Mobilising Evidence at the Centre of Government in Lithuania

STRENGTHENING DECISION MAKING AND POLICY EVALUATION FOR LONG-TERM DEVELOPMENT

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Foreword

Achieving long-term sustainable development requires a whole-of-government effort, driven from the centre. Furthermore, mobilising evidence for decision making is crucial for achieving broad societal goals, improving well-being and preserving trust in public institutions. The COVID-19 crisis has highlighted the value both of informing public decisions with evidence, and of agile and responsive governments that are well equipped to address "wicked" policy challenges. Evidence and evaluations can contribute to every government decision, from budgets and resource allocation, the impact assessment of new laws and regulations, to the design and implementation of long-term strategies.

Evidence-informed decision making (EIDM) entails combining multiple sources of information, including statistics, data, the best available research, evidence, and evaluations, before making a decision. This requires, first, that the necessary evidence exists; second, that it is of sufficient quality; and, third, that it is available at the right time and in the right format. Yet, despite the clear benefits of policies based on evidence, many countries struggle to ensure an effective connection between the supply and and the demand for evidence in the decision-making process. In this, Lithuania is no exception.

This report analyses the challenges and capacities for use of evidence in Lithuania, including in regards to regulatory frameworks, and offers concrete policy recommendations to address existing gaps in the light of international best practices. The report draws on the OECD's expertise on public management and budgeting as well as on regulatory management, evidence, monitoring and evaluation. It is conducted as part of the OECD's programme of work on evidence informed policy making.

The report identifies a number of cultural, institutional and organisational gaps that hinder the use of evidence for decision making in Lithuania. The report analyses government capacities to supply evidence and use it in decision-making processes. It provides recommendations for strengthening the government's analytical capacity as part of a broader reform of the civil service, increasing access to evaluations, improving communication of evidence, and promoting policy discussions at the highest political level on the results of strategic foresight, impact assessments, evaluations and spending reviews. It also discusses the use of regulatory management practices and the implications of legislative inflation. Finally, the report discusses the role of the Government Strategic Analysis Centre STRATA in fostering an evidence-informed decision-making culture in Lithuania.

The analysis of the report draws on a wealth of comparative international experiences to promote an evidence- and evaluation-driven culture within the civil service. Its policy recommendations can help Lithuania take a more evidence-informed approach to public governance and, ultimately, deliver better results for citizens. Such an approach can support long-term development, promote trust in government and pave the way for a more productive, innovative green and equitable economy and society.

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Abbreviations and acronyms

ATR	Dutch Advisory Board on Regulatory Burden
BoL	Bank of Lithuania
BRU	Better Regulation Unit
BSc	Bachelor of Science
CBA	Cost-Benefit Analysis
CEA	Cost-Effectiveness Analysis
CFR	Canada's Community of Federal Regulators
CoG	Centre of Government
CONAMER	National Regulatory Improvement Commission of Mexico
CPMA	Central Project Management Agency
CPR	Common Provision Regulation
EIDM	Evidence-Informed Decision Making
ENSAE	National Higher School of Statistics Economic Administration
ENSAI	National Higher School of Statistics and Information Analysis
EU	European Union
GDS	United Kingdom's Government Digital Services
GLC	Government Legislative Council of Czech Republic
G-REG	New Zealand Government Regulatory Practice Initiative
HIL	Higher Impact Legislation
ICT	Information and Communication Technologies
IGEES	Irish Government Economic and Evaluation Service
INSEE	National Institute of Statistics and Economic Studies
IREG	Indicators of Regulatory Policy and Governance
IS	Information System
JRC	European Union Joint Research Centre
MEI	Ministry of Economy and Innovation
MoU	Memorandum of Understanding

MP	Member of Parliament
NAO	National Audit Office of the United Kingdom
NGO	Non-Governmental Organisation
NKR	National Regulatory Control Council of Germany
NPP	National Progress Plan
OECD	Organisation for Economic Co-operation and Development
OSP	Official Statistics Programme
OURData Index	OECD Open, Useful and Re-usable Data Index
PPP	Public-Private Partnership
RDU	Result Delivery Units of Canada
RIA	Regulatory Impact Assessment
RIAB	Regulatory Impact Assessment Board of Czech Republic
RPC	Regulatory Policy Committee of the United Kingdom
RRC	Regulatory Reform Committee of South Korea
SAI	Supreme Audit Institution
SOE	State-owned Enterprise
SPS	State Progress Strategy
STRATA	Government Strategic Analysis Centre
TAIS	Teisės aktų informacinė sistema (Legal Acts' Information System)
USA	United States of America
VSDFV	Valstybinio socialinio draudimo fondo valdyba (Board of State Social Insurance Fund)

Executive summary

Despite recent efforts, the Lithuanian government still faces difficulties in generating the type of evidence and evaluation needed at the right time and in the right format, and in connecting supply of evidence to demand.

Supplying evidence for decision making

Lithuania has recently invested in capacities to supply evidence to support Evidence Informed Decision Making (EIDM), especially in data infrastructure. However, significant capacity gaps remain, particularly in public servants' ability to generate and use robust and credible evidence. Attracting and retaining talent with the necessary analytical skills is a considerable challenge for the civil service. Currently, there is no analytical job category common to all parts of the government and the existing definition of analytical skills is too broad. Therefore, it is hard to identify, measure and manage the government's analytical capacities. This is compounded by tertiary education system's limited capacity to produce a sufficient number of graduates with these skills, and by public sector salary conditions. Moreover, existing analytical capacities are scattered across different ministerial units or agencies, making it hard to achieve a "critical mass".

This report recommends creating a separate track within the civil service for policy analysts and evaluators, as part of a broader reform of the civil service. These analysts could be hired centrally but work across different ministries, and benefit from clear career progression and more competitive salaries. In addition, the civil service would benefit from a new, more granular definition and mapping of analytical skills.

In Lithuania, data management is largely determined by the official statistics programme, which, despite its many virtues, can be too rigid to provide timely analysis for policy making. Statistics Lithuania has the necessary infrastructure to open up its data for EIDM but lacks an adequate legal framework to do so.

Supporting the use of evidence

Merely having a supply of evidence is not a sufficient condition for its use: building effective connections to support the use of evidence is also necessary. Decision makers need to have the skills to read and interpret evidence as well as the motivation and incentives to use it. The institutionalisation of evidence-generating mechanisms and their links to decision-making processes can help create a marketplace for evidence for policy. The COVID-19 pandemic has demonstrated the importance of data and evidence for decision making. Lithuania has created a new data-gathering and sharing infrastructure and demonstrated its ability to commission scientific studies in a short period of time. However, systematically embedding evidence in decision-making processes remains a challenge. Some examples exist, such as the evaluations of EU structural funds and strategic planning, but a more structural approach is needed. As in most OECD countries, low demand for evidence can also be related to policy makers' lack of ability to analyse and interpret evidence.

Training could be provided to increase senior civil servants' and decision makers' capacity to analyse, assess and use data, scientific studies and other sources of evidence. The creation of a user-friendly evaluation portal and more innovative and tailored dissemination strategies could increase the uptake of evidence. Discussions at the highest political level in the government and parliament on public sector analytical products could be organised to raise awareness. Finally, Lithuania could benefit from a whole-of-government policy framework for evaluation.

Regulatory frameworks and practices

Legislative inflation is a serious challenge in Lithuania, undermining compliance with laws and creating excessive regulatory burdens. Effective legislative planning and the application of regulatory management tools can help to address this challenge. Lithuania has put in place a comprehensive regulatory impact assessment (hereafter, RIA) framework since 2003 and is currently developing a framework for *ex post* regulatory reviews. Recently, there has been an attempt to strengthen the proportionality process, by developing a list of "Higher Impact Legislation" which has to undergo more in-depth RIA.

However, most RIAs are conducted as a formality, with limited impact. Recently introduced quality assurance mechanisms are applied to a limited extent, with responsibilities dispersed across the government. Civil servants drafting RIAs have little internal support and often lack training. Members of Parliament are particularly active in initiating legislation and legislative amendments. The process for transposing EU directives is well established, although with its current setting in the executive, it lacks capacity for oversight and for reducing the scope for 'gold-plating'. The overall lack of planning of high-impact legislation that has prevailed until recently, leaves insufficient time to conduct effective RIA or consultation for proposed laws.

In order to mitigate legislative inflation, a Memorandum of Understanding (MoU) between the Government and the Parliament could help create a shared understanding for impact assessment at Parliamentary level. Lithuania could also establish a Strategic Task Force to examine the future of the legislative framework.

Regular training for civil servants could strengthen the RIA process and a "community of practice" should be established to facilitate exchanges of best practice across ministries. In the longer term, a "Regulatory Oversight Board" could provide an independent opinion on the quality of high-impact RIAs and the overall regulatory process. A forward-planning system should also be implemented with a clear 18-month rolling calendar of upcoming legislation, which would identify the time implications for adequate stakeholder consultation and RIA.

Capacities at the Ministry of Justice should be reviewed against the need for undertaking quality control of transposed EU directives. The co-ordination mandate for the nascent *ex post* regulatory review process should be transferred to the Office of the Government, which has a broader role to play in co-ordinating policy evaluation. To simplify the statute book and increase capacity for compliance, the government should initiate a codification process. Finally, Lithuania could consider an integral Government Resolution on Better Regulation.

The role of STRATA in the evidence-informed decision-making system

The new Government Strategic Analysis Centre (STRATA) has received an extensive mandate to foster an evidence-informed decision-making culture, which encompasses conducting strategic foresight, monitoring and evaluating planning documents, improving the quality of *ex ante* and *ex post* evaluations of regulations, acting as a key government advisory body and managing a network of public sector analysts. While STRATA has realigned its organisational structure and established a board to increase its legitimacy, its capacities and ongoing projects still require further adjustment.

1 Capacities to supply evidence for decision making

The chapter analyses the Lithuanian government's capacities to supply timely and credible evidence for decision making. It finds that the Centre of government and line ministries in Lithuania lack sufficient analytical skills, as well as a comprehensive overview of their capacities in this regard. It calls for the establishment of a government-wide analytical track aimed at increasing the attractiveness of the public sector. The chapter also provides an overview of the extent to which data governance practices and frameworks can support evidence-informed decision making in Lithuania.

Introduction

Increasing governments' capacity for an evidence-informed approach to decision making is a critical part of fostering good public governance. Evidence-informed decision-making (EIDM) can be defined as a process whereby multiple sources of information, including statistics, data and the best available research, evidence and evaluations, are consulted before making a decision to plan, implement, and (where relevant) alter public policies and programmes (OECD, 2020[1]). This matters to achieve broad societal goals, such as increasing trust in government and in decision making, promoting sustainable development or improving well-being. The goal of evidence-informed decision making is to enable agile and responsive governments, which are well equipped to address complex and at times "wicked" policy challenges. EIDM is particularly useful in the policy-making process, for instance, to assess regulatory impacts of new laws.

Well-functioning mechanisms for generating and using evidence require both interests from political leadership and capacities within a government to provide timely and reliable analysis (i.e. the supply of evidence), as well as to use evidence (i.e. the demand for evidence). Supply of evidence is thus critical to promote an evidence-informed decision-making approach as there cannot be used where evidence does not exist. In Lithuania, skills and capacities to supply robust and credible evidence remain low.

In this context, this chapter provides an overview of existing skills in the Lithuanian public sector. Specifically, this chapter notes that many of the challenges linked to the low supply of evidence in the Lithuanian government itself can be traced back to issues with identifying and hiring staff with the appropriate skills – including in quantitative economics, to conduct policy analysis. These challenges are compounded by a lack of evidence-driven culture and an excess of new regulations, which do not allow policy makers sufficient time to appropriately assess impacts. This report suggests that the Lithuanian government adopt a systematic approach to analytical skills in order to increase its capacities to supply evidence. Furthermore, this chapter addresses the key role of data in evaluation and underlines the need for greater data availability and a coherent approach to data governance in order to properly support evidence-informed decision making.

Ensuring the availability of skills for policy analysis in the public sector

Simply put, a skill is "an ability to do something acquired through training and/or experience" (OECD, 2017[2]). The OECD has developed a framework for civil service skills for public value, where analytical skills are one of four complementary and overlapping bundles of skillsets for a high performing civil service (Policy advisory skills). Box 1.1 provides further information on this framework and the different skillsets required for the civil service to deliver public value.

Box 1.1. Skills for a high performing civil service

The OECD report 2017 on civil service skills report identifies **four main skill groups that are necessary to create public value**:

> ***Policy advisory skills*** *[require] leveraging technology and synthesising a growing range of evidence-informed scientific insights (e.g. behavioural economics, data science, strategic foresight) and a diversity of citizen perspectives for effective and timely policy advice to political decision makers.*
>
> ***Engagement skills*** *[require] working directly with citizens and users of government services to improve service experience, legitimacy and impact by leveraging the "wisdom of the crowd" to co-create better solutions that take into account service users' needs and limitations.*
>
> ***Commissioning skills*** *[require] designing and overseeing various contractual arrangements (outsourcing, PPPs, service level agreements, etc.) and managing projects to achieve impact through organisations (public, private, not-for-profit) that are best placed to deliver services due to their expertise and/or local position.*
>
> ***Network management skills*** *[require] collaborating with a range of independent partners to address complex/wicked policy challenges by developing a shared understanding of the problem, collectively identifying potential solutions and co-implementation.*

While each civil servant does not need to be highly skilled in all of these areas, public institutions do require a solid mix of these skills in order to deliver public value in the modern public sector arrangement.

Source: OECD (2017[2]), Skills for High Performing Civil Service, http://dx.doi.org/10.1787/9789264280724-en.

The policy advisory skills, also known as 'analytical skills', require that civil servants have the ability to generate and use robust and credible evidence (OECD, 2020[1]). This includes an individual's knowledge of different types of research methods, as well as fundamental skills of statistical and data literacy, and the capacity to read and understand analytical products. In practice, these skills often require a multidisciplinary set of competences drawing from a wide range of areas, including economics, statistics, social sciences, environmental sciences, law and engineering.

Lithuanian ministries suffer from analytical skills gaps, which affect their ability to supply credible, timely and robust evidence for decision making

In Lithuania, ministries face important challenges in regards to capacities to conduct policy analysis. Indeed, OECD data shows that both the centre of government and line ministries identify the lack of human resources and skills as a main challenge in promoting EIPM (see Table 1.1 below).

Table 1.1. Main challenges to EIPM as perceived by Lithuanian Ministries

	Lack of human resources and skills	Lack of suitable data	Lack of financing (to contract institutes and universities and attract staff with relevant skills)	Lack of political demand and lack of understanding of the importance of evidence
Office of the Government	●	●		●
Ministry of Interior	●	●		
Ministry of Finance		●		
Ministry of Education, Sciences and Sport	●		●	●
Ministry of Environment				
Ministry of Agriculture	●	●		●
Ministry of Social Security and Labour	●	●		
Ministry of Economy and Innovation	●			●
Ministry of Health	●		●	
Ministry of Justice	●		●	●
Total of 10 institutions	**8**	**5**	**4**	**5**

Note: The ten responding institutions include 9 line ministries and the Office of the Government.
Source: OECD (2020[3]), OECD questionnaire on "Evidence Informed Policy Making and Policy Evaluation at the Centre of Government in Lithuania".

These challenges in regards to capacities are explained by four main factors:

1. The Lithuanian public sector as a whole suffers from a shortage of skills for analysis, due to a general lack of availability of such skills on the Lithuanian job market and a marked difficulty in attracting and retaining such staff.

2. When analytical skills are present in ministries, they are spread out in such a way that it is difficult to reach a 'critical mass'.

3. Until recently, there had not been a systematic approach to mapping and tracking these skills across government.

4. A government-wide approach towards an effective upskilling of the current civil servants in this area of competence is lacking.

Other challenges include complicated procurement processes and a lack of motivation from staff – in part due to low political interest in using evidence (see next chapter).

Analytical skill gaps in the Lithuanian government are due to a shortage of these skills in the Lithuanian job market and challenges regarding the competitiveness of public sector salaries

Analytical skills are lacking in the Lithuanian job market

Firstly, skills such as quantitative economics, statistics, data science, and social sciences appear to be in scarce supply in the Lithuanian job market. Several line ministries underline the challenges they encounter in identifying qualified staff, in so far as there are only a limited number of qualified graduates in the above-mentioned fields in Lithuania. As a result, even when ministries and their dependencies can rely on more flexible and competitive contractual arrangements in order to hire the skills they need, they have been confronted with shortages of supply.

For instance, the Bank of Lithuania, which can offer more attractive salaries than most agencies in the public service, still struggles to find qualified economic expertise. Its Applied Macroeconomic Research Division, located within the Department of Economics, employs 8 staff members, 7 of which hold PhDs from foreign institutions. The Bank's Center for Excellence in Finance and Economic Research (CEFER) has 6 economists, all of whom hold PhDs from foreign universities. To remedy this problem, the Bank has decided to create a bachelor of sciences in quantitative economics in partnership with Vilnius University, which is one of the few academic programmes with courses in quantitative and qualitative social sciences in Lithuania. This competitive programme, taught exclusively in English, aims to provide the Bank with young graduates trained in quantitative economics. However, for now, the programme is only designed until the bachelor level. Box 1.2 below provides more detail on the Bank's efforts to increase the supply of qualified analysts in Lithuania.

Box 1.2. The Bank of Lithuania's initiatives to increase the supply of analytical skills

The Bank of Lithuania is a para-public institution that is not bound by the civil service framework but operates based on labour law (article 18, (Parliament of Lithuania, 1994[4]). On this basis, the Bank is able to offer more attractive and flexible salaries than most of the public sector. Despite this, the Bank still struggles to find qualified economic expertise.

As a result, the Bank of Lithuania has developed an academic programme in quantitative economics in order to meet its own human resources needs. This programme, developed in co-operation with Vilnius University, is based on a 3 years Bachelor in Sciences programme in Quantitative Economics. Kaunas University of Technology has also joined this initiative. The first iteration of the programme started in 2018 and is set to graduate in 2021.

The programme is taught exclusively in English by internationally-ranked professors, who combine their teaching function with a position at the Bank of Lithuania. The programme admits approximately 30 students annually. In addition, the BSc in Quantitative Economics features a more rigorous admission procedure than most programmes at Lithuanian public universities. Successful students not only need to obtain high scores at the national examinations but also undergo an interview process. The prestige of the programme was also ensured through privileged access to internship opportunities (Bank of Lithuania, Nasdaq Baltic) and some scholarship schemes.

The objective of this initiative is to equip Lithuanian students with the most recent economic analysis and quantitative methods and prepare them for further studies in leading foreign universities or a career in economics, finance and data analytics. It should help, hopefully, to reduce BoL's reliance on international labour market for their staff needs in the medium term. In addition, the bank is increasing its co-operation with universities and has recently signed an agreement with the Kaunas University of Technology on research co-operation and the development of a joint PhD programme.

Source: Vilnius University (2021[5]), *Vilnius University Webpage,* www.vu.lt/en/studies/bachelor-and-integrated-studies/quantitative-economics (accessed on 10 May 2021); and Fact-finding interviews (OECD).

Some programmes focused on policy analysis do exist, This is the case, for instance, in the Institute of International relations and Political Science of Vilnius University, where courses are offered on quantitative and qualitative social science methods the Bachelor degree, as well as in the Masters' programmes on Public Policy Analysis.

Yet, analytical skills are crucial to ensure the effective supply and use of evidence for decision making. In particular, quantitative skills, data skills and related soft skills are extremely important in a world that is becoming ever more digitalised. The volume, velocity and variety of data has increased dramatically and

"data literacy" among civil servants is indispensable (OECD, 2017[6]). Data-scientists or economists/statisticians competent in working with data have to be present among ministerial staff so that the evidence derived from data is used correctly, and that external evaluations and assessments are contracted appropriately. This might require developing more programmes focused on quantitative analytical skills – particularly economic skills.

Thus, in order to increase the availability of analytical skills in the civil service, the Lithuanian government could build on the programme created by the Bank of Lithuania and create a master's level programme in the same field. This would require building a partnership between the university and a government institution with sufficient links to the academic sector. STRATA seems to be the best available option at the domestic level. Chapter 4, focused on STRATA, provides more information on how this partnership could take place and what could be the specific role of STRATA in this regard. In doing so, the Lithuanian government could look at similar examples in other European countries. In France, for example, the National Institute of Statistics and Economic Studies (INSEE) organises a master programme to train future economists and statisticians, part of which work for the government afterwards (see Box 1.5 for more information on this scheme). A subset of students qualified after a selection procedure, who are enrolled in the National School for Statistics and Economic Administration (*ENSAE*, for statisticians/economists) and the National School for Statistics and Data (*ENSAI,* for statisticians/data scientists) receive a stipend during the studies in exchange for working within the public sector for 8 years upon graduation.

The idea in Lithuania is that such a master's programme would also have "spillover effects", and help supply appropriate skills for the tertiary and financial sectors, which are well developed in Lithuania. In the very short term, as the scheme would take a few years to set up, the Lithuanian government could also consider offering a scholarship to students who decide to study-abroad in these fields, in exchange for their commitment to working in the Lithuanian public sector, ministries or agencies for a set number of years – for example a minimum of five years. The current "next 100" scheme already offers scholarships for Lithuanian students who have been admitted to top foreign universities in exchange for working in Lithuania for at least 3 years upon graduation. This scheme could be adapted or extended to meet the needs of the Lithuanian public sector.

The civil service is not sufficiently attractive

Lithuanian ministries and public sector agencies are generally struggling to recruit and retain analytical skills. Indeed, the Lithuanian civil service framework does not allow most public institutions to attract these skills. This reflects both the fact that public sector salaries, working conditions and career prospects are not competitive enough with the private sector to attract good candidates. As the European Commission put it (European Commission, 2019[7]):

> *"The civil service [in Lithuania] is losing competitiveness in the labour market due to its low salaries and unattractive working conditions. It has difficulties in attracting new qualified staff, while increasing numbers of professionals are leaving the service. This is leading to the ageing of the civil service and requires a long-term strategy to make the public sector an attractive employer for the young."*

Even if the data need to be considered with some caution, generally, when retaining compensation within central ministries, economists and analysts in the Lithuanian Civil Service are paid less in relation to national GDP per capita than their OECD counterparts in most countries for which the data is available; In addition, the difference between junior and senior is negligible, which reflects the fact that the Lithuanian public sector does not provide salary progressions associated with seniority and expertise. According to the 2016 study, Lithuania was the only OECD member and accession country in which senior and junior economists were paid nearly the same rate. According to the International Standard Classification of Occupation in the study, senior economists and policy analysts generally have 5 years of professional experience and often higher educational attainment. Therefore, the civil service appears to be an

unattractive career option for highly qualified personnel with ambitious career plans. Whereas in Lithuania the ratio of remuneration of senior to junior economists is very close to 1, this ratio for the other OECD countries falls within the range from 1.15 (as for Hungary) to 1.5 (as for Denmark) (see Box 1.3 for more detail on this data and sources).

In addition, the civil service in general is relatively older. Even if the issue of ageing civil service is prevalent in many OECD countries (OECD, 2021[8]), there is a higher difference in Lithuania between the share of workers older than 55 years old in the central/federal administration and the general labour market than in the OECD average (33% for Lithuania, 30% for the OECD average) (OECD, 2021[8]). More importantly, the civil service framework is too rigid both in terms of career advancement and in terms of compensation to attract specialised technical skills such as those required for policy analysis.

Box 1.3. International comparisons of relative compensation for analytical civil service skills

Lithuania did participate in the 2016 comparative survey on staff compensation in the civil service (OECD, 2017[9]). The findings show that from a general standpoint **analysts and economists in the Lithuanian civil service are paid less in relation to national GDP per capita than their OECD counterparts.** There is almost no distinction between a senior and a junior economist, and the compensation is not significantly different from that of a secretary. These analytical staffs are employed in the national capital, where GDP per capita, relative cost of living and competing job opportunities differ from the rest of the country. The ratio of compensation for analytical staffs to GDP per capita in the Vilnius region is lower than one, and close to that of secretaries (Figure 1.2). While the 2016 data is a few years old, more recent data from the Civil Service Report prepared by the Ministry of Interior in 2019 does not suggest that the remuneration of civil servants has changed drastically since, in terms of relative ratio to national GDP per capita (Ministry of Interior, 2020[10]).

Figure 1.1. Relative compensation of Senior and Junior Economists in central government
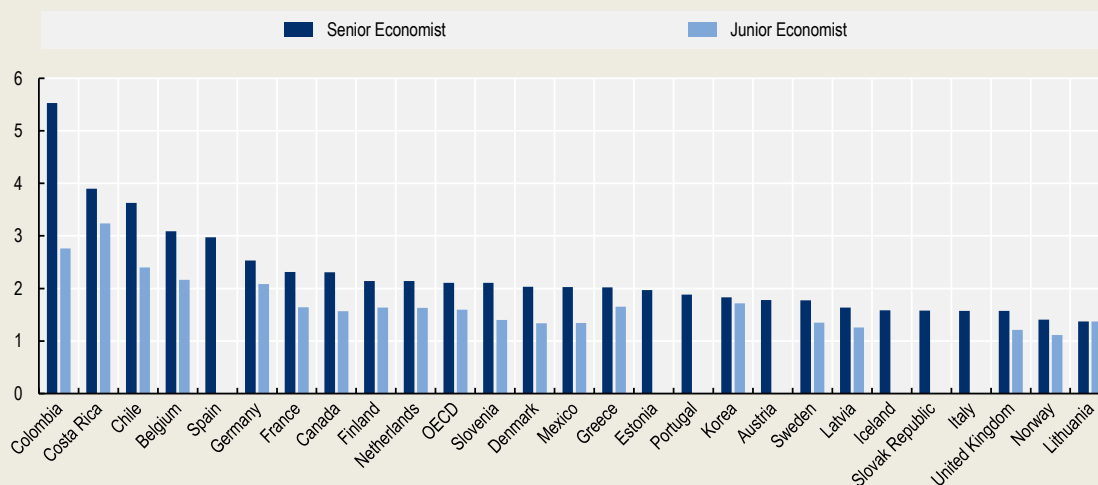
Note: figures are expressed as a ratio of GDP per capita (2015)

StatLink https://stat.link/7xudab

Figure 1.2. Compensation of senior and junior economists adjusted to Vilnius region GDP/capita
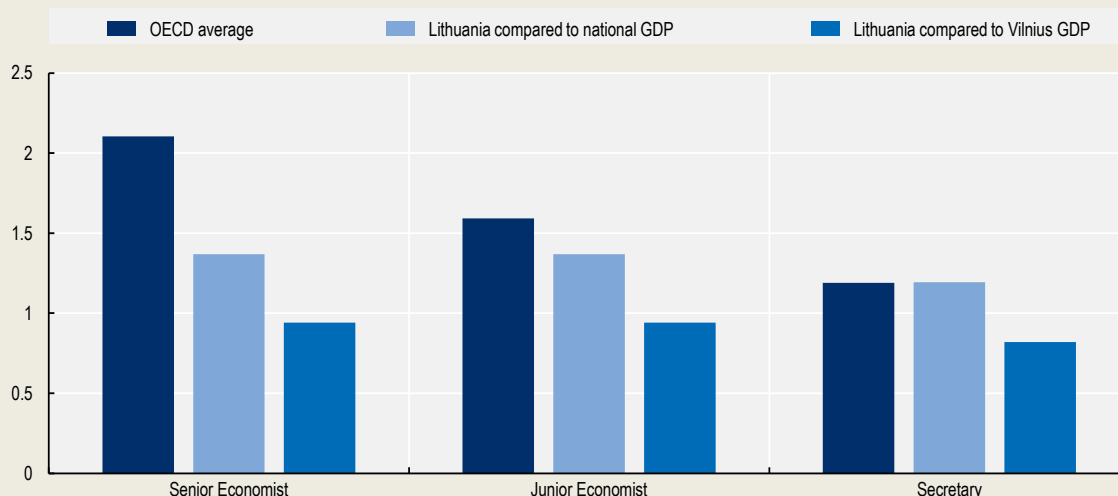
Note: The data corresponds to the survey conducted in 2016 for the year 2015 in which officials from six central government ministries/departments (Interior, Finance, Justice, Education, Health and Environment or their equivalents) answered about the remunerations and working conditions in their respective institutions. The job classification followed the methodology of ISCO-08 codes developed by the International labour organization (ILO). The data is adjusted for working time differences and follows a full-cost approach whereby the compensation includes all the social benefits, payments to insurance and pension schemes, bonuses and taxes. The GDP data is taken from the OECD National Accounts Database. Please refer to the (OECD, 2017[9]), Government at a Glance, http://dx.doi.org/10.1787/gov_glance-2017-en Annex D for more information on the methodology. The data for the GDP of Lithuania and Vilnius region is taken from the Eurostat database. The data for Vilnius region corresponds to the Capital Region (*Sostinės regionas*). Eurostat (n.d.) https://ec.europa.eu/eurostat/databrowser/view/nama_10r_2gdp/default/table?lang=en (accessed on 27 May 2021).
Source: adapted from *2016 OECD Survey on compensation of employees in central/Federal Governments*; OECD STAN/National Accounts Statistics (database); OECD (2017[9]), "Figure 3.20 in Chapter 3" in *Government at a Glance 2017*, http://dx.doi.org/10.1787/888933532371.

