

Module 2

STRATEGIC PLANNING BACKGROUND AND PRACTICE

Introducing SWAp for Environment,
Belgrade, 24 - 25 July 2012

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STRATEGIC PLANNING

Introducing SWAp for Environment
Belgrade, 24-25 July 2012

Today

- Look at ‘Why do Strategic Planning?’
- A mixture of theoretical background and practical application in the Environment sector in Serbia?
- Show the link between Strategic Planning and budget and financial planning.
- Examine the existing strategic framework.

Why do Strategic Planning?

1. Because something is changing.
2. To check all issues have been covered and in the right order. E.g.: Ensure that analysis comes before strategy.
3. Communication: To understand the overall objectives of the leadership.
4. To know what to do next.

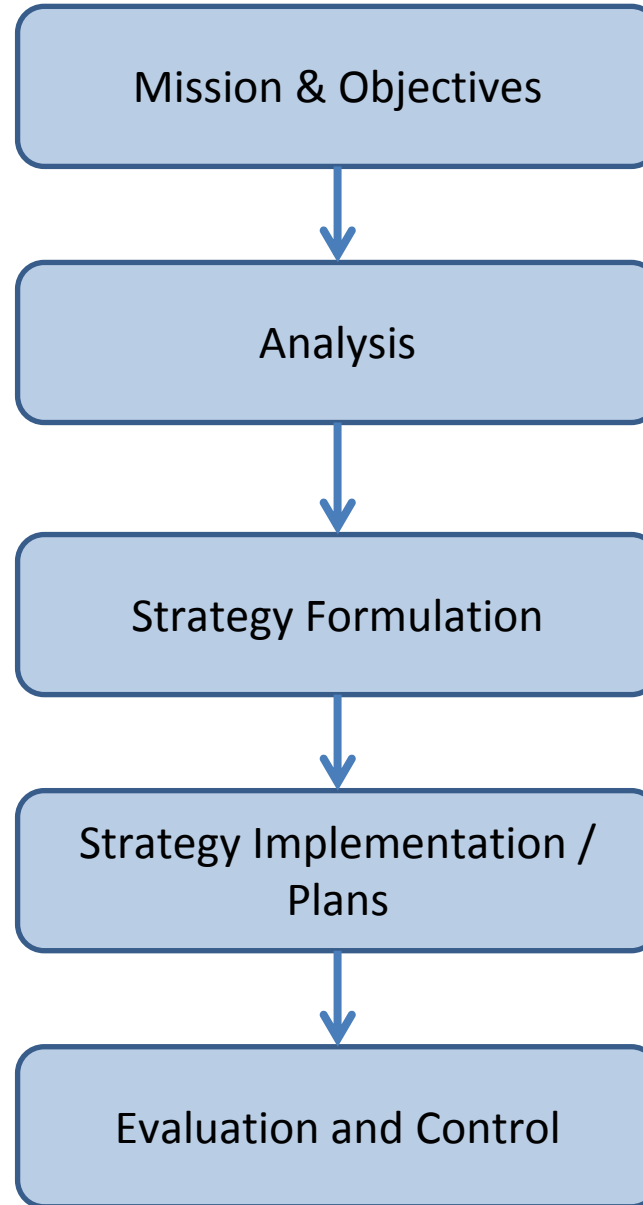
Shared Goal

The communication of a shared goal is the basis for all modern strategic planning.

The theories of 'Hoshin Kanri' and 'Auftragstaktik' are examples of the same approach.

To make it work each part of the organisation and each **individual** must understand how the overall Vision, Mission, Values and Goal affect their work.

