

STRATEGIC PLANNING AS A TOOL FOR BETTER PUBLIC POLICY GOVERNANCE – THE CASE OF CROATIA

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Abstract

Henry Mintzberg wrote about the rise and fall of strategic planning, but it seems that strategic planning as a public administration tool is well back and entered all spheres of public administrations at all governance levels in the European Union, in Croatia as well.

The purpose of this paper is to question the applicability of entrepreneurial strategic planning approaches in public administration practices. The trend of new public management as part of public sector economics has released its roots into public administrations worldwide. However, it is questioned, if by legislation foreseen procedure of strategic planning influences the improvement of the way how public administrations operate? Is performance improved? Is spending more rational? Are actions more accountable? And finally, is the State better managed? These questions are beyond political-economic discourse about the role of government and market. They aim at better public service provision and to create favourable conditions for economic growth and development.

The main results of this research will be reflected in findings about strategic planning as a new approach within Croatian regional development policy and the budgetary process. Theoretical and practical progress is presented and critically discussed, and questions for further research and policy recommendations are proposed.

Key words: Public policy, strategic planning, governance, regional development, budgetary planning

JEL: H61 (Budget Systems), H83 (Public Administration), P11 (Capitalist Planning, Coordination and Reform), R58 (Regional Development Planning and Policy)

1. Introduction

Strategic planning as an approach, tool, philosophy or way of thinking and doing, as a subject and object of scientific inquiry, consultancy and policy practice, had its highs and lows since in the past 50 years. It is natural to think of large successful corporations to have “a strategy” to conquer the global markets and survive national, regional and world crises, or survive temporary drops in demand due to new trends in the market. Even small start-up firms are asked about their business plan actually a strategy on how to survive the first few years with a new business idea and persuade potential partners about the seriousness of the endeavour. On the contrary, how many firms are on the market without having a clear strategy? Some of them survive for a longer time, some do not. Often, as an example of first attempts to introduce overall strategic planning in the public administration the efforts of the US Government in the 1950ties are mentioned. At that time, they unsuccessfully experimented with obligatory strategic planning in the public sector and the idea to link it to the budgetary process. They called it the *planning, programming and budgeting system* or popularly *PPBS*. In the 1990ties the *new public management* approach reintroduced strategic planning in the public sector. This happened firstly in the United States and the United Kingdom public administrations, causing many problems among public servants reluctant to change or to rationalize their own work. (Bryson and Roering, 1987, Mintzberg, 1994, Joyce, 1999)

Many countries have a national strategic planning frameworks incorporated in their legislation and experiences differ. However, it can be questioned, if overall planning on all levels of government enables better governance including vertical and horizontal policy coordination? (Sumpor, 2009) Further, do by legislation foreseen procedures of strategic planning influence the improvement of the way how public administrations operate? Is performance improved? Is spending more rational? Are actions more accountable? In theory, this is the intention of the modern strategic planning approaches, which are based on certain principles regularly promoted by the development organisations and banks, as well as the European Union.

In this paper we will reflect on the strategic planning practice embedded in the European Union (EU) public administrations and experiences from Croatia during the past decade. Overall, the results from this process are mixed showing significant advancement in practice, but still a lot of work to be done ahead. As institutions mature, practices develop and enable people to become more efficient, indirectly improving the public administration system. In this sense, strategic planning and participatory approaches do contribute to a better functioning of the State. In the longer term, positive effects should become visible in the entire economy.

