

Appendix to
Order No. _____
of the Cabinet of Ministers
of _____, 2006)

Guidelines for Policy Planning System Development

Rīga, 2006

Contents

Definitions	3
Abbreviations	4
Introduction	5
I Description of the Existing Situation	6
II Main Problems to be Solved	9
III Policy Goals	11
IV Outcomes and Outputs, Their Performance Indicators	11
V Basic Principles of Policy	12
VI Lines of Activity for Achieving Policy Goals and Outcomes	13
1. Integration of Planning Documents in a Single System and Establishment of Their Hierarchy	13
1.1. Planning of Long-Term National Development	14
1.2. Planning of Medium-Term National Development	15
1.3. Short-Term Planning	17
1.4. Political Guidelines	17
1.5. Making Conceptual Decisions	18
1.6. Reporting on Policy Implementation	18
2. Linkage of the Planning Systems for National, Regional and Local Administration	18
2.1. Planning Documents of the Regional and Local Administration Levels during the Reforms	19
2.2. Planning Documents of the Regional and Local Administration Levels upon the Reforms	20
3. Linkage of the National and International Planning Systems	20
3.1. Integration of the Existing Planning Documents	21
3.2. National Interests in the EU Context	22
4. Policy Implementation and Funding	22
4.1. Policy Implementation	23
4.2. Policy Funding	25
5. Improvement of Policy Planning Quality	25
6. Approval and Repeal of Policy Planning Documents and Reporting on Performance	27
6.1. Legal Nature and Binding Force of Policy Planning Documents	27
6.2. The Procedure for Approval, Updating and Repeal of Policy Planning Documents	28
6.3. Hierarchy of Policy Planning Documents in Certain Policy Areas	29
6.4. Accountability for Performance and the System of National Development Indicators	30
VII Impact on the State Budget and Municipal Budgets	31
VIII Impact on the System of Laws and Regulations	32
IX Linkage with Other Planning Documents and with Priorities Defined in Development Programmes and Strategies of the Planning Regions	32
X Further Actions	33
XI Reporting and Assessment Procedures	35
Appendix 1. <i>The System of Planning Documents in Latvia</i>	36
Appendix 2. <i>Calculation of financial impact of the GPPS</i>	38

Definitions

„*New policy initiatives*” – projects and events that result from policy planning documents approved and legal acts adopted by the CM in the previous business year, and which require additional financing.

„*Politics*” – a process according to predefined rules and procedures, by means of which different interests of the society are represented in the legislator and at other levels of public administration.

„*Policy*” – a set of considerations, arguments and activities on a particular issue, in an area of public life or sector of national economy, which reflects the government’s opinion and influences its decisions concerning the intended future development of this issue, area or sector.

„*Policy area*” – a mutually agreed, dynamic and conventional agreement on subdivision of policies, reached by all parties involved in policy planning. Policy areas can be changed taking into account new problems or challenges encountered by public administration in the course of successive development of the country.

„*Policy planning*” (also „policy making”) – a complex process during which a single and successive government policy is formed. Usually the policy planning process consists of five interlinked stages – 1) studying and analysis of the situation; 2) definition of the problem and possible alternative options; 3) decision making; 4) implementation of the adopted decision and monitoring of its impact; 5) assessment of implementation.¹

„*Policy planning system*” – a set of structure, processes and instruments that ensures linkage and succession of policies developed by the government, according to set quality criteria.

„*Strategic planning system*” – a set of structure, processes and instruments that links policy planning (policy making) with budget planning and assessment of implementation. The most important planning documents of this system are *operational strategies of institutions*.

¹ Pabriks, Artis *Politikas mazais leksikons*, Rīga: Zvaigzne ABC, 2006, p. 19.

Abbreviations

CCM	Committee of the Cabinet of Ministers
CM	Cabinet of Ministers
EC	European Commission
ECOL	Employers' Confederation of Latvia
EU	European Union
FTUCOL	Free Trade Union Confederation of Latvia
GAP	Government Action Plan
GPPSD	„Guidelines for Policy Planning System Development”
LALRG	Latvian Association of Local and Regional Governments
LAS	Latvian Academy of Sciences
MFA	Ministry of Foreign Affairs
MOE	Ministry of Economics
MOF	Ministry of Finance
MOJ	Ministry of Justice
MRDLG	Ministry of Regional Development and Local Governments
NDP	„National Development Plan 2007-2013”
NPI	New policy initiative
OSI	Operational strategy of institution
PM	Prime Minister
PPG	„Policy Planning Guidelines”
SC	State Chancellery
SPA	School of Public Administration
SSM	State Secretaries' Meeting
UN	United Nations Organization
WB	World Bank
WBI	World Bank Institute

Introduction

A policy planning process that is precisely defined, described in laws and regulations and consistently observed at all levels of public administration will provide the basis for adopting informed, well-considered and strategic decisions at the political level. Furthermore, it promotes linkage, succession and implementation of adopted decisions.

In order to eliminate the drawbacks identified in the existing policy planning system and to ensure efficient operation of the system in the following period, inter alia, achievement of medium-term national priorities set in the NDP, a working group was established², in which in addition to employees of line ministries also representatives of the non-governmental sector and academic circles, as well as employees of the PM's Bureau participated. During the preparation of the document also representatives of the *Saeima* (Parliament) and heads of the Strategic Analysis Commission of the President of Latvia were consulted.

The development of the GPPSD was determined by natural necessity. Firstly, in 2006 the term of operation of the PPG ended and assessment of its implementation revealed several significant problems that need to be addressed. Secondly, during the term of operation of the PPG Latvia has become a full-fledged EU member state, which created preconditions for national growth and also for further development of the policy planning process. Thirdly, at various levels of public administration initiatives have emerged that are oriented towards planning of national development in the medium and long term, but not always they are mutually coordinated and integrated in a clear implementation scheme.

The term of operation of the GPPSD is 2007-2013, because it ensures not only a successive approach to development of the policy planning system, but also is based on the need to create a close linkage between planning documents important for future development of Latvia: the NDP and the EU Financial Perspective, as well as respective national planning documents for structural funds.

The GPPSD is aimed at creating a simple, transparent, understandable and most importantly – effective policy planning system that promotes national development in the medium and long term. The Guidelines define more precisely the types of policy planning documents existing in Latvia, determine their linkage, application, linkage of policy planning

² Order No. 18 of the PM of January 16, 2006 “On Preparation of Interministerial Working Group Policy Planning System Development Guidelines”.

with the state budget planning process, government priorities, planning systems at the level of regional and local governments and in international organizations.

I. Description of the Existing Situation

In the current period of 2001-2006, the policy planning system in Latvia is governed by the „Policy Planning Guidelines” approved by the CM on October 9, 2001. The statutory regulation is set in Regulations No.111 of the Cabinet of Ministers “Rules of Procedure of the Cabinet of Ministers” of March 12, 2002 (hereafter – “Rules of Procedure”), the Regional Development Law and the Spatial Planning Law.

The existing framework of policy planning process lays down basic planning principles, types of documents, main requirements concerning their contents, possible models of their linkage, procedure for assessment and reporting, and also outlines ways for linking policy planning and budget planning.

The existing system is based on a deconcentrated approach, where each ministry is responsible for planning development of policy areas within its competence and for compliance with the conditions included therein in planning documents prepared by other institutions. The State Chancellery (SC) ensures supervision and methodological assistance to implementation of the policy planning system. At the time of creation of the system the choice of the deconcentrated approach was largely determined by the limited resources, because it was created without establishing new institutions. An additional factor was also the political system in Latvia, which is characterized by coalition governments.