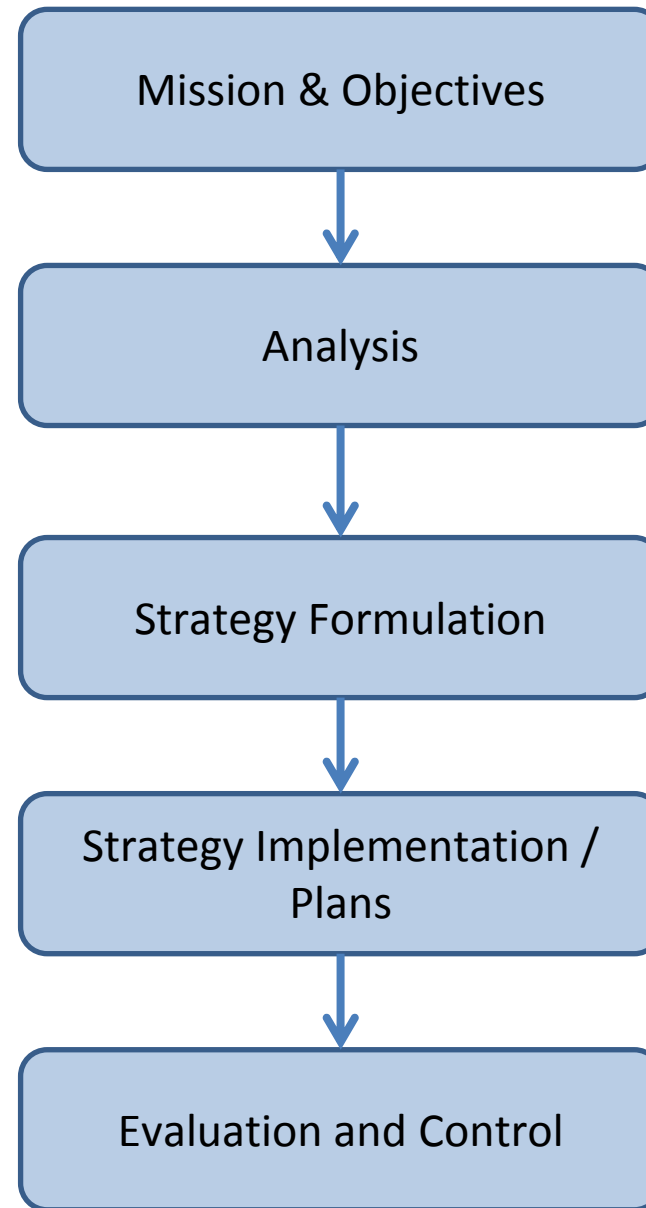
Classical strategic planning process



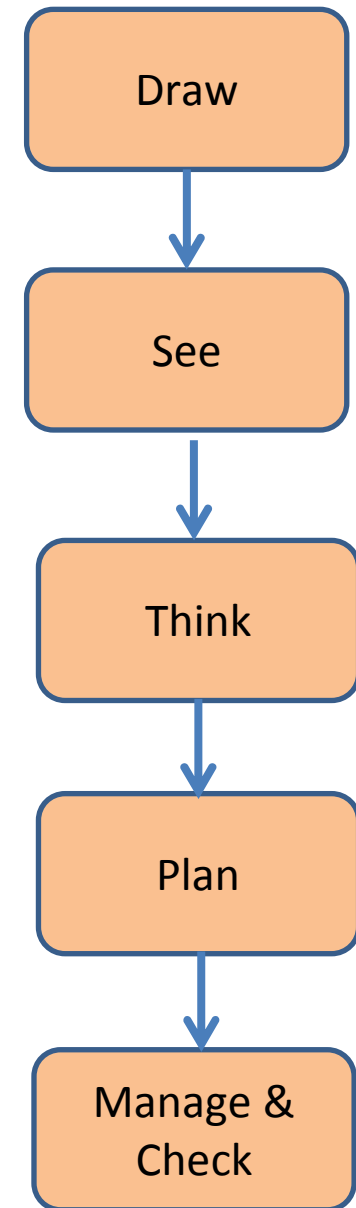
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**Alternative
description.**

Same logic



OR



Terminology

What is the difference between:

- Strategic, Operational and Tactical levels?
- Programmes and projects?
- Goals, aims, objectives, purpose, targets?
- Strategies and Plans?
- Results, outputs, outcomes?
- Monitoring, evaluation and control?
- Measures and indicators?

Strategic / Tactical / Operational levels

- Strategic should be Ch 27 (or similar); NEAS
- Tactical – the programmes to achieve the strategy.
- Operational level should be activities to execute the strategy. E.g.: Measures within OP.



Mission & Objectives

Definition: what do our leaders want?

Consist of:

- Vision
- Mission
- Values
- Goal / Objectives

Terms

Vision – the leader's view of the future.

Mission – the purpose of the institution.

Values – What are the principles by which we operate.

Goal – Overall Objective. (What about Aims/Targets?)

Vision, Mission and Values

The **vision** is *'To be a competent, credible and national authority taking care of the Serbian environment in full harmony with EU environmental principles'*.

The **mission** of the Ministry of Environment is *'To implement Serbian environmental legislation in consideration of the national priorities of current and future generations'*.


The MEMSP expresses its **values** by the intention to operate with *"openness, competence and transparency"*.

Stated in 2005 for the Serbian Ministry of Environment, Communications Strategy and used by NEAS.

Analysis

Assessment of the current situation in the context of what the leadership goal and objectives.