StatLink ⧉ https://stat.link/vikd9c

Indeed, some in-demand professionals might not find it attractive to become a career civil servant but could be interested in working on short-term high-profile projects, given that they be compensated justly (OECD, 2021[8]). The civil service law of 1999 and the law on public administration of 1999 also mostly focus the civil service on skills related to policy implementation rather than to policy making (Parliament of Lithuania, 1999[11]; Parliament of Lithuania, 1999[12]).

There is no shared framework for analytical skills across-government

Moreover, staff who are in charge of conducting policy analysis are not clearly identified in ministries. First, analysis and substantiation skills are required for any civil service position in Lithuania (Government of Lithunia, 2018[13]). Moreover, there is no shared definition of analytical staff in the Lithuanian civil service framework, thus making it difficult to identify ministries' capacities in this regard. Finally, as most civil servants conduct some policy analysis as part of their duties, ministries may tend to overestimate their capacities in this regard. For example, as most civil servants conduct some parts of regulatory impact assessments (RIA) when preparing legislations, as anyone involved in a RIA could be considered an analyst, even though this task mostly requires purely legal skills. In general, the skills required to conduct high-quality policy analysis are very different from those that are necessary to understand the legal impacts of proposed legislations and regulations.

Beyond the existing general competency framework, a more granular understanding of the available technical skills remains necessary to accurately assess Lithuania's capacities for evidence-informed decision making. As the OECD's work on the Future of Work in the Public Sector (OECD, 2021[8]) underlines, identifying gaps or oversupplies of skills are necessary pre-conditions for good workforce planning for a resilient public sector, able to adapt to a change in environment and recover from external shock. This has been an issue receiving increased interest in the governance area following the COVID-19 crisis (OECD, 2021[8]) (see Box 1.4 for more information).

Box 1.4. Strengthening government resilience in a Post COVID-19 environment

The COVID-19 pandemic was an exceptional test of government capabilities in 2020-21. Capacity for forward planning and strengthening resilience against future shocks has become critical. Yet, countries had few structured capacity to gather scientific advice and evidence about how governments should adapt to novel and complex crises. As a result, many countries have put in place institutional arrangements to gather scientific advice and evidence as the COVID-19 crisis developed. They have had to address issues of transparency, processes to ensure the quality, authority and legitimacy of advice. More generally, countries have also had to redesign decision-making processes and cross-government co-ordination to increase their effectiveness and agility. The crisis has also highlighted the role of data as a strategic asset in the public sector. Building capacity for anticipatory innovation and skills is also one of the many facets to be addressed by governments on the way to recovery, within the scope of issues addressed in the current report.

Source: OECD (2021[8]), *Government at a Glance 2021*, https://dx.doi.org/10.1787/1c258f55-en.

A first step in strengthening the analytical capacities of the Lithuanian public sector would therefore be to have a systematic and precise mapping of the staff who possess analytical skills in each ministry. Such an exercise could be inspired by the UK example of developing Digital, Data and Technology Capability Framework (see Box 1.5).

Box 1.5. The United Kingdom framework of digital professionals

In 2015, the United Kingdom's Government Digital Services (GDS) started conducting a broad mapping of digital skills in the government to evaluate the capacities and needs of the British government, to promote a modern and agile digitally-driven civil service. This mapping looked at digital professionals as well as product manager, user researcher and delivery manager roles – all of which are indispensable for well-functioning digital services. This mapping exercise has shown that employees with such digital skills had different job titles, functions and salaries within the British public sector.

Based on this mapping, the GDS developed the "Digital, Data and Technology Capability Framework" that includes 37 jobs and identifies the skills needed for each of them, as well as the competences needed to advance to a higher-level title within each job. This framework has helped the UK civil service address the issue of digital professionals' recruitment and career advancement, identify capacity gaps to design training and facilitated the creation of community of practice.

Source: OECD (forthcoming[14]), *The Future of Work in the Public Service*.

In Lithuania, the Ministry of the Interior is currently mapping skills based on a broader competency management framework and the Human Resource Management System does track civil servants' career progression. While this constitutes a very positive first step, a sharper focus on analytical skills would be needed to identify actual analytical resources and begin to tackle the unmet needs of the civil service.

The Lithuanian government could consider adopting a government-wide approach to analytical skills

The scarcity of graduates with high-in-demand analytical skills and the limited financial resources of the public sector requires the elaboration of a government-wide strategy to attract and retain highly qualified analytical staff members. The Lithuanian public sector could offer an analytical track within the civil service framework, whereby the graduates with quantitative background would be hired centrally and, then, dispersed to the analytical units within various ministries. These analysts could be offered relatively higher salaries and well-defined career trajectories to increase the attractiveness of this professional stream which could apply both to ministries and agencies.

Thus, in order to attract a variety of profiles, skills and backgrounds, the Lithuanian government could consider creating a specific analytical track within the civil service, which could provide some flexibility in compensation, offer professionally attractive positions, with a greater in-career mobility compared to the traditional civil service framework. This analytical civil service track would be an integrated cross-government service that supports better policy formulation and implementation across the civil service with economic and analytical skills (OECD, 2020[15]). Several other OECD countries have created dedicated policy analysis tracks within the civil service (see Box 1.6).

As seen in Ireland, the United Kingdom and France, the creation of a system of analytical profession in the civil service contributes to making these skills available and visible in the public sector and ensures greater consistency of analysis and evaluations across the government, while facilitating mobility and exchange of good practices. Moreover, it provides a solution to the issue of public sector attractiveness. For instance, the IGEES has managed to develop name recognition in Ireland such that it is generally considered a more attractive career option than many other graduate programmes, including in the private sector, due to the horizontal and upwards mobility it provides early on in one's career (OECD, 2020[15]). In addition to mobility, the attractiveness of the work is reinforced by the possibility of participating in quality seminars, in exchanging with peers, and in focusing on shaping high priority policy initiatives.

Box 1.6. Policy analysis tracks in Ireland, the United Kingdom and France

In Ireland, the **Irish Government Economic and Evaluation Service** (IGEES) has a role as an economic and analytical resource co-ordinator across government. The IGEES manages a network of analytical staff who are hired centrally and later posted in line departments. The IGEES staff conduct economic analysis and evaluations, and more generally contribute to better policy making in the line departments. IGEES was launched in 2012 in the aftermath of the Global financial crisis, initially aimed at insuring the quality-for-money of public policies in response to budgetary pressures (OECD, 2020[15]). On average, 20 recent graduates are hired through this scheme every year, which brings the total number of analysts hired by IGEES to over 150 across the government. The IGEES also supports network building and knowledge sharing by providing its staff with incentives for mobility: after an initial 2-year period, staff will move either within the department or to another department. A learning and development framework has also been established whereby IGEES staff receive training in the following areas: policy analysis and evaluation methods, appraisal methods, data and advanced quantitative methods, and applied economics (OECD, 2020[15]).

In the **United Kingdom**, there are around 15 000 "policy professionals" that work as analysts across the different government departments. The term regroups several professional tracks such as the government economic service, the government statistical service and the government social research service (OECD, 2020[1]). The policy profession framework includes a two-year apprenticeship programme, as well as a three-year graduate scheme. There is also a common framework for all policy professionals, which includes a shared skillset (18 competences in 3 areas: Analysis and Use of Evidence, Politics and Democracy, Policy Delivery), 3 levels of expertise, as well as a clear training and career progression framework.

In **France**, the National Institute of Statistics and Economic Studies (INSEE) has an inbuilt tertiary educational system, which trains a set of specialists in economics, statistics and econometric analysis through the ENSAE school, and statisticians and data scientists at the ENSAI school. Part of the graduates from these schools are to be enrolled in the civil service and receive a stipend during their studies in exchange for working in the civil service for a minimum period of 8 years. Within the civil service, graduates from the ENSAE/ENSAI serve in the analytical offices in each ministry, as well as a variety of public institutions such as France Stratégie or the Central Bank. At entry level, this pool of graduates is co-ordinated centrally by INSEE, thus creating a shared market place for analytical and statistical skills across the public sector. In addition, the National Institute also has an important role in fostering and developing analytical competencies across government, by providing professional training aimed at all civil servants, organising seminars to foster knowledge sharing and encouraging mobility of analytical staff between line ministries. The scheme, which has been operating since the inception of INSEE in 1946, was part of a set of key reforms aimed at modernising the civil service in the after war recovery period to ensure that the French state apparatus would be well equipped to deal with modern challenges.

Source Secretariat based on information from country officials.

There is currently very little systematic rotation of civil servants across different institutions in Lithuania. Staff members may naturally move from one institution to another, but there is no planned career progression.[1] Institutionalising civil servants' mobility could make the public sector a more attractive career option for analysts which can be envisaged as part of broader reforms of the civil service.

Moreover, the creation of such a stream needs to be accompanied, as described above, by a thorough exercise of analytical capacity mapping. Analytical resources and gaps have to be identified to enable effective human resources management. The clear definition of analytical and evaluation roles and their corresponding skill sets (such as in Canada, see Box 1.7) would help to foster a government-wide hiring and training strategy. This capacity mapping could also lead to the consolidation of the analytical resources of some of the agencies in order to increase their impact.

Box 1.7. Evaluation Professionals and Competencies Framework in Canada

In **Canada**, the Treasury Board of Canada Secretariat has established a system in which evaluators are classified into 3 different groups according to their expertise and skills: Evaluation Specialists (junior, intermediate and senior), Directors of Evaluation and Heads of Evaluation. The functions and tasks of each rank of evaluators are clearly identified as listed below:

- **Junior Evaluators** are expected to help with formulating evaluation questions, gathering and using quantitative and qualitative data as well as pointing to its gaps. The Junior Evaluators also commit to pursue ongoing training and aim at obtaining professional certificates.

- **Intermediate Evaluators** – analyse the available performance measurements and assess the quality of data. They are also expected to be able to formulate conclusions and recommendations based on evaluation results. Intermediate evaluators seek to advise about the improvement of performance measurement indicators for future data collection.

- **Senior Evaluators** – validate the engagement with chosen stakeholders, verify the approach and methodology of evaluations and communicate the concerns about performance measurement to the head of evaluation.

All three categories of evaluators need to have the skills in the areas of demonstrating integrity and respect, working effectively with others and initiative taking.

- **Directors of Evaluation** – need to have expertise developed through education, training and experience in design, methods and practises of quantitative and qualitative data collection and analysis. They are also expected to be able to effectively communicate the findings and propose action-oriented recommendations. Moreover, Directors of Evaluation are responsible for the considerations and incorporation of new evaluation techniques and trends. Directors also need to have competence in upholding integrity and respect, creating vision and strategy, collaborating with partners and stakeholders, being result-oriented, promoting innovation and mobilising people.

- **Heads of Evaluation** – ensure the adherence to Canada's Standard on Evaluation, advise senior managers about the effective performance measurement and mobilise the expertise of the other evaluation professionals.

Source: Government of Canada (2020[16]), *Evaluation Competences,* www.canada.ca/en/treasury-board-secretariat/services/audit-evaluation/evaluation-government-canada/evaluation-competencies.html (accessed on 11 May 2021).

A critical mass of analytical skills is needed at the organisational level

In most Lithuanian ministries, analytical capacities are dispersed through line departments and understaffed policy units, known as strategic decision support groups (SDS): few ministries have a unit dedicated entirely to policy analysis. One positive example of a unit dedicated to analysis is the strategic decision support and international co-operation division at the Ministry of Social Security and Labour. This division can be consulted by any line department if it needs to assess the fiscal impact of a draft legislation, including redistributive impacts through microsimulation. The division is also responsible for developing evaluations for the ministry. The Competition Council has also created a unit that centralises its economic expertise for co-ordination across the other units (see Box 1.8 below).

Box 1.8. The economic analysis unit at the Competition Council

In 2018, the Competition Council established the unit of economic analysis that consists of 5 economists. The creation of this unit was aimed at strengthening economic advice and expertise and increase knowledge sharing among the economists employed by the Competition Council. The unit "does not only conduct economic calculations but also ensures the quality of the economic analysis conducted by the other administrative units".

Source: Competition Council (2019[17]), *Konkurencijos Tarybos Veiklos Ataskaita* [2018 Activity Report of Competition Council].

The practice of the Ministry of Social Security and Labour and the Competition Council remains an exception, however, as most ministries do not have a dedicated unit in charge of supporting analysis across all departments. Most only have units for strategic planning and monitoring charged with reporting on the strategic management frameworks, which employ staff with analytical skills, and often suffer vacant positions.

Rather, most analytical tasks are distributed amongst staff members who also fulfil many other functions. Yet, analysis and evaluation take time, which can be difficult to reconcile with having to handle daily and urgent tasks such as responding to parliamentary questions, responding to requests by the Office of Government[2], or managing a project. As a result, staff in ministries often have little time to conduct in-depth analytical work. The first step in promoting the supply of high-quality analysis and evaluation would therefore be to review the organisation of requests to ministries, in order to streamline the workload, while also reviewing the ministries' submissions to the Office of the Government. This can be done through analysis of the government document management and information system (DVIS).

Another feature of the organisation of analytical capacities in Lithuania is the analytical units in agencies subordinate to ministries (see Table 1.2 below for an example). These institutions often operate outside the rigid civil-service framework and tend to have more flexible labour contracts that are regulated by private law. In turn, they have greater leeway in salary-setting and other contractual arrangement that potentially make them more attractive employers than ministries. An interesting example is the Lithuanian Energy Agency, which is the only agency attached to the Ministry of Energy, and is entirely devoted to analysis. This agency provides the ministry with strategic analysis of energy markets and long-term supply needs of the country. Some other examples of these agencies are found in the table below as they relate to the ministry of Economy and Innovation. To some extent, STRATA itself is also a strategic analytical agency under the Office of the Government.

Table 1.2. Dependent agencies to the Ministry of Economy and Innovation with analytical function

Name of the agency	Total number of employees
Information Society Development Committee	41
Science, Innovation and technology Agency	109
Lithuanian Business Support Agency	178
Lithuanian Innovation Centre	47
Enterprise Lithuania	58
Invest Lithuania	123
Travel in Lithuania	35
Governance Co-ordination Centre (Co-ordinates the Governance of SOEs)	22
8 institutions	**645 employees**

Note: these are total number of employees, as information on the number of professional analysts only is not available on a comparable basis. The number of people focused on analytical tasks will be smaller.
Source: VSDFV (n.d.[18]), *Open Source Data on Firms,* https://atvira.sodra.lt/imones/paieska/index.html (accessed on 10 May 2021); Ministry of Economy and Innovation (n.d.[19]), *Subordinate Institutions and Enterprises,* https://eimin.lrv.lt/lt/struktura-ir-kontaktai/pavaldzios-istaigos-ir-bendroves (accessed on 10 May 2021).

Many of the agencies in the Lithuanian government act as analytical arms of the ministries, and conduct thematic studies and analysis alongside other activities. They do not, however, have an established role in formal evidence-generating mechanisms for policy making (such as regulatory impact assessment, *ex post* evaluations, or value for money/effectiveness analysis for budgetary purposes).

Firstly, the consolidation of some of the agencies could be envisaged in some cases in order to use the scarce analytical resources in the public sector more efficiently through pooling of resources, as well as to promote knowledge sharing. However, the nature of such adjustments falls beyond the scope of the current report.

More generally, embedding proper evidence-informed decision-making into government requires having a critical mass of analytical competencies available. More technical evaluation or analytical skills can be devolved to agencies, as is already the case in Lithuania, and is commonly the case in Nordic countries. This model can offer increased managerial autonomy, as well as give staff the capacity to conduct in-depth research and analysis while being preserved from more short-term and urgent tasks. This would, however, require mobilising these agencies in a more systematic manner to support the analysis needed for evidence-informed decision-making processes, such as RIA.

A range of countries, such as France, Canada, the United Kingdom or Ireland have chosen to concentrate a significant mass of analytical expertise within Ministries. This has the advantage of embedding analysis and evaluation into decision-making processes. Some Lithuanian ministries would undoubtedly benefit from having some critical mass of analytical skills in house.

Training could be used to upskill existing public servants, but has its limits

While some ministries have taken to training their staff members in order to upskill existing personnel, the Lithuanian civil service has not developed a systematic government-wide approach in this regard and the training system of public servants is decentralised.[3] The law of civil service of 1999 stipulates that individual ministries are responsible for training their staff based on the recommended training priority areas identified by the Government (Parliament of Lithuania, 1999[11]). One of the seven training priorities included in the government decree is "strengthening analysis and justification competences" (Government of Lithunia,

2018[13]). However, in practise the priority areas identified in government decrees are not well reflected in line ministries' agendas as trainings are often organised on an *ad hoc* basis as funds become available. This is partially due to the fact that an important share of the government-wide training budget comes from European Union funding (24% in 2019, for example (Ministry of Interior, 2021[20])).

In terms of training experience in other selected OECD countries, in Ireland in the context of the IGEES system, or in France, specific training in quantitative methods, modelling, or data science can be offered to policy analysts.

While this report might suggest a more systematic and government-wide approach to training, specifically when it comes to training related to supply and use of evidence, the upskilling of existing staff will not offer a structural solution to analytical skill gaps.

Mobilising data to supply evidence

To produce reliable and robust analysis for evidence-informed policy advice, analysts in ministries need to have access to high-quality and timely data, as well as the appropriate tools and instruments to use this data.

Access to high quality and timely data is needed to supply robust evidence

The quality and availability of data is a crucial challenge for evidence-informed decision making. In OECD countries, challenges related to access to data in the public sector generally include understanding what administrative data currently exist in ministries. There is also a broader data challenge that corresponds to the capacity of the public sector to generate the type of high-quality data that is necessary to produce evidence and evaluation (OECD, 2020[21]). In other words, policy evaluation and evidence-informed policy making (EIPM) can be hindered by:

- a lack of available data (see Box 1.9 for more information on what types of data are needed for evaluation),
- issues with data access,
- and capacity gaps among government departments and agencies to generate data in a format that can be used.

Box 1.9. Data sources for analysis and evaluation

Conducting quality evaluation requires quality data, which may come from various sources:

- **Statistical data**: commonly used in research, it corresponds to census data or more generally to information on a given population collected through national or international surveys.

- **Administrative data**: this data is generally collected through administrative systems managed by government departments or ministries, and usually concerns whole sets of individuals, communities and businesses that are concerned by a particular policy. For instance, it includes housing data, tax records and data from public administrations.

- **Big data**: mainly drawn from a variety of sources such as citizen inputs and the private sector, big data is most often digital and continuously generated. It has the advantage of coming in greater volume and variety.

- **Evaluation data**: this data is collected for the purpose of the evaluation. It can take the form of qualitative questionnaires, on-site observations, focus groups, or experimental data. See further down for a description of impact evaluation methods to collect and analyse data.

Combining different data sources also has the potential to unlock relevant insights for policy evaluation.

Applying big data analysis techniques to public procurement data can contribute to creating stronger, sounder and more relevant evaluations.

Source: based on (Results for All, 2017[22]), Government Mechanisms to Advance the Use of Data and Evidence in Policymaking: A Landscape Review, http://results4america.org/wp-content/uploads/2017/08/Landscape_int_FINAL.pdf (accessed on 14 May 2021).

This understanding of the importance of access to data and the power of open data, exists in Lithuania and some policy initiatives have been recently adopted, particularly in the field of open data. However, access to timely and quality data, particularly administrative data across ministries, as well as its use, remain an issue in Lithuania today, which will need attention as part of a structured policy agenda supporting Open Data.

Management of data is still largely determined by the Official Statistics Programme

Statistics Lithuania is a public institution under the Ministry of Finance that is responsible for conducting official statistical studies and gathering data from public institutions and registries for that purpose. It bases its activities on the annual official statistics programme (OSP), a framework developed jointly by Statistics Lithuania (part I) and the Bank of Lithuania (part II), and ratified by the Ministry of Finance after undergoing a consultation process (Parliament of Lithuania, 1993[23]). For instance, in 2020, the OSP included 250 surveys and datasets (Ministry of Finance, 2019[24]).

The OSP is beneficial for the use and collection of administrative and statistical data as it clearly identifies what data has to be collected and determines what individual institutions' responsibilities in this regard, as mandates what surveys will be conducted during the year. The OSP also undergoes a consultation procedure, allowing stakeholders to express their data needs. These consultations can bring numerous benefits as stakeholder involvement helps to identify data needs linked to policy priorities, as well as provide a better understanding of existing data (OECD, 2019[25]). Finally, the OSP defines data use and management mandates for government institutions, thus contributing to data protection.

However, as it is currently designed, the official statistics programme remains too rigid to fully support the production and use of data for analysis. For instance, institutions that have not expressed their needs during the consultation phase will not be able to access data that was not planned as part of the OSP,

should the need arise during the Plan's implementation phase. The list of institutions with a legal mandate to access the data as part of the OSP is limited, and thus many institutions do not benefit from this data. The Bank of Lithuania's research centre, for example, cannot have access to many administrative data sets as it does not have a university status and, thus, does not have a legal mandate to conduct academic studies. Statistics Lithuania is equipped with the necessary infrastructure to track, monitor and analyse high frequency administrative and statistical data on time and could be technically ready to make it available. However, there is no legal framework that would allow policy analysts to easily access such data for the purpose of supporting and evaluating policy decisions in a way that would preserve trust in statistical secrecy.

In short, the narrow approach under the definition of "official statistics" does not allow Lithuanian administration to exploit the full potential administrative data can have in policy making, as data produced through the OSP may not be timely and thus appropriate for use and data that is not used by a variety of stakeholders often of poor quality.

Recent advancements in the field of open data need to be pursued

Availability and accessibility of data are important factors in data use, as data needs to exist but also accessible to be used for analysis. Also, publicity of data matters as analysts may not otherwise be aware of existing data sets. Recent OECD data shows that Lithuania is still lagging behind other OECD countries in this regard. The OECD OURData index, which measures accessibility, usefulness and re-usability of public data, ranked Lithuania as the second to last amongst OECD countries in three categories: data availability, data accessibility and government support for re-usability (see Figure 1.3).

Figure 1.3. Breakdown of the OECD OURData Index
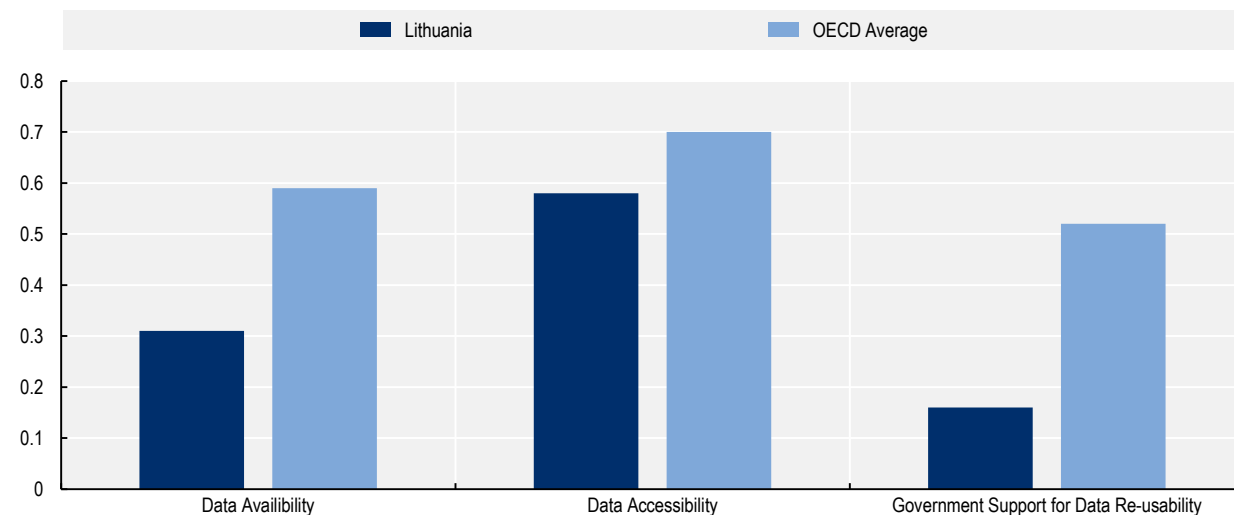
Source: Adapted from OECD (2020[26]), *OECD Open, Useful and Re-usable data (OURdata) Index: 2019*, http://www.oecd.org/gov/digital-government/policy-paper-ourdata-index-2019.htm.

StatLink https://stat.link/6wx3ml

Indeed, for the most part, there are no government-wide mechanisms to determine access to administrative data in Lithuania as each institution responsible for collecting data also decides on whether it will be shared or not. There is no fully operational centralised portal where institutions can systematically share administrative data. As a result, analysts must make ad-hoc requests, making it challenging to access data in a timely fashion and analysts may also not necessarily be aware of all the data that exists.

Recent initiatives in favour of open data have however greatly improved its availability. In 2018, the Information Society Development Committee, a dependency of the Ministry of Economy and Innovation, was tasked with developing and implementing an open data policy (article 9.3 of the statute of the committee (Ministry of Economy and Innovation, 2018[27]). As part of this policy, the committee created a national open data portal, which includes over 900 open datasets with public access, of which over 300 are in machine-readable CSV format. Moreover, the committee has provided training on open data to over 200 public managers. Box 1.10 provides more information on the open data portal.

