

MINISTRY OF FINANCE

**INSTRUCTIONS FOR PREPARING STRATEGIC PLANS
FOR THE PERIOD FROM 2011 - 2013**

Zagreb, March 24th, 2010

CONTENT

- 1. INTRODUCTION..... 3**
- 2. USERS AND DUE DATES..... 3**
- 3. OVERVIEW OF THE STRATEGIC PLANNING PROCESS 5**
- 4. STRATEGIC PLAN..... 7**
 - 4.1. User Introduction..... 7
 - 4.2. Vision and Mission 7
 - 4.3. General Goal..... 8
 - 4.4. Specific Goal 8
- 5. METHODS FOR ACHIEVING ESTABLISHED GOALS 11**
- 6. PERFORMANCE INDICATORS 13**
- 7. MONITORING AND REPORTING SYSTEM 14**
 - 7.1. Internal Monitoring and Reporting 15
 - 7.2. Reporting to the Ministry of Finance..... 15
- 8. CONNECTING THE STRATEGIC PLAN WITH THE BUDGET 18**
- 9. TECHNICAL CHARACTERISTICS OF A STRATEGIC PLAN..... 19**
- 10. ANNEXES 194**

1. INTRODUCTION

The process of preparing three-year strategic plans began in 2009 in accordance with Articles 22, 23 and 24 of the Budget Law (Official Gazette, No. 87/08). First strategic plans were prepared for the period from 2010 to 2012 and, based on those, Strategy of Government Programs was created for the period from 2010 to 2012 and was consequently adopted on September 10th, 2009.

In order to guide the first level budgetary users through the process of preparing their first strategic plans, the Instructions for Preparing Strategic Plans for the period from 2010 to 2012 were created. They can be found at <http://www.mfin.hr/hr/stratesko-planiranje>.

Also, the Ministry of Finance has created Instructions for the second cycle of strategic planning for the period from 2011 to 2013. They provide a uniform and even access to the process of preparing strategic plans to all first level budgetary users. The users have to update their current strategic plans according to the Instructions.

For the purpose of making the new Instructions easier to read and to make them simpler, parts that were important for the preparation of the first strategic plans and those that would not change significantly this year were omitted.

Instructions for Preparing Strategic Plans for the Period from 2011 to 2013 bring certain changes in comparison to the methodology that was used the previous year. Strategic plans for the period from 2011 to 2013 will be completely connected with the budget and their implementation will have to be measured and monitored.

As it was emphasized in the previous cycle, strategic plans do not represent a substitute for the current strategic documents and planning acts. They create a connection between the current strategic documents and the budget.

They are prepared based on the adopted strategies and other long term development documents in a way that takes into consideration the established goals as well as changes in the environment (such as decreased financing capabilities, different priorities, start of utilization of the European Union funds and similar).

In case of a need, changes and addendums to previously adopted strategic documents and planning acts can be proposed on the basis of three-year strategic plans.

2. USERS AND DUE DATES

In accordance with Article 23 of the Budget Law (Official Gazette, No. 87/08) strategic plans for a three-year period are prepared by ministries and other state bodies that are first level budgetary users (referred to throughout text as “users”).

Creation of a new organizational classification proposal started in 2009. It was used to prepare the State Budget for the period from 2010 to 2012. By making changes to

the organizational classification, the number of first level budgetary users was reduced from 53 to 45.

Eight state bodies that, prior to 2010, had the status of first level budgetary users became, according to jurisdictions defined by the law, second level budgetary users within other first level budgetary users (ministries). Namely, according to the best practice of the European Union and SIGMA recommendations (joint aid initiative of the OECD and the European Union for developing countries), it was necessary to strengthen the roles of ministries as coordinators of government policies.

Former first level budgetary users are obligated to participate in the preparation of the strategic plans for the period from 2011 to 2013 of the first level budgetary users that they currently belong to. This work method has been used for the preparation of explanations of financial plans for the period from 2010 to 2012.

State bodies that are directly responsible to the Croatian Parliament or to the President of the Republic of Croatia are also obligated to prepare strategic plans for the period from 2011 to 2013 that will serve as the foundation for the creation of their financial plans for the same period.

However, the strategic plans of these bodies, in comparison to the plans of the state bodies who report to the Government of the Republic of Croatia, will not be a part of the Strategy of Government Programs.

Below is a list of due dates for specific activities associated with the creation of strategic plans and those who carry them out.

DUE DATE	ACTIVITY CARRIER	ACTIVITY
March 29th	Ministry of Finance	Prepares instructions regarding how to create strategic plans for a three-year period and delivers it to ministries and other state bodies that are first level organizational classification
March 29th	Ministry of Finance in cooperation with the Embassy of the Kingdom of Denmark	Presents new Instructions and the second cycle of strategic plan creation for the period from 2011 to 2013 to all officials
March 31st	Ministry of Finance	Two half-day workshops for users regarding the public policy basics, presentation of methodologies of the new instructions and introduction of current situation analysis
April 1st	Ministry of Finance	Two one-day workshops for users regarding current situation analysis and performance indicators + answers to all other open questions and short preparation for the next workshop
April 8th	Ministry of Finance	Two one-day workshops for users regarding how to connect the strategic plan with the budget + answers to all other open questions and short preparation for the next workshop

April 16th	Ministry of Finance	Two one-day workshops regarding the organization, monitoring and evaluation of the strategic plan implementation
April 19th and beyond	Ministry of Finance	Individual workshops and consultations with representatives from ministries/other state bodies
May 19th	users	Deliver completed strategic plans to the Ministry of Finance

3. OVERVIEW OF THE STRATEGIC PLANNING PROCESS

Strategic planning is a systematic method used to make fundamental decisions, to determine the direction of work and to implement actions that focus the users on the future. Established goals and work methods focus users on their future vision. Strategic planning is a process that demands continual monitoring of the progress by comparing it to the established goals.