2. Strategic Planning and Programming in the EU and US

During the past 20 years, with the accumulation of European bureaucracy in Brussels, strategic planning became the key approach for structural funds management. The EU Cohesion Policy and Structural Funds mechanisms are entirely based on the policy life cycle incorporating adapted strategic planning approaches developed to a large extent by international development organisations in the 1980-90ties. One of the dominant tools used for programming and project planning and management is the logical approach using various quantitative and qualitative analytical tools, among which the “logframe matrix” might be one of the most popular or despised. The standard strategic planning approach, elaborated in the EC project cycle management guidelines (CEC, 2004), applicable for operational

programming and elaboration of strategic documents as well, is process oriented and encompasses several phases. A commonly referred to public sector strategic planning and management concept is *the public policy life cycle* presented as a circle, but could also be drawn as a spiral (upwards if trends are positive) with the following obligatory elements:

- *identification* of needs and problems or the analysis phase
- *formulation* of strategic objectives, priorities and measures, as well as action plans,
- *contracting and financing* (budgetary planning)
- *implementation* of action plans and monitoring
- *evaluation* (ex-ante, interim and ex-post)

EU programming is formally based on official guidelines to be followed by all member states, such as the Community Strategic Guidelines on Cohesion 2007-2013 (CEU, 2006). The strategic planning process for all member states is predefined by this document and gives methodological guidelines on the content of the planning documents – e.g. the National strategic reference frameworks and operational programmes. For the new programming period, the required documents slightly change, but emphasis is even more on strategic planning than before. (CEC, 2011)

The entire EU and national planning frameworks obligatory for all member states have the intention to better manage development in the Union. The fact that it does not entirely function became clear on the examples given by the Cohesion countries Greece, Portugal, Spain and Ireland. But would it be a reason to abolish planning? Not necessarily. And as long as they use structural funds, programmes and plans have to be produced in accordance with the directives and recommendations of the European Commission. These questions are beyond political-economic discourse about the role of government and market. They aim at better public service provision and to create favourable conditions for economic growth and development. Clearly, they are about good governance including political principle such as - openness, participation, accountability, effectiveness and coherence. (CEC, 2001)

Interesting recommendations from a study on strategic planning in the US based on results from the “best-in class” organizations (Placet and Branch, 2002) are listed below:

- *Values* - Rely on core organizational values (guiding principles) to drive the organization
- *Ownership* - Have senior leaders who “own” their strategic planning processes
- *Methodology* - Employ a consistent, well-understood, and structured planning process across all levels of the organization (this does not have to be cumbersome and highly routinized)
- *Communication* - Use effective internal communication to link planning to practice
- *Client focus* - Have a sense of urgency about customer/client focus
- *Process* - See planning as a continuous process, and think the process is more important than the product
- *Commitment* - Recognize that the commitment of their people to an organizational ideal is a necessary ingredient of success
- *Performance and Accountability* - Tie performance measurement to incentives and compensation and require accountability for results
- *Culture* - Understand that customer-driven strategic planning is linked to culture change.

Placet and Branch (2002) stressed that these findings may help government agencies develop more effective strategic planning processes focused on better service to their customers. In this sense strategic planning has again a strong entrepreneurial note with focus on customer or client satisfaction. This in turn should also be the main focus of the public services.

3. Parallel Processes of Strategic Planning in the Croatian Public Sector

Does the Republic of Croatia has “a Strategy”? Yes, but many, not only “the Strategy” so often looked for by critics of the political establishments. In the year 2000 a huge strategic planning process was initiated called “Strategy 21” with the intention to answer the public calls on Croatia needing “a Strategy” to know where to go forward. It was a pitfall again. Many pages of documentation were produced by working groups of experts from science and practice for the various development sectors. Large piles of analytical documentation bound into documents bearing the names “Strategy of this and that”. Unfortunately, this was a waste of time and money again without implementable policies and plans. No clear methodology might have been a reason at that time. Hundreds of strategic documents were produced during the lifetime of the young Croatian State, adopted at the levels of ministries, the Government and Parliament. Their implementation is sometimes followed up by obligatory annual reports, but often not. Results or impacts are not measured. Without a predefined monitoring system based on a clear indicator system it is not possible to measure results. This, however, does not mean that nothing gets done or nothing is being achieved ever, if working is not in accordance with a plan. Usually, a lot of results are achieved, even reported about, but not in relation to the agreed objectives of a formally adopted strategy. This is what is meant by lack of transparency and political accountability or commonly referred to as the inexistence of a monitoring and evaluation system.

