

Costing strategies – the SIGMA perspective and some useful tips

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“Costing Strategies as an Integral Part of the Strategic Planning Process” – Kyiv, 6 December 2018



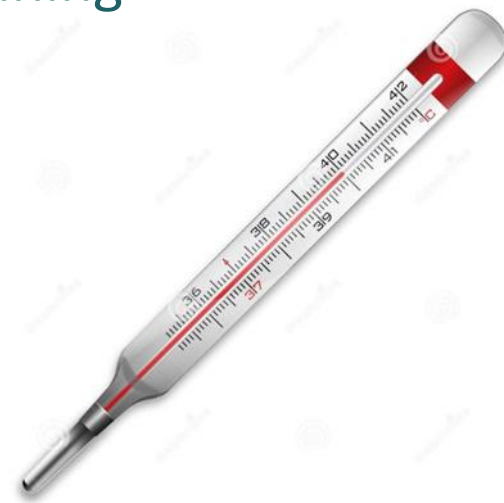
Some key concepts related to strategies

- Regulatory framework for process, roles and quality requirements, including costing and monitoring
 - Visioning with SMART objectives, measurable indicators, data-availability and management system for implementation
 - Comprehensive and credible framework for the sector with clear implementation plan (Action Plan)
 - Participatory planning, co-ordination and monitoring arrangements
- Prioritisation and alignment to Government priorities and budget
- Consistency (action responsibilities, timing and coverage across central plans)
- Regular, outcome-oriented, inclusive and transparent monitoring/reporting



Measurement of these concepts

- Legal framework (status and hierarchy of plans, roles and responsibilities, planning process, sectoral planning aspects)
- Alignment between plans (including alignment with the MTBF)
- Backlogs (and implementation rate)
- Financial estimation in strategies
- Quality of reports (output/outcome-based reporting)
- Public availability of reports



Key challenges in medium-term policy planning

- ✓ **Legal framework is not complete**
 - Hierarchy/status of planning elements is not fixed
 - Missing sectoral planning requirements for proper sectoral planning
- ✓ **Overambitious plans (overall, close to 50% backlog)**
- ✓ **Too many, scattered plans**
- ✓ **Lack of alignment between plans**
 - Priorities are not aligned
 - Often no outcome-level indicators
 - Sectoral plans are not aligned in their ambitions with the GAWP
- ✓ **If costing exists at all, it is often incomplete and weakly aligned with the MTBF**





SIGMA



The SIGMA strategy toolkit: for better strategy development and implementation

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Purpose of the Toolkit



Support the development and implementation of PAR strategies and other strategy documents.



Describe the key concepts from The Principles of Public Administration on the strategic framework for PAR and explain how they can be applied in practice



Provide tools for the development and implementation of PAR strategies, as well as advice for their use in practice



The target audience

- Public sector institutions tasked with developing and implementing PAR strategies
- Stakeholders involved in the development process
- The Toolkit works regardless of the number of PAR Strategies the country has in place
- The Toolkit can also be applied to other strategies

- But: it does NOT substitute a national framework for sound strategy development and implementation (so don't simply copy-and-paste)





The content

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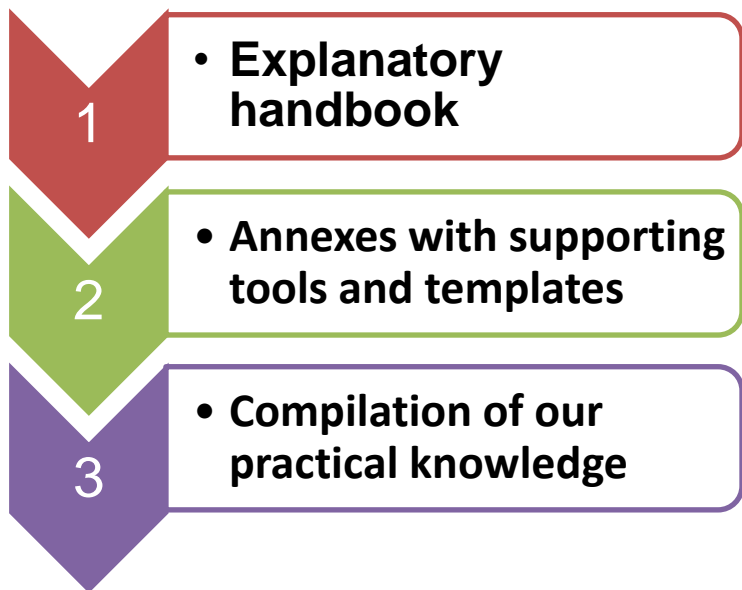