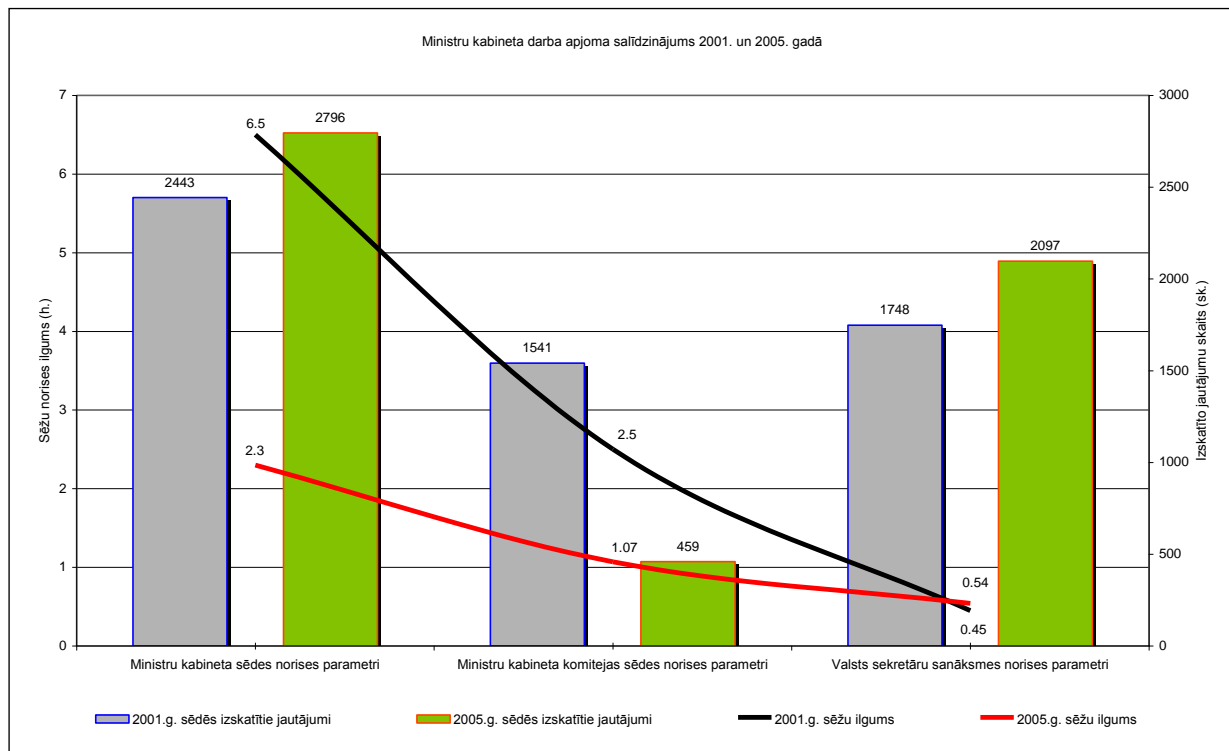
From international experience, the other alternative option would have been to create a highly concentrated system, where policy planning would be concentrated in an institution directly subordinated to the PM, whereas line ministries would only ensure their implementation. Such a system is more characteristic in countries where only one party forms the government, for instance, United Kingdom.

Introduction of the policy planning system was influenced also by the overall development of public administration policy, implementation of which was governed by the “Public Administration Reform Strategy for 2001-2006” and other planning documents subordinated to it, as well as main legal acts governing operation of public administration in force since 2000 – State Administration Structure Law, Administrative

Procedure Law, State Civil Service Law, Law on Public Agencies, Commercial Law.

In late 2005, the SC ordered an independent assessment of implementation of the PPG. Overall, it was noted that “introduction of the policy planning system is a significant step towards sustainable and coordinated policy making”³. It should be also mentioned that creation of the system greatly facilitated the everyday work of the government by allowing spending more time on dealing with issues of national development and leaving technical aspects mostly to civil servants. This can be seen from the reduction of length of sittings of the CM and CCM, while at the same time the number of issues considered at the sittings increased, and the amount of work of the SSM increased too.

Table No.1 *Comparison of amount of work of the CM in 2001 and 2005*



Teksts tabulā:

Comparison of amount of work of the CM in 2001 and 2005

Duration of sittings (h)

Number of considered issues

Sitting of the Cabinet of Ministers

Sitting of the Committee of the Cabinet of Ministers

State Secretaries' Meeting

³ Company “Nikolo grupa LTD” “Assessment of Implementation of Policy Planning System. Final Report”, Rīga: 2005, p.3. Full text of the study is available on the CM homepage: <http://www.mk.gov.lv/>

Number of issues considered in sittings in 2001

Number of issues considered in sittings in 2005

Duration of sittings in 2001

Duration of sittings in 2005

At the same time the assessment also identified several problems which need to be addressed to ensure more efficient policy planning in Latvia. Most of the identified problems are connected with quality of planning documents – insufficient impact assessment⁴, nonperformance of consultations and public discussions, insufficient use of studies in preparation of documents, nonobservance of minimum content requirements set in the Rules of Procedure. There are several causes to this, and the main are high staff turnover, which hampers institutional memory, and also insufficient training on policy planning issues.

Continuing the implementation assessment of PPG, on December 19, 2005, ministries were tasked with PM Resolution No.111-1/309 to assess planning documents within their competence. Data from planning document audit show that since the regaining of independence of Latvia 979 planning documents have been prepared. As of January 1, 2006, there were 304 policy planning documents in force – 54 guidelines, 75 programmes, 37 plans, 126 concept papers, and 12 strategies. Although the number of existing policy planning documents is not a problem *per se*, the implementation assessment of the system shows the need to more strictly define such aspects as binding authority of planning documents, procedures for repealing or updating them. Also in the future particular attention has to be paid to justification of the need to prepare new planning documents, and the amount of time given for preparation of policy planning documents.

After analyzing the work performed by the working groups established by the PM order of 2000 for preparation of policy planning documents⁵, it can be seen that the average period from the beginning of work until approval of the document in the CM is 12 months. The minimum period of preparation of a document is 4-6 months, which is characteristic of very specific issues, while the longest period is 18 months. When planning preparation of policy planning documents not always the term of

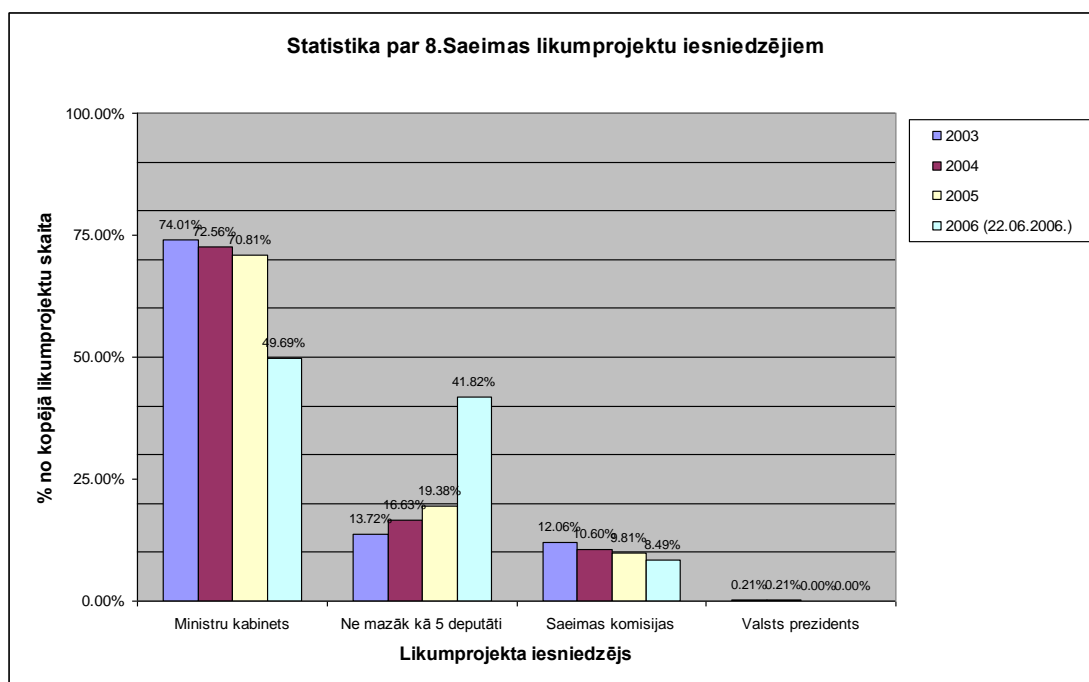
⁴ According to information provided on August 11, 2006 by the Ministry of Environmental Protection and Regional Development such a type of impact assessment as *strategic assessment of impact on environment* during 2005 was announced in respect of three policy planning documents, whereas in the first half of 2006 – for four policy planning documents.

⁵ In total since 2000, 49 working groups have been established for preparation of policy planning documents by PM order. In 23 cases this has resulted in a policy planning document approved by the CM, in 5 cases the working group still continues its work, and in 10 cases the PM order has become invalid.

preparation is set realistically, therefore quite often at the SSM such documents are announced which do not meet all quality requirements and are significantly improved during the coordination process. The short preparation term also poses an obstacle for performance of an ex-ante assessment and for consultations with all interested parties.

Taking into account that the Cabinet of Ministers is a clear leader in terms of number of draft laws submitted to the *Saeima* (see Table 2), the problem of the weak link between the legislative branch and the executive branch in preparation of policy planning documents should also be noted. Most of the draft laws prepared by the executive branch are almost always based on a previously developed policy in the particular area, but only in individual cases representatives of the *Saeima* are invited to participate in the policy making process.