3.1 Strategic Planning within the Regional Development Policy Framework

The establishment of a modern national regional policy framework in Croatia was a long process that took almost a decade. Regional policy during the 1990ties was rather focussed on the reconstruction of the country than on more balanced development of its regions. Another inherited regional development policy is related to enduring budgetary support to less fortunate localities lagging severely behind the most advanced towns and municipalities. Proactive development policy with a more regional focus, based on a clear analysis of own potentials and opportunities, requires on the contrary a cultural shift towards a more active community less focussed on top down funding support. With the turn of the century and the decision of Croatia to apply for EU membership opened up the EU pre-accession funding sources for the first regional development projects. Within these CARDS funded projects, a number of regional operational programmes based on EU programming principles were elaborated by EU consultants in cooperation with the local partners during the period 2001-2003 for the Zadar, Šibenik-Knin, Vukovar-Srijem and Sisak-Moslavina Counties. First partnership based strategic planning experiences were gained on the level of counties. Another four programmes were elaborated in the same manner. The know-how transferred to the Croatian counties derived from EU programming experiences in the 1990ties. Meanwhile, new programming guidelines on EU level for the period 2000-2006 were in place that differed from the earlier programming methodology. So the programmes were adapted to these changes and were named Regional operational programmes (ROP). However, the counties as such did not comply with the definition of regions on EU level, being in fact much smaller entities. Following these processes, some of the remaining 13 counties engaged as well in the regional development programming process, with or without external support. These processes were initiated by the EU and implemented on county level with the consent of the respective line ministry in charge of regional development. (Sumpor, 2007, Sumpor 2009)

In parallel, on national level in the Ministry in charge of regional development¹ and with the support of another group of EU consultants paid by the CARDS programme the strategic planning process of the national regional development strategy was initiated. Part of the process was also to formalize regional policy with an adequate legal framework including a Act and the accompanying Regulations. The elaboration process started in 2003. The elaboration process was facilitated by international and national experts, with partner consultations, working groups, accompanied by an ongoing ex-ante evaluation process, and in close cooperation with the Ministry's staff, a draft National regional development strategy was finalized and presented to the public by the Minister in charge in autumn 2005. (Sumpor, 2007) The next step was supposed to be the formal adoption of the strategy and Act by the government and parliament. However, instead of this step, another EU funded project engaged new EU experts to work on regional policy together with the Ministry. The reasons were not only political, but included also the need to adapt the content of those documents with the new EU programming guidelines for the period 2007-2013. To refresh the content of the strategy to research studies were contracted to the national academic community that produced a study on regional development priorities and another study analysing effects of the old regional development legislation comprised by policies referring to war torn areas or areas of special state concern, islands and mountain areas. Finally, the Act on Regional Development was adopted by the Parliament at the end of 2009, a few months later in spring 2010 the Regulation on the content and elaboration methodology of county development strategies and the Strategy for Regional Development of the Republic of Croatia was adopted in May 2010. Thereafter, all 21 counties in the Republic of Croatia are obliged to elaborate County Development Strategies (CDS) according to the prescribed methodology (Regulation). The first CDS for the period 2011-2013 are all elaborated and its compliance with the legal and methodological documents was systematically assessed by the Ministry. The first conclusions on the elaboration process in all counties in Croatia will become a part of the annual report of the Ministry to the Government in spring 2012.

3.2 Strategic Planning as a Condition for Better Budgetary Planning

A first attempt to introduce budgetary planning based on programmes inspired by the American PPBS approach promoted by consultants working at the Ministry of finance at that time entered the previous Budget Act adopted in 2003. However, no implementation guidelines or effective training followed. Political awareness of the process and understanding the programming requirements were lacking. The Ministry of Science, Sports and Technology accepted to be a pilot in this project of introducing PPBS, since the Deputy Minister actually is a researcher in this field and comes from the scientific community. More than a pilot project was never achieved in terms of introducing a system of strategic planning.