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Glossary of key terms used in the Toolkit

The SIGMA Programme

Annexes



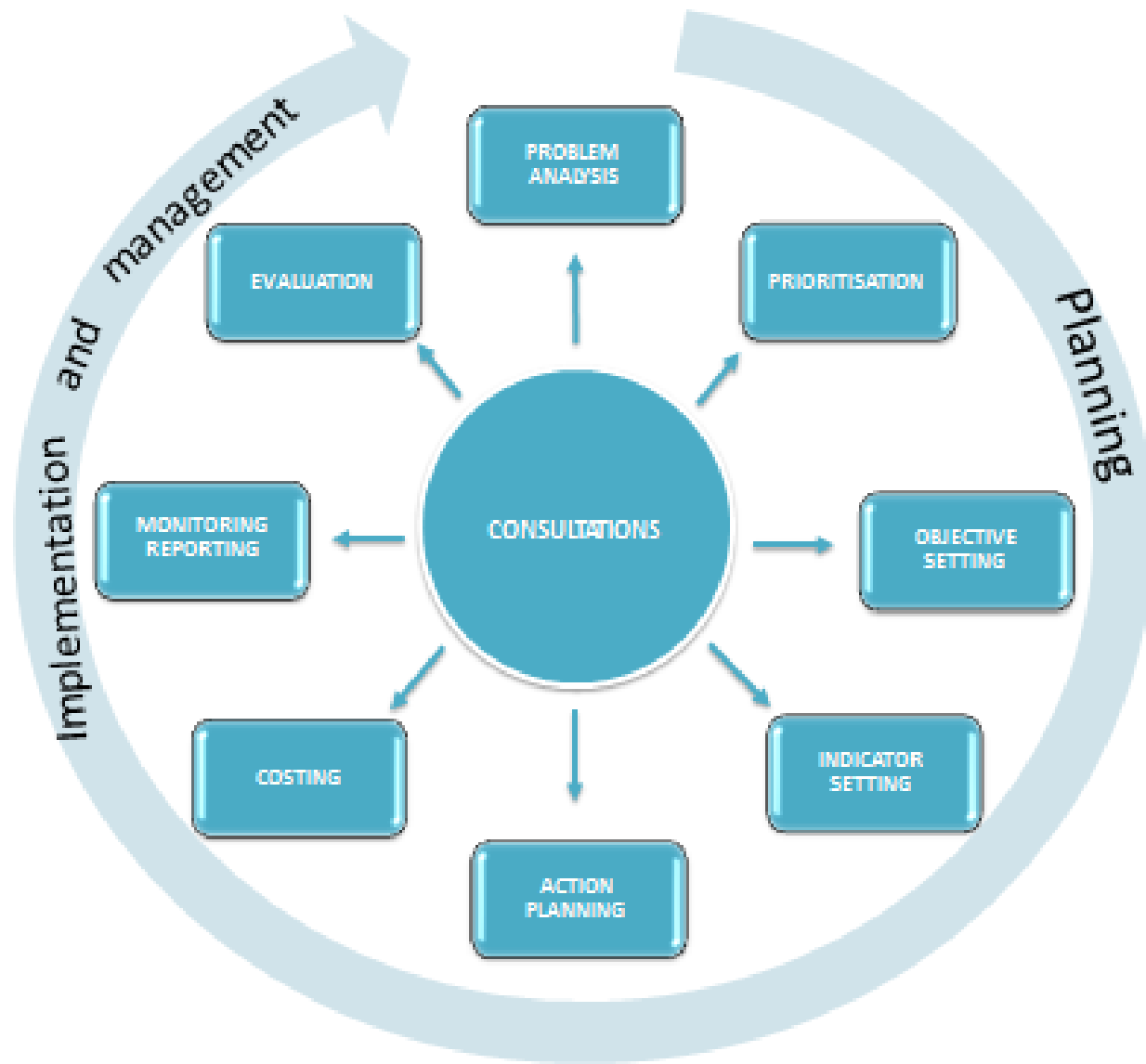


SIGMA

Helping sector planning: the SIGMA toolkit



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Annex 1. Prioritisation tools