Table No.2 *Statistical information on submitters of draft laws to the 8th Saeima*⁶



Teksts tabulā:

Statistical information on submitters of draft laws to the 8th Saeima

% from total number of draft laws

Submitter of draft law

Cabinet of Ministers

At least 5 members of the *Saeima*

Saeima commissions

State President

⁶ Information based on data provided on August 1, 2006 by the *Saeima* Chancellery.

Overall, it can be seen that introduction of a single policy planning system has helped planning to gain foothold in public administration. A further positive result is that new legal acts are based on a previously planned and assessed policy. Nevertheless, there are still individual problems that need to be solved.

II. Main Problems to be Solved

- Integration of planning documents into a single system:
 - No clear hierarchy and linking of the different national importance long-, medium-, and short-term planning documents;
 - No hierarchy of planning documents in each policy area, mutual linking of inter-sectoral planning documents has not been identified;
 - Linking of planning process at national, regional and local administration level has not been directly defined;
 - Difficulties in linking different initiatives of international organizations (EU, UN, etc.) with the national planning system;
 - It is necessary to improve informative linkage between policy planning documents and draft legal acts stemming from them.
- Linkage of policy planning and budget planning:
 - Medium-term budget planning in public administration has been introduced only partially and formally, which has significantly delayed the introduction of the strategic planning system;
 - There does not exist a clear and objective mechanism for assessing and financing priorities set in policy planning documents;
 - In public administration there are problems in determining interconnected goals, results and performance indicators;
 - There is no linkage mechanism between achievement of outcomes and outputs and their performance indicators from one side and allocation of budget for further implementation of policies from the other side.
- Improvement of quality of planning process:
 - Need for preparing planning documents, its justification and linkage with other sectoral / inter-sectoral planning documents is insufficiently assessed;

- In the policy planning process the *Saeima*, the State President's Chancellery, planning regions and local governments, nongovernmental organizations and social partners are insufficiently involved;
 - The high staff turnover rate and insufficiently wide training of civil servants on policy planning issues influences quality of policy planning documents and their further implementation; neither does it ensure linkage and succession of documents;
 - Instruments recommended in the EU initiative "Better Regulation"⁷ (ex-ante and ex-post impact assessment, consultations with the public, analysis aimed at simplifying existing legislation) are not sufficiently used in the planning process;
 - It is necessary to improve exchange of examples of good practice among different levels of public administration and to significantly improve the system of databases of publicly available planning documents;
 - There is a shortage of resources for performing studies as well as no clearly defined criteria for determining their usefulness – only in 36% of cases Latvian or foreign studies have been used in preparation of planning documents;
 - In individual cases the structure of existing statistical data is insufficiently coordinated and cannot be appropriately used in evaluating impact assessments and performing other functions of public administration.
- Implementation, reporting and control mechanism:
- Reporting on implementation of solutions set in planning documents often is done formally and in insufficient quality;
 - It is necessary to set the binding authority of policy planning documents, a procedure how policy planning documents become out-of-date and invalid, and the way how updating is done;
 - There does not exist a single system of criteria and indicators that would be integrated into statistical programs and would provide topical and study-based information about overall national development (and/or development of particular policy areas).

⁷ Commission of the European Communities "Communication from the Commission to the Council and the European Parliament: Better Regulation for Growth and Jobs in the European Union", Brussels: 16.03.2005. COM(2005)97final. Full text of the document:

http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/com/2005/com2005_0097en01.pdf

III. Policy Goals

1. Ensure efficient planning of national development by improving policy planning system.
2. Improve linkage of planning processes among international, national, regional and local levels of administration, particularly by promoting closer integration of initiatives of international organizations into the national planning system.
3. Ensure closer linkage of policy planning processes and budget planning processes, which would be aimed at implementing state and government priorities.
4. Improve quality of policy planning by wider application of planning instruments identified in the EU initiative “Better Regulation”⁸, and by promoting more active involvement in the policy planning process of representatives of the *Saeima*, the State President’s Chancellery, planning regions and local governments, nongovernmental organizations and social partners.
5. Promote wider application of studies and modern planning methods in policy making, and introduce a single system of national development indicators.

IV. Outcomes and Outputs, Their Performance Indicators

1. Outcome

Increase in overall operation efficiency of the policy planning system, improvement of quality of planning documents, which is characterized by gradual increase of parameters “Government efficiency” and “Regulatory quality” of the WBI comparative indicator GRICS⁹.

Parameter	Performance indicators				
	2004	2006	2008	2010	2012
Government efficiency	70.7%	71.2%	73.2%	75.1%	76.9%
Regulatory quality	83.3%	84.0%	84.4%	84.6%	85.1%

2. Outputs¹⁰

⁸ Commission of the European Communities “Communication from the Commission to the Council and the European Parliament: Better Regulation for Growth and Jobs in the European Union”, Brussels: 16.03.2005. COM(2005)97final. Full text of the document:

http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/com/2005/com2005_0097en01.pdf

⁹ GRICS (*Governance Research Indicator Country Snapshot*) is a complex indicator prepared every two years by the WBI and which consists of several hundred variables taken from information gathered by 18 international organizations. More detailed information on this indicator is available on the WBI internet homepage:

<http://www.worldbank.org/wbi/governance/govdata/index.html>

¹⁰ This chapter reflects outputs for which performance indicators are not available at the moment; however it is planned to start measuring them from the moment when functionality of the “Policy Planning Document Database” and “Study and Publication Database” is improved.

- Increase in number of policy planning documents for which impact assessment has been performed (both *ex-ante* and *ex-post*).
- Increase of number of studies financed from state budget and EU structural funds, which are directly used for policy making or assessment of policy implementation.
- Percentage increase of number of policy planning documents in preparation of which representatives of nongovernmental organizations, regional and local administration levels and social partners have participated.

V. Basic Principles of Policy

- **Consistency principle** – policy planning is consistent with priorities and activities set in the Declaration of Intended Activities of the Cabinet of Ministers (hereafter – “Government Declaration”), Development Guidelines and NDP.
- **Participation principle** – nongovernmental organizations, social partners, the private sector, representatives of regional and local levels of administration, representatives of the *Saeima*, the State President’s Chancellery, other public administration institutions and foreign institutions are involved in the policy planning process, and the society is informed about planned initiatives already during initial stages of their development.
- **Succession and coordination principle** – policy planning process ensures updating of the policy approved by the government, as well as mutual linkage of planning documents.
- **Financial constraints principle** – when accepting new policy initiatives, financial constraints of the state budget are taken into account.
- **Reporting principle** – policy planning is a result-oriented process, and a reporting mechanism is ensured at all stages of public administration.
- **Subsidiarity principle** – during policy planning it is assessed which public administration level is the most appropriate for planning the particular policy, taking into consideration the amount and character of the task to be performed, as well as efficiency and economy requirements,

and providing for possibilities to delegate individual issues to local governments.

- **Proportionality principle** – policy planning documents are prepared only if the policy in the particular area has not already been determined or if the term of operation of existing planning documents has expired, or if there are significant changes in political guidelines in the respective policy area. This allows avoiding preparation of unnecessary or overlapping documents.

VI. Lines of Activity for Achieving Policy Goals and Outcomes

In order to solve the problems identified in the assessment of implementation of PPG and ensure achievement of goals set in the GPPSD, the following lines of activity are set:

- Integration of planning documents into a single system and establishment of their hierarchy;
- Linkage of planning systems of national, regional and local levels of administration;
- Linkage of national and international planning systems;
- Policy implementation and financing;
- Improvement of quality of policy planning;
- Approval and repealing of policy planning documents, reporting on achieved results.

1. Integration of Planning Documents in a Single System and Establishment of Their Hierarchy

Policies (sectoral and intersectoral) in Latvia are planned in long term (up to 25 years), medium term (up to 7 years¹¹) and short term (up to 3 years).

Overall there are 4 different types of policy planning documents – guidelines, programmes, plans, concept papers – each of these has its specific functions; as well as several other planning documents („Guidelines for Sustainable Development of Latvia” (hereafter – “Development Guidelines”), NDP, Government Declaration, GAP, development programmes and spatial plans of planning regions and local governments, OSI’s and operational strategies of local governments, informative statements, national positions). Overall hierarchy of planning documents is shown in Appendix 1 “System of Planning Documents in Latvia”.

¹¹ Except for specific cases mentioned under paragraph 1.2 of the GPPSD.