An big step forward in the initiation of a “quiet public sector reform” for the Croatian public administration has been triggered by the adoption of the Budget Act in 2008 with the formal requirement that all budgetary users on national level (at that time 65 institutions including ministries and bodies of State administration) had to produce strategic plans prior to engaging in the budgetary planning process. This condition was also one of the benchmarks within the negotiation process of Croatia's accession to the EU. Besides the official requirement in the

¹ During the entire elaboration period of the national regional development strategy, the ministry responsible for regional development changed its names several times – from the Ministry for public works, reconstruction and construction; Ministry of sea, transport, tourism and development; then the Ministry of regional development, forestry and water management. Since 2012, Croatia has again a new ministry called the Ministry of regional development and EU funds.

Budget Act, a methodological guideline prepared by the Ministry of finance supported by external consultants was put on their internet website to be followed by all budgetary users. In spring 2009, with the support of a Danish funded project, managed by the British Council and with the Ministry of finance being an active partner, a training of trainers programme on strategic planning was conducted for the partner institution officials. A few days later these officials presented with the Minister the Guidelines on the strategic planning methodology to all ministers in a Government meeting. The same day, another short training was organised for all state secretaries. In this way political momentum of the process was created. Within three weeks the training experts and the Ministries' officials jointly organised and conducted a series of trainings for all public officials that got initially the task to produce a strategy for their institution. At the end of this period, each of the 65 institutions had to internally adopt, right up to the political level, and forward their official Strategy to the Ministry of finance. Together with the Government office for strategy and coordination of EU funds, all these individual strategic plans represented a basis for the compilation and integration of national development objectives within one document called "Strategy of the Government's Programmes".

Another fiscal policy initiative relates to the *Act on fiscal accountability (OG 139/2010)* that came into force in January 2012. It includes the reporting requirement in relation to the adopted strategic documents. This is a mandatory requirement for all levels of governance – from national to local levels.

3.3 Two Strategic Planning Methodologies and the Elaboration Processes

As explained above, to conceptually very similar strategic planning methodologies were developed in parallel and adopted by the Croatian Government. However, the main difference is related to the period of time invested in their generation. The regional development policy approach was more evolutionary, took almost a decade and was tested through a number of regional planning attempts. While the budgetary strategic planning approach was more revolutionary, a standard top down decision with a very brief timeframe of several weeks for the involved institutions. A comparison of the two methodological approaches is presented below in Table 1:

Table 1. Comparison of Strategic Planning Frameworks and Terminology in Croatia

	NATIONAL DEVELOPMENT POLICY - FISCAL POLICY	REGIONAL DEVELOPMENT POLICY
A. Legal and Administrative Aspects		
Responsible Institution	<u>Ministry of Finance</u> (together with former Government office for development strategy and coordination of EU funds)	<u>Ministry of Regional Development and EU funds</u> (former Ministry of regional development, forestry and water management)
Type of document	<u>Strategic Plan</u> : document containing vision, strategic objectives/goals, mode/modality of achievement/realisation of objectives (planning acts/official documents), measures of estimation of results and system of monitoring of results achievement	<u>County Development Strategy</u> : planning document of regional development policy, that determines strategic objectives/goals and priorities of sustainable socio-economic development of regional unit of self-government (county). Strategic objectives/goals and priorities in County Development Strategies have to be in compliance with those set out in Strategy