Consists of:

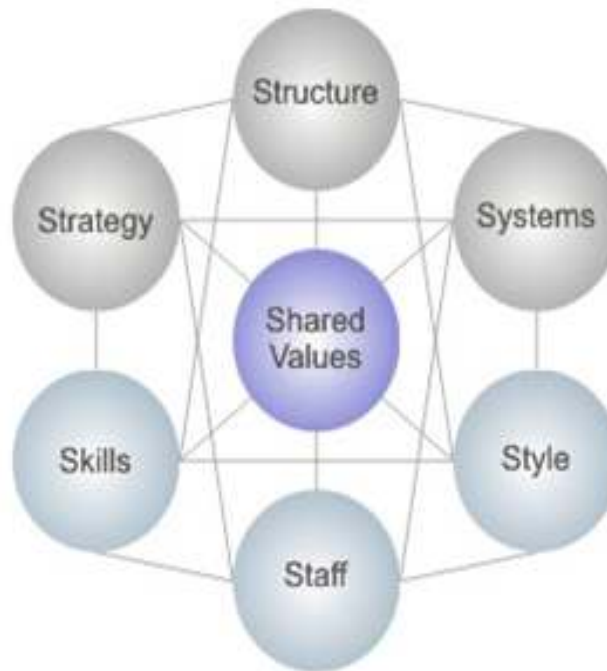
- External Analysis: 'PESTLE' tool.
 - Internal Analysis: 'People, Systems, Resources or 'McKinsey 7S Framework'.
- 
- 'SWOT'
tool

External Analysis

- Political
- Economic
- Social
- Technical
- Legal
- Environmental

Internal Analysis

‘McKinsey 7s’



What are the aspects of your institutions that help (or hinder) the ability to carry out the strategy.

Or, People, Systems and Resources.

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SWOT



Strategy Formulation

Setting a direction to achieve the goal and objectives.

Consists of:

- Authority – where does the Goal and Scope come from?
- Options and conclusions from analysis;
- Direction – very few words! Priorities.
- Goal and Objectives – ‘SMART’
- Legal, economic, technical, institutional and financing aspects.
- Monitoring
- Action Plan?

SMART Objectives

In preparation for implementation, monitoring and evaluation objectives should be:

- Specific – what exactly do you want?
- Measurable – where possible: Quantifiable.
- Achievable - realistic
- Relevant
- Time-bound.

Priorities

Unless there is unlimited time and resources
one of the most important outputs of strategy
is to define priorities;

Clear priorities, based on clear criteria, allow
decision making;

Particularly important when allocating large
quantities of funding.

Strategy Implementation / Plans

Implementing the Strategy (and nothing else).

Basic plan consists of:

- What to do – Goal, Objectives
- How – Programmes and Projects
- Who – Responsible Institutions
- When – Milestones and deadlines.

Programmes vs. Projects

- A programme is a series of activities that aims to achieve an outcome. It is not necessarily time limited.
- A project is a unique, time limited activity to achieve an output. Often less than 6 months.

Types of Planning

Time based:

- Annual – ‘budgeting’.
- Multi-Annual – ‘programming’.

Results-based:

- Programmes (outcomes);
- Projects (outputs).

Monitoring, Control and Evaluation

Definition:

- Monitoring: the process (NB: Not a single event) of checking progress against objectives using indicators and measures.
- Control: taking the results of monitoring and making changes where required.
- Evaluation: an assessment of a project/programme after it is complete.

Consists of:

- Project cycle management;
- ‘Kaizen’ approach;
- ‘RACER’ (Relevant, Accepted, Credible, Easy, Robust) measures and indicators;

Results, Outputs, Outcomes

- Results: covers the whole category. E.g.: Results-based management.
- Outputs: The result from a specific activity. Important for the tactical level: Projects, Auditing and Contracts.
- Outcomes: A change in the wider situation as a result of one or more activities. Important for the operational level: Programmes and Strategy.

Logical Framework Analysis ('Log Frame')

The Log Frame is a tool to examine the relationship between inputs, outputs and outcomes.

- It can be used to design, plan, control and evaluate programmes and projects.
- 2 main uses: Design and Monitoring.

Design Log Frame

	Measures / Indicators	Verifiable Source	Baseline	Assumptions	Inputs	Risks	Comments
Goal							
Objectives							
Activities							
Inputs							

A monitoring 'Log Frame'

	Measures	Indicators	Sources	Baseline	Data (jan 2013)
<u>Goal</u> DSIP for all Ch27 Heavy Investment	Approved by government by end 2014				
<u>Objectives</u> DSIP Waste Establish process	Approved by May2013	Same process used for other DSIPs		None approved	None None
<u>Activities</u> DSIP draft analysis; Studies	Report due.			No analysis Missing Bio and Sludge plans	Analysis of DSIP Waste Bio and sludge studies in process

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Conclusions

- Strategic Planning is essential during this period of change.
- It is primarily a tool for analysis and communication.
- The output is not paper but action.
- The NEAS does not have all the information necessary for SWAp planning.
- There is enough to start sub-sector planning.