The binding authority, procedure of coordination, approval, updating and repealing of all policy planning documents is fixed in the “Development Planning System Law”, which is prepared and adopted based on solutions included in these Guidelines.

Taking into account that there exist different degrees of detail in planning, each responsible institution chooses the types of documents most appropriate for planning development of the policy area within its competence.

All policy planning documents shall contain a reference to their linkage with other planning documents.

1.1. Planning of Long-Term National Development

In Latvia there is only one long-term planning document - „**Guidelines for Sustainable Development of Latvia**” (Development Guidelines) – it is approved by the *Saeima* for a period of 25 years. The need for such planning document type is determined by EU and UN recommendations in respect of balanced and sustainable planning of national development.

The Development Guidelines consist of two parts: (a) priorities of sustainable national development, which stem from analysis of comparative advantages of Latvia, and (b) National Planning¹², which outlines trends of spatial development of Latvia’s territory.

Preparation of the Development Guidelines is organized by the MRDLG by involving representatives from all levels of public administration, scientists, social partners and nongovernmental organizations¹³, taking as the basis solutions included in the long-term concept document “Development Model of Latvia: People in the First Place” approved by the *Saeima* on October 26, 2005, and in other national long-term planning documents, as well as directions given in the document “Renewed EU Sustainable Development Strategy” approved by the Council of the European Union on June 9, 2006.

¹² The need for the document is determined by Article 9 of the “Regional Development Law”.

¹³ The need for such an approach was identified also in the theses of the discussion “Guidelines for Development of National Economy of Latvia” organized on March 31, 2006 by the Strategic Analysis Commission of the President of Latvia – „national development guidelines shall be contained in the form of a social agreement and, possibly, shall be fixed as a policy planning document.”

The Development Guidelines are prepared and submitted for approval at the CM within a year's time from adoption of the "Development Planning System Law". After approval of the Development Guidelines the CM document will be further submitted for approval at the *Saeima*.

After approval of the Development Guidelines at the *Saeima* the following long-term planning documents shall be considered repealed:

1. "Long-Term Economic Strategy of Latvia", approved by the CM on July 17, 2001;
2. "Guidelines for Sustainable Development of Latvia" approved by the CM on August 15, 2002;
3. "Single Strategy for National Economy" approved by the CM on August 18, 2004.

After every parliamentary election the new Saeima decides on possible need to update the Development Guidelines (particularly regarding the chapter which lists priorities), on the basis of implementation analysis prepared by the MRDLG in cooperation with other involved institutions.

1.2. Planning of Medium-Term National Development

The most important medium-term planning document is the **National Development Plan** (NDP), which is approved by the Cabinet of Ministers for a period of 7 years. The approved document is sent to the *Saeima* for information. The NDP ensures linkage with long-term planning of national development, by setting medium-term national priorities and outlining lines of activity for achieving these priorities.

All national-level planning documents for utilization of EU financial instruments shall be coordinated with priorities set in the NDP. The planning period of the NDP corresponds to term of operation of the EU Financial Perspective and the corresponding national-level planning documents (e.g., "National Strategic Framework Document", "Latvian Rural Development National Strategic Plan", "National Strategic Plan of Fisheries Sector") for utilization of EU financial instruments.

The MRDLG gives opinions on compliance of planning documents prepared by direct public administration institutions and regional and local administration level with medium-term national priorities and main tasks set in the NDP. Once every year the MRDLG also prepares and submits to the CM an informative statement on the course of implementation of the NDP. If the *Saeima* decides to change the

Development Guidelines, the MRDLG prepares and submits to the CM changes to the NDP, if necessary.

Subordinated to the Development Guidelines and the NDP are sectoral medium-term planning documents – **guidelines** and **programmes** – which in a more detailed way determine development policy areas¹⁴ defined in Latvia.

Guidelines are a medium-term planning document approved by the CM for a period of 7 years. They are prepared only if the medium-term planning document of the respective policy area is considered to have been implemented, become invalid, or if there was no such document before, or if it is necessary for determining an inter-sectoral policy.

In the hierarchy of planning documents a **programme** is the lowest and most detailed medium-term planning document, which is prepared for a period of not more than 7 years approved by the CM. Programmes are prepared for implementing guidelines or if a medium-term planning document is necessary for implementing an inter-sectoral policy (two or more ministries are involved).

In special cases (for instance, for ensuring consistency with NATO and EU planning cycles) it is possible to change the term of operation of guidelines and programmes.

In the middle stages of implementation of guidelines and programmes an implementation impact assessment shall be performed, the results of which are communicated to the CM in an informative statement. Ministries upon their own initiative can propose to the CM to set a more frequent reporting period. If necessary, in addition to the report on the course of implementation of planning documents, ministries propose to the CM to make the necessary changes (update) in them.

All medium-term policy planning documents after being approved by the CM are sent to the *Saeima* for information.

All guidelines and programmes prepared after approval of the Development Guidelines and the NDP shall be coordinated with the national development priorities and lines of activity set in the above-mentioned documents, by including in the planning document a respective reference to this linkage.

¹⁴ Currently, Appendix 4 of Regulations No.111 of the Cabinet of Ministers “Rules of Procedure of the Cabinet of Ministers” of March 12, 2002 lists 18 different policy areas.

Policy planning documents approved by the government before approval of the NDP shall be coordinated with the priorities set in the NDP, if only the ministry responsible for the sector states that after the approval of the NDP significant changes are expected in the particular policy.

1.3. Short-Term Planning

A **plan** is a short-term policy planning document that is prepared for a period of 1 to 3 years and approved by the minister responsible for the respective sector. A plan is approved at the CM only if it provides for inter-sectoral measures (involvement of several ministries or institutions subordinated to them), or if the CM requests this. Institutions report on implementation of the plan at least once every year.

1.4. Political Guidelines

The **Declaration of Intended Activities of the Cabinet of Ministers** (Government Declaration) is a document of political guidelines prepared for the whole term of the particular Cabinet of Ministers, and which includes government priorities and goals to be achieved. When preparing policy planning documents responsible institutions take into consideration the political guidelines included in the Government Declaration concerning the respective policy area, and a reference is given in the text of the policy document. If due to change of government there are also significant changes in political guidelines in a particular policy area, then institutions according to a predefined procedure update the respective policy planning documents.

When preparing the Government Declaration, priorities set in the Development Guidelines and the NDP should be taken into account, thus ensuring succession of policy planning and implementation.

On the basis of directions set in the Government Declaration the Government Action Plan is prepared, where the most important activities necessary to achieve the goals set by the government are identified as well as expected outcomes and outputs. In the Government Action Plan particular attention is paid to inter-sectoral policies.

Reporting on the course of implementation of the Government Action Plan is done according to a procedure determined by the Prime Minister.

1.5. Making Conceptual Decisions

A document that is used for adopting a CM decision in cases if there are several alternative options is a **concept paper**. It assesses possible impact of different solutions on various social groups, surrounding environment, business environment, budget revenue etc. If necessary, a new medium- or short-term planning document can be prepared for implementing the solution approved by the CM.

A concept paper is prepared also before preparing some large and complex draft laws, if the responsible ministry deems their possible impact on the existing situation to be particularly significant.

1.6. Reporting on Policy Implementation

In order to report on policy implementation in a particular area, ministries and secretariats of ministers for special assignments prepare and submit for consideration to the CM an **informative statement**. An informative statement essentially is an assessment of policy implementation, which, if necessary, contains proposals for further improvement of the policy or separate elements of it. The CM approves the informative statement. All informative statements are coordinated in a similar way as other types of policy planning documents. An informative statement is also used when it is necessary to update individual parts of a policy planning document, by giving a detailed substantiation for doing so and by assessing possible impact.

2. Linkage of the Planning Systems for National, Regional and Local Administration

In order to ensure balanced territorial development of Latvia, it is necessary to link planning activities at the national, regional and local administration levels. The most significant problem is the fact that neither the regional reforms, nor administrative territorial reforms have been completed in Latvia which would clearly define the current and envisaged levels of local governments and their planning documents. In view of the above problem, the GPPSD are based on the planning documents of planning regions, districts and local governments pursuant to the existing laws and regulations, and their linkage with national-level planning documents. At the same time the GPPSD indicate the future planning documents required at the level of local governments (for regional and

local administration) upon the implementation of the above-mentioned reforms, as well as their linkage with national-level planning documents.

Any planning documents at the regional and local administration level should be aligned with the Development Guidelines, NDP, as well as with the relevant sectoral policy planning documents. Control over alignment of planning documents at the regional and local administration levels with planning documents of the national long-term and medium-term development is exercised by the MRDLG.