Box 1.10. Lithuania's Open Data Portal

In 2020, the Information Society Development Committee (IVPK), which is an agency situated under the Ministry of economy and innovation, launched the Government Open Data Portal. As of May 2021, the portal contains 1236 accessible data sets gathered from 125 institutions (including municipalities). The data is categorised into 14 thematic areas (e.g. environment, culture, energy). The portal is user-friendly and easy to navigate. The data is searchable based on the data type (CSV, XLXS, ArcGIS), owner institution, date of the release and the frequency of updates on the data. Most of the data sets in the portal come with the corresponding metadata. The launch of this portal also aims at helping institutions to plan their data opening and prepare the metadata correctly. On the portal, the users may also express their needs for additional public data sets to be released.

Source: Information Society Development Committee (n.d.[28]), *Lithuanian Open Data Portal*, https://data.gov.lt/ (accessed on on 11 May 2021)

While this initiative constitutes a good practice, the quality of these data sets remain a challenge and thus an obstacle to use. Some data sets only include aggregate data that cannot be merged or linked with other datasets, and thus are of little use for statistical analysis. Examples from other OECD countries, such as Denmark (see Box 1.11), suggest that greater availability of data does not have to be at the expense of its quality and of its potential for use.

Box 1.11. Access to administrative data in Denmark

Similarly as in Lithuania, in Denmark personal data is stored in registries with personal identification numbers. Statistics Denmark facilitates the use of these micro-level databases for research purposes for approved analysts, universities, research organisations or ministries. Statistics Denmark possess data in 250 subject areas ranging from labour markets, consumption, demographics to transport, agriculture and environment. The data is prepared by the Research Service Division and is accessible remotely and securely through specific internet servers. Analysts can access data in these areas as far back as from the 1970s.

Source: Statistics Denmark (2014[29]), *Data for Research,* https://www.dst.dk/en/TilSalg/Forskningsservice# (accessed on 11 May 2021)

While recent advancement in the field of open data should be pursued by continuing to make more data available on the portal, more targeted approaches to access data for analysis could be envisaged. This could be done by adopting a more systematic approach to the production and use of data for analysis through the establishment of a data governance framework (see below for more information on this framework).

Increased data quality usually requires a shared understanding of the data value cycle

While only data specialists are usually responsible for developing data services and tools, an appreciation and understanding of the data value cycle is needed (particularly from leadership) in order to embed a data and evidence-driven culture within the public sector (OECD, 2021[30]), and ensure that public servants collecting and supplying data can think 'use first'. The figure below provides a schematic illustration of this data value cycle.

Figure 1.4. Data value cycle in government

COLLECTING AND GENERATING	STORING, SECURING AND PROCESSING	SHARING, CURATING AND PUBLISHING	USING AND RE-USING
Published data (e.g. open data) Sensory data (e.g. CCTV) Requested data (e.g. forms) Admin data (e.g. contracts)	Storage Quality management Catalogue Cleansing	Handle requests and agreements Data sharing platforms Open data websites	Statistical analysis Machine learning Visualisation Policy and service decisions Life decisions Performance insights
Impacts the public sector	*Impacts the public sector*	*Impacts the public sector + stakeholders*	*Impacts the public sector + stakeholders*

Source: Charlotte van Ooijen (2019[31]), *A data-driven public sector: Enabling the strategic use of data for productive, inclusive and trustworthy governance*; OECD (2019[25]), *The Path to Becoming a Data-Driven Public Sector*, https://doi.org/10.1787/059814a7-en.

To adopt a shared understanding of the data value cycle, the Lithuanian government could consider adopting a data governance framework – as detailed further below.

Use of data for analysis poses technical and ethical challenges

Lithuania does have a central registry, thus making the use and merging of data for analysis possible

In Lithuania, a substantial share of public data is stored and managed by the Centre of Registries, a public enterprise. This central government registry manages the population, real estate, mortgages, addresses, legal persons, authorisation, contracts, liens, marriages, incapacitated people and testaments registries. Public institutions and state information systems can access and use data from these registries if they have a legal mandate to do so under the OSP. For example, the data from these registries are used by the State Social Insurance Board (SODRA) and the State Tax Inspectorate.

With such a central registry, Lithuania is able to attribute a unique identifier for each entity (for persons or businesses), thus making the merging of data for statistical purposes much easier. Indeed, only the data that includes unique identifiers of persons, businesses or places can be merged. The ability to merge different datasets allows researchers and analysts to use data for a greater variety of topics.

Yet, proper use of data remains a challenge for ethical reasons

Issues related to data use are not only operational but also ethical. All OECD countries face the challenge of balancing the use of personal data for EIPM and ensuring that the personal data rights of citizens are secured and respected (OECD, 2020[32]). Indeed, data protection legislations can constitute an obstacle to using individual-level data to evaluate policies and programmes in some countries, specifically when carrying out statistical analysis and when merging files, which requires access to single identifiers (OECD, 2020[21]).

In Lithuania, existing data protection regulations often preclude public institutions from receiving individual data with unique identifiers from registries or Statistics Lithuania (the 1996 law on the legal protection of personal data). This is the case even though Lithuania has a central registry, as described above. For example, public institutions can only receive aggregate data upon request from individual tax files for analysis.

While high level and prominent institutions such as STRATA can access matched datasets, many public institutions still find it difficult to get access to data files from other institutions due to legal barriers. Some experiments currently conducted in Lithuania in regards to linking and merging individual-level data could provide examples of good practices for future evaluations. Thus, in 2021, Statistics Lithuania will conduct the national census using information from registries, as opposed to through population surveys. For this purpose, Statistics Lithuania is currently testing the merging of 15 different registries and data sets to estimate the total population, its demographic and socio-economic composition, and distribution on the Lithuanian territory (Government of Lithuania, 2018[33]) (Statistics Lithuania, 2020[34]).

More generally, systematic strategies and policies to combine, link and reuse data, as well as to connect actors and decisions within and outside the public sector, are necessary to enable administrative data to be used for evidence-informed decision making (OECD, 2019[25]). Thus, some OECD countries have sought to develop EIPM strategies by fostering systematic use of administrative data. The United States, for example, have institutionalised and implemented government-wide approaches to the use of data for analysis. They have done this by mobilising institutional resources, promoting internal champions and exploring the possibility to fully use existing data on a systematic basis through significant governance changes. The United States have issued the 10-year Federal Data Strategy centred around 3 core principles (ethical governance, conscious design and a learning culture), which is accompanied by the implementation plan of 40 practices that help agencies to comply with the Federal Data Strategy (Executive Office of the President, 2019[35]) (OECD, 2019[25]). Moreover, the Foundations for Evidence-Based Policymaking Act of 2018 includes government-wide approach to data as a key pillar for the EIPM vision. Its implementation plan mandates the agencies in the US administration to have a chief data officer (US Congress, 2018[36]). The implementation plan also englobes such programmes as "Open Data Access and Management" and "Data Access for Statistical Purposes" (United States Office of Management and Budget, 2019[37]). Such a government-wide strategy for use of administrative data in policy making could be included in a wider framework on evidence-informed decision-making in Lithuania.

A government-wide data governance strategy is needed to support evidence-informed decision making

Lithuania could consider combining its recent open data efforts with a clear governance framework for data in the public sector, which is apparently planned as part of the government's agenda. Such a framework would serve to identify the data needs of departments, as well as ensure the quality, publicity and use of data. Indeed, evidence shows that data governance promotes integration and systemic coherence, and offers a common basis to use data in order to attain shared policy goals and promote trust (OECD, 2019[25]). A centralised data governance strategy can therefore help set a clear and shared vision for data for EIPM, establish roles and standards for implementation, establish institutional, regulatory, and technical foundations to better control and manage the data value cycle (OECD, 2019[25]).

Several OECD countries, such as Canada, the Netherlands or the United States, have developed holistic national data governance strategies to manage, protect and share data within the public sector. In front-runner countries, this has led or is leading to the development of holistic national data strategies. These strategies are often nested within public sector digitalisation efforts. In the United States, for example, the 2019 Federal Data Strategy presents a ten-year vision to unlock the full potential of the country's federal data assets while safeguarding security, privacy and confidentiality (Executive Office of the President of the USA, 2019[38]). This data strategy also builds on the Foundations for Evidence-Based Policy-Making

Act of 2018, which aims for federal agencies to better acquire, access, and use evidence to inform decision making.

The Lithuanian government could thus adopt a common data governance strategy to better support data for evidence-informed decision making. This could include a systematic mapping of registries, administrative data and surveys, a central portal for making data available for public use, and a specific process for facilitating access to merged anonymised files, under specific authorisations. In this regard, the current data reform, which has been initiated in Spring 2020, could also provide a useful landscape for data access, quality and use in the Lithuanian public sector (see the following box for more information about this reform). This information system was partially launched in November 2020 and could provide a common space for ready-made data management platforms, allowing the processing of large amounts of data. However, the challenge will be to see whether it will be possible to link datasets through unique identifiers, either for firms or for individuals, for analytical purposes as otherwise, the value of data in analytical terms will remain limited.

Box 1.12. Preliminary steps towards reform of data governance in Lithuania

First steps to consolidate and reform the data governance system have recently been taken. The protocol of the government meeting of the 27th of May, 2020 mandates Statistics Lithuania and the Ministry of Economy and Innovation to create an integrated data governance Information System (IS) that would combine the data managed separately by policy areas. Statistics Lithuania is mandated to be the governor of this IS. The new data governance system aims at combining different data sources and standardising data governance. In this system, the Information Society Development Committee is given a role to manage the platform and STRATA a role to conduct analysis. The system aims at increasing the access and the ability to merge the unstructured data outside the OSP. In fact, the new State Data Governance Information System (VDV IS) was partially launched in November 2020.

Source: Minutes of the Lithuanian Government meeting of May 27, 2020.

Summary of recommendations

Develop skills for analysis in the Lithuanian public sector through a systematic approach:

- The creation of an analytical track within the civil service. Following the example of Irish IGEES, this analytical track could target young graduates with quantitative education backgrounds, by offering competitive salaries, as well as clear horizontal and upwards career mobility.
- A tailored master's programme for economic and quantitative policy analysis building up on the experience of the Bank of Lithuania in creating BSc in quantitative economics. STRATA could co-operate with universities in its design and execution.
- A scholarship programme that would send Lithuanian students for graduate studies abroad in exchange for working for the public sector for several years upon graduation.
- A whole of government approach to analytical skills in the context of overall civil service reform.

Strengthen the existing analytical capacities in ministries and agencies by:

- Strengthening investment in training and developing a strategic career framework. This should ensure that there is a co-ordinated approach to training, with corresponding resources, so that it is not just contingent on external EU funding.
- Mapping the analytical skills in each ministry and across the government. This exercise which can be undertaken in addition to the current competency mapping, would require establishing a shared understanding of what these skills entail.
- Review request processes from the centre of government to reduce the internal administrative workload and preserve more time for analytical tasks.
- Consolidating the competencies across some of the agencies to pool capacity and increase impact.

Develop a clear data governance framework for evidence-decision policy making, in particular by:

- Adopting a strategy and/or policy to combine, link and reuse data.
- Simplifying access to administrative data for analytical purposes by public institutions.

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Notes

[1] One exception includes diplomats working in ministries other than the Ministry of Foreign Affairs or in President's office, who have the possibility of going back to their host Ministry.

[2] According to the data of the Office of the Government and the Office of Prime Minister, Lithuanian ministries have received 1 888 requests from the Office of the Government and the Office of Prime Minister in 2019 (the corresponding figures for 2018 and 2017 were 1 567 and 1 738 respectively).

[3] However, the preparation for the Lithuania's rotating EU Council presidency in 2013 was centrally organised with centralised training. The Ministry of Finance also sometimes initiates large scale trainings for various ministries and other public sector institutions, which is commissioned externally.

2 Building effective connections to support the use of evidence

This chapter examines Lithuanian senior civil servants and policy makers' ability to use evidence and evaluations. It notes that even if the COVID-19 pandemic has increased interest in scientific evidence, its use is still overall limited in decision making. The report suggests that Lithuania should invest in decision makers' skills to use, review and appreciate evidence. The report also suggests that publicity and communication of evaluations and evidence are insufficient to ensure their impact. Finally, the chapter analyses several key evidence generating processes in the Lithuanian government, such as that for the evaluation EU structural funds, for strategic planning and for performance audits by the Supreme Audit Institution. In addition, it suggests that the establishment of a government-wide framework for policy evaluation could create further systematic connections between evidence and decision making additional marketplace for evidence.

Introduction

Supply of evidence is not a sufficient condition for use: demand from primary intended users also needs to be there. Both research and practice indicate that despite the extensive production, communication and dissemination of policy analysis, use of evidence by decision makers remains limited for a variety of reasons. Specifically, evidence users – policy makers, in particular – can face challenges related to their lack of competence to analyse and interpret evidence (Results for America, 2017[1]), meaning that they do not have the appropriate skills, knowledge, experience and abilities to use evaluation results. Other factors, such as environmental pressures to use evidence, can also influence the extent to which there is a demand for evidence for decision making. Governments may also put in place processes in order to promote the systematic use of evidence for decision making.

In Lithuania, demand for evidence and analysis remains an important challenge, in spite of recent heightened interest in scientific research in the context of the COVID-19 crisis. Yet, demand is paramount to use and to effectively embedding evidence in policy-making processes. In this context, this report highlights the role of demand in promoting use of evidence for decision making. It examines the role of the COVID-19 pandemic in accelerating demand for analysis and scientific evidence and suggests that efforts should be made to make this heightened demand more enduring. Second, the chapter looks at the role of skills in creating demand from decision makers for evaluations and evidence, and argues that any investment in analytical skills should go hand in hand with an investment in public sector managers and policy makers' skills to actually use evidence. Finally, the chapter analyses the different ways in which the Lithuanian government could promote more systematic connections between supply and demand for evidence, either through increased publicity and communication of results, or through policy frameworks that embed use of evidence in key decision-making processes.

Understanding use of evidence for decision making

Use is crucial for impact

Effective use of evidence and evaluations is key to embedding them in policy and decision-making processes. Without use of evidence, gaps will remain between what is known to be effective and decision making in practice. Moreover, as policy makers invest public funds in supplying evidence in the hopes to improve policies and programmes and provide useful insights on public issues, its use is key. On the other hand, underuse of evidence can jeopardise the evidence-informed decision making agenda. When decision makers ignore the results of evaluations, for instance, future calls for evaluation may be undermined and evaluations or regulatory impact assessments become check-the-box exercises.

The notion of use of evidence can have multiple meanings. Literature on evaluation and evidence identifies three main types of uses (Ledermann, 2012[2]):

- **Symbolic use** (also known as persuasive) occurs when the results of evaluations are taken up to justify or legitimise a pre-existing position, without changing it. Examples of this are when ministers use evaluations to justify their policy choices or when congressional members use findings from an evaluation in order to push for a proposition of law.
- **Conceptual use** happens when evaluation results lead to an improved understanding or a change in the conception of the subject of evaluation. An example of this is the identification of collateral impact of a policy or reverse causation.
- **Instrumental use** is when evaluation recommendations inform decision making and lead actual change in the policy being evaluated. An example of this is the reallocation of funds after a poor performance.

More importantly, users of evidence include not only decision makers, for whom conceptual and instrumental use are key, but also civil servants, experts and practitioners (local authorities, programme managers, health practitioners, etc.), who are looking for increased accountability, learning and better strategic decision making. Citizens and stakeholders are also users of evidence by making policy makers accountable. Evidence can be used to improve regulations, inform resource allocations on the ground or monitor the implementation of policies, etc.

Achieving use remains a constant challenge across countries

Regardless of these many potential users, use of evidence remains a constant challenge for OECD countries, and often falls under expectations. Indeed, even in countries where the supply of evidence is stable and supported by adequate capacities, an effective connection between supply and demand for evidence remains elusive (OECD, 2020[3]). For example, the United States estimates show that under the two Obama administrations, only 1% of government funding was informed by evidence (Bridgeland and Orszag, 2013[4]). In the United Kingdom, there are also concerns about use of evidence by government: a National Audit Office report on government evaluations found that there is little information on how the government has used the evaluation evidence that it had commissioned or produced (NAO, 2013[5]). A similar study in Australia found that although public servants seem to have good access to academic research, they are not using it systematically for policy advice (Newman, Cherney and Head, 2017[6]).

Furthermore, while many factors contribute to evaluation use, the specific barriers to evidence use vary depending on the context. Use of evaluation is, in many ways, "more of an art than a science" (Results for America, 2017[1]). Still, there are several ways in which governments can promote the use of evaluations, in particular by:

- Increasing civil servants and policy makers' demand for evaluations, specifically through competency development.
- Supporting the uptake of evaluations results by granting access to evidence and communicating results strategically.
- Institutionalising use, by embedded use of evidence in processes and frameworks.

Promoting demand of evidence for impact in Lithuania

In Lithuania, the overall demand for evidence remains uneven. However, as in many other OECD countries, the COVID-19 pandemic has created strong impetus for use of scientific advice and data analysis.

The COVID-19 pandemic was a strong catalyst in increasing the demand for evidence by the decision makers

The response to the COVID-19 crisis has provided a good example of how political and societal interest can strengthen use of evidence. At the onset of the pandemic, a new system of health data sharing was quickly established in Lithuania, and data was presented to the government on a daily basis regarding hospital and Intensive Care Unit bed occupation rates. The State Patients Fund also created a questionnaire that each health care institution had to answer to track medical equipment and bed occupation rate. A platform was created by the Office of the Government in order to update this health data, as well as other economic indicators, on a frequent basis. The data was then discussed at the level of the Office of the Government.

The wider scientific community was also successfully mobilised to contribute to an evidence-informed crisis management. For instance, the Lithuanian Research Council approved 29 research projects related to the pandemic. These research projects are conducted by universities and research institutes (see Table 2.1), at the Research Council's request, based on an accelerated procurement scheme.

Table 2.1. Topics of research projects approved by the Research Council and commissioned through the accelerated public procurement scheme

Topic	Number of Approved Research Projects
Diagnosis and treatment in the context of COVID-19	4
Technological solutions for public safety	3
Public governance during the state of emergency (public administration, human rights, legislation)	4
Mental health education during lockdown	4
Socio-economic safety	4

Source: OECD data.

Strengthening a futures approach

Other positive signs of growing interest in the use of evidence and strategic foresight can be observed among the political leadership in Lithuania. In December 2020, the Parliament of Lithuania has established the "Committee for the Future" that aims to discuss long-term societal and governmental issues and trends (Parliament of Lithuania, 1994[7]). Migration and demographics as well as changes in technology and innovations are some of the topics that fall in the domain of the mandate of this new committee. The work of such a committee could be enhanced and its discussions substantiated by strategic foresight exercises conducted in the context of the development of strategic planning documents. The incorporation of evidence-based parliamentary discussions into the elaboration of strategic governmental plans would contribute to forging a consensus on a long-term national strategy. Meaningful deliberation of such long-term strategic state issues indeed requires the development of public sector capacities to gather, analyse and use evidence to feed into committee debates. These different initiatives reflect significant agility and capacity to adapt in the public sector – but most importantly are good examples of strong demand for data and evidence due to specific circumstances.

Beyond the COVID-19 case, demand for evidence remains hindered by institutional capacities and processes

Decision makers in Lithuania generally appear to be keen to use evidence for policy design, but do not always know where or how to find the data that they need. Other factors that limit the capacities for demand include strict procurement processes. For instance, members of Parliament can commission independent evaluations when a law proposes substantial changes to an existing regulation, and at least 20% of members of Parliament support the initiative. This procedure, however, is rarely used due to strict procurement rules (Parliament of Lithuania, 1994[7]) and very low payment for these services. In May 2021,the Statute of Parliament was amended to offer more flexibility to this procurement procedure (Parliament of Lithuania, 2021[8]), in order to provide greater flexibility. Still, challenges in this regard remain.

Other times, demand for evidence can be low when evaluations and analysis are perceived as formal obligations, rather than key tools for better decision-making. This can be the case for Regulatory Impact Assessments (see chapter three for more information on these challenges). Indeed, the civil service in Lithuania often seems to emphasise the tasks related to the preparation and implementation of laws rather than their analysis. The civil service law of 1999 (Parliament of Lithuania, 1999[9]) and the law on public

administration of 1999 (Parliament of Lithuania, 1999[10]) mostly focus the civil service on skills related to policy implementation rather than to policy-making. However, a full understanding of the Policy Making Cycle is necessary from a good governance perspective (see the Box 2.1 below).

Box 2.1. Understanding the Policy Making Cycle

The policy making cycle (Figure 2.1) is a general concept used to frame the policy making process as a continuous and virtuous learning cycle, as presented in the figure below. However, in practice the policy making the policy making process is not always linear nor cyclical as it is also impacted by values, beliefs, political conflicts and priorities.

Figure 2.1. Policy Making cycle

- Policy problem and challenges are understood and analysed
- Benefits from 'policy memory', an understanding of what challenges have been experienced in the past and what previous good practices could be incorporated into the current reform effort.

Identifying policy priorities

- A whole-of-government vision steers and aligns government action
- Policy frameworks tackle multidimensionality and seeks policy coherence across sectors and levels of government
- Evidence synthesis helps to prevent one-sided policy design and ensure scarce resources are directed at areas of policy requiring further solutions.
- Also helps to identify policies and practices that have been found to be ineffective.

Evaluating

Developing policies

- Assessment of impacts of outcomes that matter for well-being
- Responsive changes are made based on beneficiary assessment of services and service providers
- Comprehensive evaluation approaches and feedback loops inform new policy packages, including from independent audit and control mechanisms

Implementing, Delivering and Monitoring

Spending Decision aligned with medium and longer term considerations

Coordination, whole-of-government steering and accountability mechanisms and enable pursuit joint-up outcomes

Innovation in service delivery facilitates access across social groups and locations

Source: Adapted from OECD (2016[11]), *The Governance for Inclusive growth*, http://dx.doi.org/10.1787/9789264257993-en.

Often times though, as in most OECD countries, low demand for evidence can be related to decision makers' lack of competency to analyse and interpret evidence (Results for America, 2017[1]), meaning that they do not have the appropriate skills, knowledge, experience and abilities to use evaluation results (Stevahn et al., 2005[12]) (American Evaluation Association, 2015[13]) (Newman, Fisher and Shaxson, 2012[14]).

A significant investment in skills will be needed to improve decision-makers' skills to obtain, assess, use and apply evidence

Stimulating demand for evidence requires behaviour changes from decision makers, which are unlikely to be achieved exclusively through upskilling and training. This does not mean, however, that training initiatives cannot improve individual skills to use research.

The first step in improving skills for use, and thus promoting demand for evidence, is to understand what these skills entail. The OECD together with the European Joint Research Centre (JRC) has identified 6

clusters of skills that the public sector should aim at developing in order to employ the evidence throughout the policy cycle. Box 2.2 expands on this skillset and provides definitions for each cluster of skills based on this joint OECD-JRC work.

Box 2.2. Skills for use of evidence

This skill-set is defined as a collective skill-set for the improvement of public service in the future and not as a full list of skills that each public servant needs to master. This skillset does not apply to one scenario; instead, it is of a cross-cutting character and can be applied on multiple occasions. It includes elements like critical thinking, systems thinking, and engaging with stakeholders.

- **Understanding EIPM** – understanding of the policy cycle and knowing how evidence could be employed in each of its component. It has to be underpinned by the familiarity with the fundamental methods in research and statistics.
- **Obtaining Evidence** – ability to recognise and measure the existing stock of evidence in the relevant policy area and identify the evidence gaps to commission high quality studies.
- **Interrogating and Assessing Evidence** – ability to assess the provenance, reliability and appropriateness of evidence by using systemic, holistic and critical thinking tools free of personal bias.
- **Using and Applying Evidence in Policy-Making** – deep knowledge of the policy area and understanding how different evidence, research and innovative approach can be used to support policy design and implementation.
- **Engaging with Stakeholders in EIPM** – strong engagement and communications skills. Ability to engage various groups of stakeholders in a discussion and to communicate policy messages effectively.
- **Evaluating the Success of EIPM** – ability to use different evaluation approaches to inform and improve EIPM processes and policy cycle.

Figure 2.2. Different skillsets for using evidence

Source: Adapted from OECD (2020[3]), *Building Capacity for Evidence-Informed Policy-Making*, https://doi.org/10.1787/86331250-en.

OECD country practices aimed at improving these skills reveal a wide range and approaches towards skills development interventions. The work by the OECD on Building Capacity for Evidence Informed Policy

Making (OECD, 2020[3]) suggests that training for Senior Civil Service leadership should be aimed at increasing managers' understanding of evidence informed policy making and policy evaluation, enabling them to become champions for evidence use. In Canada, for example, the executive training in research application (EXTRA) programme provides support and development for leaders in using research. Intensive skills training programmes aimed at policy makers may be more focused on interrogating and assessing evidence and on using and applying it in policy making.

The Lithuanian government could thus consider organising training for Senior Civil Service leadership. This could be done in the context of the leadership programmes given by the Institute of Public Administration. or through commissioning specialised external institutions. Such trainings can take the form of workshops, masterclasses or seminars. They could also build up on the existing OECD work on the skills for public sector innovation and civil service leadership (see Box 2.3 below). These skills are indispensable for the institutional and cultural transformation that is necessary to foster the demand for evidence at the senior civil service and political levels.

Box 2.3. OECD Skills for Public Sector Innovation and for Public Sector Leadership

Skills for public sector innovation

Basing policy decisions on evidence and public consultations is a relatively innovative and demanding approach necessitating a high degree of organisational transformation within the public sector. The OECD, in co-operation with NESTA (National Endowment for Science, Technology and the Arts), has developed a framework of skills for public sector innovation. The six core skills included in the framework are the following:

- **Iteration** – policies and products developed experimentally and incrementally.
- **Data Literacy** – ensuring that data is not used for *ex post* substantiation but to inform the decision.
- **User Centricity** – ensuring that the public sector solves the need of the public and users.
- **Curiosity** – seeking out and trying new ideas.
- **Storytelling** – explaining ideas in a way that brings a change.
- **Insurgency** – challenging the status quo and working with unusual partners.

The OECD research acknowledges that apart from the skills, there are important capacities that are necessary for the innovation-embracing behaviour in the public sector. The right mindset and attitude of the leadership, organisational culture and corporate systems constitute the institutional capacity to utilise the core skills for public sector innovation.

Capabilities for Public Sector Leadership

The OECD has also developed a framework of core capabilities for senior civil service leadership. Civil service leadership is the capacity of a civil servant to achieve objectives of a government, through collaboration with others. Leadership requires a set of four core capabilities:

- **Values-based Leadership**: the presence of wicked and complex policy issues means that the consideration of conflicting values and interests of different stakeholder groups needs to guide decision making.
- **Open Inclusion:** effective leaders seek to challenge their views through consultations with various stakeholders. They need to know how to make the alternative voices feel comfortable to share their concerns and suggestions.

- **Organisational Stewardship:** senior civil servants need to reinforce a trust- and values-based culture and equip their workforce with the right skills, tools and working environments. Such managers can align the values of team members to motivate them to achieve a common goal.
- **Networked Collaboration:** effective civil service leaders need to be adept to forge and manage collaboration between different governmental institutions and beyond the public sector. In such a working environment, relationships become the currency of public managers.