The backbone of strategic planning are strategic plans that the users prepare for a three-year period.

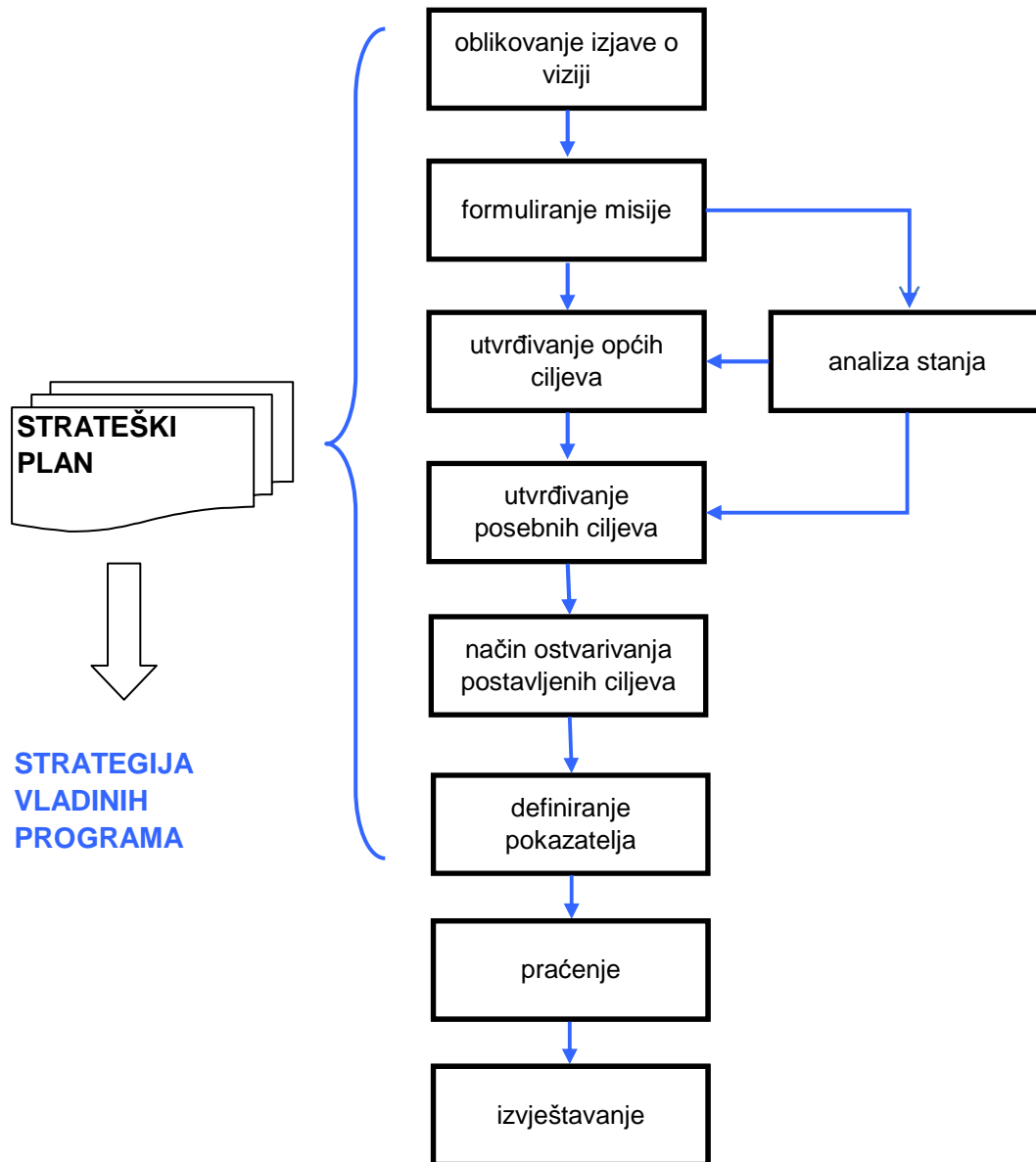
Strategic plan is a document whose goal is to make fundamental decisions and to establish key activities. The implementation of those activities will answer the following questions: who are we, what do we do and why? What do we want to be and what do we want to do in the future? How will we achieve this?

In order to answer those questions, the strategic plans cover:

1. User work scope
2. Vision
3. Mission
4. General goal(s)
5. Specific goals
6. Methods for achieving specific goals
7. Performance indicators

In addition to strategic plans, the strategic planning process also covers the system that monitors and reports the implementation of strategic goals and the creation of Strategy of Government Programs for a three-year period.