In order to ensure that national-level planning activities are consistent with the lines of development envisaged at the regional and local administration levels, during the period of regional reforms the MRDLG prepares its opinions on the proposed national-level policy planning documents in order to ensure compliance with the lines of development and priority measures set forth in the development programmes and spatial plans of the respective planning region. Upon completion of the regional reforms this function will be fulfilled by local governments in cooperation with the MRDLG.

The MRDLG plans to develop a public database in order to ensure sufficient information about the planning system of regional and local administration. This database will contain publications of development programmes and territorial plans of all regional and local administration levels.

The implementation of the proposed model will result in total alignment of development plans at all public administration levels and ensure implementation of the priorities of long-term and medium-term development throughout the country.

2.1. Planning Documents of the Regional and Local Administration Levels during the Reforms

During the regional and administrative territorial reforms the key planning documents at the regional and local administration levels are planning region development programmes¹⁵, planning region spatial plans and subordinate planning documents of local government.

Every planning region prepares its development programme for a period of 7 years, and it is approved by the development council of the

¹⁵ The necessity of the document is determined by Section 11 of the Regional Development Law.

respective planning region. Development programmes¹⁶ and spatial plans of districts' local governments and regional governments are subordinate to planning region development programmes and their spatial plans. The development programme of a local government is prepared for a period of 7 years; it stipulates the lines of development envisaged by the respective local government and covers a set of relevant measures. In case of large investment projects the document may cover a longer period of time.

Spatial plans of a planning region and spatial plans of local governments are long-term (up to 14 years) planning documents providing written and graphical information about the current and planned (permitted) use of the territory, as well as the restrictions on use of the territory. Section 6 of the Spatial Planning Law sets forth that spatial plans should be developed at any regional or local administration level in line with the requirement that a lower-level spatial plan should be aligned with the existing higher-level spatial plan.

Upon approval of the Development Guidelines by the *Saeima* any spatial plans of all regional and local administration levels should be aligned with the National Spatial Plan. The MRDLG is in charge of ensuring that any institution at the regional or local administration level develops its spatial plans in line with the recommendations covered in the international spatial planning documents (for instance, the Action Programme for the 21st Century (Agenda 21), European Regional/Spatial Planning Charter, European Spatial Development Perspective, Guiding Principles for Sustainable Spatial Development of the European Continent, etc.).

2.2. Planning Documents of the Regional and Local Administration Level upon the Reforms

Upon the regional and administrative territorial reforms the planning system at the local government level shall consist of planning documents of local and regional governments. Local government development programmes (for a period of 7 years) and spatial plans (for a period up to 14 years) are developed. Upon the above-mentioned reform process no planning documents shall be developed at the level of districts.

3. Linkage of the National and International Planning Systems

¹⁶ The necessity of the documents is determined by Section 12 and 13 of the Regional Development Law.

Upon re-establishing its independence and joining various international organisations Latvia has acceded to various initiatives of these organisations leading to the necessity to develop national-level planning documents for achievement of the initiative objectives.

3.1. Integration of the Existing Planning Documents

The approach currently applied in the implementation of international initiatives, which are binding for Latvia, is preparation of new planning documents in which in most cases basic principles of an international initiative are combined with theses and solutions contained in the respective national planning documents.

In order to optimise the policy planning system, in the next planning period a new national-level planning document should be developed **only** in case of international initiatives when there is a concrete **requirement** to develop a national-level document, or when there is no relevant planning document at the national planning level in which the initiatives could be integrated. This would prevent formation of two parallel planning systems which are not linked.

Special attention should be paid to ensuring that every institution in charge evaluates various international initiatives already during their early stages and presents the national position (not just concerning EU matters) with regard to general significance of the initiatives and their feasibility in Latvia.

Policy planning documents that are adopted previously and based on international initiatives remain effective for the whole term. Further policy planning measures in areas in which the relevant documents have been adopted are decided by the institutions in charge; these institutions include a respective solution in their informative statements by which they account for assessment of the implementation of a policy planning document.

In this context two important international initiatives should be singled out:

- **The Lisbon National Reform Programme of Latvia for 2005-2008**

This national-level planning document has been developed in line with the invitation expressed by the Council of the European Union and shows the medium-term measures planned by Latvia in order to achieve the objective – promotion of national development and employment, and the

way how Latvia plans to implement the Integrated Guidelines adopted by the Council in July 2005.

The form and contents of the Lisbon National Reform Programme of Latvia for 2005-2008 are perfectly appropriate for integration in the national planning system among other policy planning documents – plans. Accountability both to the Government and the EU for performance indicators of the achievement of Programme’s objectives is ensured according to the prescribed procedure.

○ „**Guidelines for Sustainable Development of Latvia**”

This policy planning document has been developed in line with the Agenda 21: action programme for the coming century adopted by the UN Conference on Environment and Development (in Rio de Janeiro), Rio Declaration on Environment and Development, Action Programme of the UN Conference on Sustainable Development (Johannesburg, 2002), United Nations Millennium Declaration (New York, 2000), as well as the revised Sustainable Development Strategy (Brussels 2006).

In view of the fact that the Guidelines for Sustainable Development of Latvia essentially correspond to the Development Guidelines envisaged in the GPPSD, it is advisable to integrate both documents in order to ensure the national planning system with a planning document for long-term development and to inform the UN and the EU how Latvia, being a Member State of these organisations, plans to comply with the provisions of sustainable development and the relevant objectives.

3.2. National Interests in the EU Context

A document ensuring representation of Latvia’s national interests at the EU level is the **national position** approved by the CM. The **national position in the European Court of Justice** is the official opinion of the Republic of Latvia represented at a trial of the Court of Justice or within the infringement procedure contained in the Treaty establishing the European Union.

National positions are prepared in accordance with the basic principles and solutions set forth in national planning documents. Line ministries are in charge of precise integration of the principles contained in the planning documents of their scope of competence into the national positions. In case national planning documents do not cover the respective matters, the institution in charge prepares Latvia’s initial national position based on consultations with other public administration

institutions involved in the process, as well as with the non-governmental sector and social partners. In addition, in case of new initiatives not defined at the national level, the institution in charge may propose supplementary planning documents for the respective policy area. A detailed procedure for preparation of national position will be prescribed in the Rules of Procedure of the CM.

4. Policy Implementation and Funding

Linkage of the processes of policy planning and budgeting is an essential issue to be addressed. In the previous planning period the implementation of the strategic planning system in public administration was identified as a tool for integration of the above processes. Unfortunately, system's implementation was delayed and the implementation of the first phase is only scheduled for 2006; during this phase all the line ministries shall develop their medium-term operational strategies pursuant to the requirements contained in Cabinet Regulations No.111 „Rules of Procedure of the Cabinet of Ministers” of 12 March 2002 and in the Methodological Recommendations for Development of Operational Strategies of Institutions of 12 March 2003.

Taking into account that the Cabinet of Ministers approved the Concept Paper „On Introduction of Strategic Planning and Medium-Term Budget Planning in Public Administration” on 22 August 2006, the GPPSD only covers the primary principles in linking the processes of budgeting and policy planning but a detailed description of the system is provided in the above-mentioned Concept Paper.

4.1. Policy Implementation

Policy implementation is ensured through the strategic planning system. Linkage of policy planning documents and the budgeting process is achieved by means of **operational strategies of institutions (OPIs)**. The OPIs of ministries and secretariats of ministers for special assignments are approved by the CM for a period of three years. In the next OPIs planning period (2010-2013) their term will be four years.

The OPIs of institutions subordinated to ministries are approved by the respective line minister, except for cases when the CM decides on approval of a specific OPI.

The OPIs shall be developed by all the direct administration institutions and – upon respective amendments to the laws and regulations – derived

public persons: universities and university colleges, planning regions and local governments.

Exceptions in the system are the Chancellery of the President of Latvia, *Saeima*, Office of the Prosecutor-General and other independent institutions – the Central Election Committee, Bank of Latvia, State Audit Office, National Human Rights Office, State Data Inspection, National Radio and Television Council, Public Utilities Commission, Finance and Capital market Commission. The independent institutions may develop their OPIs on the basis of methodology used by other direct administration institutions. It is a compulsory requirement for the independent institutions to develop their OPIs if such is provided in the relevant statutory regulations.

The strategic planning system is implemented in three stages:

1. By the end of 2007 – preparation of the base needed to start the implementation of medium-term budget planning which is scheduled for 2008;
2. By the end of 2008 – all subordinated institutions prepare their OPIs and submit them for approval (in line with the previously adopted OPIs of line ministries);
3. Starting from 2010 the strategic planning system shall be implemented at all public administration levels.