No.	Step	Institution
1.	Review of the questionnaire to adjust it to country-specific conditions; decision on participating institutions.	PAR/sector lead institution
2.	Launch of the self-assessment process. This step may involve organising a joint workshop to explain the purpose of the assessment and how to answer the questions, or alternatively this can be done via a circular letter.	PAR/sector lead institution
3.	Carry out self-assessment:	Participating institutions
3.1.	Assess the current state of play	
3.2.	Provide a quantitative evaluation of the current state of play	
3.3.	Identify main actions	

4.		Annex A: Framework Questionnaire for self-assessment for PAR in the EU Enlargement context									
5.		POLICY DEVELOPMENT AND CO-ORDINATION									
No.	State of play statement	Assessment of current situation					State of play	Main actions for the fu			
CATEGORY: Centre of Government institutions and functioning											
5.1.	1.	Centre of Government institutions fulfil all functions critical to a well-organised, consistent and competent policy-making system.	1	2	3	4	5				
	2.	Clear horizontal procedures for governing the national European integration process are established and enforced under the co-ordination of the responsible body.	1	2	3	4	5				
CATEGORY: Policy planning and monitoring at the Centre of Government											
	3.	Harmonised medium-term policy planning, with clear whole-of-government objectives, exists and is aligned with the financial circumstances of the Government; sector policies meet the Government objectives and are consistent with the medium-term budgetary framework.	1	2	3	4	5				
	4.	A harmonised medium-term planning system for all processes relevant to European integration exists and is integrated into domestic policy planning.	1	2	3	4	5				





Annex 2. Indicator tools

An example of a PAR-related performance indicator passport (using formula)

Brief title of indicator	<i>Percentage deviation between approved and actual capital expenditure</i>		
Link to PAR strategy objective	Objective 3: Improve budget planning process and outcomes		
Brief definition of the indicator	General objective	General objective/Specific objective/Activity	Indicator
Data to be collected	Specific objective 1	Improve the quality and delivery of services	Outcome-level indicator: Percentage of citizens who are satisfied with service delivery (%)
	Source of data		Outcome-level indicator: Percentage of services meeting service delivery standards (%)
Institution and department responsible for gathering data	Action 1	Review and re-engineer the service delivery process for the following priority services: ID documents, driving licenses, birth certificates	Output-level indicator: Percentage/number of re-engineered public services (%/#)
Frequency of data collection	Action 2	Consolidate public services and establish a public service catalogue at local and central levels	Output-level indicator: Financial/time savings for service users (euros/hours)
A brief description of the methodology	- Activity 1	Develop a roadmap for public service consolidation and set the consolidation criteria	Output-level indicator: Number of (consolidated) public services delivered by local and central public administration (#)
	- Activity 2	Implement the public service consolidation roadmap	
	- Activity 3	Establish a catalogue of the consolidated services at local and central level	
	Action 3	Based on interational good practice, develop and adopt a framework methodology for	Output-level indicator: Percentage of institutions that have adopted the methodology for measuring citizen





Annex 3. Presenting key reform actions

PAR-related example of the presentation of key reform actions



No.	Objectives and actions	Deadline	Lead institution	Budget [EUR]	Funding sources	Output/process indicators
I.	General Objective 1: Improve the civil service system					
I.1.	Specific Objective 1: Consolidate the management of top civil servants					
1.	Establish an Assessment Centre (AC) for the selection, recruitment, and deployment of top-level civil servants, based on international practice. The action includes: development of a concept paper, selection of option, establishment and running of the AC.	Q4 2019	Ministry of Public Administration, Civil Service Department	400 000 (to cover establishment and first year of AC budget)	National Budget, EU	<ul style="list-style-type: none"> Government Decree on Establishment of the AC adopted by end of 2019 Annual Budget 2020 budget for AC 100% (300 in total) senior management covered by the AC
2.	Develop a new Leadership Development Programme (LDP) for top managers and train top managers. The action includes: development and adoption of the new LDP and provision of training to top civil servants.	Q4 2022	Ministry of Public Administration, Civil Service Department	150 000	EU, GIZ	<ul style="list-style-type: none"> Ministerial Decree on LDP adopted by Q2 2020 40% of top civil servants completed LDP by end of 2022
	<i>Total budget for General Objective 1:</i>			550 000		
	<i>Of which capital:</i>			100 000		
	<i>Of which recurrent:</i>			450 000		
	<i>Total budget for the Action Plan:</i>					
	<i>Of which capital:</i>					
	<i>Of which recurrent:</i>					



Annex 4. Costing tools

Table 1: Cost Estimate of the Cross-cutting Public Administration Reform Strategy.