Diagram overview of the strategic planning process:



*

*Translation of the diagram

Left column: STRATEGIC PLAN, STRATEGY OF GOVERNMENT PROGRAMS

Middle column: shaping of the vision statement, mission formulation, establishment of general goals, establishment of specific goals, methods for achieving the established goals, defining indicators, monitoring, reporting

Right column: current situation analysis

The user begins the strategic planning process by establishing the strategic framework or by shaping the vision and mission statements, and by defining the strategic goals. First they determine the general goal and then the specific goals and methods for achieving them.

The next step of the strategic planning process is defining performance indicators that enable them to monitor and measure how successfully they achieve the

established goals. The monitoring process is continually conducted throughout the period that the strategic plan was prepared for and it is used to determine if the established goals have been achieved and to what extent.

The last phase of the process is reporting about the strategic plan implementation.

Considering that last year was the first year that users had to prepare strategic plans for a three-year period, it was important to define the strategic plan framework – the vision and the mission with its key elements – general and specific goals. Performance indicators, the monitoring and the reporting system were rated second on the list of priorities.

Strategic plan analysis for the period from 2010 to 2012 showed that this cycle of strategic plan creation had to begin with the analysis of the current situation.

Analysis of the situation will help the user recognize their own potentials or help them define their advantages and shortfalls. It also helps them to realistically determine whether the specific goals or methods used for their realization are properly defined or if additional work is needed. Based on the data gathered by analyzing the situation, the users, when they provide explanations of the specific goals and methods for achieving them, describe the current situation, quantify it with numerical indicators and emphasize what they intend to achieve in the upcoming period.

Also, when preparing the strategic plan it is necessary to take a serious approach to the establishment of performance indicators because they are the basis for establishing a system that will monitor whether the set goals were achieved. They also ensure that information is provided for regular semi-annual and annual reporting regarding the achieved results.

4. STRATEGIC PLAN

4.1. User Introduction

In the first part of the strategic plan there has to be a short introduction about the user and their scope of work.

Due to the changes of the organizational classification, users have to revise and complete the introduction by listing all agencies, institutions and other users under their jurisdiction. They also have to contribute in the creation of the strategic plan.

4.2. Vision and Mission

Users who defined the vision and the mission statements when they were preparing the strategic plans for the period from 2010 to 2012 do not have to define them again, but they have to make changes and reformulate them as needed.

The Instructions for preparing strategic plans from 2009 provided a detailed description of the method used to shape vision and mission statements.

4.3. General Goals

General goals were defined by the strategic plan for the period from 2010 to 2012. Since they represent a clear direction of the movement and of the users work perform in a long term period, these goals should not be changed.

However, it is necessary to review and revise them as needed due to the changes in the organizational classification and changes in the environment that directly influence their realization.

4.4. Specific Goals

Specific goals are the expected results or the desired changes that are the consequence of a series of specific activities focused on achieving a certain general goal. They are more detailed than the general goal, their implementation timeframe is shorter and they help define the methods for achieving the general goal. Therefore, specific goals have to be generated by the general goal and indicate priorities during resource allocation.

When strategic plans of the users were being revised, it was noticed that certain specific goals did not specifically indicate the priority areas that the users would focus on during the next three-year period. Specific goals in most of the strategic plans are defined so that they describe the work scope of the users, and they do not reflect the solution of how to solve the problems they face. Also, it was noticed that all specific goals are not on the same strategic or operative levels.

In order to even out the levels of specific goals, they will be revised this year on the basis of situation analysis. By using the situation analysis tools (SWOT analysis, problem tree...) that were introduced last year but were not fully utilized, there is going to be an understanding of what specific goals should be revised and how. Some goals will remain unchanged or the same as they were in the last year's strategic plan.

After the specific goals have been established, they have to be described in a simple and clear manner to reflect the current situation of individual ministries and other state administration bodies.

A specific goal that is well formulated provides a clear picture of the direction the user is heading in, what their most important areas of work will be during the next three years and what concrete changes they are expecting. The general goals have a wide visible scope of work, and the specific goals exist to clearly indicate to us and to the outside observers what part of that area will be the priority in the next period.

A specific goal is, in terms of duration, shorter than the general goal and this also has to be clearly visible from its formulation. A specific goal, compared to the general, is not something that the user wishes to achieve in a shorter time period. This gives it a dimension of attainment, but also a dimension of limitation.

This year it is necessary to:

1. Check if the specific goals were properly established! (Are they connected with the general goal or the vision and the mission in a clear way? Are they articulate? What intermediate results can be achieved? Are they realistic? Can they be achieved during the next period? Can the measurement criteria be established or can their attainment be monitored? Are they specific enough in terms of the expected changes?)
2. Revise specific goals from last year (if it has been determined that it is necessary)!
3. Describe in detail specific goals according to what has been mentioned above!

When revising specific goals it is especially important to use goals from operational programs¹. This year it is imperative to connect the strategic plans and operational programs. Operational programs for 2012 and 2013 involve a high number of priorities and significant financial resources that have to be reflected in certain strategic plans and in the state budget as a whole. Certain users will have to completely change their financial plans as well as their strategic plans because in 2012 and 2013 they will receive money from EU funds that will amount to more than what they have been receiving so far from the budget. Since they have to secure also co-financing, they will have to give priority to goals from operational programs, as well as significantly decrease or abolish some goals from the strategic plans. Preparation of strategic plans for the period from 2011 to 2013 coincides with the timing dynamics of preparation of operational programs for 2012 and 2013 that have to be completed by the middle of May. Now is the right moment to connect individuals that are working on the strategic plans with those that are working on the operational programs and for them to determine goals together.