Discussion

EXISTING STRATEGIES, THEIR STRENGTHS AND WEAKNESSES, WHAT IS MISSING TO BE CONSIDERED AS THE SWAP DOCUMENT

Discussion / Group Session

- One of the pre-requisites for a SWAp is a clearly defined strategy and planning framework.
- The Environment Sector in Serbia has a parallel system – existing strategies and plans as well as EU Approximation strategies and plans.
- Identify where there may be overlap or gaps.

	Strategy	Plans	Resources
National level	NSDS SCF NPI	NSD Action Plan OP SCF	IPA III + National Budget
Sector Level (Ch 27)	NEAS (2011) NPEP (2010)	?	IPA III
Sub-Sector (Waste)	NEAS – Waste Sector Strategy (2011) NWMS (2009)	DSIP	Programmes
Sub Sector (WW etc)	Strategy for management of water resources	WMP DSIP	Programmes
Regional / Local level	RWMP and Strategy Master Plans Introducing SWAp for Environment	RWMP / LEAP	Projects

Session 5

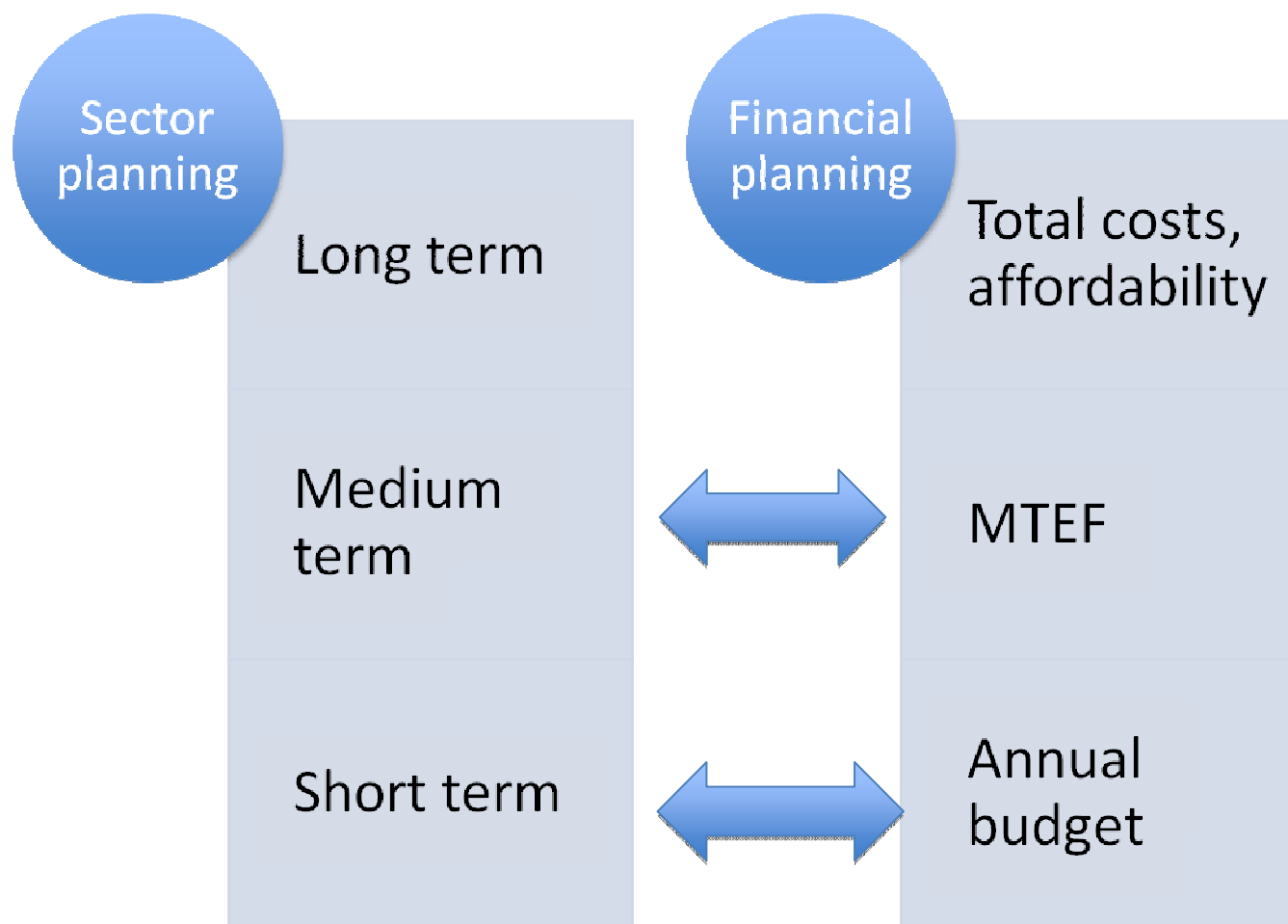
It doesn't really matter how you call certain concepts as long as everyone involved into development of the policy uses the same definitions