Nr	Actions	Activities/Indicators	Clarifications	Estimated cost of outputs	Funding resources (by outputs)							
					State budget (MTBP 2015-2017)	IPA	Donors (CoE+)	WB	UNDP	Financial gap		
											6	7
1	2	3	4	5	6	7	8	9	10	11		
1 Objective 1 - Improved planning and coordination policies to draft government strategic documents, which turn priorities into concrete actions.												
1.1	Evaluation of the current situation and regulatory framework for drafting sector and cross-cutting strategies in addition to capacities of stakeholders involved in the process (Central Units of the Office of the Prime Minister and	1.1.1	Analysis of the situation evaluation		149,500.00	-	-	-	25,000.00	-	124,500.00	
		1.1.2	Reviewed regulatory framework for sector and crosscutting strategies (Review of the Order on drafting sector and crosscutting strategies)		25,000.00	-	-	-	25,000.00	-	-	
		1.1.3	Reviewing the functioning of other cross-cutting groups within the IMPG (Integrated Management Policy Groups) (including all the cycle of policy programming - implementation - monitoring)		1,041,000.00	7,000.00	-	-	-	-	-	1,034,000.00
		1.1.4	Assistance for the operation of IPMG pilot (water, social, competitiveness)		450,000.00	-	450,000.00	-	-	-	-	-
		1.1.5	Assistance for the operation of other IPMGs		1,656,375.00	-	-	-	-	-	-	1,656,375.00
		1.1.6	Drafting of a training program for all policymaking staff of line ministries (policy and coordination departments) for drafting of		42,000.00	1,000.00	-	-	-	-	-	41,000.00

Objective 3	931,375.40	80,645.40	-	-	72,900.00	-	777,830.00
Objective 4	3,186,525.00	70,000.00	1,000,000.00	315,000.00	-	-	1,801,525.00
Objective 5	33,143,170.00	13,703,370.00	-	-	15,485,722.00	916,078.00	3,038,000.00
Objective 6	3,601,931.00	567,106.52	1,372,024.25	-	348,000.00	-	1,314,800.24
Objective 7	810,000.00	85,000.00	-	-	-	-	725,000.00
Objective 8	10,970,077.00	2,322,361.49	1,272,242.00	-	1,583,750.00	-	5,791,723.51
Objective 9	13,708,081.00	1,974,175.00	-	-	262,906.00	-	11,471,000.00
Objective 10	2,700,000.00	-	700,000.00	-	-	-	2,000,000.00
Objective 11	600,000.00	-	600,000.00	-	-	-	-
Total	79,644,514.40	18,818,158.40	5,394,266.25	315,000.00	18,053,278.00	916,078.00	36,147,733.75

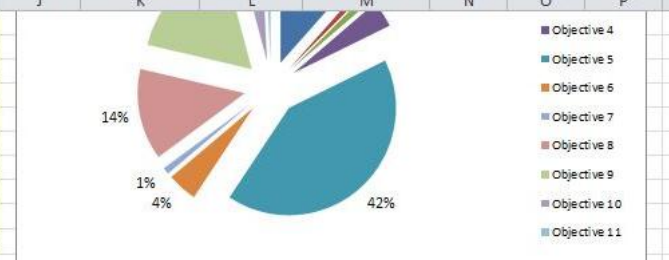
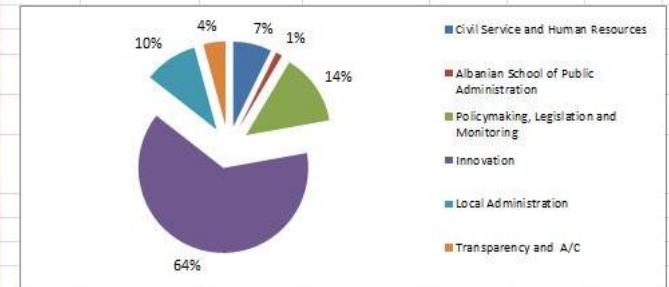