Example of a specific goal from the Ministry of Environmental Protection, Physical Planning and Construction

1. Environmental protection and efficient environment management

1.1. Efficient waste management

Inappropriate waste management is the biggest problem environmental protection in Croatia faces. Waste (including hazardous waste) that accumulates at the waste sites potentially creates the greatest damaging impact due to the possible environment and human health risks. It is recognized as the main challenge and a problem and it demands the greatest solution finding efforts from the Ministry.

This specific goal is well formulated. It is concrete which also makes it achievable. That is the reason why it is easy to determine its realization methods and performance indicators. It lacks a description of the current situation and a specification of a concrete area of functioning.

¹ Operational programs are strategic documents that responsible ministries prepare for the purpose of defining areas that will use money from the European pre-accession aid funds until 2011, and in 2012 and 2013 from the European funds. The Republic of Croatia has defined five current operational programs, and they are: Transport (the carrier is the Ministry of Sea, Transport and Infrastructure), Environment (the carrier is the Ministry of Environmental Protection, Physical Planning and Construction), Regional Competitiveness (the carrier is the Ministry of Economy, Labour and Entrepreneurship), Development of Human Potential (the carrier is the Ministry of Economy, Labour and Entrepreneurship) and Administration (the carrier is the Ministry of Administration).

Example:

The current situation regarding waste management can not be described as an integrated system since the existing official waste disposal sites are not properly equipped, the sanitary and technical conditions are not satisfactory, there is no supervision and no waste gas processing, there are no significant measures for reducing the produced waste and there is no access to correct data regarding the quantity of discarded waste. There are also XX waste sites that are not controlled (dumping grounds), as well as locations that are highly contaminated by the waste – black spots. In the next three years, establishment of centers for integrated waste management, improvement of dumping grounds and of locations that are highly contaminated by the waste – black spots, will have an impact on efficient waste management. Along with the previously listed activities, there will be an introduction of several activities associated with the strengthening of the public awareness regarding proper waste handling.

Example of a specific goal from the Ministry of Sea, Transport and Infrastructure

2. Development of electronic communications and postal services

2.1. Complete switchover to digital broadcasting of radio and television signals

Complete switchover of television signals to digital broadcasting in the Republic of Croatia will ensure that all Croatian citizens and the Croatian economy as a whole are provided with a wide range of possibilities associated with enjoying the benefits of using advanced digital radio diffusion services and technologies, especially in the area of new and innovative program contents primarily aimed at informing, as well as educating and entertaining.

This example, like the one before, presents the relationship between the general and the specific goal. That is, it is clearly visible from the given formulation that the realization of specific goal 2.1. *Complete switchover to digital broadcasting of radio and television programming* will contribute to the general goal 2. *Development of electronic communications and postal services*. The difference between the general goal that is used for impacting the wider area and between the specific goal that contributes to the realization of the general goal in a concrete manner, is also visible.

What this specific goal is missing is the description of the current situation of that area as well as the direction of work. It has to be completed accordingly.

Example:

Analogue signals are currently used in Croatia. At this time, XX households have the right preconditions to switch over to digital broadcasting while others lack the infrastructure. The national television is currently prepared to switch over to digital signal broadcasting while commercial television stations need a certain amount of time to adjust. The wish is to achieve a complete switchover to digital broadcasting in a three-year period which includes all television stations with national concessions and all regions within two years. Local television stations wish to become a part of it in a three-year period.

5. METHODS FOR ACHIEVING ESTABLISHED GOALS

Methods for achieving goals include a group of activities that lead to the realization of a specific goal. One specific goal can have one or more realization methods. While specific goals indicate what the user wishes to accomplish, the methods used to achieve it indicate how it will be realized.

Since methods for achieving goals are also generated by the specific goals when the specific goals are being revised, it is also necessary to revise their achievement methods.

After the methods for achieving goals have been established, it is necessary to describe them, beginning with an overview of the current situation to determining which method will be used to change the current situation, to what extent and scope.

The current situation has to be presented with as many numerical indicators as possible using existing strategic documents, analyses, statistical reports and other potential resources (such as the reports made by the Croatian National Bank, Ministry of Finance, Central Bureau of Statistics and similar).

When determining the method for achieving goals, the duration of those activities has to be taken into consideration. The method for achieving goals has to clearly establish activities that will be implemented in the time period covered by the strategic plan.

In a strategic plan it is necessary to indicate beside individual methods for achieving goals if they were completely or partially taken over from operational programs for individual areas.

Example of a specific goal from the Ministry of Environmental Protection, Physical Planning and Construction

1. Environmental protection and efficient environment management

1.1. Efficient waste management

Inappropriate waste management is the biggest problem environmental protection in Croatia faces. Waste (including hazardous waste) that accumulates at the waste sites potentially creates the greatest damaging impact due to the possible environment and human health risks. It is recognized as the main challenge and a problem and it demands the greatest solution finding efforts from the Ministry.

The current situation regarding waste management can not be described as an integrated system since the existing official waste disposal sites are not properly equipped, the sanitary and technical conditions are not satisfactory, there is no supervision and no waste gas processing, there are no significant measures for reducing the produced waste and there is no access to correct data regarding the quantity of discarded waste. There are also XX waste sites that are not controlled (dumping grounds), as well as locations that are highly contaminated by the waste – black spots. In the next three years, establishment of centers for integrated waste management, improvement of dumping grounds and of locations that are highly

contaminated by the waste – black spots, will have an impact on efficient waste management. Along with the previously listed activities, there will be an introduction of several activities associated with the strengthening of the public awareness regarding proper waste handling.