DEFINING STRUCTURE FOR SWAP POLICY DOCUMENT(S)

Sector policy and financial planning

- Planning process and the budget process in many cases are carried out separately or not fully coordinated:
 - Multiannual sector policy planning (Government, Sector Ministry)
 - Multiannual financial planning (Ministry of Finance, other institutions managing public financial resources)
- Therefore financial resources are often planned on the annual budget basis only, irrespective of the existence of many different kinds of sector plans
- These two processes shall be integrated and information from both processes linked

Policy and resource planning



Medium Term Expenditure Framework (1)

- The MTEF is a projection for 3-5 years on how much financial resources are and will be available for the government/the State Budget/the public sector as a whole for the medium term period and how this and the allocation profile of these resources in turn will affect the rest of the economy
- The MTEF is not a three to five year budget, but three to five one year budgets presented in a medium term projection of State Budget expenditure
- All planned activities in the sector should finally adjust to the financial framework presented in the MTEF

Medium Term Expenditure Framework (2)

- Elaboration of the MTEF is a top-down process that presupposes the existence of a multiannual operative sector plan for the same period of time
- Multiannual operative sector plan is based on needs assessment calculations bottom-up, reflecting what financial resources are needed in the sector to fulfill objectives for the sector
- Budget process includes an opportunity to negotiate between the Ministry of Finance and the sector ministries
- Budget is structured based on institutions (not sectors or policy areas) which makes it difficult to formulate cross-institutional or cross-sectorial plans

Missing link

- Medium term sector plan fully integrated with the budget is usually missing link in planning system
- The medium term sector plan must be consistent with the period of time of the MTEF and the financial framework for the sector presented in the MTEF
- The medium term sector plan should represent a rolling plan (to be reviewed every year and moved forward one year for the medium term planning period)
- Ideal, if annual plans and annual budgets are derived directly from the multiannual plans and multiannual budgets

Sector planning

- Long term planning: from 10 to 20 years (in particular, infrastructure related cases)
 - Vision, mission, objectives, policy, strategy
 - Most important actions/ plans to be developed (meta planning)
 - Total costs (financing deficit is allowed)
- Medium-term planning: 3-5 years (sector or subsectors)
 - Transformation of the long term strategy to an operative medium-term plan
 - Measurable objectives
 - Programmes (reflecting political priorities)
 - Costs of activities, no financial deficit expected
 - Rolling plan (can be for the government's mandate period or part of it)
- Annual planning: one year, derived from the medium term , representing its first year
 - Same structure in programmes and priorities as the medium term plan
 - Consistent with the annual budget
 - Monitoring instrument to be adapted in each institution

Different level of details

- Different levels of plans will have different levels of detail
- At central level, information is aggregated and will be mainly used for political decision-making and follow-up, i.e. for policy and monitoring
- At lower levels and at implementing institutions the information needs to be more detailed, able to serve as support in everyday work

From good practice. Sequencing

- Avoid being too ambitious
 - Attempting to be too elaborate at the outset risks a loss of momentum and energy as unrealistic expectations are not realised
 - The essential components are a statement of sector policy that all partners can support, and an agreed co-ordination and dialogue framework through which the sector development programme can be developed and subsequently managed
 - The principle of a comprehensive, costed and prioritised programme needs to be established early, since this will discipline government and donors

NEAP

Approved
by the Order of the Cabinet of Ministers of
Ukraine
from May 25th 2011 □ 577

NATIONAL ACTION PLAN for environmental protection for 2011—2015

Action Description	Institutions Responsible for Implementation	Implementation Period	Funding Sources	Indicative target financial facility, thousand Ukrainian Hrivna					
				total	including				
					2011	2012	2013	2014	2015
Objective 1. Raise the level of the public environmental education and environmental awareness									
1. Prepare a draft act of the Cabinet of Ministers of Ukraine on the approval of the Regulations of the national computerized data information system aimed at ensuring the access to environmental information and on the local computerized data information systems	Ministry of Environment	June — December 2011	State budget						
2. Implement and ensure adequate functioning of the comprehensive data information system of the authorized governmental environmental body, including the following steps:	—“—	—“—	—“—	27605	27605				
Design and implement pilot projects on the introduction of the provisions of the Convention on access to information, public participation in decision making and access justice in environmental matters (hereinafter referred to as the Aarhus Convention)	—“—	—“—	—“—						
Establish regional information centres included in the nationwide computerized data system of available environmental information and link to the above system the information systems of the public administration authorities	—“—	—“—	—“—						