	NATIONAL DEVELOPMENT POLICY - FISCAL POLICY	REGIONAL DEVELOPMENT POLICY
		of Regional Development of the Republic of Croatia and other county planning documents.
Target	POLICY EFFICIENCY: <ul style="list-style-type: none"> - Focus on internal development of the Institution - Encompasses respective policies/sectors for which the Institution is responsible; e.g. some ministries cover more sectors such as maritime affairs, transport and infrastructure - Enables horizontal policy integration and coordination 	POLICY EFFECTIVENESS: <ul style="list-style-type: none"> - Planning framework for the integration of different public policies on regional level, i.e. the Croatian counties - Enables horizontal (sectoral) and vertical (intergovernmental) policy integration and coordination
Governance level	National - obligatory for budgetary users – i.e. ministries and other state bodies	Regional - obligatory for counties (regional self-government) and the City of Zagreb
Regulatory basis	Budget Act (OG 87/2008) Act on organizational structure and scope of work of ministries and other central bodies of state administration (OG, 150/11) (Zakon o ustrojstvu i djelokrugu ministarstava i drugih središnjih tijela državne uprave) <u>The Guidelines for Elaboration of Strategic Plans for 2012-2014</u> ²	Act on Regional Development of the Republic of Croatia (OG 156/2009) <u>The Regulation on mandatory content, elaboration methodology and ex-ante evaluation procedure of county development strategies (OG 53/2010)</u> (Pravilnik o obveznom sadržaju, metodologiji izrade i načinu vrednovanja županijskih razvojnih strategija)
B. Planning principles		
Partnership principle and consultations	Not mandatory, recommended during trainings	Mandatory; Partnership is a body established to actively participate in the elaboration process of the strategy in all phases, later it is responsible for the project selection process and monitoring of the implementation of the strategy Based on following principles: consensus, equality, transparency
C. Obligatory Elements of the Document		
Analysis	Detailed description of mandatory contents provided in earlier version of the Instructions/Guideline (2010-2012), incl. SWOT analysis	Detailed description of mandatory contents provided in Regulations, incl. SWOT analysis
Vision	Vision presumes/assumes an image/picture of ideal future.	Vision contains description of imagined overall future achievement in development of a county. Vision of the county development is a brief and clear idea on desired and anticipated achievement of county development. It is based on results of basic analysis, SWOT analysis, development trends in closer and broader environment and ideas on future of the county. Strategic objectives/goals and priorities are derived from vision.

² Available at:

<http://www.mfin.hr/adminmax/docs/Uputa%20za%20izradu%20strateskih%20planova%20za%20razdoblje%202012.%20-%202014..pdf>

	NATIONAL DEVELOPMENT POLICY - FISCAL POLICY	REGIONAL DEVELOPMENT POLICY
Mission	Mission describes a mode/modality that obliged institution intends to use in order to contribute to vision accomplishment/realisation	Not applicable as it is not for institution
Values	Not requested	Not requested
Overall objective/s (general or high level)	<u>Overall objective/s</u> as statements on desired state at the end of specific period or as general directions in which the obliged institution will undertake implementing activities. They are adopted at the highest level of the ministry, i.e. other state body. General objectives/goals determine clear direction of movements and acting of obliged institution, whereby attaining each of them will lead to accomplishment of vision and mission.	<u>Strategic objectives</u> contain consistent and brief description of intended outcomes with clearly expressed/emphasised/underlined and measurable achievements deriving from vision. Described in detail and in compliance with the objectives/goals of the Strategy of Regional Development of the Republic of Croatia and statistical regions.
Objectives (more concrete, specific or mid level)	<u>Specific objectives</u> are expected results as a consequence of a series/row of specific activities directed to achievement/accomplishment of a particular general objective. They are elaborated more in detail, have a shorter implementation period and it helps in defining of their mode/modality of achievement/realisation/accomplishment. Thus specific objectives/goals derive from general objective/goal, indicate/imply priority in allocation of resources and what the obliged institution wants to achieve.	<u>Priorities</u> derive from vision and further elaborate strategic objectives/goals. Priorities of county development contain elaboration of strategic goals and must logically derive from vision and strategic objectives/goals. They have to specify and affirm/ascertain/define/determine/ensure all components of strategic objectives/goals.
Operational level	Modality of realisation (orig. "Načini ostvarenja") includes a set of activities that lead to achievement of a specific objective. They indicate how something will be achieved.	<u>Measures</u> are interventions and activities in a particular sector/field and they represent a framework for preparation and elaboration of concrete development projects. They derive from priorities and strategic objectives and create a hierarchical structure. A measure is not a project, but at a later stage it is expected that it will turn into one or more projects. It is a basis for identification, prioritization and selection of development projects. Description and content of a measure includes indicators for monitoring results and development impacts. It has to be in compliance with objectives of other documents.
<i>C. continued – Implementation</i>		
Activities	Activity is a part of a programme for which duration period is not determined in advance, but in which expenditures and costs for achievement of objectives set out in programmes, are planned. Programme is a set of independent, closely related activities and projects aimed at fulfilment of a joint objective (Budget Act)	<u>Action plan</u> with defined content: objectives, activities, time, responsibilities, relations and priorities between activities, costs, funding sources, modes of plan realisation and indicators, control mechanisms for implementation.