Table 2: Distribution of funds by areas

Objectives	Total potential cost	Funding resources					
		State budget	EU (IPA)	Donors (CoE+)	World Bank	UNDP	Financial Gap
Civil Service and Human Resources	5,819,425.00	405,000.00	1,200,000.00	50,000.00	348,000.00	-	3,816,425.00
Albanian School of Public Administration	989,131.00	317,106.52	672,024.25	-	-	-	0.23
Policymaking, Legislation and Monitoring	10,852,580.40	96,145.40	450,000.00	-	372,900.00	-	9,933,535.00
Innovation	50,483,328.00	13,699,906.49	1,272,242.00	-	17,332,378.00	916,078.00	17,262,723.51
Local Administration	8,127,900.00	4,300,000.00	500,000.00	265,000.00	-	-	3,062,900.00
Transparency and A/C	3,372,150.00	-	1,300,000.00	-	-	-	2,072,150.00
Total	79,644,514.40	18,818,158.40	5,394,266.25	315,000.00	18,053,278.00	916,078.00	36,147,733.75



Annex 5. Monitoring, reporting, evaluation tools



progress towards achievement of objectives and performance in
Annual Report Template

I. Information on progress against objectives (This information is p

Progress on implementation of specific objective 1: E.g. Improvement

In this section the institution responsible for the specific objective provide progress in implementing activities and the achievements against perform section should be illustrated using graphs, tables or diagrams. The key f assessment should be made of how likely the performance indicator target provided.

II. Information on progress against performance indicators and act

The template below allows for the provision of full details of achievement against performance indicators as well as the implementation of activities. The actual achievements for two past years (the reporting year and the year preceding it) are provided as well as the target values for the current year. Details on the achievement of performance indicators is provided by the institution responsible as indicated in the Indicator Passport. The institutions concerned must also report on the implementation of activities.

OBJECTIVE/ Outcome	Outcome indicators	2014 Actual	2015 Actual	Target 2017	Activity	Deadline	Realisation Status of Activity	Achievements	Next steps (milestones)	Expected date of
1	2	3	4	5	6	7	8	9	10	11
Column 1	In this column the Outcome from the Action Plan is indicated. This column is									
Column 2	In this column the indicators for the realisation of outcomes are listed. All in									
Column 3	In this column the actual result of the indicator achievement in the year preced									
Column 4	In this column the actual result of the indicator achievement in the reporting									
Column 5	In this column the target value for respective year is provided. The target val									
Column 6	In this column the activities from the Action Plan are provided. Only activities									
Column 7	In this column the deadline for implementation of the respective activity is pro									
Column 8	In this column the realisation status of the activity is given. The status can be									

Figure 2: Indicator performance analysed by objective (shown in number of indicators)

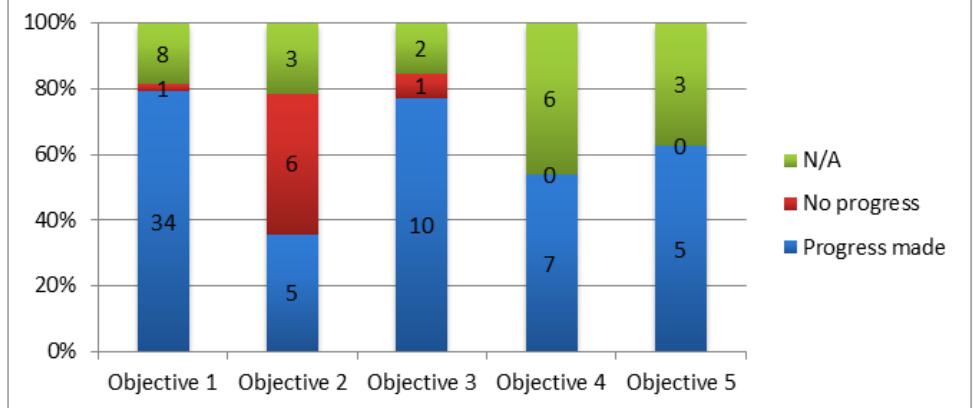
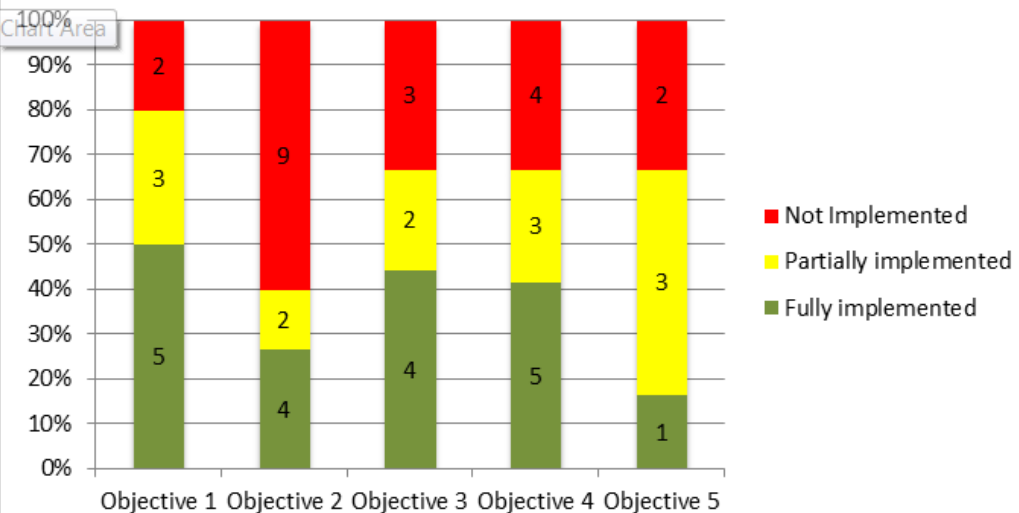