Methods for achieving (some of the previously mentioned problems of the specific goal)

1.1.1. Establishment of new centers for waste management

There are facilities for handling waste that are inadequate. There are Z waste disposal sites out of which, ZY do not have the necessary licences. XX waste disposal sites that do not meet the regulations, along with the lack of facilities for handling waste, create an obstacle to the establishment of a complete waste management system. W new centres that would serve as the central waste management locations will meet the requirements of the EU legislation.

Croatia inherited a large number of dumping sites that are estimated to be around XXZ out of which, Z% represent a significant pollution danger. The plan for the next three-year period is to build and improve the infrastructure from X regions to Y regions.

A portion of these activities was planned through the Operational Program for the Environment from 2007 to 2011 and through the Operational Program for the Environment from 2012 to 2013.

1.1.2. Recovery of highly polluted locations – black spots

XY locations that are highly polluted by waste – black spots, are the result of a long period of inappropriate industrial (technological) waste management. The waste (mostly hazardous) was discarded into natural crevasses, excavations and other inappropriate locations. Those locations represent a danger to the environment and to human health. There are T such locations in the Republic of Croatia.

In the next three-year period, Q such locations where recovery has been prioritised, have been identified. Clean up activities of these locations involve more appropriate handling of waste.

1.1.3. Strengthening public awareness and involving the public

The Ministry is involved in several activities associated with strengthening public awareness regarding the proper handling of waste. X% of those activities are related to advertising in the media (television, radio, ads in various publications), XY% is related to the creation and distribution of advertising materials (brochures, flyers, bulletins etc.). The other Q% of previously mentioned activities relate to various seminars, trainings and workshops that are conducted throughout the entire territory of the Republic of Croatia. In the next three-year period, there will be an increase of the percentage of activities related to advertising in the media because it has been noted that this type of activity reaches the largest number of people in a short period of time.

At this time, the Ministry is cooperating with V associations and F non-governmental organizations. For the purpose of involving the public in the decision making process

during the next period, the Ministry will cooperate with VY associations and FY non-governmental organizations.

6. PERFORMANCE INDICATORS

Performance indicators can be objectively measured and they are concrete signs that something was done. They have to be defined in a manner that makes it possible to monitor the realization of implemented activities.

When performance indicators are being defined in a strategic plan, two types of indicators are being used: result indicators (output) and impact indicators (outcome).

Result indicators (output) relate to the produced goods and services realized through various activities. In a strategic plan, these indicators are established on the level of realization methods oriented towards the production or to the provision of a certain service, or towards a concrete result. Every realization method has to be connected with at least one, and a maximum of three output results.

Since this type of indicator does not provide information about effectiveness, long term goals, social and economic changes achieved through the realization of specific goals, it is necessary to use impact indicators. Impact indicators are established on the level of specific goals. For each specific goal, one impact indicator (outcome) must be determined.

Example:

Result indicator (output) is the number of filters installed on industrial production lines, and the impact indicator (outcome) is the percentage of the area of the Republic of Croatia with category I air quality.

Increasing the number of filters on the industrial production lines does not necessarily lead to an increase of percentage of the area of the Republic Croatia with category I air quality because filters are not the only thing that influences the quality of air. The final goal is to find out through outcome monitoring whether the chosen methods of realization contribute to the realization of the goal and to what extent.

Quality performance indicators have to be:

- Specific – truly measure what needs to be measured,
- Measurable – in terms of quality and/or quantity,
- Accessible – in the framework of acceptable expenditures,
- Relevant – in relation to the defined goal and
- Timely – defined specific goals or activities established through realization methods have to be achieved within a certain time period

Therefore, the main characteristic of performance indicators is measurability as they have to be numerically shown or clearly and unambiguously expressed. They will enable the user to monitor and to report the progress and the realization of the given methods of realization of specific goals.

Indicators have to be numerically shown using existing strategic documents, analysis, statistical reports and other potential sources (such as the reports by the Croatian National Bank, Ministry of Finance, Central Bureau of Statistics etc.).

For the needs of internal monitoring of activity execution, the user can define several indicators. However, in a strategic plan only three key result indicators (output) can be chosen for every realization method and one impact indicator (outcome) on the level of individual specific goal in the forthcoming three-year period.

An example of result indicators (output) of the Ministry of Environmental Protection, Physical Planning and Construction²

Opći cilj 1. Zaštita okoliša i djelotvorno upravljanje okolišem
Posebni cilj 1.1. Djelotvorno gospodarenje otpadom