The following primary principles for the medium-term budget system and relevant measures are set in the context of policy planning and implementation:

1. Maximum integration of the existing policy planning and budget formation processes by paying special attention to preventing information overlapping and reducing the flow of documents by ensuring efficient:
 - a) Accounting for outcomes and outputs and the respective performance indicators,
 - b) Procedure for development and evaluation of NPIs;
 - c) General budget formation process and an efficient reporting to ensure accountability;
2. Ensuring increased flexibility of institutions in the area of budget management and respective reporting and control mechanisms;
3. Ensuring increased transparency of the budgeting and budget implementation processes by determining a schedule for designing annual and medium-term budget frameworks, as well as a precise methodology for calculating the budget base and development figures for medium-term and annual budgets, and by also including

mechanisms for future allocation of financial resources not utilised in the previous economic year;

4. Ensuring that at any public administration level the budgeting procedure is based on accountability and responsibility for outcomes, outputs and services provided.

In order to ensure timely and efficient implementation of the solutions provided in the Concept Paper „On Introduction of Strategic Planning and Medium-Term Budget Planning in Public Administration”, the SC in cooperation with the MOF should revise and update the Methodological Recommendations for Development of Operational Strategies of Institutions of 12 March 2003, as well as the section of the Rules of Procedure of the Cabinet of Ministers related to the preparation and examination of new policy initiatives and their funding procedures.

The MRDLG is in charge of the development and implementation of the strategic planning system at the regional and local administration levels. The implementation of the strategic planning system at the regional and local administration levels should be completed by 2010.

4.2. Policy Funding

An integral part of the strategic planning system are NPIs or drafts and measures emerging in the result of planning documents and legal acts which were adopted by the CM in the previous economic year and which require supplementary funding. The only way to submit NPIs is through OPIs of ministries. A detailed description of the procedure for submission and examination of NPIs is provided in the Rules of Procedure of the Cabinet in order to ensure efficient operation of the procedure and its alignment with the budget planning process.

In order to ensure funding for the NPIs of crucial importance for national development, a list of priority inter-industry NPIs is prepared by the SC in cooperation with the MOF. The list is developed on the basis of weighted evaluation which determines compliance of every NPI with three documents of crucial importance for national development – the Development Guidelines, NDP and Government Declaration, as well as with other criteria in accordance with the methodology jointly developed by the MOF, SC and other relevant institutions.

The list of priority NPIs is submitted to the CM during consideration of the state budget; the CM adopts a decision on those NPIs that should be

included in the draft state budget. If a NPI is not approved, the ministry may submit it repeatedly.

5. Improvement of Policy Planning Quality

Evaluation of the implementation of the PPG showed that during the current planning period not all instruments available for ensuring high-quality planning documents have been used adequately due to several reasons.

In order to address this problem, it is necessary to strengthen statutory regulation of the policy planning process by setting forth certain precise requirements with regard to the process of policy document preparation, their structure and quality, as well as by developing methodology for preparation of policy planning documents and by performing intense training activities of officials in charge.

The requirements contained in statutory regulations should be based on the principles covered by the EU initiative *Better regulation* aimed at improved achievement of the Lisbon objectives. The EC identifies a number of instruments – policy impact assessment (*ex-ante* and *ex-post* assessment), simplification of legislation and reduction of administrative barriers, consultations and communication – which interact and ensure the best possible results of the policy planning and implementation process.

In view of the fact that the policy planning area deals with a growing number of inter-industrial matters when various planning documents are prepared, the institutions in charge should pay increased attention to reflecting this aspect in planning documents, in particular in sections related to concrete lines of activity and their implementation mechanisms.

In the next planning period it is necessary to strengthen control over draft laws and draft regulations and over impact assessment of policy planning documents. To this end, respective amendments are needed to Cabinet Instruction No.4 „Procedure for filling in annotations of draft laws and draft regulations” of 18 September 2001. At the same time it is necessary to foster exchange of good practice among public administration institutions, to foster training of officials in impact assessment matters, as well as to arrange joint meetings focused on problem solving and awareness raising aims. For this purpose, it is possible to use the Database of Policy Planning Documents and the Research and Publications Database which have been developed by the State

Chancellery and which could serve as an instrument not just for exchange of experience but also for analysis, when they are respectively improved.

The consultation and communication processes and provision of information to the public are closely linked with impact assessment by promoting the quality of preparation of laws and regulations and policy planning documents, as well as transparency of public administration activities, and by ensuring increased involvement of all stakeholders and the society in general in the policy making process. When policy planning documents are designed and discussed (including the stage before their submission for the official coordination procedure), it is necessary to consult with a maximum number of stakeholders, including not only non-governmental organisations representing specific industries but also such „umbrella” organisations as FTUCOL, ECOL, LALRG, etc.

Detailed description of matters related to communication and public involvement will be provided in the Guidelines for Government Communication Policy for 2007-2013. However, it is already possible to single out two lines of development – provision of regulations for public administration employees on consulting procedures (similarly to the EC¹⁷, as well as in accordance with the Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters¹⁸) and a compulsory requirement that ministerial homepages must provide information about all draft laws, draft regulations and draft policy planning documents that are being designed.

The MRDLG should ensure application of good practice in public administration consultation and communication activities at regional and local administration levels.

6. Approval and Repeal of Policy Planning Documents and Reporting on Performance

By now, only the minimum requirements have been specified with regard to the main items (components) of planning documents, as well as the procedure for coordination and approval of documents at the CM. Evaluation of this approach showed that it is necessary to provide a more

¹⁷ Commission of the European Communities “Towards a reinforced culture of consultation and dialogue – General principles and minimum standards for consultation of interested parties by the Commission”, Brussels: 11.12.2002. COM(2002)704final. See full text here: http://europa.eu.int/eur-lex/en/com/cnc/2002/com2002_0704en01.pdf

¹⁸ Adopted in Århus, Denmark, on 25 June 1998; ratified by the *Saeima* on 18 April 2002.

detailed specification of legal nature of policy planning documents and their binding force, as well as to elaborate the procedure for their approval, updating and repeal. The GPPSD only provide the primary principles which will be defined more precisely in the new Law on the Development Planning System, as well in amendments to the Rules of Procedure.

6.1. Legal Nature and Binding Force of Policy Planning Documents

A policy planning document is an analysis which is preformed according to a defined procedure and form and which covers a specific policy issue and the possible lines of development, goals and ways for their achievement. It is aimed at planning possible actions of public administration institutions in order to ensure the needed progress in social and economic development of the country and society.

Policy planning documents are approved in accordance with the procedure prescribed in laws and regulations at the public administration level which is assigned the respective scope of competence for solving the issues in question. Depending on the level of approval of a specific document, it is binding for all institutions and officials involved in document's implementation (similarly to internal regulations):

- A policy planning document approved by the *Saeima* is binding for all direct and indirect public administration institutions;
- A policy planning document approved by the Cabinet of Ministers is binding for all public administration institutions subordinated to the Cabinet of Ministers;
- A policy planning document approved by a minister is binding for the respective ministry and institutions subordinated to the ministry.

Policy planning documents form the base for further designing of external laws and regulations which must be in line with the vision, goal, priority and lines of activity envisaged in the planning document and legal act by which the document is approved. In fact, policy planning documents can be considered as a supplementary legal instrument for interpretation of the laws and regulations issued pursuant to these documents as they convey a more detailed description of the will of issuing bodies than it is possible in laws and regulations. This explains the necessity to ensure more extensive involvement of the *Saeima* in preparation of policy planning documents in the next planning period.

Similarly to any law or regulation, planning documents should be provided precise and exact justification and be in line with the national and international principles of human rights.

6.2. The Procedure for Approval, Updating and Repeal of Policy Planning Documents

A policy planning document enters into force on the date of its approval or on the date specified in the legal act by which the document is approved. In order to improve general quality of planning documents, it is necessary to elaborate the coordination procedure prescribed in the Rules of Procedure by permitting a longer period of time for coordination of planning documents to ensure all institutions involved and all stakeholders the opportunities to provide high-quality opinions on the issues addressed in the respective documents. At the same time it is necessary to prescribe that no planning document may be considered urgently avoiding the usual procedure.

A policy planning document is implemented or partly implemented when its tasks and activities are performed completely or in part. Half-a-year before the term specified in the document (or earlier, when necessary) the institution in charge submits its informative statement on the implementation of the policy planning document (ex-post assessment) by specifying to what extent the initial tasks have been fulfilled and what status should be assigned to the document in question. The informative statement should also indicate whether a new planning document is needed.