The framework recognises that leaders excelling in all four fields of competence might still be obstructed from being effective leaders because of the hindrances from the operational and institutional environment.

Supporting the uptake of evidence

Policy makers and stakeholders cannot use evidence and the results of evaluation if they do not know about it (Haynes et al., 2018[17]). The first step to promoting use is therefore that the results be made available to their intended users – simply put, that they be made public. But publicity alone is not enough, and active communication and dissemination strategies are needed to promote use.

Publicity creates incentives for use of evidence

There is a lack of systematic publication of analysis produced by public institutions

Making evidence public is an important element to ensuring its impact: if citizens are aware of evidence, it may build pressure on policy makers to use it (OECD, 2020[3]). Indeed, the publicity of policy advice as well as evaluation is important in order to ensure that the public trusts the government to not "cherry-pick" the evidence produced by advisory bodies and evidence-generating systems (OECD, 2017[18]). Therefore, many countries have instituted policies mandating the publication of policy advice documents as well as to enhance the easy public access to these materials.

In particular, OECD data shows that policy evaluation results are increasingly made public by countries (see the Figure 2.3 below) (OECD, 2020[19]). Only one surveyed country reported that evaluation results are only available for selected officials on an ad hoc basis, while 16 OECD countries, make evaluation findings and recommendations available to the general public by default – for example by publishing the reports on the commissioning institutions' website.

Figure 2.3. Publicity of evaluation results in OECD countries

Available on demand
OECD 36: 6%

Available across
government
OECD 36: 11%

Made publicly available
on an ad hoc basis for
each evaluation
OECD 36: 14%

Publicly available by
default
OECD 36: 46%

Other, please specify
underneath
OECD 36: 23%
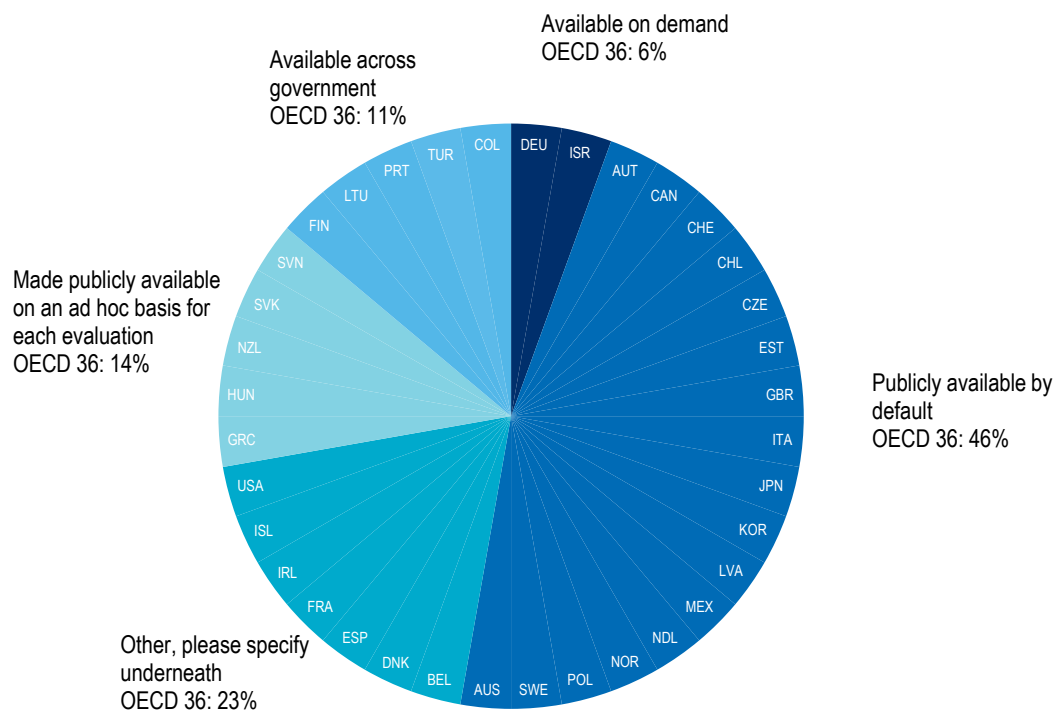
Note: n=35. Answers reflect responses to the question "The results of the evaluation are". In "Other", the majority of countries agreed that the public availability of evaluation results will depend on the specific agency that commissioned the evaluation, and in its organisation.
Source: OECD Survey on Policy Evaluation (2018).

StatLink ⬛ https://stat.link/qxi2sf

In Lithuania, evaluation results are generally made available across government, but not necessarily to the general public. Indeed, the publication and dissemination of evaluations remain fragmented. Most of the analytical work produced by the ministries is published on their respective websites. However, no centralised platform or a government-wide searchable portal of analytical materials exist, nor are there clear government-wide guidelines on what has to be published and with what delays.

While evaluations of the EU structural funds have to be made public on the centralised *esinvesticijos.lt* platform, the new framework of spending reviews, as detailed in the recently adopted strategic governance methodology (Government of Lithuania, 2021[20]), foresees the publication on the website of the Ministry of Finance only if the recommendation of a report were accepted for implementation. Similarly, the legislative framework mandates that ministries make all legislative projects public on a specific platform (the TAIS, Legal Acts Information System) (article 5 of the Law on the Legislative Framework of 2012 (Parliament of Lithuania, 2012[21])). However, the regulatory impact assessment that must accompany every legal act itself is not always published, and only its results have to be made public, whereas the good practice would be to publish such an impact assessment, as is done at the European level, or in countries such as Canada.

Therefore, a first step in ensuring that evidence is used in policy making in Lithuania would be to ensure facilitated and standardised access to evaluations, together with systematic use of executive summaries drafted in plain language. Indeed, the first step to promoting use is therefore making the results available to their intended users and stakeholders, either through the individual websites of the commissioning institutions or through a centralised database, such as the one currently used for the evaluations of structural funds.

STRATA has recently developed a library of evaluations conducted by public sector institutions. It centralises evaluations of EU structural funds, performance audits by the Supreme Audit Institution, and sectoral evaluations and studies.[1] The visibility and accessibility of this library should be enhanced by its foreseen inclusion onto the platform of the National Martynas Mažvydas Library.

While this is a highly laudable initiative, research suggests that ease of access is also an important factor in promoting use of evidence (Haynes et al., 2018[17]). For this reason, STRATA's evaluation repository should be transformed into an easy-to-use database, which could be hosted on the platform of the national library, that would make it easy to sort through the material based on the type of analytical material (e.g. evaluation of structural funds, regulatory impact assessment, *ex post* evaluation, etc.) and the institution that conducted the study. Publications could also be made systematic and automated so that all the studies and evaluation can be found there as they are published. In doing so, the Lithuanian government could draw inspiration from the centralised portal for evaluations set up by the Directorate for Financial Management and the National Library of Norway (see Box 2.4 for more information on this database).

Box 2.4. Centralised evaluations portal in Norway

In Norway, the Directorate for Financial Management and the National Library of Norway maintain and manage a centralised evaluations portal (https://evalueringsportalen.no/). All the studies and evaluations are made available on the portal as soon as published. Moreover, they are easily searchable and categorised. One can search based on topic, commissioning institution, conducting institution, type of evaluation (*ex post* evaluation, socio-economic analysis, etc.) or based on the underlying method of the study (based on questionnaires, public datasets, literature review). The portal contains the studies conducted since 2005 by the government and agencies as well as some selected earlier governmental studies. Finally, on the portal one can find various evaluation guidelines as well as evaluation agendas, relevant professional and news publications.

Such a centralised platform helps to build and enable the reuse of knowledge. Moreover, since it is easily searchable and updated by default it increases the transparency of public sector analysis.

Source: OECD (2020[19]), *Improving Governance with Policy Evaluation: Lessons from Country Experience*, https://doi.org/10.1787/89b1577d-en.

Communication and dissemination are needed to increase awareness and impact

Some efforts are made to communicate evidence to a wider public

While a useful first step in promoting access to the evidence, publicity is not enough. Indeed, research suggests that in isolation, publicity alone does not significantly improve uptake of evaluations in policy making (Langer, Tripney and Gough, 2016[22]; Dobbins et al., 2009[23]; Haynes et al., 2018[17]). Rather, the presentation of evidence should be strategic and driven by the evaluation's purpose and the information needs of intended users (Patton, 1978[24]). As such, evaluation results ought to be well synthesised and tailored for specific users for their use to be facilitated.

In Lithuania, a handful of institutions do practice more innovative and targeted communication strategies. For instance, some institutions have published reports tailored to a wider audience. The Bank of Lithuania periodically publishes a Working Paper series, a Discussion Paper Series as well as an Occasional Paper Series, which are aimed at stakeholder, academic and policy communities, as well as a wider interested public. Another good practice is the Budget at a Glance reports produced by the Ministry of Finance that

summarises the state budget's composition and budgetary allocations in a concise manner that is understandable and interesting for a non-professional reader.

The Lithuanian Supreme Audit Institution also has a dedicated communication division that is charged with the development of communication channels and tools. Indeed, all recommendations from the performance audits produced since 2014 can be retrieved from the SAI's open data portal (https://www.vkontrole.lt/atviri_duomenys_rekomendacijos.aspx). These recommendations are sorted out thematically, and visuals inform readers of their implementation status. Hence, a user can find all the recommendations made in a field of interest without having to look for each specific report. Moreover, in some cases, conferences to present audit results to stakeholders and the wider public are organised for the wider public.

However, few institutions have such dedicated communication units. Generally speaking, Lithuanian public institutions have limited experience in effectively communicating their analytical work. In addition, there are few established channels to disseminate the results and insights within the public sector and to the wider public.

Developing tailored communication and dissemination strategies

Thus, public institutions in Lithuania could develop tailored communication and dissemination strategies that increase access to clearly presented research findings are very important for use. These strategies can include use of infographics, tailored synthesis of research evidence, for example in the form of executive summaries, dissemination of 'information nuggets' through social media, seminars to present research findings, etc. (OECD, 2020[19]). In other OECD countries, Canada for example, departments are diffusing evaluation findings beyond departmental websites via such platforms as Twitter and LinkedIn.

Embedding use in processes and frameworks to support evidence-informed decision making

Formal organisations, institutional mechanisms and processes set-up a foundation for evidence-informed policy making that can withstand transitions between leadership (Results for America, 2017[1]). Indeed, use of evidence in policy and decision making is intimately linked to institutional structures and systems, insofar as they create a fertile ground for supply and demand of evidence to meet. Such institutionalisation can be defined as the systematic process of embedding evidence-informed practices into more formal and systematic approaches (Gaarder and Briceño, 2010[25]). These mechanisms can be found either at the level of specific institutions, such as management response mechanisms, or within the wider policy cycle, such as through the incorporation of policy evaluation findings into the budget or regulatory cycle or discussions of evidence in strategic planning (OECD, 2020[19]). In Lithuania, some of the frameworks for these mechanisms are well established or currently undergoing significant reforms. Nevertheless, others still need to be improved in order to support more systematic supply and use of evidence for decision making.

The evaluations of structural funds are framed by requirements related to EU integration

Evidence from evaluations of structural funds is generated in a systematic manner in Lithuania as required by EU law

All programmes and projects funded by EU structural funds have to be evaluated. Indeed, the article 53 of the Common Provision Regulation for 2014-2020 (European Parliament, 2013[26]) mandates that each operational programme must be evaluated by functionally independent and preferably external evaluators (not from the public institution that manages the programme).

In Lithuania, the evaluations of structural funds are co-ordinated by the Ministry of Finance, which prepares the annual evaluation plans for the national operational programme, sets evaluation standards, organises capacity-building activities, provides methodological support and organises events to diffuse evaluation results. As detailed in the section on publicity above, these evaluations are systematically published in a centralised and user-friendly portal *esinvesticijos.lt*. The overall system for the evaluation of structural funds is represented in Figure 2.4.

Figure 2.4. Responsibilities and process for the evaluation of structural funds
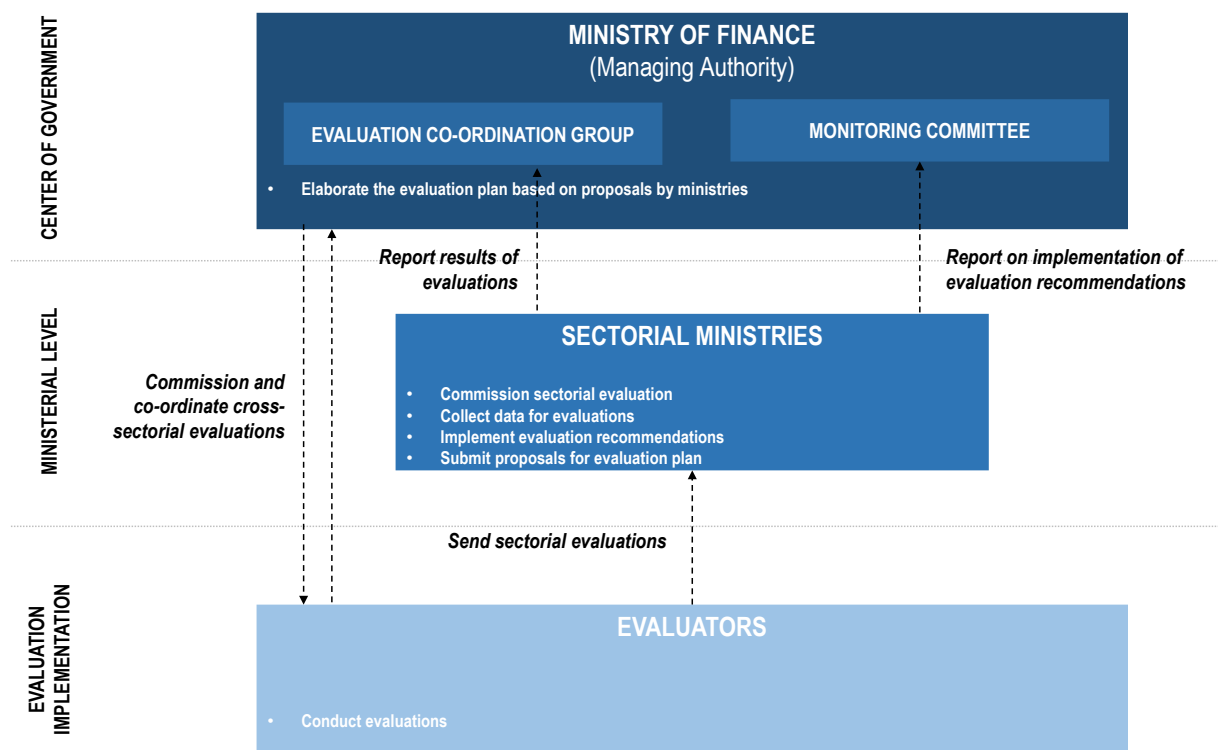
Source: Schematic representation by the authors based on Government of Lithuania (2014[27])*, Resolution on Confirmation of Administrative Rules EU funds investments Operational Programmes,* Chapter XVII.

The CPR for 2014-2020 mandates the creation of a "Monitoring Committee" that is made up of representatives of public institutions, non-governmental organisations and other economic and social partners. This committee has to approve the evaluation plan and the annual evaluation plans, discusses the evaluations and their recommendation and, hence, ensures the quality of the evaluations and the use of the results (Government of Lithuania, 2014[27]).

As a result, evidence from evaluations of structural funds is generated in a systematic manner in Lithuania. Thus, there are established channels for the dissemination of results of the evaluation of structural funds, as well as for their use in policy making. A meta-evaluation conducted in 2013 and 2015 found that in the evaluations that were conducted in the financing period of 2007-2013, 90% of recommendations were accepted for implementation and 70% have been implemented or will be implemented (Ministry of Finance, 2017[28]).

According to other studies carried out in recent years, these evaluation results are used not only in the improvement of investment programmes, but also in the development of strategic planning documents. For instance, results from the *Evaluation of financing of the Lithuanian economic sectors: post 2020*, which

looked at public interventions in individual public policy areas aimed at ensuring sustainable growth and quality of life in the long-term, were widely used and discussed for the preparation of the National Progress Plan of 2030 (PricewaterhouseCoopers and ESTEP Vilnius, 2019[29]) (Government of Lithuania, 2020[30]).

The impact of these evaluations on government-wide capacities is unequal

While the evaluations of structural funds and their use reflect the implementation of best practices, they did not lead to significant creation of capacity for analysis within the administration. The fact that external evaluators conduct the evaluations tends to reduce the possibility for positive spill-overs to create internal government capacity and to foster a broader evidence based decision making culture across ministries. As has been detailed in other chapters, the capacities are still missing for effective RIAs or *ex post* evaluations. These frameworks seem to benefit only marginally from the elaborated system of the EU structural funds evaluations.

The framework for strategic planning and monitoring of strategies is undergoing significant reform

The strategic governance system in Lithuania is well institutionalised but remains complex

Strategic planning and monitoring create opportunities to generate and use evidence identifying long-term trends, learning from previous planning cycles and identifying implementation gaps. The planning system in Lithuania is institutionalised, through a network of strategic-planning units within each ministry as well as a governmental strategic committee. However, the strategic-planning system as it functioned until recently was very complex: about 250 strategic documents exist, while the strategic action plans include 1 800 monitoring indicators in total (Nakrosis, Vilpisauskas and Detlef, 2019[31]), and recent efforts for streamlining that have had only a partial effect to date.

The ongoing reform of the strategic governance system aims at contributing to evidence based nature of this framework encouraging a more forward-looking perspective on policy making (Parliament of Lithuania, 2020[32]) by:

- developing the main planning documents (the National Progress Plan and the State Progress Strategy) based on a foresight analysis conducted by STRATA. The law of Strategic Governance stipulates that STRATA conducts "environment analysis" or – horizon scanning (Articles 13-2 and 15-2) (Parliament of Lithuania, 2020[32]).

- linking the budget to these strategies, by including evidence on the performance of each ministry in the implementation of these plans in the budget.

The main long-term strategic document in the new system will be State Progress Strategy for 2050, which is to be ratified by the Parliament, the main medium-term planning document is going to be the National Progress Plan for 2030. The NPP will be implemented through 28 sectorial Development Programmes and additional (institutional) Strategic Activity Plans. In addition, the government programme remains the main political document which expressed party consensus for the duration of the mandate and is supposed to provide impulse to ministerial actions. The following Figure 2.5 provides an illustration of this new system for strategic planning.

Figure 2.5. The new strategic governance system in Lithuania
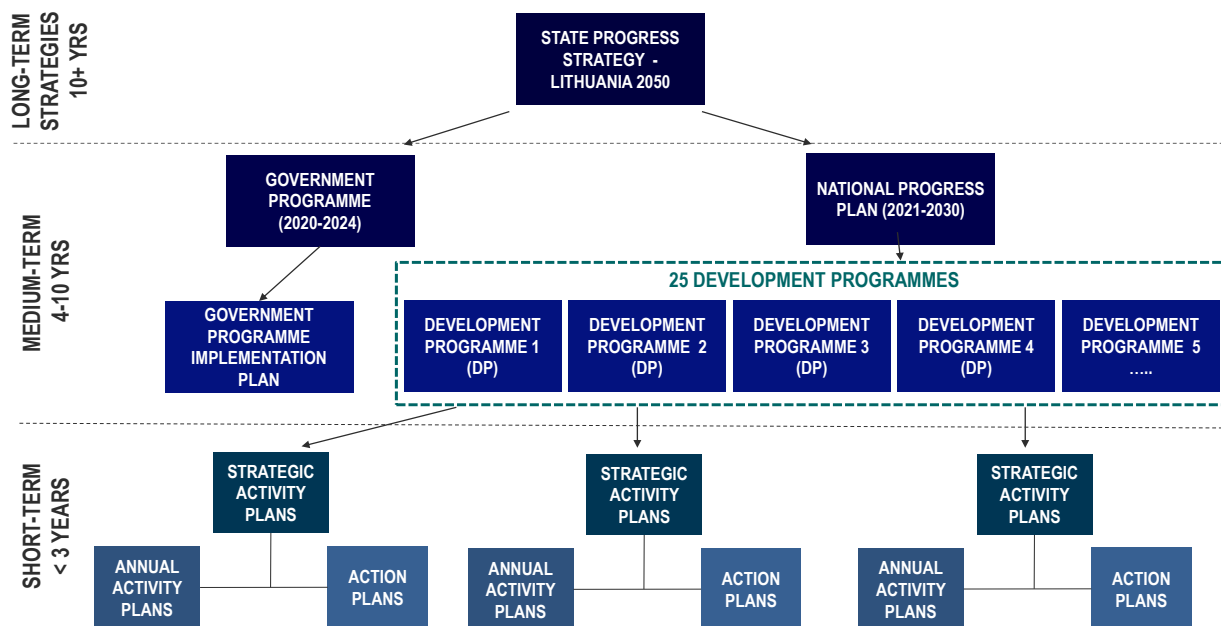
Note: The figure is based on the Strategic Governance Law (Parliament of Lithuania, 2020[32]). The figure excludes the strategic documents relative to the National Security StrategyStrategic, territorial planning documents, regional and municipal plans.
Source: Authors' elaboration.

Thus, the implementation of this reform would reduce the number of strategic-planning documents from 290 to 100 (Office of Government, 2020[33]). Still, many types of strategic-planning document would remain:

- 11 to 12 strategic documents: 2 strategies, one concept, 2 or 3 agendas and 4 plans of agendas.
- up to 56 planning documents with the financial resources planning: Government Programme and its implementation plan and up to 28 National Development Programmes.
- 130 lower-level planning documents: 10 regional development plans, 60 municipal development plans, 60 municipal general plans (Office of Government, 2020[33]).

It seems that, while desirable, this reform will remain an incomplete agenda, with still too many remaining planning documents and strategic priorities.

The recent strategic planning documents adopted by the new government have taken note of the importance of prioritisation and included a limited number of over-arching principles and objectives that should be the focus of the whole government. Indeed:

- The National Progress Plan 2021-2030 includes 10 key strategic objectives (Government of Lithuania, 2020[30]).
- The government programme focuses on 12 priorities that are aligned with the NPP.
- The implementation of the government's programme includes 4 levels of priority projects (Government of Lithuania, 2021[34]):[2] 5 strategic reforms (civil service reform, development programme "schools of the millennium", digital transformation of education "EDtech", the development of innovation ecosystems in educational centres and development of innovation agency and programs for business and science innovations based on missions), 7 strategic projects of prime minister's portfolio, 11 strategic projects included in the portfolio of ministers but related to the 3 horizontal priorities of the government programme implementation plan (green

course, digitalisation and inequality reduction), and other strategic projects implemented on the ministerial level.

Indeed, good international practice suggests that there should only be a limited number of objectives in order to focus and mobilise resources for their achievement. Conversely, too many objectives will scatter scarce resources and lead to unfocused delivery of policies and reforms (OECD, 2018[35]). Prioritisation is necessary to ensure that the strategy is realistic and can be implemented with the state's existing resources. Another important challenge is that the duality between the Government Programme, and other planning instruments remains. The Scottish government, for example, has identified the main long-term aspirations for the country through three main national-level outcomes, which are monitored through 81 outcome-level indicators. These outcomes are easy to understand and high-level, and serve as a tools for the citizens to assess the government's efforts to improve the country's well-being.

Box 2.5. Elements of Strategic Governance in Scotland

The National Performance Framework of Scotland

The national performance framework of Scotland proposes a Purpose for the Scottish society to achieve. To help achieve this Purpose, the framework sets national outcomes that reflect the values and aspirations of the people of Scotland, are aligned with the United Nations Sustainable Development Goals and help to track progress in reducing inequality. These national outcomes include:

- "We have a globally competitive, entrepreneurial, inclusive and sustainable economy", in regards to the Scottish economy
- "We are healthy and active", in regards to health
- "We respect, protect and fulfil human rights and live free from discrimination", in regards to human rights

These National Outcomes are accompanied by a set of 81 outcome-level indicators, which updated on a regular basis to inform the government on how their administration is performing concerning the Framework. A data dashboard where citizens can access data on these indicators is available on the Scottish Government Equality Evidence Finder website.

Source: Government of Scotland (n.d.[36]), *National Performance Framework*, https://nationalperformance.gov.scot/, (accessed 25 June 2021).

A stronger focus on a limited number of objectives and better alignment with the government programme could support the effectiveness of monitoring and its use

In order to further strengthen the impact of this reform, Lithuania should consider focusing the strategic planning document on a limited (i.e. a dozen) number of impact and outcome-driven objectives, which seems to be the case with the latest version of the National Progress Plan, and to fully align it with the political programme. Indeed, good international practices suggest that there should only be a limited number of objectives in order to focus and mobilise resources for their achievement and to facilitate monitoring. Conversely, too many objectives will scatter scarce resources and lead to unfocused delivery of policies and reforms (OECD, 2018[35]). Prioritisation is necessary to ensuring that the strategy is realistic and can be implemented with the state's existing resources. Similar reforms were carried out in Finland around 2015-16 following the OECD (2015) Finland and Estonia Public Governance Review (see Box 2.6 below). The fact that Lithuania has framed a strategic approach for the sustainability of its budgetary resources is an important step. This should establish not only clear linkages between objectives and priorities, but also a longer-term planning perspective and application of cost and benefit analysis to all

measures and projects. The challenge will be to achieve the thematic concentration of resources to achieve the defined objectives, as to align strategic governance of the government programmes with resource prioritisation.

Box 2.6. Strategic Planning in Finland

In 2011-2015, **Finland** had only 1 horizontal strategic document - the 4-year government programme. Nevertheless, this document included around 900 measures. The measures included in the programme were subsequently transformed into 140 projects in the government programme implementation plan (for the year 2011-2015). To add to the complexity of the government programme, line ministries would develop their own planning documents which were not always aligned with the government programme. Most importantly, the medium-term budgetary plans managed by the Ministry of Finance were disconnected from the government programme and often influenced line ministries' planning documents more than the government programme's implementation plan.

To alleviate the complexity of the government programme, Finland identified a handful of actionable policy objectives starting in 2011. For 2011-2015, these priorities were: i) prevention of poverty, inequality and social exclusion; ii) consolidation of public finances; iii) enhancement of sustainable economic growth, employment and competitiveness).

The current government has identified 5 key horizontal policy objectives: i) employment and competitiveness, ii) skills and education, iii) well-being and health, iv) the bio economy and clean solutions, v) digitalisation, experimentation and deregulation.

Furthermore, the Prime minister's office (PMO) is in charge of monitoring the government programme. Specifically, the strategy unit in the PMO monitors the implementation of 5 key policy objectives of horizontal nature and wide structural reform of social and health care services that are part of Finland's government-wide strategy. The key policy areas are monitored weekly at the level of the Centre of GovernmentGovernment in government strategy sessions reserved for situation awareness and analysis based on evidence and foresight. Milestones for each policy area and project are clearly defined and indicators for each strategy target are updated two to four times a year.