Načini ostvarenja	Pokazatelj rezultata (output)	Definicija	Jedinica	Polazna vrijednost	Izvor	Ciljana vrijednost (2011.)	Ciljana vrijednost (2012.)	Ciljana vrijednost (2013.)
1.1.1. Uspostava novih centara za gospodarenje otpadom	1.1.1.1. Broj izgrađenih centara za gospodarenje otpadom s pratećom infrastrukturom 1.1.1.2. ...	Povećanjem broja centara omogućit će se djelotvornije gospodarenje otpadom ...	Broj	0	MZOPUG	2	4	8
1.1.2. Sanacija lokacija visoko onečišćenih otpadom - crne točke	1.1.2.1. Smanjenje broja "crnih točaka"	Smanjenjem broja "crnih točaka" smanjit će se opasnost za okoliš i ljudsko zdravlje	Broj	50	MZOPUG	45	40	35
1.1.3. Jačanje svijesti i uključivanje javnosti	1.1.3.1. Postotak povećanja promidžbe kroz medije	Povećanjem promidžbe kroz medije upoznat će se javnost s problemima odlaganja otpada te potaknuti odgovorno ponašanje	%	20	MZOPUG	30	40	50

An example of impact indicators (outcome) of the Ministry of Environmental Protection, Physical Planning and Construction³

Opći cilj 1. Zaštita okoliša i djelotvorno upravljanje okolišem

Posebni cilj	Pokazatelj učinka (outcome)	Definicija	Jedinica	Polazna vrijednost	Izvor	Ciljna vrijednost (2011.)	Ciljna vrijednost (2012.)	Ciljna vrijednost (2013.)
1.1. Djelotvorno gospodarenje otpadom	Postotak usklađenosti sustava gospodarenja otpadom s EU standardima	Potpuno usklađivanje sustava gospodarenja otpadom s EU standardima dovodi do ostvarenja cilja	%	30	MZOPUG	50	70	100
1.2.							
1.3.							

7. THE MONITORING AND REPORTING SYSTEM

The implementation of the strategic plan has to be systematically and regularly monitored and measured. The purpose of monitoring is to early notice any plan deviations and to evaluate whether the planned activities will have the desired impact on the established goals.

² Enlarged view of the table is provided in Annex 1 of the Instructions

³ Enlarged view of the table is provided in Annex 2 of the Instructions

The monitoring system, to a great degree, can be established through the system of internal financial controls in accordance with the methodology regulated by the law regarding the internal financial controls of the public sector (Official Gazette, No. 141/06). Users are obligated to establish this system.

An important component of the monitoring system is reporting.

Reports regarding the fulfilment of goals are based on quality monitoring and they contain assessments that have to answer the following questions:

- Can we anticipate that, with a reasonable level of confidence, the implementation will be developing according to plan until the end of the year? If not, why not and what needs to be done in order to fulfil the plan?
- Do the planned activities have the anticipated impact on specific goals?
- Have all the resources been secured (administrative, financial, organizational)?
- How is the coordination with other carriers implemented?
- Are the specific and general goals being achieved according to expectations?
- Are the specific goals still relevant for general goals or will their contribution to the realization of general goals be in accordance with the expected results?

Well defined result and impact indicators aid the monitoring system because the system is based on reporting whether the targeted values were realized.

7.1. Internal Monitoring and Reporting

The user has to, according to its unique features, establish a monitoring system and determine the dynamics of reporting in order to ensure that information regarding the achievement of the established goals is available.

When preparing the strategic plan, the user is obligated to name individuals responsible for monitoring the strategic plan implementation during the period from 2011 to 2013 on the level of every specific goal and the individual method of realization (name and function).

After adopting Strategy of Government Programs for the period from 2011 to 2013, the manager is obligated to make a decision regarding naming those persons in a period of 15 days and to inform the Ministry of Finance about the decision.

7.2. Reporting to the Ministry of Finance

Users will inform the Ministry of Finance regarding the success of implementation of their strategic plan goal on the basis of gathered data.

Reports regarding result indicators (output) that are established on the level of the method of realization will be annually and semi-annually submitted to the Ministry of Finance. However, on the user level, they can be used for monthly or quarterly reporting.

The targeted values of impact indicators do not necessarily have to be determined on the level of a single year. It could be two or three years depending on the accessibility and complexity of data gathering.

Impact indicator (outcome) reports that are established on the specific goal levels, will be prepared on the annual basis and they will contain only those specific goals that have a determined targeted value for that year.

In case of any significant plan deviations, especially those that compromise the realization of results (outputs) during the current year, the Ministry of Finance needs to be informed without delay regardless of the established due dates.

When reporting about the result indicators, the following table has to be used⁴:

Tablica praćenja provedbe strateških ciljeva

r.b.	Posebni cilj	Načini ostvarenja	Odgovorna osoba	Pokazatelj rezultata OUTPUT	Ciljana vrijednost	Aktivnosti se odvijaju prema planu (DA/NE)	Planirana proračunska sredstva		Iskorištena proračunska sredstva	
							sredstva državnog proračuna	pomoći Europske unije	sredstva državnog proračuna	pomoći Europske unije
	1	2	3	4	5	6	7		8	
1										
2										
3										
4										
5										

Table description:

First column – input the name of the specific goal.

Second and third column – input the method of realization and the name of the person responsible for the implementation of every individual realization method.

Fourth and fifth column – input result indicators associated with specific realization methods and the anticipated and targeted values for the current year. Every realization method must be connected with a minimum of one and a maximum of three result indicators.

Sixth column – input whether the implementation is going according to plan. In this column simply write YES if the realization method is being executed according to plan, or NO if the realization method is not being executed according to plan. It is important because, for example, the percentage of execution of certain activities at the mid-year point can be 20% of what is targeted for that year. This is a small percentage of execution but it is in accordance with the foreseen realization dynamics.