In case some conditions change during the implementation of a policy and it is necessary to update the respective planning document, the institution in charge shall prepare an informative statement providing justification of the changes in question and submits it the CM. This informative statement shall be supplemented by the draft policy planning document upon its updating and by a respective draft order of the CM. Upon approval of the updated version of this policy planning document, it shall replace the previous version.

A policy planning document is considered revoked when policy guidelines in the respective area are changed substantially and a new policy planning document is prepared. In this case the draft order on approval of the new planning document includes a paragraph specifying which planning documents of the respective area are revoked.

6.3. Hierarchy of Policy Planning Documents in Certain Policy Areas

In order to improve the general transparency of the policy planning system, the institution in charge also attaches a structured scheme of updated hierarchy of all planning documents in the respective area (including policies not planned in a direct way) additionally to the documents currently prescribed, when any planning document is submitted for approval by the CM. The procedure with regard to preparation of the scheme of policy planning system, as well as actions in case of inter-industry planning documents will be set forth by amendments to the Rules of Procedure. The State Chancellery is in charge of collection, updating and publication of the structures schemes in the Database of Policy Planning Documents.

In order to comply with these requirements the State Chancellery in cooperation with line ministries is also revising and updating the policy areas indicated in Appendix 4 to the Rules of Procedure. In addition, changes are necessary in the Database of Policy Planning Documents in order to ensure such a structures scheme of planning documents profiling every policy area.

6.4. Accountability for Performance and the System of National Development Indicators

A problem observed in the present planning system is weak accountability for the implementation of the respective policy and for outcomes and outputs against budget resources utilised. In part this can be explained by weak knowledge in assessing outcomes and outputs and by shortage of resources needed for measuring of indicators of outcomes and outputs.

Accountability for outcomes and outputs and for their performance indicators is ensured in two ways. First, the institution in charge submits an informative statement to the CM under the prescribed procedure on the implementation of the respective policy planning document indicating outcomes and outputs and their relation to the results expected. On the basis of this statement, the CM adopts a decision on further implementation or termination of the policy which can respectively impact the funding of further implementation of the policy.

Second, every year when the budget part is updated in the OSIs, institutions include information about achievement of the anticipated

outcomes and outputs in the section „Outcomes and Outputs” and, when necessary, perform respective changes in the plans for the coming years. Information about achievement of the results is assessed and taken in account in the budgeting process.

Additionally to setting forth the procedure for reporting on outcomes and outputs, it is planned to consider opportunities for the development of a system of national development indicators. This system would provide the Government up-to-date, comprehensive and analytical information about the general trends of national development.¹⁹ It would also ensure more efficient prediction of problems which the country might face in the medium term and ensure timely planning of response activities to find preventive solutions.

The new system of indicators would preserve and improve the present structure of results and performance indicators²⁰, and would also enhance the measuring methods, collection of data and their application in analyses. The creation of the system of development indicators and analysis of data should include extensive use of the Latvian scientific potential and international experience in creation of such systems and use of statistical data.

The State Chancellery in cooperation with ministries should develop and submit to the CM a concept paper on the creation of such a system of indicators taking into account that the new system may not overlap any of the present solutions in the respective area.

The creation of the system of development indicators should be complemented by a uniform system of ordered research funded from the state budget. This research system, when complemented by statistical data, would ensure operational data for the indicators system and promote sound and efficient utilisation of the state budget resources. All research materials funded from the state budget are published in the Research and Publications Database which is serviced by the State Chancellery; the

¹⁹ Necessity for a uniform system of national development indicators is noted in theses of the discussion „Guidelines for the Development of the Latvian Economy” of Latvia’s Commission of Strategic Analysis under the Auspices of the President of Latvia – „control over achievement of the objectives both in the long term and intermediary stages should be ensured by means of measurable indicators and parameters. On the basis of the main lines of activity and priorities, every state institution should determine measurable indicators of its operations, and considerable material stimuli should be envisaged for the responsible state institutions for achievement of some or all indicators.”

²⁰ Currently, this is regulated by the Guidelines on the System of Results and Performance Indicators adopted by the Cabinet of Ministers on 11 March 2003. It is also planned to consider application of the present System of Latvian Sustainable Development Indicators (Latvian Sustainable Development Indicators Report, Latvian Environment Agency, Rīga, 2003).

database needs respective improvement and linkage with the system of national development indicators.

Planning documents should also include indication of result plans according the administrative territorial structure of the country in order to ensure assessment of impact on individual regions.

VII. Impact on the State Budget and Municipal Budgets

In the first year the implementation of the GPPSD requires supplementary funding from the state budget in the amount of LVL 360,300 in order to improve the publicly available databases and perform other measures in line with the solutions envisaged in these Guidelines. Detailed calculations concerning impact of the GPPSD on the state budget are provided in Appendix 2.

It is impossible to precisely calculate the financial resources needed for the creation of a database of planning documents at regional and local administration levels. The MRDLG should provide the necessary calculations and include them in the annual budget request as a new policy initiative. It is planned to fund the creation of the system of national development indicators, research on the implementation of individual policies, as well as training and development of methodology using the EU's Structural Funds that will be available to Latvia in the financial planning period of 2007-2013. The study programme of the SPA will be re-structured accordingly in order to ensure their correspondence to the needs of civil servants in charge of policy planning activities.

The solutions presented in the GPPSD do not imply tasks that would cause direct impact on municipal budgets.

VIII. Impact on the System of Laws and Regulations

In order to strengthen use of the existing types of planning documents, determine their hierarchy and linkage, to coordinate their terms of operation, ensure their implementation and reporting on outcomes and outputs, on the basis of the solutions presented in the GPPSD, the Law on the Development Planning System is under development. The State Chancellery is in charge of the preparation of the draft law involving all relevant stakeholders.

Additionally to the preparation of the Law on the Development Planning System, amendments are needed in the following laws and regulations:

- Law on Local Governments;
- Regional Development Law;
- Spatial Planning Law;
- Cabinet Regulation No.111 „Rules of Procedure of the Cabinet of Ministers” of 12 March 2002;
- Cabinet Regulation No.515 „Regulations regarding the National Spatial Plan” of 26 November 2002;
- Cabinet Instruction No.4 „Procedure for filling in annotations of draft laws and draft regulations” of 18 September 2001;
- Other laws and regulations related to the implementation of the solutions presented in the GPPSD.

IX. Linkage with Other Planning Documents and with Priorities Defined in Development Programmes and Strategies of the Planning Regions

The GPPSD have been according to the lines of development and tasks indicated in Measure 4.1 „Governance as a Constituent Part of Sustainable Growth Policy” of the NDP.

The GPPSD strengthen the role of planning regions and local governments in the national policy planning system but they do not have a direct impact on the development of certain planning regions or local governments, therefore it is not required to align the Guidelines with the priorities defined in planning region development programmes and planning region strategies.

The GPPSD have been prepared taking into account the fact that the term of operation of the PPG is expiring in 2006, thus, it necessary to define the planning system for the next planning period. Approval of the GPPSD by the CM would imply that the PPG are implemented.

X. Further Actions

No.	Task	Deadline	Institution in charge	Institutions involved
1.	Development of laws and regulations and planning documents			
1.1	Draft Law on the Development Planning System	31.12.2006	SC	MOF, MOE, MRDLG, MOJ
1.2	Amendments to the	01.10.2007	SC	MRDLG

	laws and regulations related to the Guidelines			
1.3	Guidelines for Sustainable Development of Latvia	31.12.2007	MRDLG	<i>Saeima</i> , SC, all ministries, Latvia's Commission of Strategic Analysis under the Auspices of the President of Latvia, non-governmental organisations, NTCC, research institutions
1.4	Informative statement on those policy planning documents which are considered as implemented, replaced or revoked	31.12.2006	SC	All ministries
2.	Linkage of policy planning and budgeting			
2.1	Updating of the Methodological Recommendations for Development of Operational Strategies of Institutions of 12 March 2003	01.09.2007	SC	MOF, all ministries
2.2	Preparation of an instruction on priority list of inter-industry NPIs	01.10.2007	SC	MOF, all ministries
2.3	Development of a concept paper on introduction and implementation of a strategic planning system at regional and local administration levels	31.12.2008	MRDLG	SC, MOF

3.	Enhancement of planning quality			
3.1	Updating of Cabinet Instruction No.4 „Procedure for filling in annotations of draft laws and draft regulations” of 18 September 2001	30.06.2007	SC	FM, EM, TM, MFA
3.2	Preparation of methodology for designing policy planning documents	31.12.2008	SC	---
3.3	Preparation of a concept paper on the development of a coordination system of research ordered by the state	31.12.2007	SC	---
3.4	Improvement of the Research and Publications Database	31.12.2008	SC	---
3.5	Improvement of the Database of Policy Planning Documents	31.12.2008	SC	---
3.6	Development of databases of planning documents at regional and local administration levels	31.12.2008	MRDLG	---
4.	Designing of the system of national development indicators			
4.1	Research aimed at assessing the current situation and studying international experience	31.12.2007	SC	MOF, MOE, MRDLG

XI. Reporting and Assessment Procedures

It is required to report on the implementation of the GPPSD three times a year. On the basis of information provided by ministries and on *ex-post* assessment of the GPPSD, the SC prepares an informative statement on the implementation of the GPPSD and submits it to the CM by 1 May 2009. Until the first GPPSD performance assessment it is necessary to

considerably improve the databases serviced by the SC (the Database of Policy Planning Documents and the Research and Publications Database), as well as the new system for electronic processing of documents and task control by integrating the tools of statistical analysis that are needed for assessment of the GPPSD.