Figure 2: Implementation of activities by specific objective





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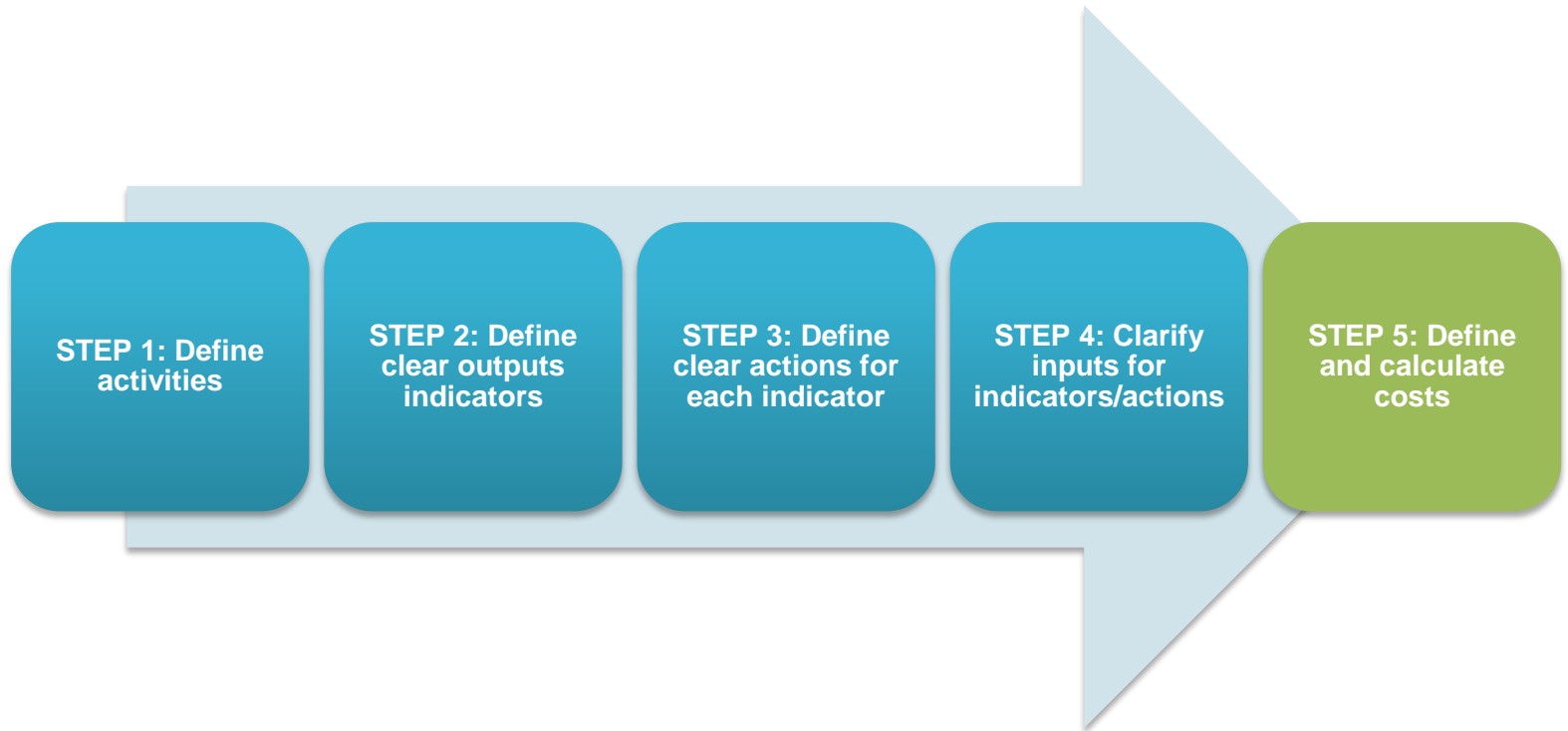
Steps towards more realistic plans:

Discussion about alternatives and practical tips for costing





Logical steps of costing



Costing process benefits!?