Seventh column – input the amount of budget resources intended for the realization of individual realization methods where aid from the European Union has to be listed separately.

⁴ Enlarged view of the table is provided in Annex 3 of the Instructions

Eighth column – input the amount of budget resources that has been used prior to the assessment.

When preparing the annual report about the impact indicators, the following table has to be used⁵:

Tablica praćenja provedbe strateških ciljeva

r.b.	Posebni cilj	Odgovorna osoba	Pokazatelj učinka OUTCOME	Ciljana vrijednost	Aktivnosti se odvijaju prema planu (DA/NE)
	1	2	3	4	5
1					
2					
3					
4					
5					

Table description:

First column – input the name of the specific goal, but only those whose established targeted value is on the level of that year.

Second column – input the name of persons responsible for every specific goal.

Third and fourth column – input impact indicators associated with every specific goal and the anticipated targeted value (established on the level of that year). For every specific goal one impact indicator (outcome) has to be determined.

Fifth column – input whether the established realization methods for the implementation of every specific goal are going according to plan. In this column simply write YES if it is going according to plan, or NO if the realization method(s) is (are) not being executed according to plan.

If there are realization methods that are not executed according to plan, along with the table there also has to be an explanation of deviations for every realization method and suggestions for corrective actions.

If the realization methods are executed in accordance with the plan and if it does not affect the fulfilment of the specific goal, then it is necessary to determine causes and propose further measures.

⁵ Enlarged view of the table is provided in Annex 4 of the Instructions

8. CONNECTING THE STRATEGIC PLAN WITH THE BUDGET

It is important to achieve a connection between the strategic and budget planning. Strategic plan is used to define the direction of the work of users, while the budget is used to define programs, activities and projects and to secure resources necessary for their implementation. Since a strategic plan can not be implemented without resources, it would be logical to conclude that it would only be possible if budget programs were connected with strategic plan goals.

Strategic plans guide the allocation of resources with their goals and with the established priorities. Programs that have been established by the budget must reflect specific goals from the strategic plans, and the realization methods must reflect budget activities and projects. That is what is used to connect the strategic plan with the budget. Strategic plan that was prepared while neglecting the fiscal framework is impossible to implement. Because of all this, it is important for the strategic planning process to become an integral part of the budgeting process.

Ideal situation that would make it easier to monitor the success associated with fulfilling the goals from the strategic plan and the budget is to have single connections:

- Specific goal from the strategic plan – budget program and
- Realization method from the strategic plan – budget activity/project.

However, it is not always possible and it is not realistic to expect that. That is why it is important to make connection tables between the mentioned categories and monitor the allocation of resources if it is not a single connection, such as when one activity reflects two realization methods from the strategic plan and similar.

Methodologically even and consistent strategic plan will considerably contribute to a quality definition of programs, activities and projects.

As we have previously emphasized, in order to connect strategic plan goals and budget programs it is necessary to work on improving the existing program classification so that the connection would be possible and sensible.

The Ministry of Finance prepared a new program classification proposal for all users. Users will receive the mentioned proposal at the workshops and analyze it in the context of the strategic plan priorities. What we wish to achieve this year at the end of the second cycle of preparing strategic plans is:

1. to finish user strategic plans for the period from 2011 to 2013
2. utilize new program classification - programs, activities and projects connected with the strategic plans.

9. TECHNICAL CHARACTERISTICS OF A STRATEGIC PLAN

A strategic plan has to have the following structure:

STRATEGIC PLAN [insert the user name]

[font: Arial, font size: 12, bold, alignment: center]

Introductory text about the user and their scope of work

[half a page maximum; font: Arial, font size: 12, alignment: justified, line spacing: one]

Vision

User vision

[font: Arial, font size: 12, alignment: justified, line spacing: one]

Mission

User mission

[font: Arial, font size: 12, alignment: justified, line spacing: one]

Goals

General Goal 1.

Specific Goal 1.1.

Specific Goal 1.2.

Specific Goal 1.3.

Specific Goal 1.4.

General Goal 2.

Specific Goal 2.1.

Specific Goal 2.2.

Specific Goal 2.3.

[for ministries a maximum of 5 general goals, for other state bodies that are first level budgetary users of the organizational classification a maximum of 1 general goal; every general goal can have a maximum of 7 specific goals; font: Arial, font size: 12, alignment: justified, line spacing: one; specific goals – 1 cm left indent]

General Goal 1.

It is necessary to explain why this particular general goal was chosen and how it affects the realization of the mission and the vision of the user. Also, it is necessary to establish the connection between the general goal and the existing strategic documents.

[one page maximum; font: Arial, font size: 12, alignment: justified, line spacing: one]

Specific Goal 1.1.

Provide a short explanation of how this goal contributes to the realization of the General Goal 1, and describe it in a simple and clear manner so that it reflects the

current situation of individual departments. If possible, it is necessary to establish a connection between this goal and the strategic documents.

[half a page maximum; font: Arial, font size: 12, alignment: justified, line spacing: one]

Every specific goal can have a maximum of 7 realization methods.

Realization methods for established goals:

[font: Arial, font size: 12, bold, alignment: justified, line spacing: one]

1.1.1. realization method

Short description of the group of activities whose implementation will contribute to the realization of the Specific Goal 1.1. starting with an overview of the current situation to establishing the method for changing the current situation and to what extent.