Source: OECD (2015[37]), *OECD Public Governance Reviews: Estonia and Finland: Fostering Strategic Capacity across Governments and Digital Services across Borders,* https://doi.org/10.1787/9789264229334-en; Government of Finland (n.d.[38]), *Implementation of Government Programme,* https://valtioneuvosto.fi/hallitusohjelman-toteutus/karkihankkeiden-toimintasuunnitelma (accessed on 25 June 2021).

Longer-term strategic planning documents of an aspirational nature can remain, inspired by foresight and seeking to chart a longer-term vision of the future. These will help to shape current choices and strategies but should not be subject to yearly monitoring. Periodic revisions of these strategic longer-term documents could be accompanied by structural analysis of progress and remaining challenges in the Lithuanian economy and society.

Spending Reviews are still seldom conducted and in ad-hoc manner but steps in formalising them are being taken

Spending reviews are collaborative processes aimed at identifying and adopting policy options by analysing the government's existing expenditure within defined areas, and linking these options to the budget process (OECD, 2017[39]) (OECD, Forthcoming[40]). The purposes of a spending review are to:

- Enable the government to manage the aggregate level of expenditure
- Align expenditure according to the priorities of the government

- Improve effectiveness within programmes and policies.

The use of spending reviews has increased considerably among OECD countries since the aftermath of the global financial crisis. Indeed, spending reviews have proved to be an important tool for governments, not only to control the level of total expenditure by making space for more resources, but also to align spending allocations with government priorities and to improve effectiveness of policies and programmes.

OECD data shows that in 2020, a large majority of OECD countries report conducting spending reviews, either on an annual basis (20 countries) or periodically (11 countries). The total number of countries currently using spending reviews (31) has thus almost doubled compared to 2011, when only 16 countries were conducting this exercise (OECD, 2017[39]). As such, spending reviews are an important source of evidence to inform government activities as they build an understanding of what works in regards to public spending.

While the Lithuanian government has conducted spending reviews in the past, it has not done so on a systematic basis so far. The current Strategic Governance Reform led by the office of government thus includes the evaluation of current expenditures as part of the new strategic governance methodology. On the 28th of April 2021, the Lithuanian government approved the methodology, which details both how the investment spending included in the National Progress Plan should be monitored and evaluated, as well as how spending reviews should be applied for the evaluation of current expenditures (Government of Lithuania, 2021[20]). The Central Project Management Agency (CMPA) will thus be mandated to conduct spending reviews in co-operation with the Ministry of Finance and the Government Office (BGI Consulting, 2019[41]).

Every year the Ministry of Finance and the Government Office will agree on the spending review topics for the upcoming year. These spending reviews should serve as a basis for discussions of the national budget. However, these spending reviews cannot be done without the active participation and evaluative work of the ministries in charge of the areas under review. They require use of evaluations. This implies that fixing analytical capacities in the ministries will be a prerequisite for this reform to bear fruit, as examples of other countries show that spending review attempts can fail to produce results unless they are supported by capacities in line ministries.

Through this reform, Lithuania aims to incorporate the results of evaluations into the budgetary cycle. Incorporation of evaluation findings in the budgetary cycle is one of the most commonly used mechanism for the promotion of use of evidence. In fact, OECD data shows that half of surveyed countries report that they incorporate evaluation evidence into the budgetary cycle (OECD, 2020[19]).

The SAI performs performance audits, which achieve a certain degree of impact

In many OECD countries, Supreme Audit Institutions have responsibilities in conducting evaluations or performance audits (OECD, 2020[19]). The International Organisation of Supreme Audit Institution (INTOSAI) has published its guidelines for policy evaluations in which they reiterate that SAIs' independence, methodological capacities and solid understanding of public policies give them an advantage in conducting policy evaluations (INTOSAI, 2016[42]). Nevertheless, Supreme Audit Institutions are external to government, and thus, their evaluations cannot replace the internal analysis conducted within government. The two methods of evaluations should be complementary: while external evaluations provide greater transparency and accountability, internal evaluations promote greater use of evidence (OECD, 2020[19]).

The Supreme Audit Institution of Lithuania does conduct performance audits that provide the Lithuanian governance with robust evidence regarding the performance of specific public policies. This process is well established as the SAI drafts its programme of audits based on the internal risk assessment system and the need to evaluate the efficiency, effectiveness of specific policies and programmes every year. The Parliament can also mandate the SAI to conduct an audit during a parliamentary plenary session.

Performance audits conducted by the Supreme Audit Institution are systematically discussed at the Audit Committee of Parliament, as well as in the relevant parliamentary committees. The results are rarely contested and seldom result in a public debate (Nakrosis, Vilpisauskas and Detlef, 2019[31]). Thus, the process through which the SAI conducts performance audits has promoted systematic linkages between supply and use of evidence – as shown by the fact that 82% of the recommendations made by the SAI in this context between 2010-2019 were implemented (Supreme Audit Institution, 2020[43]).

Lithuania should consider developing a government-wide framework for policy evaluation that could promote its use

Policy evaluation can be defined as a structured and objective assessment of a projected, planned, ongoing or completed policy, programme, regulation or reform initiative, including its design, implementation and results. Its aim is to determine the relevance and fulfilment of objectives, efficiency, effectiveness, impact and sustainability as well as the worth or significance of a policy intervention. The term "evaluation" can cover a range of practices, including – but not limited to – regulatory assessment, and can be embedded into various policy planning and policy-making processes. On the other hand, monitoring corresponds to a routinised process of evidence gathering and reporting to ensure that resources are adequately spent, outputs are successfully delivered, and milestones and targets are met (OECD, 2020[19]).

> *A policy or legal framework for evaluation across government helps to promote systematic linkages between supply and use of evaluations in decision making*

Embedding policy evaluation in evidence-informed decision-making requires a legal or policy framework, insofar as such a framework provides a key legal basis for undertaking evaluations, guidance on when and how to carry them out. This can create systematic linkages between evaluations and key decision-making processes. Legal and policy frameworks may also formally determine the institutional actors, their mandates and the resources needed to oversee, carry out and use evaluations (OECD, 2020[19]).

Indeed, the institutionalisation of evaluation practices helps to ensure that siloed evaluation efforts are combined into a homogenous system of evaluations that enables the prioritisation and standardisation of methodologies, practices and quality (Gaarder and Briceño, 2010[25]). Specifically, adopting clear government-wide legal and policy frameworks for policy evaluation can help to:

- clarify mandates and responsibilities regarding the promotion of policy evaluations, as well as their quality and use;
- provide high-level guidance and clarity for institutions by outlining overarching best practices, goals and methods for policy evaluation.

Several paths exist for the legal institutionalisation of evaluation practices. As shown through the OECD (2018) survey, the need for policy evaluation is recognised at the highest level, with a large majority of countries having requirements for evaluation (23 countries), either in their primary and secondary legislation, or even in their constitution (OECD, 2020[19]). Moreover, about half of surveyed countries (17 OECD countries) have developed a policy framework for evaluation, document or set of documents that provides strategic direction, guiding principles and courses of action to the government for a specific sector or thematic area.

In Canada, for example, the Policy on Results, implemented under the aegis of the Treasury Board in Canada (See a Box 2.7 below), provides cross-government guidance for when and how to conduct policy evaluations, ensures the quality of evaluations and supports their use through systematic linkages with spending decisions.

Box 2.7. Canada's Policy on Results

In July 2016, the Government of Canada launched the Policy on Results, which complemented Canada's Financial Administration Act requiring the evaluation of grants and contribution programmes every five years. The Policy on Results is managed by the Treasury Board of Canada and aims to clarify the objectives of government-funded programmes and the use of associated resources through evaluations. To this end, the Policy establishes a five-year evaluation schedule detailing the mandatory and discretionary evaluations to be conducted, as well as departments responsible for leading these evaluations.

The Treasury Board also promotes the use of the results of these evaluations in subsequent policy decisions. For example, evaluation results have to be submitted by department heads when they submit a proposal to the Treasury Board for new spending.

Under the Policy on Results, each government department is mandated to set an evaluation unit as well as a departmental results framework. The competencies of the Treasury Board of Canada as a steering body for policy evaluations include among others:

- Ability to require departments to undertake specific evaluations and participate in centrally-led evaluations.
- Initiation or undertaking resource alignment reviews.
- Approvals of the line ministries departmental results frameworks and any changes to their organisations' core responsibilities.

The quality of the analysis is ensured through investment in capacity and skills, peer reviews of evaluations (both internal and external), and guidelines. Moreover, steering groups for both evaluations and performance measurement meet several times a year to discuss the challenges in conducting the analysis and using the resulting evidence. This system significantly contributed to promoting an understanding of the importance of evidence-informed decision making across government.

Source: OECD (2020[19]), *Improving Governance with Policy Evaluation: Lessons from Country Experiences*, https://doi.org/10.1787/89b1577d-en.

The Lithuanian government should consider adopting a clear government-wide framework for policy evaluation

Up until recently, there had not been any effort to co-ordinate policy evaluation across government in Lithuania. The methodologies for strategic governance (Government of Lithuania, 2021[20]) and *ex post* evaluation (Government of Lithuania, 2021[44]) establish cross-government frameworks for the evaluation of planning documents and for regulatory assessments (see chapter 3) respectively. The former mandates the evaluation of the National Progress Plan, which is the main 10-year planning document in Lithuania, as well as other annual and longer-term planning documents. The framework includes a 10-year evaluation plan for the National Progress Plan and for individual Development Programmes. However, this framework has only recently been adopted, and its effectiveness cannot be assessed at the time of writing this report.

Generally, Lithuania could consider adopting a whole of government framework for policy evaluation. Such a framework could specify not only the role of government institutions in regards to the promotion of policy evaluation, but also provide methodological guidance for their implementation, and include a process of long term and annual plans. In particular, the framework could attribute to the Office of the Government the mandate to promote and co-ordinate policy evaluation across government. STRATA could act also promote the quality of policy evaluations by developing guidelines for policy evaluation and supporting ministries in the implementation of these guidelines, for instance by conducting trainings.

Summary of recommendations

Give the wider public access to evaluations by:

- creating a one-stop-shop searchable web portal for government evaluations.
  - This website could also build upon the model of the portal used to publish the evaluations of EU Structural Funds, or the existing virtual library of STRATA.
  - New evaluations or analysis should be automatically uploaded as they are released on this portal.
  - The portal should include the possibility to search a study based on the type (RIA, *ex post* evaluation, spending review, and strategic foresight), owner institution, topic and keywords.
- ensuring that evaluations are systematically accompanied by executive summaries and any relevant meta-data.

Improve the communication of evidence and evaluation through:

- Increased use of infographics and executive summaries.
- Disseminating research "information nuggets" on social media.
- Presenting research results in seminars and conferences.
- Developing a series of Government Working Papers.
- Tailored communication towards different stakeholder groups and decision makers. The evidence produced should be sent to stakeholders directly and the open discussions on them should be organised.

Create systematic feedback loops for evidence, by:

- **Holding systematic discussions on the highest political** level as well as in parliament on the results of strategic foresight, impact assessments, evaluations and spending reviews produced by the governmental institutions.
- **Organising training and discussion sessions** for higher-level civil servants and political decision makers on how to use academic research, and possibly on leadership and innovation skills.

Strengthen the role of strategic planning in the evidence-informed decision making system by:

- Shaping a more forward-looking vision and building capacity for resilience to future shocks. Lithuania's long-term strategic documents should be based on evidence-informed strategic foresight exercises and deliberation in parliament. These documents should also be of an aspirational nature steering the whole-of-government effort but not representing a significant monitoring burden and rigidity.
- Further reducing the number of strategic and planning documents, by ensuring that the implementation of the new strategic governance framework results in a genuine reduction in the complexity.
- Identifying a small number of key objectives to monitor for the whole-of-government. The actionable policy priorities would help the government to monitor the progress better and to ensure that the priorities are not cherry-picked by the administration.

Develop a government-wide policy framework for evaluation which:

- Clarifies the role of government institutions in regards to the promotion of policy evaluation.
- Gives the Office of the Government the role to promote co-ordinate policy evaluation across government.
- Gives STRATA the mandate and applies its capacity to promote the quality of policy evaluations by developing guidelines for policy evaluation and supporting ministries in the implementation of these guidelines.

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Notes

1 It is accessible on the website of STRATA https://strata.gov.lt/lt/poveikio-vertinimas/atliktu-poveikio-vertinimu-katalogas

2 For information of the governments strategic agenda, see https://lrv.lt/lt/aktuali-informacija/xviii-vyriausybe/ministro-pirmininko-strateginiu-darbu-projektu-portfelis

3 A closer look at regulatory frameworks and practices

This chapter provides an in-depth analysis of Lithuanian regulatory frameworks and practices. It observes that poor implementation of better regulation practices may be a cause of legislative inflation. The chapter discusses the government's efforts to strengthen regulatory impact assessments (RIAs), such as establishing higher impact legislation lists. It suggests deepening these efforts by creating a Regulatory Oversight Board to strengthen quality assurance, as well as clarifying and homogenising RIA processes and the legal framework. The chapter also provides an assessment of the nascent system for *ex post* evaluations of regulations, pointing to potential issues with evaluation clauses that are not associated with necessary funding or data-gathering requirements; and with the insufficient current capacities for co-ordination. Finally, it discusses the possibilities for regulatory rationalisation and codification as means to alleviate the burden of the growing legislative stock in light of best international practices.

Introduction

This chapter examines the use of regulatory management tools and practices in Lithuania and how these contribute to the achievements of economic and social goals. It discusses the challenges posed by legislative inflation to Lithuania, due to a legalistic culture and lack of forward planning in policy making, and how this is impeding the development of a good regulatory environment. It then highlights the difficulties in integrating the key regulatory management tools - *ex ante* Regulatory impact assessment (RIA), stakeholder engagement and the nascent *ex post* review system - into the policy-making process, and ensuring that they contribute to evidence-informed approaches. A lack of robust quality assurance mechanisms is also highlighted. It sets out a series of concrete measures to tackle legal inflation in the short and longer term, including creating a forward planning system, reviewing the processes of the transposition of EU directives as well as some forward-looking initiatives. It also sets out measures to enhance the effectiveness of the regulatory management tools, including establishing an independent "Regulatory Oversight Board" for strengthening quality assurance processes.

Overcoming the challenges of legislative inflation

Legislative inflation overall represents a key challenge in Lithuania, which the government has only been able to partly tackle to date by the existing regulatory management tools.

More legislative acts are passed in Lithuania than neighbouring countries

Legislative inflation is an important challenge facing Lithuania's system of government. More legislative projects are discussed in the Lithuanian parliament than in neighbouring countries, with over 1 000 draft laws registered in the Parliament of 2016-2020 annually (5077 in total over 4 years) (Parliament of Lithuania, 2020[1]). By contrast, over the period of 2014-2016, 700 laws were discussed in Lithuania, while only 200 laws were discussed in Estonia and 417 in Latvia (Supreme Audit Institution, 2018[2]).

A number of factors have been identified as driving this phenomenon, including a legalistic culture, in which the performance of parliamentarians is perceived as being indicated by the quantity of legislation they are involved in producing (Lukošaitis, 2020[3]). Members of Parliament are particularly active in initiating legislation and legislative amendments, with nearly half (2 877 out of 5 077) of the legislative projects registered for the discussion in parliament initiated by parliamentarians (Parliament of Lithuania, 2020[1]). However, only 1 481 (51% of its total) of the legislative proposals initiated by the parliamentarians were adopted during this tenure, whereas the corresponding figure for government initiatives was 1534 (78% of its total) (Parliament of Lithuania, 2020[1]). An example of another smaller EU nation that has experienced the challenge of legislative inflation in the past is Belgium, which developed a number of specific approaches to address it (Box 3.1 below).

Another factor behind legislative inflation historically has been the excessive use of the legislative urgency procedures by parliamentarians. Under these urgency procedures, the legislative process is shortened, and the opportunity to thoroughly scrutinise legislation (including through RIA and stakeholder engagement) is significantly reduced (Lukošaitis, 2020[3]). However, Lithuania has recently faced a significant reduction in the use of the legislative urgency procedure, following several Constitutional Court rulings on the 16th of April 2019,[1] complemented by additional rulings on 13 May and 7 June 2021.[2] These decisions have influenced the reduction in the use of such practice; 52.5% and 36.5% of the laws were discussed using this procedure by the 2008-2012 and 2012-2016 Parliaments respectively whereas only 9.1% of laws were discussed using this procedure by the Parliament of 2016-2020 (Parliament of Lithuania, 2020[1]) (5% being a European average (Supreme Audit Institution, 2018[2])). The reduction is likely to continue following the most recent rulings.

Box 3.1. Legislative inflation in Belgium

The pursuit of Better Regulation in Belgium has been motivated by the need to address the challenge of legislative inflation. The federalisation of the Belgium state, from 1970 onwards, has resulted in a complicated regulatory environment, in need of simplification.

Additional causes of legislative inflation included a tendency for administrations to respond to any crisis or pressing issue with a new regulation, as well as preparing regulations at short notice under "urgency" procedures, which were often of poor quality. Many draft regulations were exempted from any form of *ex ante* RIA. RIA was often done too late and became an *ex post* justification for decisions which had already been reached. Political nominees themselves rather than civil servants often were involved in drafting laws, often causing implementation problems downstream and requiring revisions to the law in the worst cases. Institutional frameworks were weak and generally unable to challenge poorly implemented assessments. Transparency was also weak with often limited efforts to consult with stakeholders and little effort at publication. Finally, Belgium had a weak framework of *ex post* policy evaluation and stocktaking.

Political commitment to simplification has been expressed in successive government policy statements. Therefore, in 2004 the move towards legislative simplification and digital government started in both of the main federal constituents as well as by the central government in Brussels. In 2003, the government-wide initiative called "*Kafka*" was started which provided a platform for citizens, businesses and public servants across Belgium to propose ideas to cut the red-tape regulations. Moreover, the government recognised the importance of RIA in curbing excess legislation and the need to move beyond the traditional evaluations of administrative burden to more holistic considerations. A number of codification projects have been undertaken to create new codes or update existing codes. The biannual surveys of the Belgian Federal Planning Bureau have indicated that administrative burdens on businesses decreased from an estimated 3.5% of GDP in 2000 to 1.72 % of GDP in 2008.

Source: OECD (2010[4]), *Better Regulation in Europe: Executive Summaries*, pp. 56-72, www.oecd.org/gov/regulatory-policy/45079126.pdf.

Despite this useful legal remedy, legal inflation remains an important issue in Lithuania as each parliament keeps discussing and ratifying more legal acts than the preceding one (Parliament of Lithuania, 2020[1]).

Figure 3.1. Laws discussed in Parliament each year (2014-2016)
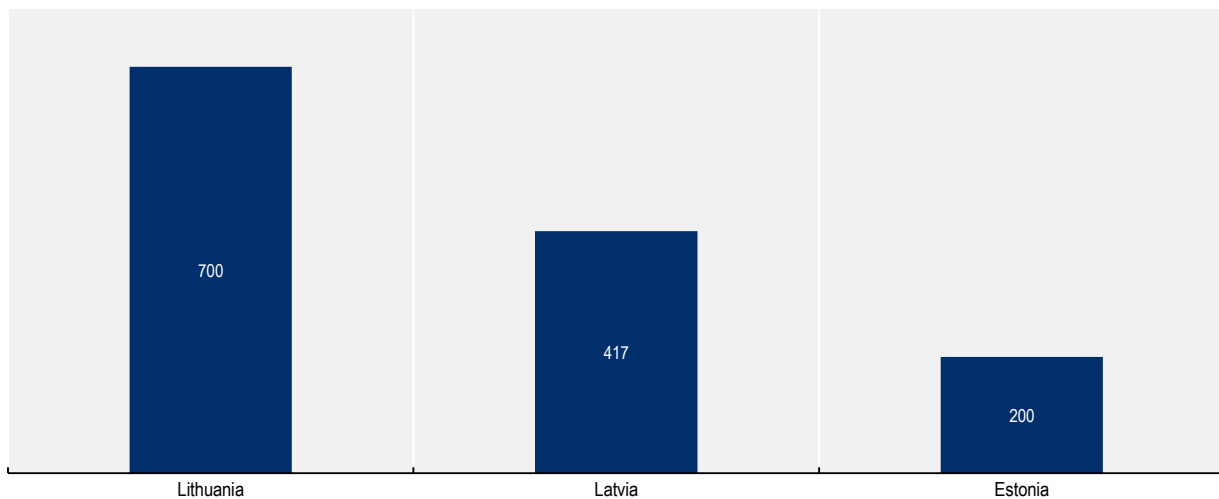
Source: Supreme Audit Institution (2018[2]), *Audit on Legislative Process.*

Legislative inflation is impeding the development of a good regulatory environment

Such a situation clearly impairs the whole functioning of government in the country, leading to the uncontrolled proliferation of legal texts, and creating many opportunities for lack of compliance with laws and regulations, as well as excessive regulatory burdens. It is worth noting that Lithuania is also one of the European economies with the highest share of informal economy[3]. One of the determinants of the level of informality in an economy is the quality of the regulatory environment. For example, an OECD study of regulatory policy in Chile found there to be a number of regulatory barriers preventing formalisation of SMEs including taxation, business registration/licensing requirements, and compliance with labour laws. Evidence shows that reducing tax rates and simplifying the paperwork and tax compliance helps decrease the share of informal activities in the economy (OECD, 2016[5]).

The Supreme Audit Institution has highlighted the potential negative consequences of such a legalistic culture, stating that

> *"unclear, over-regulation, inconsistent legislation complicates law application and causes legal disputes, increases the administrative burden on the activities of public administrations, create preconditions for corruption, inefficient use of state budget funds and other adverse events occur" (Supreme Audit Institution, 2018[2]).*

In this context, *ex ante* RIAs and *ex post* evaluations, together with administrative simplification and codification, can provide important mechanisms to address the challenges and consequences of legislative inflation. Codification in systems of civil law means consolidating all the amendments made over time to a set of related laws. It may also mean assembling an original legal act and all subsequent modifying acts into one new legal text (OECD, 2010[6]). It may also imply, at the same time, simplifying the existing stock of laws, as was attempted in France in the past.

In addition, adequate timeframes and sufficient importance bestowed upon conducting public consultations early in the policy process, can both slow down legislative processes and assure against a lack of attention to potential negative impacts. These tools provide assurance mechanisms against the negative impacts

on the economy, businesses and society stemming from poorly designed regulations, as well as fostering public trust in the legislative system (OECD, 2020[7]).

A clear understanding of the problem of legal inflation amongst the political leadership offers a window for action

There is a clear understanding of the issue of legal proliferation among the Lithuanian political leadership as illustrated by the Programme of the 18th Government. Point 190 of this programme states that the new government will focus on "*quality rather than the quantity*" of new regulations, while improving existing regulations (Government of Lithuania, 2020[8]). It also recognises the importance of the principles of proportionality, legislative professionalism, inter-institutional co-operation and public consultations in assessing the anticipated impacts of the planned legislation. The government is also committed to pursuing a programme of legislative simplification and "debureaucratisation". One of the concrete planned measures is the creation of the electoral code, through the consolidation of different pieces of legislation related to electoral procedures (Government of Lithuania, 2020[8]). This presents an opportunity to address this recurring challenge. The current report will provide a set of recommendations and good practices that could be mobilised to this effect, through fully maximising the potential of regulatory management tools.

Maximising the potential of Regulatory Management Tools

Use of these tools is critical in supporting evidence-informed policy making

Regulatory management tools, including *ex ante* RIA and *ex post* evaluation of regulations, among others, play an important role in supporting evidence-informed policy making. RIA is a process of policy making whereby the likely impacts and consequences of various regulatory and non-regulatory options are considered and evaluated in order to choose a suitable one (OECD, 2018[9]). RIAs help to substantiate decisions not to intervene in the markets when the costs are too high relative to benefits or to communicate the arguments when such intervention is found necessary. It ensures that the impact on a particular societal or interest group that might be marginalised or absent from the mainstream public debate is assessed (OECD, 2020[10]).

Ex post evaluations are systematic reviews of the stock of significant regulation against clearly defined policy goals, including consideration of costs and benefits, to ensure that regulations remain up to date, cost-justified, effective and consistent, and deliver the intended policy objectives. *Ex post* evaluations complete the 'regulatory cycle' that begins with *ex ante* assessment of proposals and proceeds to implementation and administration (OECD, 2018[9]). Well-established practices and processes of *ex post* regulatory assessment can ensure the effectiveness, value-for-money, accountability and transparency of policy making. Such reviews enable the government to identify the effects of existing legislation and can help to improve the design and administration of new regulations (OECD, 2020[7]).

Gaps in the implementation of these tools to date have limited their effectiveness

Previous OECD studies have identified a number of challenges to successfully implementing the key regulatory management tools within the Lithuanian rule-making process, including an OECD review of Lithuania's regulatory policy processes in 2015,[4] as well as the OECD Regulatory Policy Outlook 2018 which map the efforts of members and accession counties to improve regulatory quality - see Box 3.2 for more information on these challenges (OECD, 2018[9]; OECD, 2015[11]).

Since 2015, Lithuania has undertaken several reforms to improve the quality of the legislative process and in particular, the modernisation of these tools to contribute to evidence-informed policy making (OECD, 2015[11]). The Office of the Government has started developing lists of Higher-Impact Legislation, which have to undergo thorough detailed RIAs. STRATA was given the role of scrutinising the quality of these assessments. In addition, the new policy framework for implementing *ex post* regulatory review into the legislative process was established with the Ministry of Justice as a co-ordinating institution.

Against the general trends in regulatory policy observed in OECD countries (see Box 3.2), there is no single formal government regulatory policy in Lithuania, though some elements are embedded in several strategic documents. Consultations in the development of regulations are anchored in the administration and interaction between stakeholders and the government sometimes takes place before a decision to regulate is made. Yet the implementation of consultation practices remains inconsistent across ministries and RIA documents are not well utilised in the consultation process. While the impacts are required to be assessed for any legislative acts, RIA remains a largely formal exercise to justify choices already made, rarely based on data or analysis of alternative options. There are some general requirements to conduct monitoring and *ex post* reviews of existing regulations, and the government has run pilots of more in-depth 'fitness checks'. Quality control of regulatory management tools tends to occur late in the rule-making cycle, and mainly focuses on the procedural quality of RIA, rather than broader policy goals.

Box 3.2. Recent trends in Regulatory Policy across OECD countries

The OECD 2015 and 2018 Regulatory Policy Outlooks map countries' efforts to improve regulatory quality based upon the IREG (Indicators for Regulatory Policy and Governance). The key findings are:

- The vast majority of OECD and accession countries have a whole-of-government regulatory policy and have entrusted a body with promoting and co-ordinating regulatory quality across government.
- OECD countries increasingly undertake stakeholder engagement with citizens and businesses on forthcoming laws and regulations. However, consultation outcomes could be better taken into account in regulatory design.
- RIA has become an important step in the rule-making process of most countries. However, in many jurisdictions, RIA has become over-procedural and is not targeted to the most significant laws and regulations, either because there is no triage system or because regulatory proposals with significant impacts are exempted.
- Most strikingly, the "lifecycle" of regulations remains largely incomplete. Countries are more adept at designing laws and regulations, than they are at the later stages of enforcing and reviewing them.
- Some OECD countries have established regulatory oversight capacities and functions. However, in many countries, responsibility for regulatory oversight is split among several institutions.