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Mid-term operational plan for the environmental sector 2012 – 2014

- Developed for Albania 2011

Program: Environmental protection										
Sub-program: Waste management										
Field of the sub-program	Current situation	Objectives	Products	Responsible institutions	Activities	Resources 2012 000 ALL	Resources 2013 000 ALL	Resources 2014 000 ALL	Resources 2012-2014 000 ALL	Financing source

Session 5. Discussion

DEFINING STRATEGY DOCUMENTS STRUCTURE FOR SWAP

Mid Term Plan for Environment

- What is/ could be structure for Serbian document?
- How much information we want to include into the table?

1	2	3	4	5	6	7	8	9	10	???

- How to balance wish to have everything reflected with operational nature of this plan?

Do we need different order from existing one?

- Discussion based on Serbian annual budget planning practices

Session 6

HOW DO WE MOVE FROM THE CURRENT SITUATION TO SWAP POLICY SITUATION?

Bad practice (1)

- Although founding sector-wide documents do exist, alongside numerous other policy and strategy documents, their meaning - and especially their significance - is not always easy to grasp
- The logical sequence for the different phases of strategic analysis, political decision-making and operational implementation is often broken
- Political decision makers often commit to major reforms that do not appear to be among the priorities of the sector actors
- The sector-wide policies remain partial and are insufficiently integrated into other sector-wide strategies and the general intervention environment

Bad practice (2)

- In a number of cases, sector-wide policies are focused on sub-sectors. This has been unhelpful toward the implementation of an overall and systemic approach to the sector
- Policies involving changes that can have a significant influence on the context within a sector are often initiated and implemented without being consistent with that sector's strategy
- Condition and evolution of the general institutional environment (reforms in the management of public finances, civil service reforms, and de-concentration and decentralization process, etc.) are not adequately considered.
- Economic environment is not adequately considered leading to overambitious programs