	NATIONAL DEVELOPMENT POLICY - FISCAL POLICY	REGIONAL DEVELOPMENT POLICY
Risks	Risks - determined as a possibility of occurrence of an event that can adversely affect the achievement of objectives. Special chapter on risks including all relevant information is provided in the Guidelines.	
Indicators	For Specific objectives - Indicators provide information about efficiency, long-term results and socio-economic changes that are achieved through realisation of specific objectives. For each specific objective one outcome indicator is defined.	For modality of realisation - Output indicators have to directly measure success of a single modality of realisation. They should aim at results of activities (outputs), planned to be achieved. Output indicators refer to produced goods and services created through various activities and are set at the level of the modality of realisation. Each modality of realisation is linked to between 1-3 output indicators.
Budget	Information and description of how to link strategic plan and the budget is provided including an exemplary table. All elements of the strategy have to be clearly linked to budget lines with numerical references.	Funding sources have to be indicated. As the document encompasses a region with multiple jurisdictions, sources differ. No examples are provided.
Monitoring, Audit and Evaluation	There is a well established and IT supported monitoring system focussed on correct modes of budgetary spending. Developed audit mechanisms function.	The establishment of an IT system for monitoring purposes is indicated and the Partnership is also a responsible body. Only ex-ante evaluation is mandatory.
D. Attachments		
Consultation process	Not required	Required documentation of the process, but not explained in the Regulation on Methodology
Ex-ante evaluation report	Not required	Required, criteria indicated in the Regulation on Methodology
Communication strategy	Not required	Required, but not explained in the Regulation on Methodology. The Ministry's Communication Strategy serves as an example, incl. Action plan.

Source: Prepared by authors.

Two ministries are in charge of important strategic planning processes – the Ministry of Finance (MF) that provides the regulatory framework for strategic planning at the national level and the Ministry of Regional Development and EU funds (MRDEUF) that provides the framework for development planning process at the county or regional level. At the same time, MRDEUF has to prepare its own „institutional“, strategic plan in compliance with the Guidelines of the MF, while giving methodological instructions to the counties with the Regulation on mandatory content, elaboration methodology and ex-ante evaluation procedure of county development strategies (CDS). These two processes, as expected, have a lot in common, however with room to harmonise terminology and methodological information. In Table 1 main elements and definitions as provided in the Guidelines and Regulation are given. Earlier versions of the MF Guidelines included information on content of analysis and main components, while the last version does not. Though, information provided in the two versions of the Guidelines should be provided as one complete document to serve better the readers who have not been previously involved in the process. The Regulation has well elaborated parts that refer to analysis including all necessary elements. Experiences show that this significantly helped users in collecting and analysing data for CDS. Strategic planning methodology used by the MRDEUF is entirely based on EU programming principle. Interestingly, terminologically priorities are differently understood – the MF requests prioritization of specific objectives referring to the hierarchical importance for financing, while the MRDEUF has the priority axis on the specific objective level, not requiring a hierarchy of importance but refers to grouping measures by content on the level of objectives. Both documents contain a similar definition of vision. Only the MoF document requires a formulation of a mission. This is due to different aims of the documents – MF’s strategic plans aim at the institution, while the CDS refer to territories and integrated public policies. This is the main reason, why a CDS cannot have a mission. Certain confusion in the strategic planning practice is introduced with a description referring to the modality of realisation, which might be traced back to the American strategic planning literature referring to strategy as a way or modality of doing something. In Croatia the word strategy is often used to refer to a blue print, or even the clarity of political leadership in development direction.