Figure 3.2. Lithuania compared to OECD Indicators of Regulatory Policy and Governance, 2018
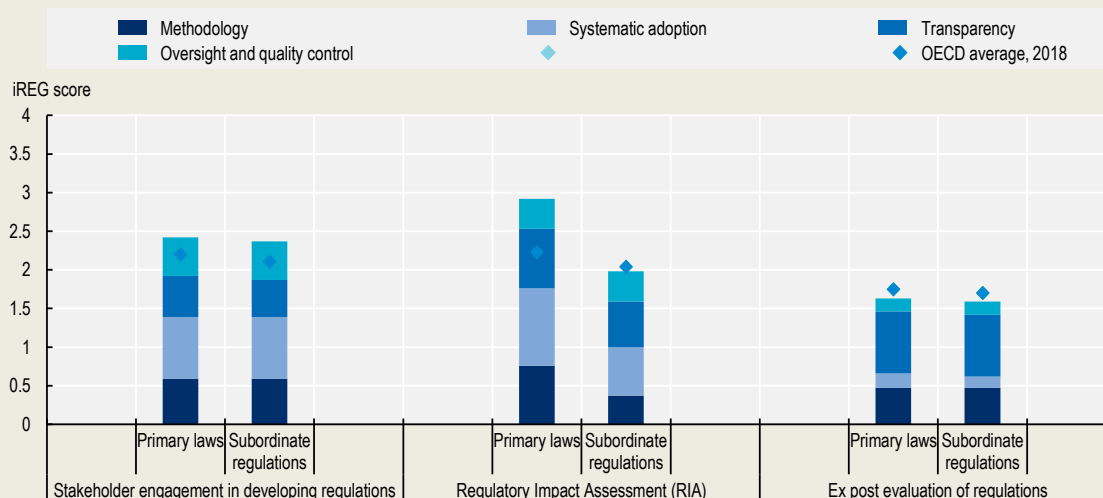
Note: The more regulatory practices as advocated in the OECD Recommendation on Regulatory Policy and Governance a country has implemented, the higher its iREG score. The indicators on stakeholder engagement and RIA for primary laws only cover those initiated by the executive (67% of all primary laws in Lithuania).
Source: Indicators of Regulatory Policy and Governance Survey 2017, http//oe.cd/ireg.

StatLink 🔗 https://stat.link/c581xr

The responsibilities for conducting RIA are dispersed throughout government

Every institution initiating a legislative proposal is mandated to conduct ex ante *RIA*

According to OECD data, RIA is now required in almost all OECD countries for the development of both primary laws and subordinate regulations (OECD, 2018[9]). In 2003, Lithuania introduced Government Resolution No.276, which contained a requirement to conduct *ex ante* RIA when preparing new legislation. Later, the 2012 Law on the Legislative Framework set out the main principles of legislation and stages of a legislative process. Article 15 of the law mandates that institutions drafting legal acts are obliged to conduct *ex ante* RIA when new regulations are introduced or existing regulations are changed substantively. Moreover the law states that *"a decision on the assessment of the effect of envisaged legal regulation shall be adopted by the drafter"*, meaning that the scope of RIA and the processes whereby it is conducted are decided by the drafting institution itself (Parliament of Lithuania, 2012[12]). Additional measures have been taken to improve the methodology for conducting RIA and ensure its implementation. A list of the legislative milestones in the establishment of better regulation in Lithuania are set out in Box 3.3.

The 2012 law sets the following principles to guide the use of *ex ante* RIA:

- The decision to conduct the impact assessment will be taken by the sponsoring institution, based on a principle of proportionality (i.e. depending on the extent of the expected impacts).
- Positive and negative impacts on the relevant sector, as well as on individuals or groups of individuals, affected by the draft regulation should be assessed.

In developing the RIA, the ministry should consider the potential impacts of the draft regulation on: the economy, public finance; social environment; public administration; legal system; crime and corruption; environment; administrative burden; regional development; competition; other relevant areas. The results of the assessment have to be included in the explanatory note to a law or as a separate document (Parliament of Lithuania, 2012[12]). The note also lists the institutions and stakeholders to be consulted during the preparation of the draft regulation. However, in practice, only a couple of sentences on the estimated impacts have tended to be included in the explanatory note and the notes remain mostly descriptive – this was also a finding in the previous OECD review in (2015[11]).

It is usually the ministry's department or unit in charge of the relevant policy area that is primarily responsible for the quality of the RIA. The ministry's legal department conducts a legal quality check of the draft legislation, including the explanatory note and the conclusions on RIA results, before it is posted on the online legislative platform and other ministries and external stakeholders can provide comments. The Rules of Procedure of the Government determine when a certain act must be sent to a specific ministry. Otherwise, the drafting ministry decides which ministry to consult.

A proportionate *ex ante* RIA process has been in place since 2013, whereby a list of priority initiatives was developed, containing laws that were to be submitted to an in-depth assessment of their impacts. The list drew on proposals submitted by line ministries and proposals selected by the Office of the Government drawing to a large extent upon the Annual Legislative Programme (OECD, 2015[11]). As of 2020, this proportionality process has been further developed, as line ministries are mandated to develop and submit preliminary information on the expected impacts of their legislative projects to the Office of the Government, who then decides, together with advice from STRATA, which pieces of legislation shall be included in a (since renamed) list of higher-impact legislation. A set of criteria has been developed by the Office of the Government for deciding whether a proposed piece of legislation will be included in this list - see Table 3.2 later in this chapter for more information about this.

Box 3.3. The Milestones in Lithuanian Better Regulation Policy Development

The key steps in the development of Lithuania Better regulation policy are presented below:

- **26 February 2003:** Government Resolution No. 276, introducing the requirement to make an impact assessment when preparing new legislation (recast in 2012 by Government Resolution No 1276).

- **12 February 2008:** Govnment Resolution No 185 introduced the Better Regulation Progamme to act as a framework document to implement a broad range of better regulation initiatives.

- **23 February 2011:** Government Resolution No. 213 "Regarding Adoption of Methodology for Identifying and Evaluating Administrative Burden for Citizens and Other Persons".

- **11 January 201**2: Government Resolution No. 4 "Regarding Adoption of Methodology for Identifying Administrative Burden for Businesses".

- **18 September 2012:** Law on the Legislative Framework (XI-2220), which set out the main principles of legislation, stages of a legislative process, as well as rights and obligations of state and municipality institutions and entities, and other persons, that take part in the legislative process.

- **8 November 2012:** the Lithuanian Republic Law on Administrative Burden Reduction (XI-2386, defines the concept of administrative burden and creates the Better Regulation Supervisory Commission.

- **17 April 2013:** Government Resolution No. 337 "Regarding Adoption of the Rules of Procedure of the Government of the Republic of Lithuania" sets out the main principles of carrying out legal impact assessment.

- **8 May 2013:** Order of the Minister of Justice No 1R-142 "Regarding Adoption of Procedure for Conducting Monitoring of Legal Regulation", which sets out the monitoring framework (recast on the 15th of May 2021).

- **23 December 2013:** Order of the Minister of Justice No. 1R-298 "Regarding Adoption of Recommendations for Drafting Legal Acts", which sets out technical requirements for legal drafting.

- **22 July 2014:** The amendment to the Methodology for Determining the Administrative Burden of Business for establishing a new goal of the reduction of administrative burden applicable to each authority individually.

- **28 May 2019:** Amendment of the Law on Legislative Framework Nr. XIII-2134 includes the notion of the *ex post* evaluation of regulations into the Law of Legislative Framework, and details under what conditions a legal act needs to undergo an *ex post* evaluation and how.

- **15 January 2020:** Decision of the Government Meeting on the planned legislation quality improvement delegates to STRATA the duty to verify the quality of the RIAs of the legal acts included in the list of the higher impact legislation.

- **29 January 2020:** Government Resolution 69 on the implementation of Law on Legislative Framework" gives the Ministry of Justice the role to co-ordinate of *ex post* regulatory assessment.

- **5 May 2021:** Government Resolution No. 308 adopts the Methodology for *ex post* evaluation of existing legislation

Source: OECD (2015[11]), *Regulatory Policy in Lithuania: Focusing on the Delivery Side*, http://dx.doi.org/10.1787/9789264239340-en; and author's elaborations; and Ministry of Justice (2021[13]).

Several other actors are involved in the co-ordination of RIAs

Several institutions are in charge of co-ordinating the implementation of RIAs:

The **Office of the Government** is the main institution in charge of co-ordinating the RIA process by:

- formulating the overall policy, requirements and methodologies for RIA;
- Some responsibilities have recently been transferred to STRATA:[5]
  - controlling the quality of impact assessment of high-impact legislative initiatives;
  - providing support and advice to public sector institutions conducting impact assessment.

The **Ministry of Economy and Innovation (MEI)** co-ordinates the impact assessment on the administrative burden on business (Government of Lithuania, 2012[14]). In particular, it provides methodological support to other ministries in conducting these assessments, by providing feedback and helping draft conclusions. Since 2014, the ministry also ensures that the administrative burden approach of "One-In, One-Out" is followed. Moreover, the MEI is responsible for the better regulation policies for economic activity (administrative and compliance burden reduction, regulatory simplification and regulatory quality assurance)[6] (Government of Lithuania, 1998[15]).

The **Ministry of Interior** is responsible for co-ordinating the assessment of regulations that affect administrative burdens on citizens, by providing methodological support to ministries (Government of Lithuania, 2011[16]).

The **Competition Council** provides methodological support and guidelines to the ministries for the impact assessments on competition. According to the Government Resolution on the ratification of the methodology for regulatory impact assessment (Chapter 2, point 10), the impact on competition shall be evaluated based on the guidelines on the "impact assessment of decisions on competition" prepared by the Competition Council (Government of Lithuania, 2003[17]). If a new legislation concerns competition, it is still the responsibility of the drafting institution to conduct an impact assessment, but Competition Council may be consulted. The Council has a right to intervene unilaterally and conduct the RIA themselves.

The **Ministry of Justice** reviews all draft laws and regulations, and provides a legal opinion (OECD, 2015[11]). It is also in charge of co-ordinating *ex post* assessment of regulations. The Ministry also co-ordinates and monitors the process of transposition, whereby EU directives are implemented by the Lithuanian administration (Government of Lithuania, 2004[18]). The Ministry is also responsible for the issue of "gold-plating"[7] in the transposition process, and provides advice to ministries and has produced methodological guidance for preventing creation of unnecessary administrative burdens in the process of EU law implementation. This ministry used to have a department specialising in EU regulatory matters, however, it was recently consolidated with another department in the Ministry, thus reducing the scope for specific quality assessment related to the transposition of EU directives.

The **Ministry of Foreign Affairs** has the leading role with regard to negotiations of EU legislation, co-ordinating the inputs into the Impact Assessments at European level *ex ante* (Government of Lithuania, 2004[18]). It co-ordinates the positions of line ministries in their own field of policy responsibility for the negotiations on the production of EU regulation, but plays no role in the downstream aspects of creating domestic regulations as a result of EU processes.

Table 3.1. Co-ordination of RIAs in the Lithuanian government

Mandate	Office of the Government	STRATA	Ministry of Economy and Innovation	Ministry of Interior
Overall co-ordination	x			
Co-ordination of thematic Impact Assessments			x	x
Methodological support		x	x	x
Advice and consultation		x	x	
Control		x	x	x

Source: Authors' elaboration.

However, despite Lithuania putting in place a comprehensive set of *ex ante* RIA requirements, it is apparent that most RIAs appear to be often conducted as a formality, with limited or no impact on the legislative process. Current quality assurance mechanisms are also lacking, with responsibilities dispersed across the government and proving ineffective at driving up RIA standards. Recently, there has been an attempt to strengthen and clarify the proportionality process, by developing a set of criteria to determine which proposed laws will form part of the List of Higher Impact Legislation and therefore undergo more in-depth RIA. The proposed laws on this list undergo a thorough quality control check by the Office of the Government, with advice from STRATA, but this only applies to a very small subset of legislations. This proportionality process does not currently have any legal status (e.g. through a Government Resolution), as have other parts of the RIA framework.

The nascent framework for *ex post* evaluation also presents significant shortcomings with regard to capacities in ministries to undertake this function. However, the overall context of legislative proliferation impedes the possibility of conducting quality RIAs and maximising the effectiveness of consultation. Until recently, the problem has also been compounded by an overall lack of planning of higher impact legislation, with insufficient time to conduct effective RIA or consultation for proposed laws. The recent establishment of a high-level Regulatory Impact Assessment schedule for high-impact laws represents a welcome improvement. A more proactive government-wide approach will be necessary precondition to create effective conditions for the update of regulatory management tools in Lithuania. The rest of this chapter will explain these challenges and proposed recommendations in detail.

RIA often remains a formal exercise

RIA appears to be viewed by officials as an administrative burden rather than a valuable tool for decision making, which may be a result of legal inflation (as well as making it more difficult to stop legal inflation). RIA does not appear to be undertaken at an early stage of the policy process, when there is a genuine interest in identifying the best available solution and there is an opportunity to consider alternatives to regulation (STRATA, 2020[19]) (STRATA, 2019[20]).

Assessments are rarely based on hard data or comparative analysis of alternative options. In most cases, they are prepared in parallel with the drafting of the legislative proposal and justify the choice already made, rather than offering a basis for evaluating alternative solutions to a public policy problem (STRATA, 2020[19]) (STRATA, 2019[20]). In addition, *ex ante* RIAs do not appear to be systematically carried out, even when ministries are mandated to do so. According to the Supreme Audit Institution, 10% of laws adopted by Parliament between 2014 and 2018 included an explanatory note in which it was indicated that no negative impact is foreseen with no further justification (Supreme Audit Institution, 2018[2]). In practice, there is a tendency to prepare RIA and a draft legal act at the same time, and to choose the regulatory measure, instead of a non-regulatory alternative.

Members of Parliament, have the right to initiate new legislation and, as mentioned previously, are particularly active in initiating legislation and legislative amendments, with nearly half of the legislative projects registered for the discussion in parliament initiated by parliamentarians. The adoption of amendments during the last stage of voting can reduce the effectiveness of the process for making high-quality legislation, initiated by either the executive or the parliament. Whilst draft laws initiated by Members of Parliament are subject to similar procedures as those initiated by the executive, with each legislative proposal needing to be accompanied by the explanatory note containing a discussion on impacts, there is no requirement for a RIA to be produced.

> *A number of short and longer-term reforms involving the executive and legislative branch should be considered to increase the use of RIAs in policy making*

In order to increase the quality and number of RIAs conducted, Lithuania should consider a number of reforms, both within the executive branch, and also reaching out to the legislative branch.

In terms of the legislative branch, the Office of the Government and STRATA could seek to raise awareness with members of parliament in order to increase their understanding of the RIA process and its value for evidence-informed decision making, as well as the need for better planning of legal activity. Specifically, the Office of the Government could invite the parliament to express a commitment, through a memorandum of understanding (MoU), with the desired outcome of increasing the number of RIAs prepared for laws initiated by Members of Parliament. This MoU could also be utilised to generate a joint understanding between the executive and the parliament of the planned calendar for the work of parliament.

Beyond such short-term fixes, effectively tackling the problem of legislative inflation may require Lithuania to take a broader, forward-looking perspective to its processes of law making. The Lithuanian Government should consider setting up a Strategic Task Force on the future of the Lithuanian legal framework, aimed at reflecting on the long term costs to the economy of current legal inflation and the implications of the current legal culture in Lithuania (e.g. with laws that are very detail-oriented). This Task Force could be comprised of prominent members of the government, parliament and the legal profession (including legal academics) but should also be open to foreign expertise from countries that have faced similar challenges. The goal would be to raise awareness, which may not always exist within the legal profession in Lithuania, and to ensure that any reforms receive a large degree of consensus and are likely to remain durable over time. The Task Force should discuss what are the implications of such a detail-oriented approach in the drafting of laws, and the current imbalance in the law-making processes, which in the longer term could have adverse effects for the country.

A limited role of mechanisms for quality assurance and control

Ensuring the quality of regulation is important as there may be unintended consequences and, ultimately, negative impacts for citizens, businesses and society as a whole that result from badly designed interventions (OECD, 2020[10]). Hence, it is crucial to ensure that the legislative processes are carried out correctly and using reliable evidence. In addition, OECD best practice suggests that effective regulatory oversight is a crucial precondition for a successful RIA process, which includes putting in place mechanisms for ensuring the quality control of RIAs.

As of 2020, some quality control mechanisms exist in Lithuania. The Office of the Government, advised by STRATA, oversees the quality of RIAs accomplished for the draft laws that are included in the Higher-Impact Legislature list, and all legislative proposals undergo a thorough legal quality check by the Ministry of Justice. However, internal guidelines and structures, setting out in detail how policy teams should integrate RIA into their processes, are missing inside ministries and RIA is often perceived as a formal

exercise intended to justify choices already made (STRATA, 2020[19]). In addition, insufficient attention is focused downstream on the domestic regulatory implications of implementing EU directives.

Certain ministries are equipped with a unit that is responsible for making sure that an explanatory note, containing the RIA results, accompanies each legislative proposal. However, these units offer little support with regards to quality assurance or capacity building for RIA as they do not have such responsibility. Indeed, these units are generally composed of staff members with legal backgrounds, who do not possess the necessary analytical capacities to offer analytical insights into the quality of RIAs.

Fragmented responsibilities for quality assurance

Several institutions are in charge of developing government-wide guidelines for RIA. The methodology on impact assessment of draft legislative acts, approved by the government in 2012, serves as the main guide for preparing RIAs (Government of Lithuania, 2003[17]). This methodological guide recommends the use of Cost-Benefit Analysis (CBA) or Cost-Effectiveness Analysis (CEA), when possible. The Office of the Government has developed specific guidance to help ministries apply social CBA and CEA (Office of Government, 2011[21]); it can be found on the website of the Ministry of Finance. The Ministry of Economy and Innovation and the Ministry of Interior have produced guidelines on how to calculate administrative burden respectively on businesses and citizens, based on the Standard-Cost Model. STRATA has also recently published its own guidelines for conducting *ex ante* RIAs (STRATA, 2020[19]).

The existence of multiple methodological guidelines may create confusion for ministries over their legal status, and when it is appropriate to utilise them in policy making. These documents can be found on different institutional webpages and the extent of their use is at the discretion of public servants drafting RIA. Lithuania would benefit from consolidating these documents into a set of methodological guidance with a clear status as part of an integrated strategy, which would serve as a main reference for ministries while developing RIAs.

To improve the quality of RIAs, there is a need to invest upstream on skills development and downstream through establishing a Regulatory Oversight Board

There is therefore a need to work on two fronts to improve the quality of RIAs:

- The first front is an upstream investment in skills and capacities in the ministries, so that they are effectively able to deliver the analysis. As detailed in Chapter 1, the Lithuanian government could benefit from the creation of an analytical stream within the civil service to attract highly qualified analytical personnel. This should be accompanied by the government-wide strategy on analytical skills. Such a strategy could include the provision of scholarship programmes as a short-term measure and the development of academic programmes in Lithuania for quantitative policy analysis and economics for the long-term supply of skills.

- The second front is an investment downstream to strengthen the quality assurance process, through the establishment of a proper "Regulatory Oversight Board" which could be envisaged in the medium term after an experimental phase, and a strengthened oversight of processes by the Office of the Government. The oversight board could be tasked with carrying out quality control of *ex ante* RIA documents for higher impact RIAs, as well as providing publically available advice on the quality of the RIAs that would have to be shared with Parliament. This advice would confirm whether due process and the core steps of the RIA process have been followed. This advice could be placed on a website for the Regulatory Oversight Board as is common for similar oversight bodies in a number of OECD countries (OECD, 2018[22]).

The Office of the Government should send the oversight board's official advice to the government in a public manner, before a law is transmitted to Parliament, as is the case in other jurisdictions e.g. with the advice of the Dutch Advisory Board on Regulatory Burden. The oversight body should also provide regular assessments of the overall quality of the RIA process across government and publish their findings in publically available reports, as suggested by the 2012 Recommendation of the OECD Council (OECD, 2012[23])[8]. The oversight body does not necessarily imply creating a new or large agency, but it does require establishing an independent voice, through setting up a board of external, prominent personalities to provide the opinions on the RIAs.

STRATA would remain available to provide the secretariat for the oversight body, and to provide methodological assistance to ministries on how to conduct *ex ante* RIA analysis. Box 3.4 provides detailed information on three European regulatory oversight bodies, each of which operates with a degree of operational independence from the executive.

Box 3.4. Regulatory Oversight Boards in Germany, Czech Republic and the Netherlands

Germany - National Regulatory Control Council - NKR

The Nationaler Normenkontrollrat (NKR) established by law in 2006 scrutinises draft impact assessments accompanying primary and secondary law proposals, with regard to underlying assumptions on compliance costs. It normally provides initial advice at pre-consultation stage during the inter-service consultation with all ministries. The final opinion is released after the post-consultation (final) stage, when the proposal is ready to be tabled at and adopted by Cabinet (council of ministers). In between these stages, there is a working level exchange between NKR Secretariat and lead ministries. The parliament may request the NKR to provide its opinion on the quality of an impact assessment; for a parliamentary proposal, even if the initiation of laws by the MPs is rare. The NKR has received other functions including the "one in one out" approach, Cutting Red Tape efforts, and the scrutiny of evaluation clauses in the legal acts (obligatory for all regulations that induce compliance costs of over 1 million euros). The NKR also publishes an annual report that provides a comprehensive view of Better Regulation policy. The members of the NKR are nominated by the Federal Government and appointed by the Federal President. The Chancellor of the Federal Government designates the Chair of the NKR. The NKR committee is supported by a 15 civil servants' secretariat and a 1.5 million euros budget.

Czech Republic - Regulatory Impact Assessment Board

The Regulatory Impact Assessment Board (RIAB) was established in 2011 to review the quality of submitted RIAs accompanying draft primary and secondary legislation. The RIAB is one of the working groups of the Government Legislative Council (GLC) and its activities are supported by the Office of the Government. The RIAB may also undertake consultation with ministries concerning aspects of RIA during the preparatory and drafting phase; and issue non-binding opinions. It is sometimes contacted by external stakeholders to receive more detailed information on the impacts of the proposed legislation. Based on the evaluation of "Overviews of Impacts" (provided to the drafting authorities in a template), the RIAB issues opinions as to which planned pieces of draft legislation should undergo a regular RIA process. The suggestions of the RIAB are to be approved later as a binding obligation in the Plan of Legislative Work of the Government, respectively in the Plan of Preparation of Decrees and officially published. The opinions are made publicly available (on the website http://ria.vlada.cz). The RIAB is composed of 15 external experts (economists, lawyers, business representatives, etc) who meet once every 3 weeks. The RIAB The RIAB members report potential conflict of interests at the RIAB meetings.

Netherlands - Dutch Advisory Board on Regulatory Burden – ATR

The ATR is an independent advisory body established by law with budgetary autonomy. The board consists of three members, who are supported by a director, 8 senior policy advisors and 2 supporting staff. The body decides what it advises on (within its mandate) as well as on the content of these opinions. Both government and Parliament can approach the body for advice. The ATR advises ministries mainly in the early stages of the policy process i.e. problem identification. It does not operate according to a proportionality principle and assesses the regulatory consequences on business of all primary legislative proposals and administrative measures, and also scrutinises ministerial decrees with substantial compliance costs. Recently, the ATR has taken on a new role of scrutinising the new SME Test.

Source: OECD (2018[22]), Case Studies of RegWatchEurope Regulatory Oversight Bodies and European Union Regulatory Scrutiny Board, http://www.oecd.org/gov/regulatory-policy/regulatory-oversight-bodies-2018.htm.

A small number of RIA for "higher impact legislation" undergo thorough quality control

Since 2018, the Office of the Government has drawn up a semi-annual list of draft legislation considered of higher impact (the list replaced the Priority Legislation List which was in existence between 2013 and 2016). A set of criteria has been developed by the Office of the Government for deciding whether a proposed piece of legislation will be included in this List of High Impact Legislation - see Table 3.2 below. This list is discussed and approved during an inter-ministerial meeting.

These selection criteria however have not been formalised in any binding legal act and remain of an indicative nature. The first steps in systemising the triage process have been taken by the previous 17th Government and the implementation plan of the new government programme mandates the Office of the Government to develop a new set of criteria for the selection of higher-impact legislation as part of the improvements for the RIA methodology and processes (measure 8.1.2.) (Government of Lithuania, 2021[24]). In addition, the previous government has started to publish these bi-annual lists on its website. The current 18th government has amended this practice by preparing one list of higher impact legislation for the period until the end of its term in office (2021-2023). This list includes 35 legislative projects and sets the timeline for impact assessment, public consultation, submission to the government and parliamentary deliberation.

Table 3.2. Criteria for a law to be included in the list of higher impact legislation

Area of Impact	Criteria for High-impact legislation (only one of the following needs to be satisfied)
1. Impact on State Finance	1.1. ≥10 million euros needed for implementation 1.2. ≥1 million euros needed annually for the execution 1.3. Changes in Tax system are envisaged
2. Impact on Innovations	2.1. Existing incentives to invest in advanced technologies and innovation are being developed or changed. 2.2. May affect the development and market entry of new innovative products and/or services
3. Impact on Competition	3.1. May affect the ability of market participants to compete. 3.2. May affect the number of market participants and/or the range of goods/services. 3.4. May affect user choice and/or availability of information
4. Impact on Business Environment	4.1. May affect small and medium businesses 4.2. Additional regulatory burden created by regulatory obligations (compliance costs). 4.3. The administrative burden (burden of informative obligations) exceeds 1 million euros. 4.4. Changes in the business environment are expected that may attract significant investment
5. Impact on Regional Development	5.1. May affect the availability, accessibility and quality of public services. 5.2. May affect the investment climate in certain regions. 5.3. May affect sectors of the economy with regional specialisation
6. Impact on Employment	6.1. Changes in the regulation of labour relations are planned, which may affect more than 50% of employed.

Area of Impact	Criteria for High-impact legislation (only one of the following needs to be satisfied)
	6.2. May affect the employment, working conditions, employment relationships of a specific target group
7. Impact on the Organisation of Public Institutions	7.1. May affect the scope of state functions 7.2. New Institution, agency or public company is established 7.3. Institution, agency or public company is re-organised or liquidated 7.4. May affect the number of public sector employees (increase or decrease by more than 5%)
8. Impact on Digital agenda	8.1. Intended to create, update and modernise information systems and registers 8.2. Intended digital content creation
9. Impact on the Regulated Public Relations	9.1. New regulation - the previously regulated public relations are regulated 9.2. Substantial change in regulations - regulation of public relations is substantially and significantly changed 9.3. Legislative recast - more than half of provisions amended (excluding technical/editorial changes)

Source: Government of Lithuania (2020), Selection Criteria for higher impact Legislation and Parliament acts [Didesnio poveikio įstatymų ir Seimo nutarimų projektų atrankos kriterijai], Minutes Nr. 2, Question 6, Annex 2, January 15th, 2020 (supplemented by Minutes Nr. 18; Question 1, Annex 2, March 31, 2021).

