's government by incorporating many factors at the same time. "You have one simple process; you plan money, outcomes, outputs, people, human resources … all in one cycle," he said. "The same people, the same process, and you go through negotiations—not a lot of planning processes."

Eglė Rimkutė, head of the Planning and Monitoring Unit, said the altered planning schedule and reduction in the number of plans created more space for the open exchange of ideas. "Today there is more discussion, more debate, more consultations between ministries, sitting around the table and talking," she said. Strategic plans "today [are] deeper, more policy oriented, and of better quality."

Beginning in 2009, the government added political appointees at the deputy minister level in order to facilitate the political responsiveness and flexibility of the civil service. Jurgita Šiugždinienė, head of the Strategic Management Department, saw both positives and negatives in that change for the years ahead. "Now I have this institutional memory," she said. "[When] I leave and someone else steps in, on one hand this knowledge might be forgotten or remain very fragmented without seeing the entire picture. On the other hand, it's good, because it will be another person with new ideas, who thinks differently. So, I am not afraid of this position being political."

Rimkutė stressed the need to involve decision makers in the reform process to ensure they recognized the need for new procedures and tools. "It is important to listen to the users of your system," she said. "Does the system meet the needs of your users—politicians and administrators?" She said she learned that lesson earlier in her career, when many politicians saw little value in the strategic planning process. "Politicians said they didn't see their political agenda in these [performance] tables. You have to make sure politicians see their agenda," she said.

Gordon Evans, a Canadian consultant who advised the Lithuanian government from 1998 to 2003 and again from 2010 to 2012, was encouraged that the Lithuanian government had built on earlier reforms. He said, "It's a big positive that they go back to problems and try to solve them again, because to me, that's a sign of a healthy government, where you don't just throw things away but you continually try to work at it and continually try to improve."

[1] "EU-8: Administrative Capacity in the New Member States: The Limits of Innovation?" World Bank, Poverty Reduction and Economic Management Unit, Europe and Central Asia. December 2006. http://siteresources.worldbank.org/INTECA/Resources/EU8_AdminCapacity_Dec06.pdf. Accessed 7 June 2012.

[2] "Programme Budget System." National Audit Office of Lithuania. 30 March 2007. http://www.vkontrole.lt/en/activities_performance_archive_2007.shtml. Accessed 21 March 2012.