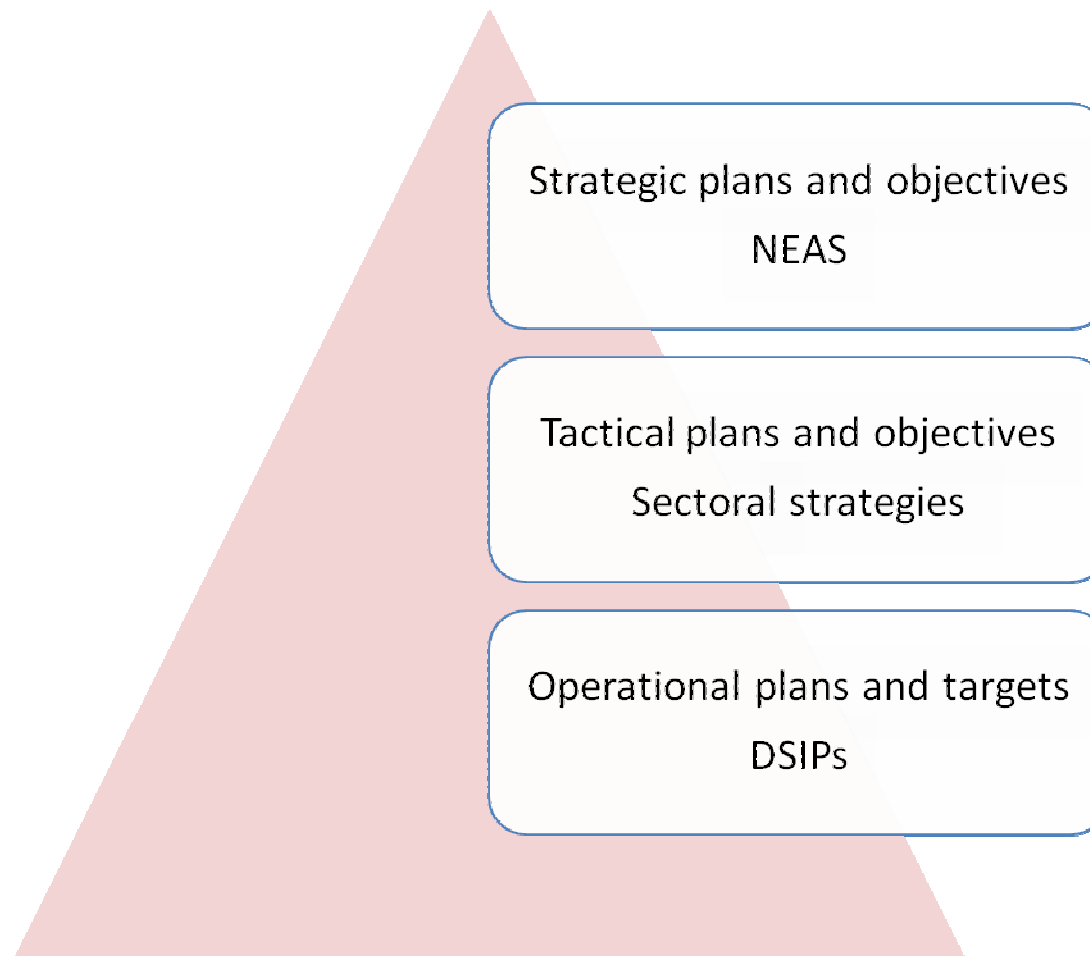
National policy planning



EU approximation planning

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- 1 • EU Integration Strategy, National Programme for the Adoption of the Aquis, other planning documents on national level
 - 2 • National Environment Approximation Strategy, Sectoral Approximation Strategies
 - 3 • Sectoral Implementation Plans/ Programmes
 - 4 • Directive Specific Implementation Plans
 - 5 • Environmental investment and Financing Plans
 - 6 • Annual Budget Plan, Public Investment Programme, other plans for national and international sources

NEAS Planning Approach



Policy setting

- What EU accession brings to the policy setting process:
 - More clear requirements (water treatment standards, landfill equipment requirements, procedures to be implemented, etc.)
 - More clear deadlines
- External conditions under the EU accession process are very strong
- Many goals are readily available
- Implementation of requirements by specified date instead of quality based objectives

Considering investment planning needs

Needs	Water Strategy	Water Implementation Plan	DSIP	Investment and financing strategy
Long list of identified investment projects				
Cost assessment				
List of eligible project components				
Policy decisions for project packaging				
Policy decisions for project prioritisation				
Implementing institutions				
Financing sources and contributions				
Timing for implementation				

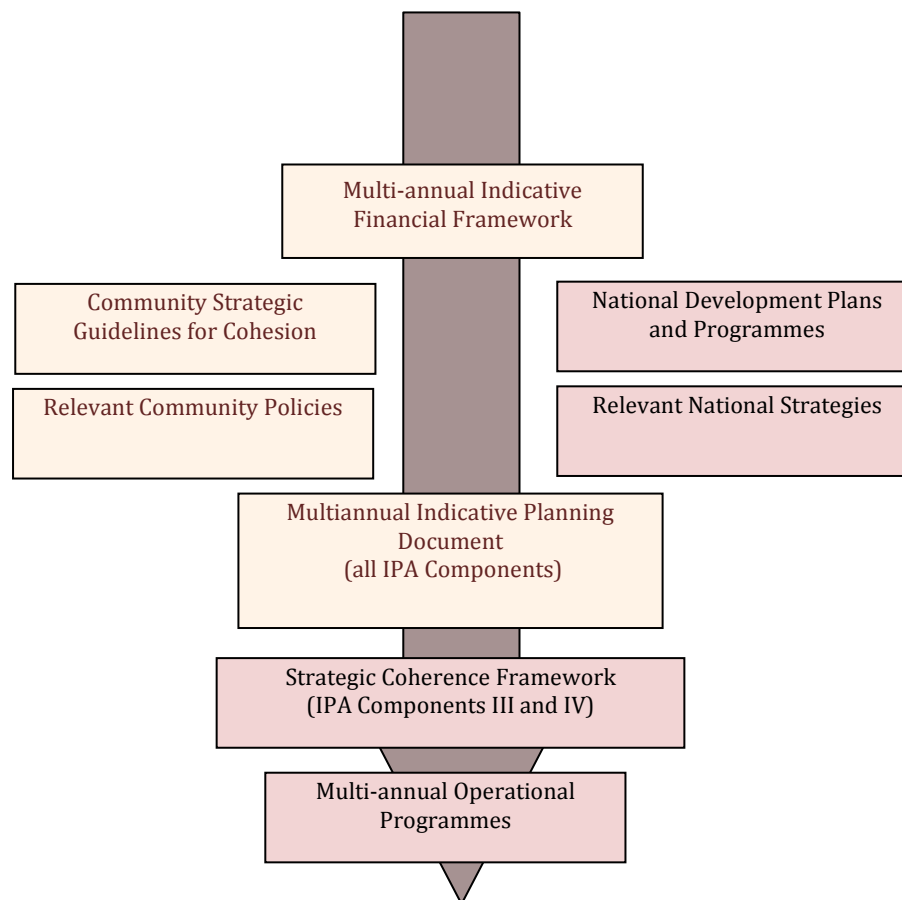
DSIP table of content (1)