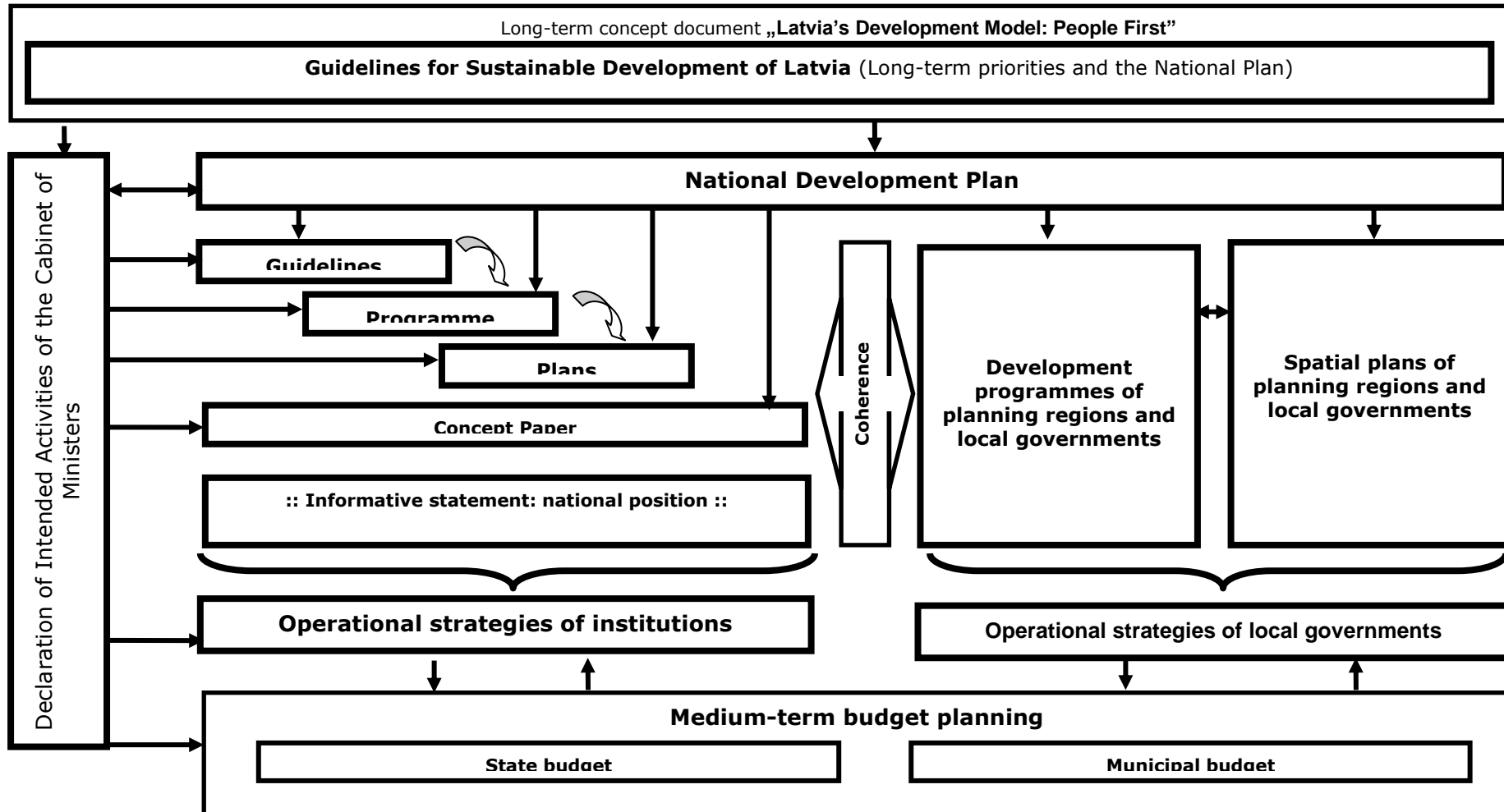
Prime Minister	Director of the State Chancellery	Deputy Director in Legal Acts' Affairs	Official in charge of control	Official in charge
A.Kalvītis	G.Veismane	E.Ektermane	Dz.Galvenieks	U.Klapkalne

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Appendix 1. The System of Planning Documents in Latvia



Prime Minister	Director of the State Chancellery	Deputy Director in Legal Acts' Affairs	Official in charge of control	Official in charge
A.Kalvītis	G.Veismane	E.Ektermane	Dz.Galvenieks	U.Klapkalne

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Appendix 2. Calculation of financial impact of the GPPS

III. The possible impact of the law or regulation on the state budget and municipal budgets					
					(lats)
Indicators	Current year	Next three years			On average during five years upon the current year
1	2	3	4	5	6
	2006	2007	2008	2009	
1. Change sin budget revenues	0	0	0	0	0
2. Changes in budget expenditure	0	+ 360 300	+ 185 000	+185 000	+ 220 060
3. Financial impact	0	- 360 300	- 185 000	- 185 000	- 220 060
4. Compensatory measures planned in order to cover additional costs	No measures planned.				

5. Detailed financial calculation	<p>1. Improvement of the Research and Publications Database (one-time measure):</p> <p>1.1. Entering, scanning and document formulation according to common standards (in *.pdf format) – LVL 8 000</p> <p>1.2. Preparation of annotations, research expertise, supplementing, reviewing, quality assessment – LVL 17 500</p> <p>1.3. Development of administrative tools for the Database; introduction of categories and codifiers – LVL 11 200</p> <p>1.4. Purchase of a server cluster, software and licences – LVL 9 000</p> <p>1.5. Training of system administrators and users – LVL 1 250</p> <p>1.6. Development of software specifications and operational requirements for the Database – LVL 13 750</p> <p>1.7. Specific operational improvements of the Database – LVL 17 000</p> <p>Total: LVL 77 700</p> <p>2. Improvement of the Database of Policy Planning Documents (one-time measure):</p> <p>2.1. Database modifications, development of a new administration system and creation of a new visual solution – LVL 10 000</p> <p>2.2. Development of tools for generation of performance indicators – LVL 6 000;</p> <p>2.3. Software for generation of reports on performance indicators (<i>business intelligence</i>) – LVL 25 000;</p> <p>2.4. Software licences for generation of reports on performance indicators (report preparation, about 160 users) – LVL 16 300</p> <p>2.5. Purchase of a server cluster, software and licences – LVL 9 000</p> <p>2.6. Training of system administrators and users – LVL 1 250</p> <p>2.7. Development of specifications of software requirements for the portal and operational requirements – LVL 13 750</p> <p>2.8. Specific operational improvements of the Database – LVL 17 000</p> <p>Total: LVL 98 300</p> <p>3. Assessment of implementation of policy planning documents:</p> <p>3.1. The number of policy planning documents (average number per year) which need assessment of impact assessment – 37 units.²¹</p> <p>3.2. Average costs of one assessment of the implementation of a policy planning document – LVL 5000²²</p> <p>Total: LVL 185 000</p> <p>Grand total (first year): LVL 360 300</p> <p>Grand total (during the term of operation of the Guidelines): LVL 1 470 300</p>
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²¹ The indicator is based on revision of policy planning documents performed by the SC pursuant to the Cabinet Order.

²² The indicator is based on the calculation of average costs per assessment of the implementation of policy planning documents ordered by the SC in 2005.

Prime Minister	Director of the State Chancellery	Deputy Director in Legal Acts' Affairs	Official in charge of control	Official in charge
A.Kalvītis	G.Veismane	E.Ektermane	Dz.Galvenieks	U.Klapkalne

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