For budgetary reasons it is important to emphasise as indicated in the Regulation that a measure itself is not a project, however at a later stage it is expected that it will turn into one or more projects and it is a basis for identification, prioritization and selection of development projects. Therefore, here the link to the budget can and should be created in the future. Definitions of activity, programme, plan of development projects and project are given in the context of the budgetary terminology and they are included in the Budget Act. In the Regulation, projects are subordinated to measures and can be observed as an equivalent to the level of activities, those indicated in the Budget Act. The Guidelines provide definitions of indicators at the level of Specific objective (i.e. outcome indicator) and modality of realisation (i.e. output indicator). But outcome in Croatian translation corresponds more to impact and may potentially lead to confusion, as impact indicators refer to a longer period and can be a composite indicators. In the Regulation, indicators are not defined, but are expected for measures including monitoring results and development impacts.

Based on experience and feedback from users, the MF Guidelines have evolved through time. The latest version provided some novelties worth to mention:

- A chapter on Risks includes explanations for introduction of risks in strategic plans, its definition, categorization, approximate calculation and other relevant and useful information;

- More detailed information on indicators, including definition and clear instruction how to identify them at different levels;
- Monitoring and reporting system is considerably improved through years – dynamics, mechanisms and responsible persons are determined, a form with detailed instructions; reports are prepared at the level of specific objectives and modalities of realisation;
- Explanation of linkage between strategic plan and the budget underpinned by a table in which all elements are juxtaposed and logically connected;
- MF strives to maintain simplicity and adequacy of writing style adapted to a wider audience, when obligatory parties prepare their strategic plans. For easier handling and to avoid long text documents with numerous pages, instructions on technical requirements are very strict and formatting features should be applied in all cases. Documents harmonised in this manner are easier to manage;
- The Guidelines clearly set out the structure of working groups, role of coordinator, communication channels between the MF and coordinator, and deadlines;
- Responsibilities and transparent functioning - at the level of specific objectives and modality of realisation, names of institutions and persons are stated, responsible person(s) for monitoring. Formerly, representatives of finance departments were predominantly involved in the budgetary process, while through these changes there is an intention to bring top public managers into the process ensuring smooth preparation and implementation of strategic plans;
- Inclusion of the executive level (ministers, deputy and assistant ministers and other managerial staff) has become more than a formal requirement and gradually reflects change of mindsets and philosophy or culture.

4. Conclusions and Recommendations

There is still a missing link between the elaborated strategies and the budgets of the public sector institutions, especially on regional and local levels. It is not about the legal obligation and formal use of the proposed or imposed strategic planning methodologies. It is rather about the “areas in between” the formal steps and procedures that are created and made up by people i.e. the stakeholders and their true understanding and knowledge of the development process in which they entered by legal default or free will. It is also about the informal institutions and culture that change slowly, such as traditions, habits, social norms and values. If they are not articulated through the process contributing to the quality of the agreed outputs and objectives, no mechanical planning approach can enter the possible risks into the action plans and matrices.

Recommendations on how to deal with strategic planning in the future are:

- A strategic plan is an instrument for organised management of many complex and intertwined issues or policies and an important basis informed decision making. As long as strategies are viewed as documents, they will hardly become process based management instruments. If persons engaged in management, such as politicians, do not have experience in managing large systems, they will probably be not aware of this tool and all the advantages it gives. It requires though also strategic thinking
- Politicians on executive positions have to learn how the practical work of public administration functions in order to be able to better manage such systems
- Education in strategic planning and management, organisation and leadership, soft skills for all managerial levels in the public administration
- Clearer understanding of flexible planning and adaptive management

- Only the science and practice of evaluation can give answers about the efficiency of the public administration in the implementation of public policies (to reach objectives at the least cost) and about the effectiveness of what public servants do when implementing policy. However, in this endeavour they are not alone. Politicians are their executives telling what and when to do, while partners from the private and civil society sector and the citizens as the final beneficiaries also have a stake in the process. This makes policy making and implementation more and more complex and time consuming having a direct influence on the earlier mentioned efficiency.

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