- Requirements of the Directive
- Assessment of current situation
 - Level of transposition
 - Correspondence of Implementation procedures
 - Institutional system
 - Infrastructure
 - List of existing landfills (identification, location, type of landfill)
 - Situation with biodegradable waste management
- Plan for implementation of requirements
 - Transposition
 - Development of procedures and practices
 - Institutional building
 - Infrastructure development plan
 - Measures to be taken regarding existing landfills (closing, upgrading to meet new requirements)
 - Projects components
 - Packaging policy
 - Long list of projects

DSIP table of content (2)

- Financing implementation costs
 - Estimated costs of implementation under selected scenario
 - Prioritization criteria
 - Financing mechanism (sources and planned ratio)
 - Analysis of affordability issues on national, municipal, and household levels
 - Timetable for implementation
 - Ladfilling
 - Biodegradable
- Measures for supervising and monitoring implementation

Strategic framework for programming under IPA Components III and IV



Strategic coherence framework (1)

1. Preparation of the SCF
 1. Policy context
 2. National preparation process and timetable (*cross linkage with SDF etc*)
2. Analysis of the socio-economic situation (*focus on eligible sectors and thematic priorities where assistance will be concentrated under components III and IV*)
 1. Recent economic developments
 2. Socio-economic analysis
 3. SWOT analysis covering the sectors and priorities for support
3. Objectives and consistency
 1. Objectives to be pursued under IPA Regional Development and Human Resources Development components
 2. Consistency with Community priorities (MIPD and Strategic Guidelines)
 3. Consistency with national priorities
 4. SCF internal consistency

Strategic coherence framework (2)

4. Operational programmes – brief description of main priority axes (strategic priorities) under each programme
 1. Transport operational programme
 2. Environment operational programme
 3. Regional competitiveness operational programme
 4. Human resources development operational programme
5. Indicative breakdown of the financial allocations between the underlying operational programmes (*covering 3-year period in accordance with MIFF and MIPD*)
 1. Transport operational programme
 2. Environment operational programme
 3. Regional competitiveness operational programme
 4. Human resources development operational programme
6. Key elements of implementation
 1. Sectoral and geographical coordination and partnership arrangements
 2. Complementarities and synergies between OPs (*where relevant*)
 3. Coordination with other national programmes supported by international financial institutions (IFIs) or other relevant external assistance
 4. Coordination with other IPA components, in particular components I and V
7. Annexes

Multi-annual Operational Programme (1)

1. Context, Consultation and Co-ordination
 1. National policy and socio-economic context
 2. Community Strategic Framework (*.... strong coherence with the accession process*)
 3. Partnership consultation
 4. Ex Ante evaluation
2. Assessment of medium term needs, objectives and strategic priorities
 1. Socio-economic analysis (including SWOT analysis)
 2. Strategic priorities
3. Programme strategy
 1. Priority axes and measures
 2. Technical Assistance
 3. Horizontal issues

Multi-annual Operational Programme

(2)

4. Complementarities and synergies with other forms of assistance
 5. Indicative list of major projects
- *the list of major project should provide inter alia: title of the project, priority and measure under which it will be implemented, brief description of its aim and intended results, project value and funding sources, implementation period and stage of preparation)*
4. Financial tables
 5. Implementation provisions
 1. Management and control structures
 2. Monitoring and Evaluation and Reporting
 3. Information and publicity

Are current processes leading to the SWAp for environment?



Session 5. Discussion

DEFINING STRATEGY DOCUMENTS STRUCTURE FOR SWAP. META PLANNING

What kind of problems we identified?

- Activities are not sufficiently identified in NEAS
- Problems in operational planning level
- In approximation process, planning did not move much further from general level
- There almost do not exist implementation plans
- Project identification is undertaken as separate activity both from inside the sector (IPA projects identification) and outside the sector (needs assessment process)
- ????

How do we deal with identified problems?

- How do we see the document?
 - One with overall possible information
 - Hierarchy of document from general policies to implementation plans
- How do we identify:
 - General cost estimates?
 - 3 to 5 years expenditure plan?
 - Annual budgets?

Discussion

ESTABLISHING OF WORKING STRUCTURE FOR SECTOR POLICY PLANNING

Establishing of working structure for sector policy planning

- What to do?
- How to do?
- With whom to do?
- When to do?