1. Resources: Help us prepare a realistic plan based on financial resources

2. Prioritization: Help us improve prioritization of actions

Benefits

4. Indicators: Help us defining realistic targets/ indicators

3. Quality of actions: Help us draft proper and clear actions

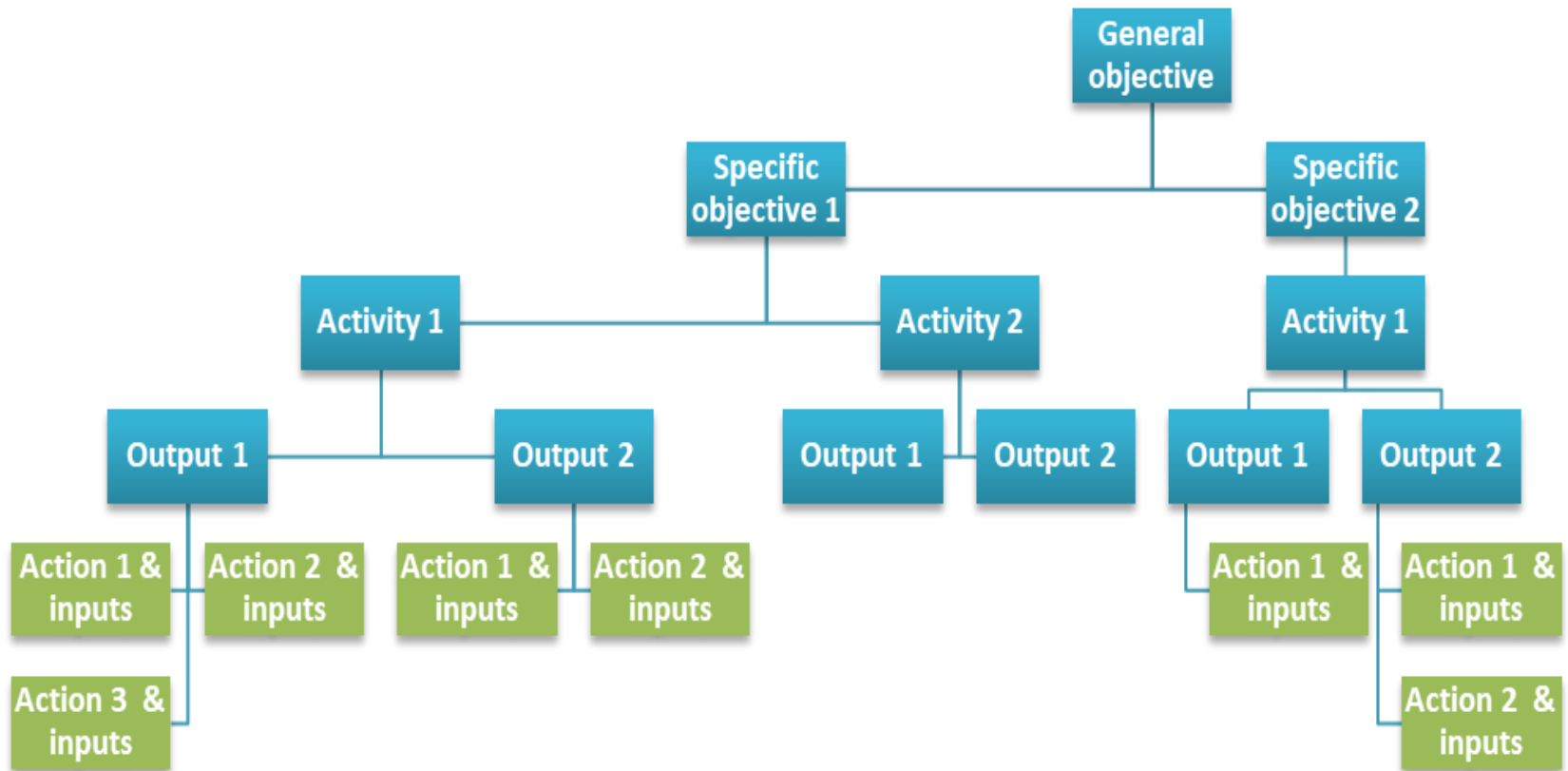


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Inputs used for costing





Type of activities/ inputs



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Basic choices for costing

- a) Define missing resources, additional needs
- b) Define all resources spent on the implementation of the plan
- c) Quantify the resource need
- d) Identify the source of the resource (state budget, TA project)
- e) Distinguish between one-off costs and regular budgetary needs





Preparatory Work!

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What to do!

1. Ensure activities are clear
2. Outputs = concrete deliverables
3. List all activities you need to undertake to Produce/deliver each specific output
4. Estimate inputs for each specific activity
5. Prepare a list of average unit prices/costs
6. Ensure that you have all information available on potential donor 'support
7. Have a copy of your budget/Fiscal strategy
8. Fill in the costing & budgeting estimation table





Practical way of thinking

Step 1: Can I do it?

- Once the activity has been agreed upon, the first question each responsible senior official should ask is if this can be done:
 - Can it be done with only the input of my existing staff and colleagues?
 - Do my staff have the skills and time to do it?
 - Do I know all the steps we need to get it done?
- If the answer to these questions is a clear YES, then there is no need for additional resources.





Practical way of thinking

Step 2: Which inputs need more resources?

- If the answer to the first question was NO, then you need to define what exactly needs extra resource:
 - Do I need support with the entire activity (e.g. IT development)?
 - Do I need some specific additional input (e.g. training rooms)?
 - Do I need some analytical or methodological help to get started?





Practical way of thinking

Step 3: What kind of resource and how much do I need?

- Type of support can be different:
 - New full time official?
 - Extra travel costs?
 - Short-term expert (local or international)?
 - Group of trainers (why not to outsource the entire training)?





Practical way of thinking