As of 2020, line ministries must develop and submit preliminary information on the expected impacts of their legislative projects to the Office of the Government who then decides, together with advice from STRATA, which pieces of legislation shall be included in the list of higher-impact legislation. 13 legislative projects were included in the list for the spring session of 2019, 12 for the autumn session of 2019, 6 for the spring session of 2020 and 7 for the autumn session of 2020, for 2021 – 2023 there are 35 planned legislative projects of higher-impact.

Figure 3.3. Process for the adoption and RIA of higher impact legislation
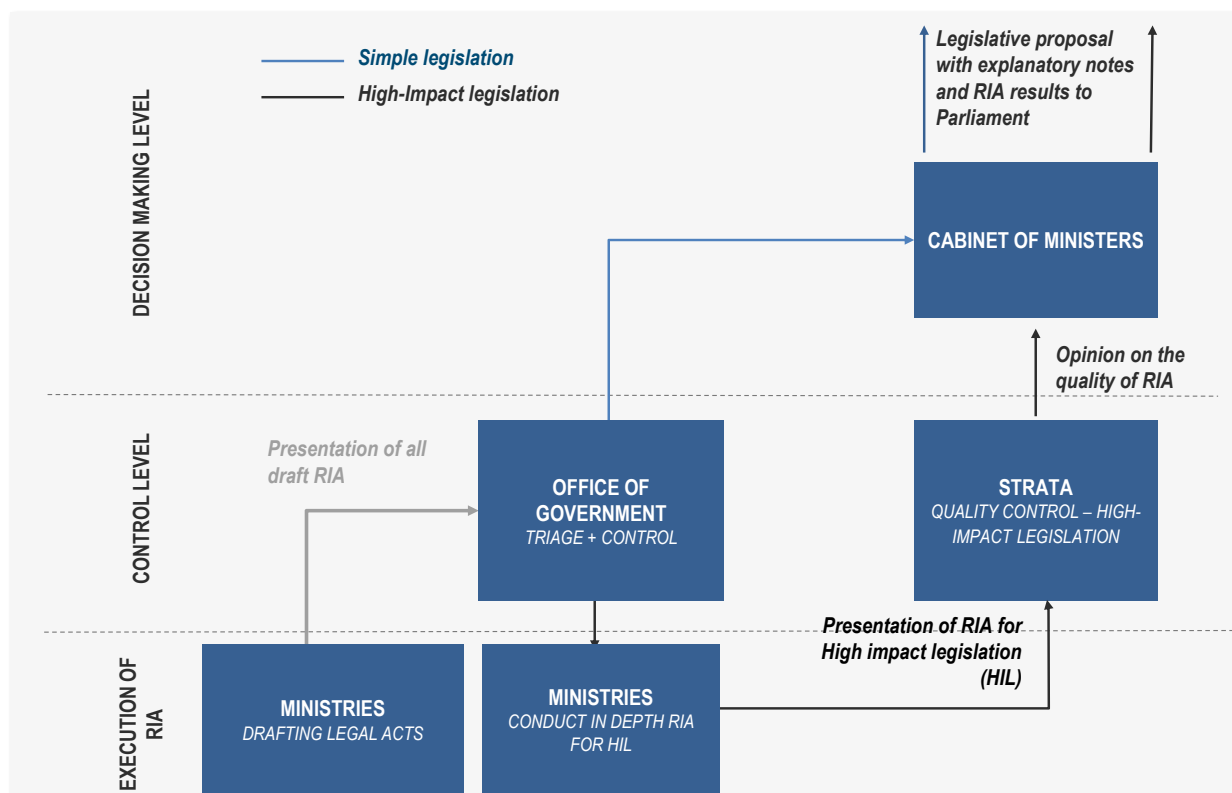
Source: Author's elaboration.

Ministries can choose to consult STRATA on the quality of RIAs for higher-impact laws earlier on in the legislative process. Once the RIA is completed, it has to be sent to STRATA, which then scrutinises the quality of the RIA based on a list of predetermined questions, and provides advice to the Government, on whether an evidence-informed decision can be made based on the RIA. Between March and December 2020, STRATA has provided its opinion on 12 such RIAs for 8 draft laws (STRATA, 2020[19]). Based on the decision of the government, the drafting institution prepares either a draft law or a non-regulatory measure. Box 3.5 below provides examples from OECD members of how they have applied different forms of triage processes to introduce proportionality into their RIA systems.

The introduction of a set of criteria for determining whether a proposed piece of legislation will be included in the high impact list, and the strengthening of quality control for those laws has enhanced the proportionality process for RIA. This appears to follow the best practice of a number of OECD countries. However, this list only presently applies to a very small subset of legislations. Given the number of bills in the Government Legislative Plan, it will be important to make sure that proposed legislation with potentially high impacts does not avoid scrutiny. Also, this proportionality process does not currently have any formalised legal status (e.g. through a Government Resolution), as have other parts of the RIA framework. Therefore, it may be beneficial to formalise the proportionality process and the role of STRATA in quality control, potentially as part of the proposed Government Resolution on Better Resolution (see the sub section "In order to facilitate structural uptake of these findings, Lithuania could consider developing a coherent framework for better regulation"). As this is a recent process, it is not possible yet to draw a conclusion as to how effectively it has been implemented.

Box 3.5. Examples of Impact Triage Systems in Other OECD countries

In the **United Kingdom**, a *de minimis* rule has been introduced to ensure proportionality and give departments greater flexibility to determine the appropriate level of analysis to demonstrate the rationale for a regulation. The Better Regulation Executive and the regulatory oversight body, the Regulatory Policy Committee (RPC), have jointly produced guidance stipulating that only measures with significant regulatory impacts (greater than GBP -/+ 5million threshold) are expected to have full RIAs and be submitted to the RPC for scrutiny. However, measures that fall below the *de minimis* threshold may still be expected to produce a full RIA if they are estimated to have significant distributional impacts; disproportionate burdens on small businesses; significant wider social, environmental, financial or economic impacts; or significant novel or contentious elements. All other regulatory measures are still expected to produce a proportionate level of analysis to support stakeholder and parliamentary scrutiny of the proposal. In addition, departmental Chief Analysts are responsible for ensuring that the analysis used for measures which are under the GBP -/+ 5 million threshold is sufficiently robust.

The **South Korea** test requires quantitative RIA to be undertaken if it affects more than 1 million people and/or 10 million Won, there is a clear restriction on market competition or a clear departure from international standards.

Belgium uses the approach whereby some topics are evaluated only based on the values of some indicators whereas the other impacts have to be evaluated in depth. In total, there are 21 impacts to be assessed but only 4 impacts have to be evaluated using the detailed approach (administrative burden, gender and policy coherence for development).

In **Australia**, each submission to the parliament has to be accompanied by a RIA. For the subordinate legislation, a preliminary assessment is conducted to determine if a RIA is required for both primary and subordinate legislation. A RIA is also mandatory for any non-Cabinet decision made by any Australian

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Government entity if that decision is likely to have a measurable impact on businesses, community organisations, individuals or any combination of them.

Source: OECD (2015[25]), *OECD Regulatory Policy Outlook 2015* , http://dx.doi.org/10.1787/9789264238770-en; OECD (2020[26]), *Review of International Regulatory Co-operation of the United Kingdom*, https://doi.org/10.1787/09be52f0-en.

There are few internal established processes and analytical support inside ministries for the staff that are drafting the RIA

At the level of line ministries, however, there are few internal established processes to support the implementation of the RIA methodologies inside the ministries. As previously mentioned, the strategic planning units within most ministries typically offer little support with regards to providing analytical support or capacity building for RIA. They are generally composed of staff members with legal backgrounds, who do not possess the necessary analytical capacities to offer insights into the quality of RIAs.

The responsibility to conduct RIA is highly dispersed among the staff of ministries, many of whom may have general legal or institutional skills, but not the analytical skills that would be necessary for conducting RIAs. Indeed, the Supreme Audit Institution has estimated that 2000 ministry employees conduct RIAs, but that many of them lack adequate training. An audit from the Supreme Audit Institution reported that 10% of the staff responsible for drafting legislative proposals during the audited period (2014-2017) had had training on RIA. The data was collected through the ministries' surveys (Supreme Audit Institution, 2018[2]). STRATA is running a course of seminars on RIA, and is aiming at training 150 civil servants with a plan of extending these numbers. In addition, ministries can outsource advice and analysis for RIA, to make up for a lack of analytical skills or timing constraints. These services are usually acquired through public procurement procedures (OECD, 2015[11]).

On the other hand, ministerial dependencies/ agencies, which often serve as the analytical arms of ministries (e.g. Enterprise Lithuania), do not have a formal role in the RIA process. Not only do the ministries drafting the legislation work on RIAs in silos, but also the staff that is conducting the analysis do not have much support inside their own ministry.

The process for preparing RIAs and new regulatory proposals would benefit from some clarification within ministries

Lithuania could consider consolidating methodological guidelines as mentioned above, complemented by trainings and tools, in order to support the RIA process at the line ministry level. Firstly, the process for preparing RIAs and new regulatory proposals within line ministries would benefit from some clarification. This advice also echoes that of consolidating capacities for analysis in each ministry, so that policy units in charge of preparing RIAs can easily identify internal resources for quality assurance of RIAs. Furthermore, ministries could ensure that there are staff members who can provide methodological support for RIAs in-house. In doing so, ministries could look to the example of the process elaborated by the Ministry of Social Security and Labour in recent years, by which line policy units can require support from the "Strategic Decisions Support and International Cooperation Group" to conduct an assessment of the monetary impacts of legislative projects. Box 3.6 below provides some examples of OECD governments that have established networks of officials within line ministries to provide advice on RIA and other better regulation processes.

Regular programmes of RIA training for new and existing civil servants should be established together with digital tools supporting the process

Other than methodological support, developing staff capacities for analysis is another way that countries can promote the quality of RIAs, which goes back to the issue of analytical capacity addressed above. In

Lithuania, there have been good examples of capacity-building activities e.g. STRATA has run workshops to train civil servants on how to conduct RIAs. However, this training should become more structured and systematic to ensure that RIA capacity is firmly embedded within ministries over time. Therefore, Lithuania could consider establishing a regular programme of RIA training for new and existing civil servants. In addition, more specialised RIA training could be focused upon the units responsible for internal RIA co-ordination, to ensure that each ministry has a hub of expertise that can provide advice to other officials.

In addition to training, Lithuania could also rely on digital tools to promote the quality of RIA. More recently, a number of countries have developed software-based tools that can be used to assist in RIA development to estimate various kinds of costs.

Box 3.6. Networks of officials to support better regulation processes within ministries

United Kingdom

In the United Kingdom, government departments with a responsibility for producing regulations have a Better Regulation Unit (BRU) consisting of a team of civil servants that oversee the department's regulatory management processes and advises on the compliance with the Better Regulation requirements. It is at the discretion of each department to determine the scope of the BRU's role, its resourcing (i.e. staff numbers, composition of policy officials and analysts, and allocation of time on this agenda versus others) and position within the departmental structure. However, their functions generally include promoting the use and application of better regulation principles in policy making, advising policy teams on how to develop a RIA (or post-implementation review) including queries on methodology and analysis, and advising policy teams on the appropriate schedule to submit a RIA to the oversight body (the Regulatory Policy Committee) for scrutiny.

Mexico

In Mexico, all regulatory impact assessments are reviewed by the National Regulatory Improvement Commission (CONAMER). Its opinion on RIA has to be received before any regulation is adopted. If RIA is deemed non-satisfactory, CONAMER may request the drafting ministry to develop or amend it or it can hire an external consultant to conduct an independent RIA.

CONAMER interacts with an important network of officials that co-ordinate RIA processes within the line ministries. Each head of public administration entity appoints an official that acts as a liaison between the institution and CONAMER. They are charged with submitting to CONAMER the better regulation programme related to the regulations and procedures of their institutions. They are also responsible for the co-ordination of better regulation processes within their institutions. In order to enhance the political weight of better regulation, these officials are usually selected from vice-ministers or chief administrative officers.

Source: OECD (2019[27]), *Implementing Regulatory Impact Analysis in the Central Government of Peru: Case Studies*, https://doi.org/10.1787/9789264305786-en; OECD (2020[26]), *Review of International Regulatory Co-operation of the United Kingdom*, https://dx.doi.org/10.1787/09be52f0-en.

These tools are presented in Box 3.7 below. These calculators are, in some countries, accessible also to stakeholders, which can calculate the costs of current, drafted or potential regulations or their changes. One such calculator has also been developed by STRATA in Lithuania.[9] This calculator should be widely publicised to ministries to spread awareness, as well as firmly 'signposted' it within RIA training programmes and within accompanying methodological guidance.

Box 3.7. Software tools used in the OECD Countries to facilitate RIA process

To increase the quality of RIA and lessen the burden of preparing RIA statements in **South Korea**, e-RIA was launched in 2015. It is linked to the national statistical database and provides the public officials who prepare RIAs the possibility to automatically obtain the necessary data for cost-benefit analysis, and a sufficient amount of descriptions and examples for all fields. As all fields are mandatory, e-RIA also prevents users (regulators) from omitting important data and information. RIAs are produced automatically upon completion of all fields.

In 2010, **Mexico** has introduced a software calculator, the Regulatory Impact Assessment Calculator (RIAC) that helps to determine what type of RIA should be conducted for a specific planned regulation. An evaluator needs to answer 10 questions and insert the relevant data, which then determines if the associated potential costs of the planned regulation fall below the threshold, which allows regulations to be exempted from RIA. In 2012, the analysis of competition and risk was integrated into the RIAC.

Australian government has developed the Regulatory Burden Measure (RBM), the software tool that allows the public servant and the public to calculate the potential compliance costs of planned regulations (accessible on https://rbm.obpr.gov.au/home.aspx). The calculator gives the evaluators a template and guidelines to logically evaluate the potential compliance costs. It also safe time of report generation and repetitive research/calculations. The user of this calculator needs to:

- identify an issue – a problem that needs a solution
- suggest a range of options that could solve the problem
- calculate the costs of each option.

Source: OECD (2017[28]), *Regulatory Policy in Korea: Towards Better Regulation*, http://dx.doi.org/10.1787/9789264274600-en, OECD (2015[25]), *OECD Regulatory Policy Outlook 2015*, http://dx.doi.org/10.1787/9789264238770-en.

STRATA should nurture a RIA "community of practice" to facilitate exchanges of best practices across ministries

In addition, STRATA should nurture a RIA "community of practice" through the facilitation of exchanges of best practices across ministries. This should be co-ordinated by the Office of the Government to facilitate knowledge sharing, a shared understanding of the processes, and greater access to analytical content with the support of STRATA through seminars and other networking opportunities. It should build upon existing networking opportunities that line ministries and agencies may already have. International examples of such communities of practice are provided in Box 3.8.

Box 3.8. Examples of communities of practice for better regulation

Canada's Community of Federal Regulators (CFR) is a partnership of Canadian regulatory organisations at the federal level that aims to facilitate professional development, collaboration and advancement of the regulatory field. The CFR focuses its events, activities and resources to meet three strategic objectives:

- Talent Management – initiatives to strengthen the regulatory profession across the system;
- Collaboration – events to connect organisations to foster collaboration and sharing of regulatory expertise;
- Experimentation – pursuing prototypes, projects and other activities to increase community understanding of innovative regulatory concepts and enabling their application.

Key activities include an annual two-day Regulatory Conference, annual one-day Law Enforcement Symposium, Regulatory Professional Development Program, Regulatory Speaker Series, Regulatory Excellence Awards, Prototyping Workshops and Communities of Practice/Working Groups on specific regulatory issues.

The community serves approximately 40 000 regulatory professionals who support Canada's regulatory lifecycle including policy analysts, programme officers, compliance and enforcement officers, performance evaluators, risk assessors, legal counsellors and cost-benefit analysts. The community is governed by a Deputy Minister Champion, two Assistant Deputy Minister Co-Champions and representatives from each of the departments and agencies providing financial support to the community, responsible for setting direction and areas of focus for the community in conjunction with the CFR Office.

New Zealand's Government Regulatory Practice Initiative (G-REG) is a network of central and local government regulatory agencies established to lead and contribute to regulatory practice initiatives. G-REG focuses on developing people capability, organisational capability, and building a professional community of regulators.

G-REG's primary activity to date has been the development and delivery of a qualifications framework. Having a common qualification in the public sector is intended to make it easier for regulatory agencies to work together, when their people have common ways of operating and transferable skills and qualifications. G-REG's primary activity to date has been the development and delivery of a qualifications framework. Having a common qualification in the public sector is intended to make it easier for regulatory agencies to work together, when their people have common ways of operating and transferable skills and qualifications.

G-REG is working to unify and professionalise the regulators of New Zealand, by bringing it together through a series of workshops, annual conferences, articles in industry journals. It also has worked to increase its intellectual credibility by establishing a Chair in Regulatory Practice at Victoria University of Wellington, whose research programme incorporates advances in regulatory practice outside New Zealand, focusing on innovative regulators, regulatory instruments and processes. This enables international regulatory best practice and knowledge to be disseminated to G-REG and the wider regulatory community (through blogs, seminars and guest lectures).

Source: OECD (2020[26]), *Review of International Regulatory Co-operation of the United Kingdom*, https://doi.org/10.1787/09be52f0-en.

Consultation procedures are well established and have been strengthened but remain rather formal

OECD best practices on RIA recommend that stakeholder engagement be incorporated systematically in the RIA process to give an opportunity for all stakeholders to participate in the regulatory process (OECD, 2020[10]). Indeed, consultation and user engagement can give important information on the feasibility of proposals, on the alternatives considered, and on the degree to which affected parties are likely to comply with the proposed regulation. Furthermore, the assumptions underlying RIAs can be improved if they are tested after the carrying out of the RIA through public disclosure and consultation.

In Lithuania, according to the 2012 Law on the Legislative Framework, the ministry responsible for drafting the legislation decides whether public consultation is necessary given the scope of the proposal, as well as its extent and any methods employed. Moreover, the methodology on impact assessment stipulates that public consultation can be arranged at different stages of the assessment: when defining the problem, formulating the goals or regulation alternatives, assessing the impact of alternatives, etc. Thus, it can be said that the consultation process for RIA is formally established within the policy-making processes in Lithuania. (Government of Lithuania, 2003[17]; OECD, 2015[11]).

In practice, ministries tend to consult with stakeholders through formal and informal working groups and networks, sometimes in the early stages of preparation of the draft legislation. For example, a working group consisting of the representatives of different universities was gathered by the Ministry of Education, Science and Sports to draft and evaluate the reform of the restructuring of universities. However, stakeholders do not appear to be systemically involved in or alerted to upcoming consultations. Lithuania is not unusual in this respect as OECD Regulatory Policy Outlook data indicates that most consultation efforts in OECD countries continue to focus on later stages of the rule-making process, i.e. when a preferred solution has been identified and/or a draft regulation has been prepared (see Figure 3.4 below).

Figure 3.4. Stakeholder consultation at different stages of rule making in the OECD countries
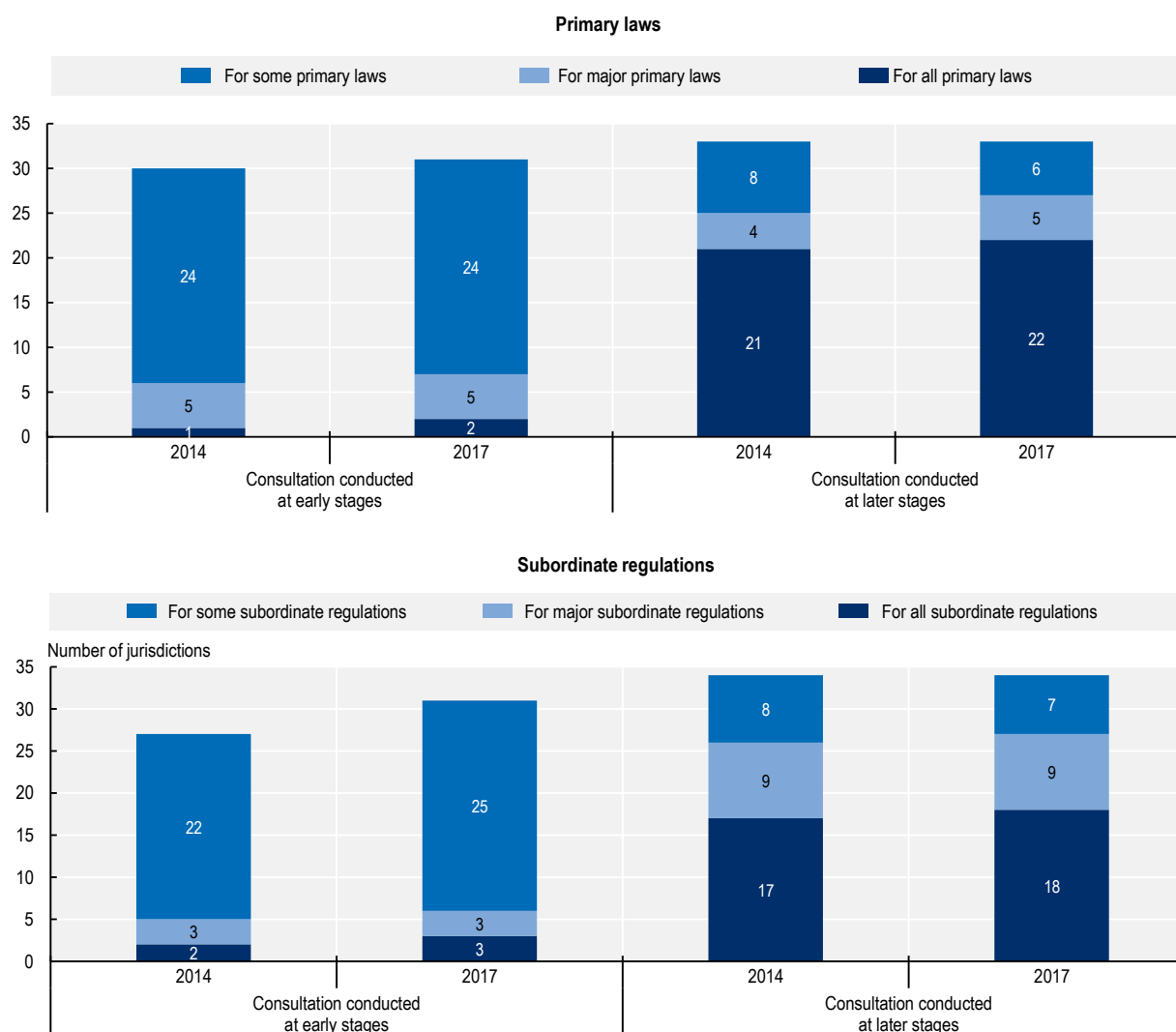
Primary laws

Subordinate regulations

Note: Data is based on 34 OECD member countries and the European Union.
Source: Indicators of Regulatory Policy and Governance Surveys 2014 and 2017, oe.cd/ireg.

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Consultation can also take place online through the "E.Citizen" website (accessible on https://epilietis.lrv.lt). This is considered to be good practice according to the OECD Best Practice Principles for Regulatory Impact Assessment (OECD, 2020[10]). In this case, citizens as well as stakeholders and academics can then submit their comments and proposals for the legislation and the RIA in question. However, the use of the website by ministries is voluntary and stakeholders do not automatically receive notifications about the ongoing consultations. In addition, the draft legislation and the explanatory notes, that include RIA results, have to be published on the Legal Acts Information System (TAIS) (Parliament of Lithuania, 2012[12]). However, according to the audit results conducted by the SAI, the share of legislative proposals that receive comments from the public is low (Supreme Audit Institution, 2018[2]). The number was 8.4% of all legislative proposals in 2014, 9.7% in 2015 and 5% in 2016.

It appears that feedback from stakeholders is often sought more to confirm a preferred option, rather than to identify and evaluate different options. This is due, in part, to the explanatory note accompanying draft legislation providing too little information to engage stakeholders in a constructive discussion on the impacts of the proposed legislation. Accordingly, it can be said that public or stakeholder feedback rarely alter the substantive content of the RIA.

The information relative to these consultations needs to be presented to the legislative body and published on the TAIS. However, some of the accompanying documents are often missing and only the RIA conclusion, rather than the whole analysis, is presented (Supreme Audit Institution, 2018[2]). This represents an important gap with the international best practice, which is to publish the RIA also with the results of the consultation exercise. Ministries have an obligation to assess the proposals collected during the consultation exercise and incorporate them into the legislative project or provide arguments why the submitted proposals were not taken into account. The Office of the Government has also developed methodological guidance for consultation, although its use by ministries is voluntary (Office of the Government, 2018[29]).

Strengthening public consultation through effective engagement with stakeholders should be a priority

Lithuania should consider making consultations when drafting legislative proposals more systematic, effective and less formal, with a view to engaging in constructive dialogues, using substantive RIA documents, about policy options with stakeholders (see Box 3.9).

Box 3.9. Best Practises for Public Consultations for RIA: Canada and the European Union

In **Canada**, a variety of methods to engage with stakeholders is used that combines the direct targeting of identified stakeholders as well as the open-access consultations. Some examples of these methods are emails, phone calls, third-party-facilitated sessions, roundtable meetings and online consultations. Each RIA is published together with the legislative proposal on the Canadian public consultations' Gazette. Stakeholders can then express any issues they have with the conducted evaluation of impacts or submit their-own alternative evaluation. The drafting ministry is then obliged to respond to these comments and explain the rationale behind their decision of the amendments to their initial RIA or the non-incorporation of suggestions.

European Commission has developed its two-stage public consultation on RIA. Since 2015, before the final draft of RIA, the Inception Impact Assessment is prepared which contains different options to solve the policy issue as well as the impacts associated with each alternative. This initial document is then discussed and consulted on for 4 weeks. At the end of this process, an official impact assessment is proposed. Using this impact assessment, the commission conducts a 12-week consultation process to draft the finalised legislative proposal. This proposal together with RIA is published for the public comments. Moreover, the draft subordinate legislation undergoes a 4-week consultation process. Once the legislation is ratified, all the impact assessment and the opinions of Regulatory Scrutiny Board (RSB) are published online.

Source: OECD (2016[30]), *OECD Investment Policy Reviews: Philippines 2016*, https://dx.doi.org/10.1787/9789264254510-en; OECD (2017[28]), *Regulatory Policy in Korea: Towards Better Regulation*, https://doi.org/10.1787/9789264274600-en; European Commission (2019[31]), *Regulatory Scrutiny board*, https://ec.europa.eu/info/law/law-making-process/regulatory-scrutiny-board_en (accessed on 11 May 2021); OECD (2017[32]), *OECD Best Practice Principles on Stakeholder Engagement in Regulatory Policy: Draft for Public Consultation*, https://www.oecd.org/gov/regulatory-policy/public-consultation-best-practice-principles-on-stakeholder-engagement.htm (accessed on 11 May 2021).

In Lithuania consultation could be made mandatory for all legal acts and RIAs, and the use of online consultation favoured as a default option (all the while maintaining a principle of proportionality). It could become mandatory to make consultations open for a minimum period of 3 to 6 weeks for all legal acts and RIA – indeed a majority of OECD countries systematically make use of such minimum periods with a view to ensuring stakeholders have sufficient time to provide meaningful input in the rule-making process (see Figure 3.5 below). The Office of the Government should also be charged with validating the consultation process, as a requirement for law proposals to be tabled in the Council of Ministers, to examine whether the minimum consultation standards have been correctly followed, and whether results have been incorporated into the RIA starting with high impact RIAs.