1.1.2. realization method

Short description of the group of activities whose implementation will contribute to the realization of the Specific Goal 1.1. starting with an overview of the current situation to establishing the method for changing the current situation and to what extent.

1.1.3. realization method

Short description of the group of activities whose implementation will contribute to the realization of the Specific Goal 1.1. starting with an overview of the current situation to establishing the method for changing the current situation and to what extent.

[font: Arial, font size: 12, alignment: justified, line spacing: one]

Result Indicators (Output):

[font: Arial, font size: 12, bold, alignment: justified]

In this part it is necessary to present a completed table of result indicators (output) that can be found in Annex 1 of the Instructions. Every realization method can have a minimum of 1 and a maximum of 3 result indicators (output).

Effect Indicators (Outcome):

[font: Arial, font size: 12, bold, alignment: justified]

In this part it is necessary to present a completed table of effect indicators (outcome) that can be found in Annex 2. For every specific goal one impact indicator (outcome) must be established.

Every strategic plan must also contain a short overview of general and specific goals, impact indicators (outcome), realization methods of the established specific goals and result indicators (output):

General Goal	Specific Goal	Impact indicator (Outcome)	Method for the Realization of the Set Goal	Result Indicators (Output)
General Goal 1.	Specific Goal 1.1.	Outcome Indicator	Realization Method 1.1.1.	Output Indicator 1.1.1.1. Output Indicator 1.1.1.2. ...
			Realization Method 1.1.2.	Output Indicator 1.1.2.1. ...
			Realization Method 1.1.3.	Output Indicator 1.1.3.1. ...
	Specific Goal 1.2.	Outcome Indicator	Realization Method 1.2.1.	Output Indicator 1.2.1.1. Output Indicator 1.2.1.2. ...
			Realization Method 1.2.2.	Output Indicator 1.2.2.1. ...
			Realization Method 1.2.3.	Output Indicator 1.2.3.1. ...
General Goal 2.	Specific Goal 2.1.	Outcome Indicator	Realization Method 2.1.1.	Output Indicator 2.1.1.1. Output Indicator 2.1.1.2. ...
			Realization Method 2.1.2.	Output Indicator 2.1.2.1. ...
			Realization Method 2.1.3.	Output Indicator 2.1.3.1. ...
	Specific Goal 2.2.	Outcome Indicator	Realization Method 2.2.1.	Output Indicator 2.2.1.1. Output Indicator 2.2.1.2. ...
			Realization Method 2.2.2.	Output Indicator 2.2.2.1. ...
			Realization Method 2.2.3.	Output Indicator 2.2.3.1. ...

10. ANNEXES

ANNEX 1. Output Indicator Table

General Goal 1

Specific Goal 1.1

Realization Method	Result Indicator (Output)	Definition	Unit	Initial Value	Source	Targeted Value (2011)	Targeted Value (2012)	Targeted Value (2013)
--------------------	---------------------------	------------	------	---------------	--------	-----------------------	-----------------------	-----------------------

Opći cilj 1.

Posebni cilj 1.1.

Načini ostvarenja	Pokazatelj rezultata (output)	Definicija	Jedinica	Polazna vrijednost	Izvor	Ciljana vrijednost (2011.)	Ciljana vrijednost (2012.)	Ciljana vrijednost (2013.)
1.1.1....	1.1.1.1.	...						
	1.1.1.2.						
1.1.2. ...	1.1.2.1.						
1.1.3. ...	1.1.3.1.						

ANNEX 2. Outcome Indicator Table

General Goal 1

Specific Goal

Impact indicator
(Outcome)

Definition

Unit

Initial
Value

Source

Targeted
Value (2011)

Targeted
Value (2012)

Targeted
Value (2013)

Opći cilj 1.

Posebni cilj	Pokazatelj učinka (outcome)	Definicija	Jedinica	Polazna vrijednost	Izvor	Ciljna vrijednost (2011.)	Ciljna vrijednost (2012.)	Ciljna vrijednost (2013.)
1.1.						
1.2.						
1.3.						

ANNEX 3. Table for Monitoring the Implementation of Strategic Goals (Output)

No. Specific Goal	Realization Method	Responsible Person	Result Indicators OUTPUT	Targeted Value	Activities are developing according to plan (YES/NO)	Planned Budget Funds		Used Budget Funds		
						State Budget Funds	EU Aid Funds	State Budget Funds	EU Aid Funds	
r.b.	Posebni cilj	Načini ostvarenja	Odgovorna osoba	Pokazatelj rezultata OUTPUT	Ciljana vrijednost	Aktivnosti se odvijaju prema planu (DA/NE)	Planirana proračunska sredstva		Iskorištena proračunska sredstva	
							sredstva državnog proračuna	pomoći Europske unije	sredstva državnog proračuna	pomoći Europske unije
	1	2	3	4	5	6	7		8	
1										
2										
3										
4										
5										

ANNEX 4. Table for Monitoring the Implementation of Strategic Goals (Outcome)

Number	Specific Goal	Responsible Person	Impact indicators OUTCOME	Targeted Value	Activities are developing as planned (YES/NO)
--------	---------------	--------------------	------------------------------	----------------	--

r.b.	Posebni cilj	Odgovorna osoba	Pokazatelj učinka OUTCOME	Ciljana vrijednost	Aktivnosti se odvijaju prema planu (DA/NE)
	1	2	3	4	5
1					
2					
3					
4					
5					