Step 4: What is the financial cost of this resource?

Example:

International Experts

2 experts x 40 days/each x 1000 EUR/day = 80 000 EUR

1 local expert 50 days X 300 EUR/day = 15 000 EUR

Total = 80 000 + 15 000 = 105 000 EUR





Practical way of thinking

Step 5: From where should I get the resource?

- Once we know how much money we need for what, then we can decide where to get it:
 - Request from the next annual budget (e.g. new staff)?
 - Talk to existing donor funded projects (e.g. holding an awareness raising seminar)?
 - Start a dialogue for new EU funded project (e.g. bigger ITC development)?





Things to remember

- Costing of strategies is based on draft action plans
- Strategy action plan information is not enough for costing – additional knowledge is needed about what exactly needs to be done
- Additional costs are taken into account when calculating the budget
- Activities carried out by existing civil servants are not calculated. Only wages for new institutions or additionally recruited staff are calculated.
- Several methodological approaches can be applied.





Model examples

Example of outputs	External Expert	Local Expert	Other costs
A simple manual	10 WD	10 WD	
A Complex manual	30 WD	20 WD	1-2 workshops/seminars
Revision of current legislation	30-40 WD	50-60 WD	2-3 workshops
Development of strategic / policy documents	50-60 WD 80 – 100 WD	20-30 WD 50 – 80 WD	2-3 workshops/seminars





Model examples

Activity	Outputs	Actions	Inputs	Costs
Develop new leadership development programme for top managers and train top managers	Decree of a minister on Leadership Development Programme adopted by 2Q 2020	Preparation of Leadership Development Programme	20 man days of technical assistance	One-off activity. The cost of 1 day is 300 euro. $20 * 300 = 6000$ euro
		Preparation of minister decree	Civil servants inputs	Existing budget.
	40% of top civil servants have completed LDP by end 4Q 2022	Training of 120 top civil servants	-	Training of 1 top civil servant costs 700 euro. Activity will be carried out every year including 120 civil servants. $120 * 700 * 3$ (3 year action plan) = 252 000 euro





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**KEEP
CALM
AND
GOOD
LUCK**



Thank you for your attention. Questions, comments?

The Toolkit: <http://sigmaweb.org/publications/strategy-toolkit.htm>

More information about the Toolkit:
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Other materials, publications:
www.sigmaweb.org