Figure 3.5. Minimum Periods for Consultations in the OECD countries
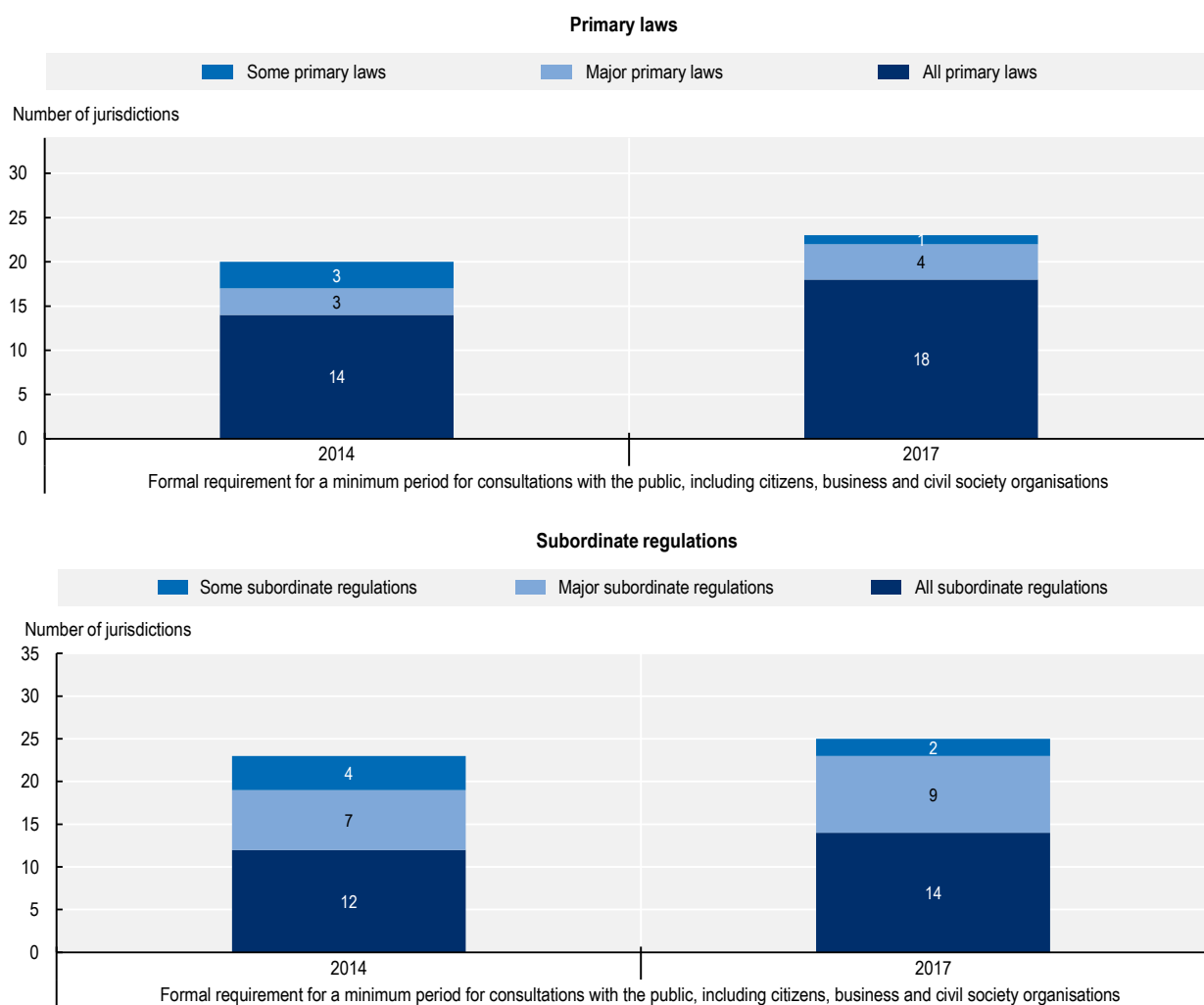
Primary laws

Subordinate regulations

Note: Data is based on 34 OECD member countries and the European Union.
Source: Indicators of Regulatory Policy and Governance Surveys 2014 and 2017, oe.cd/ireg.

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There is also a need to continuously provide training on the consultation methodological guidance and promote the sharing of best practices. Some of these capacity-building and knowledge-sharing initiatives are in fact implemented on the government level. Trainings on consultations have been organised for

ministries; there is also a network of consultation co-ordinators and the Office of the Government organises some best-practice sharing events.

More generally, there seems to be an understanding of the need to strengthen consultation practices in Lithuania. Decision making based on consultations and evidence is one of the 7 expressed principles of the new 18th Government of Lithuania in the Programme of the Government (Government of Lithuania, 2020[8]). The Government Programme Implementation Plan contains commitments to make discussions on RIA an integral part of public consultation, and to enhance the use of the E.Citizen platform as well as updating related regulations and methodologies and employing innovative communication tools (Government of Lithuania, 2021[24]).

Moreover, public consultations could take the form of a continuous engagement with stakeholders allowing them not only to provide opinions upon the request, but to also have a permanent channel to raise concerns and give suggestions on improvements to the current regulatory environment. One good example of such a "bottom-up approach" to regulatory change is provided by the Danish Business Forum (see Box 3.10 below).

Box 3.10. Danish Business Forum's approach to public consultations

In **Denmark**, the Ministry for Business and Growth launched the Danish Business Forum in 2012 to identify and discuss the compliance and administrative burden that businesses face. The members of the forum include industry and labour organisations, businesses, as well as experts with expertise in simplification. The forum gathers 3 times a year and sends common proposals to the government on the possible avenues for regulatory simplification. These proposals are subject to a "comply or explain" approach whereby the government is obliged to either pursue the proposed initiatives or to explain why these are not pursued. As of 2016, 603 proposals have been made by the forum of which 191 were fully and 189 partially implemented. The total savings to businesses from the implementation of these simplification measures were estimated to amount to 790 million Danish crowns.

The forum helps to bring up the issues that can often seem too minor on a political agenda but represent a significant unnecessary burden for businesses. Examples of regulatory changes introduced by the forum have included amending regulations relating to warehouse fire safety in Denmark. These changes were inspired by the Swedish regulatory environment, which had leaner but "smarter" regulations in this area. The change resulted in a 10% savings on new buildings and operational costs. Another example involved amending regulations to enable car licence plates to be sent directly to garage mechanics, as supposed to them having to collect the plates directly from the issuer.

Source: OECD (2017[32]), *OECD Best Practice Principles on Stakeholder Engagement in Regulatory Policy: Draft for Public Consultation*, https://www.oecd.org/gov/regulatory-policy/public-consultation-best-practice-principles-on-stakeholder-engagement.htm (accessed on 11May 2021); Danish Business Authority (2021[33]), Presentation: Ex-post Evaluation: Denmark.

Most regulatory proposals are only subject to legal quality control while leaving the rest of the content unchecked

The current process provides several vetting instances from a legal standpoint, while an analysis of the content in substantive terms and the supporting analysis seems to be missing, except for the higher impact RIAs, where some elements are in place. Given the fragmentation of tasks highlighted previously, there appears to be scope for streamlining the legal control functions between the Office of the Government and the Ministry of Justice, as there are some overlaps in the current mandates of the two institutions.

A two-level quality control check for RIAs should be implemented

Lithuania could consider implementing a **two-level quality control check** of the analytical content of RIAs. The first level of scrutiny, covering the majority of legislative proposals, could be carried out by the in-house teams within ministries, responsible for RIA co-ordination, who can provide feedback on RIA quality to the policy team responsible for drafting the legislative proposal. The Ministry of Justice would continue to deal with the legal aspects of quality control, while the Office of the Government would deal with the quality of RIAs. However, for higher impact legislative proposals, the independent Regulatory Oversight Board would provide publicly available advice on the quality of the corresponding RIAs.

The legislative process lacks sufficient forward planning

The Lithuanian legislative process lacks sufficient forward planning, with insufficient time built into the process for ministries to carry out *ex ante* RIA and comprehensive stakeholder engagement at a sufficiently early point in the legislative process. This limits the opportunity for these regulatory management tools to inform the development of legislative proposals and may lead to a bias towards legislative solutions for policy problems.

A forward-planning system should be implemented with a clear 18-month rolling calendar of upcoming legislation

In order to address this issue, the Lithuanian Government could consider setting up a forward-planning system. This forward plan would involve a clear 18-month rolling calendar, published online and updated annually, for the development of new legal initiatives, which would be coherent with the Programme for the Government for the political term. The plans would identify from the start any upcoming primary and secondary legislation, and the time implications for the government to undertake necessary stakeholder consultation and *ex ante* RIA, early in the policy-making cycle. These plans should be developed in co-ordination with the Government's Legislative Programme. The current Lithuanian government has recently published a similar plan for the whole tenure (2021-2024) for the first time (see the box below) (Government of Lithuania, 2021[34]).

Box 3.11. Government Legislative Plan Initiative

In May 2021, the Lithuanian government published the first medium-term legislative plan covering the period of 2021-2024. The plan includes 260 legislative proposals as well as 90 proposals required for the transposition of EU directives. These legislative proposals include both primary and some secondary legislation. Each proposal is associated with the responsible sponsoring ministry and the timeline. To supplement the legislative plan, the Higher Impact Legislation list for 2021-2023 was published including 35 legislative projects. The plan also foresees the timeline for regulatory impact assessments and public consultations for these legal acts.

The life span of the legislative plan covers the whole tenure of the government and the Office of the Government is charged to update it.

This initiative aims at reducing the annual flow of legislative amendments, by enabling policy makers to plan and co-ordinate their legislative work in advance. It is expected to reduce the frequency of different institutions amending the same legal act, as well as consolidating technical changes of legal acts.

The legislative plan will be published and updated on the E.Citizen website, together with the list of the higher impact legislation, so as to enable greater outreach for the eventual public consultations.

Source: Government of Lithuania (2021[34]), 2021-2024 Legislative Plan of the Government, https://lrv.lt/uploads/main/documents/files/VPA20210331.pdf (accessed on 27 May 2021).

This could be inspired by the practice of a number of OECD jurisdictions that have established forward regulatory planning systems (see Figure 3.6 below) that can inform stakeholders of upcoming programmes of new regulation, so that they can engage in regulatory development and plan for future regulatory changes at the earliest opportunity. A majority provides forward planning by publishing such lists on primary laws and around one third of countries do so for subordinate regulations. A selection of international examples of such forward planning systems are set out in Box 3.12.

Figure 3.6. Online Lists for Regulatory Forward Planning across OECD and EU countries
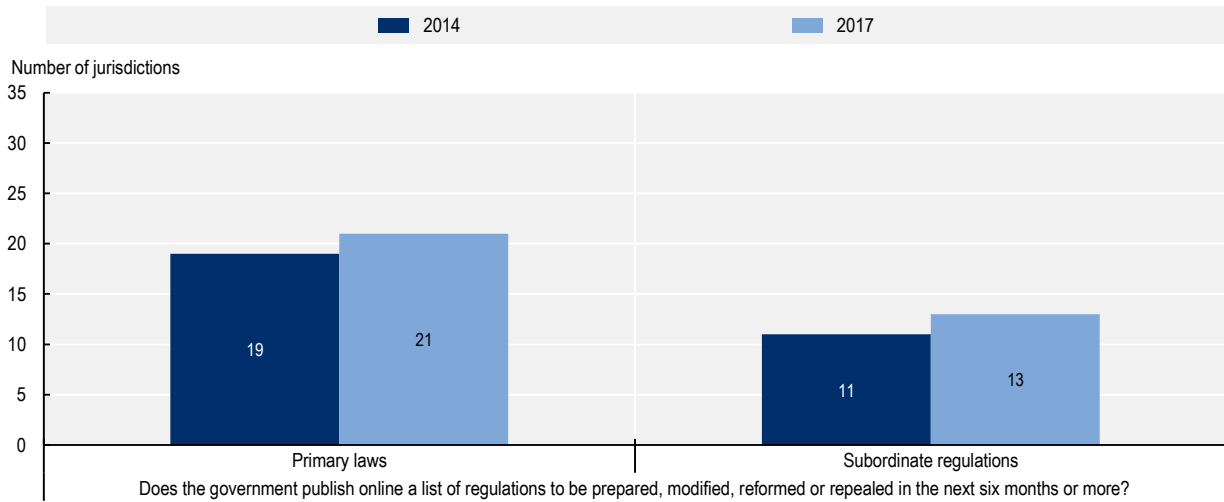
Note: Data is based on 34 OECD member countries and the European Union (n=34).
Source: Indicators of Regulatory Policy and Governance Surveys 2014 and 2017, oe.cd/ireg.

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> **Box 3.12. Forward Regulatory Planning in OECD Countries**
>
> In **Canada**, departments and agencies must post their plans to develop or amend regulations over the next 24 months publicly on their websites. Plans must be updated on an annual basis. Stakeholders should be given the opportunity to provide comments to departments and agencies on their Forward Regulatory Plans, once published, to inform the government on whether the regulatory priorities reflect the issues they face. Initial consultation on instrument choice should occur before a proposed regulatory change is formally incorporated into a Forward Regulatory Plan.
>
> In **Germany**, the Coalition agreement is adopted at the beginning of each legislative term and it sets the main elements of the government's policy and planned projects. The exact implementation of those legislative plans are then the competence of the responsible ministers. However, the centre of the government still closely monitors the implementation as each minister has to inform the Chancellor on the progress of implementation and participates in the closed-doors conferences to discuss key objectives. Moreover, Germany has a dedicated unit set in the federal Chancellery that is responsible for the legislative forward planning. This unit maintains a database and tracks how line ministries follow the plans set by the political coalition agreements. This unit helps the inter-ministerial co-ordination and legislative planning enactment.
>
> In **South Korea,** the Regulatory Reform Committee (RRC) has launched a programme, entitled the Futuristic Regulatory Map, whereby each public administration agency will map its regulatory plans for new emerging industries. Under this programme, the RRC selects emerging industries whose trends are analysed to predict future technology and industry development. Based on this analysis, the regulatory reform plans are devised to plan for the accommodation of future needs. Hence, the RRC uses top-down approach for long-term regulatory planning. The challenges that this programme tries to address are resistance of existing regulations that hinder the entry of new industries and technology, and the lack of necessary regulations in time for the introduction of emerging industry. The pilot project of the programme was conducted on the self-driving cars industry.
>
> Source: OECD (2017[28]), *Regulatory Policy in Korea: Towards Better Regulation,* http://dx.doi.org/10.1787/9789264274600-en; OECD (2018[22]), Case Studies of RegWatchEurope Regulatory Oversight Bodies and European Union Regulatory Scrutiny Board, https://www.oecd.org/gov/regulatory-policy/Oversight-bodies-web.pdf (accessed on 11 May 2021); https://www.canada.ca/en/government/system/laws/developing-improving-federal-regulations/regulatory-planning/government-wide-forward-regulatory-plans.html; OECD (2010[35]), *The Development of New Regulations* (accessed on 24 June 2021), https://www.oecd.org/gov/regulatory-policy/45049504.pdf.

The processes for co-ordinating the negotiation and transposition of EU legislation are well established but under-resourced

Impact assessment upstream during negotiation

The process for co-ordinating the position of Lithuania in the negotiation process for EU legislation is similar to many other OECD countries which are EU members - there are currently 13 OECD member states that require RIA to be conducted in order to determine the country's position during the negotiation phase (OECD, 2019[36]). This is important since the original impact assessment of the Commission does not necessarily include an identification of the impacts on individual countries. It means the expected individual member state impacts may not have been identified or assessed through a domestic impact assessment process.

In Lithuania, individual ministries are responsible for drafting policy positions in their areas of competence (Government of Lithuania, 2004[18]). The Ministry of Foreign Affairs is in charge of co-ordinating the preparation of Lithuanian positions with regard to draft EU legislative proposals (Government of Lithuania, 2004[18]). Draft positions for the European Council and the Council of the EU meetings are adopted by the Governmental Commission on the EU Affairs and endorsed by the government. A special information system called LINESIS enables online co-operation among state institutions involved in the negotiation process in real time. NGOs and social partners can get access to this system.

A typical position should contain an impact assessment of the legislative draft, as stipulated in the Government Resolution No. 21 of 9 January 2004 "Regarding Coordination of European Affairs". This Resolution also introduces an obligation to conduct impact assessment according to the methodology adopted by the Government Resolution No. 276. As part of an EU-funded project "Increasing the Efficiency of Lithuania's EU Policy", the Ministry has also produced a set of qualitative methodological guidance to assist officials in assessing the impact of draft new EU legislation and their potential impact on Lithuania. (Ministry of Foreign Affairs, 2019[37]). As part of the guidance, officials are advised to undertake a baseline impact assessment on proposed EU legislation and examine the potential impact of a new EU initiative project on 4 key issues:

- for a specific area (sector) in Lithuania
- on public finances
- on the Lithuanian economy
- on Lithuanian social environment.

However, as with domestic legislation, the assessments do not appear to provide a detailed description of the estimated impacts of the legislative proposal. There is no effective quality control of these impact assessments, as the Ministry of Foreign Affairs does not appear to have the analytical capacity to scrutinise the quality of the underlying evidence. The objective could be to assess whether some of the "high impact" EU legislation may require some form of an impact assessment *ex ante*, and whether this should receive some form of scrutiny or control. If scrutiny or control is warranted, it would have to be co-ordinated by the Office of the Government.

When countries have sophisticated and well-established apparatus for RIA and quality control, they can mobilise those for the purpose of assessing the impact of European proposals. One example from another EU member state, is the National Regulatory Control Council in Germany, which is the national oversight body that co-operates with some ministries but also the European Commission in elaborating "national" impact assessments on the Commission's legislative proposals. However, for Lithuania, there are many intermediate steps that would need to be envisaged to reach such a situation. The aspiration for Lithuania should be to ensure that proposed European regulations, estimated to contain significant regulatory impacts, should produce RIAs should with a sufficient level of analysis of key issues to properly inform Lithuania's negotiating position, and these RIAs would undergo quality control from the Office for the Government, with advice from the future Regulatory Oversight Board.

Impact assessment downstream and process for transposition

RIA is conducted more often during the transposition process than the negotiation phase of EU legislation in most of the EU countries. According to OECD data, 26 countries obliged the transposition project to be accompanied by the RIA and 24 countries had the same rules for the RIA of transposition as for the domestic regulations (OECD, 2019[36]).

The process of transposition and implementation of the EU law in Lithuania is highly centralised and well established. A detailed system of allocation of institutional responsibilities and procedural aspects of co-ordination and monitoring of the implementation process is set by the Law on the Government and the Government Resolution No. 21. The European Union Legal Group of the Ministry of Justice is the main

institution co-ordinating and monitoring the transposition using the electronic system LINESIS. The Group supervises how the institutions are following the plan and the deadlines. It is required to complete and attach a correlation table to every single draft legal act which is implementing the EU legal act. The European Union Legal Group then reviews the table with its EU law legal experts. All the correlation tables must be uploaded to LINESIS.

Figure 3.7. The Process of the Transposition of EU Legislation in Lithuania
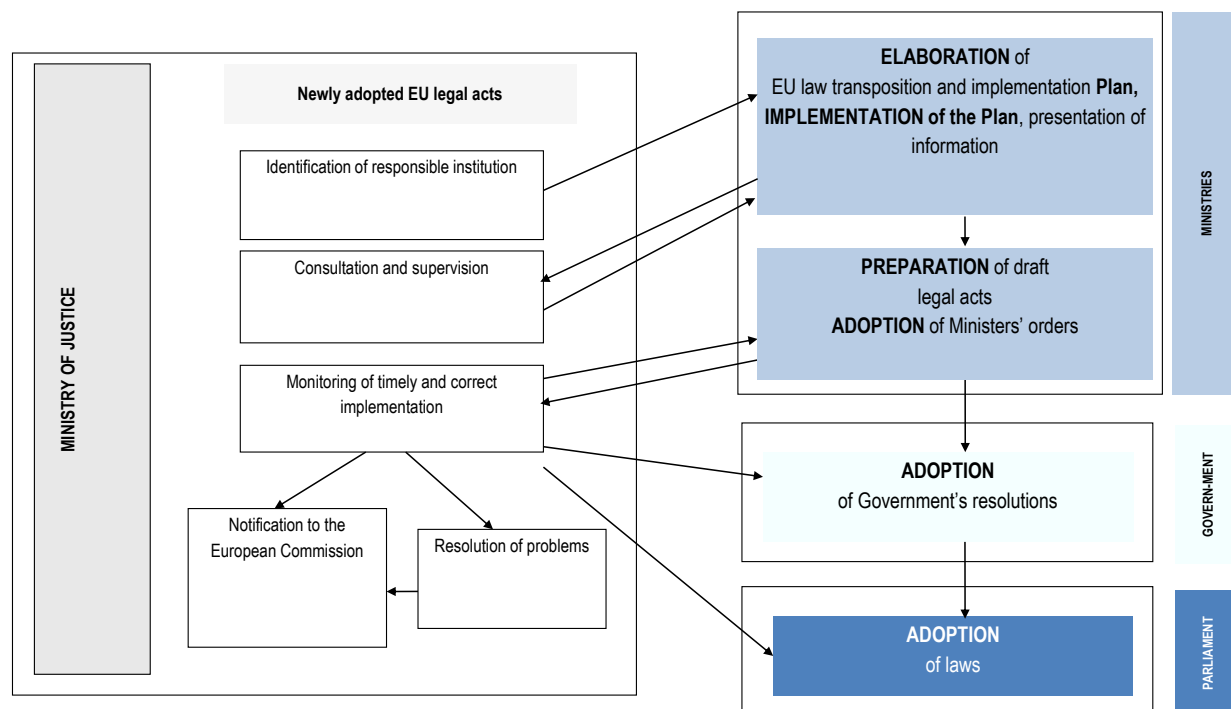
Source: Adapted from OECD (2015[11]), *Regulatory Policy in Lithuania: Focusing on the Delivery Side,* http://dx.doi.org/10.1787/9789264239340-en.

However, the fact that the civil servants that were participating in the negotiating process on a particular piece of legislation at the EU level are not involved in its transposition represents a drawback. Therefore, the institutional memory is not fully utilised within ministries. This is, however, a general problem in many other EU member states. Furthermore, as EU directives are transposed into national law, they will be subject to the same obligations to undergo *ex ante* RIA as mandated by the Government Resolution No.276 and the subsequent analysis is generally subject to the same shortcomings as detailed earlier in this section (Government of Lithuania, 2003[17]).

The European Union Legal Group is also responsible for reducing administrative burdens during the process of EU law transposition, which implies reducing the scope for "gold-plating", that is to create more administrative requirements and burdens than would be otherwise necessary to just implement the directive. To better formalise the process of preventing gold-plating, the institutional predecessor to the Group (the European Law Department) carried out an EU-funded project in 2015 called *"Implementation of European Union Legislation in National Law and Recommendations for Assessing the Justification of Administrative Burdens"*. The project's aim was to create a set of recommendations for public institutions and a concrete methodology for preventing creation of unnecessary administrative burdens in the process of EU law implementation. (Ministry of Justice, 2015[38])

Despite this worthy project, gold-plating remains a problem within Lithuania and maybe is contributing to legal inflation, with ministries over-implementing EU Directives by imposing various national requirements or failing to take advantage of exemptions and other flexibilities written into the directives. As previously mentioned, this may be due in part to a legalistic culture, with a suspicion towards administrative discretion and a lack of overall planning for new legislation. In addition, the transposition process was previously controlled within European Law Department under the Ministry of Justice, which was better resourced than the current EU Legal group and therefore better able to oversee and scrutinise the transposition process, including controlling the issue of gold-plating. Currently, 16 EU countries have specific provisions that require a separate assessment of the impact of the gold-plating of the EU legislation, according to OECD data (OECD, 2019[36]). For example, the government of the Czech Republic has introduced a requirement for ministries to identify whether the transposition of an EU directive goes beyond the requirements of the directive. In cases where no gold plating has been identified, or the expected impacts do not pass a predetermined threshold, the transposed legislative drafts are exempted from RIA (OECD, 2019[36]). A description of Denmark's approach to ensuring that transposition of EU law does not result in extra burdens to business can be viewed in Box 3.13.

The responsibilities for co-ordinating the transposition process and the capacity of the EU Legal Group should be reviewed

Therefore, in order to strengthen the co-ordination of the transposition process, the Lithuanian Government should consider consolidating the responsibilities for transposition with the Office of the Government, who will have a better strategic view and will better be able to exercise control over the legislative agendas of other ministries. The capacity of the European Union Legal Group at the Ministry of Justice should be reviewed, to examine whether they require additional resourcing for undertaking quality control of transposed legislation, with a view to limiting the possibility for gold plating. It might be helpful for the Office of the Government to require a "gold plating impact review", as a requirement to be produced by the Ministry of Justice, before agreeing to proceed with transposition. In general, laws issued from the transposition of EU directives should be subject to the same process as other laws, including for the "higher impact" regulations. In this context, the new "Regulatory Oversight Board", as part of its mandate to scrutinise the quality of RIAs for higher impact laws, should provide opinions on to the evidence supporting the "gold plating" of EU directives.

Box 3.13 Oversight of the implementation of EU law in Denmark

In 2015, Denmark established a system of two-step quality oversight of the transposition of EU legislation. This new system aimed at ensuring a systematic and uniform approach towards the implementation of EU legislation across government and at avoiding additional burdens for businesses through this process.

The **Inter-Ministerial EU Implementation Committee** comprises of eight government ministers, situated in the Ministry of Employment, which examine all national legislative proposals deriving from business-oriented EU legislation to ensure that they follow five principles for implementation. These principles include, inter alia, provisions to avoid burdens for businesses stemming from the transposition of EU directives and an implementation going beyond the minimum requirements set in EU legislation. As part of the development of legislation implementing business-oriented EU legislation, all ministries need to submit an implementation schedule to the secretariat of the Committee, explaining whether the five principles have been followed. If a draft law is not in compliance with the five principles, the matter is put before the Inter-Ministerial Committee, which can approve or reject measures going beyond what is required as part of implementing EU legislation.

The external **EU Implementation Council** comprises 11 members from business, consumer, employers and labour organisations that advises the Committee in its efforts to prevent unnecessary costs for business in implementing new EU legislation. This advisory body has a secretariat situated at the Danish Agency for Labour Market and Recruitment under the Ministry of Employment. If the Council identifies burdensome future EU legislation, it can advise the government through the Inter-Ministerial EU Implementation Committee to lobby proactively already at the development stage of EU legislation. In addition, the Council advises ministries on the transposition of new EU legislation, and all ministries are required to submit an implementation plan to the Council within 4 weeks of the adoption of the directive in Brussels, indicating the planned process and method of implementation. The Council sends recommendations to the ministries on this basis, which are subsequently discussed in the Implementation Committee. The Council can also request a ministry conduct a study of how a certain EU directive is implemented in another EU country and to benchmark it against Danish practice.

Source: OECD (2019[36]), *Better Regulation Practices across the European Union*, https://doi.org/10.1787/9789264311732-en.

The system of *ex post* assessments of existing laws is still at an early stage and leaves scope for adjustment

Ex post regulatory assessments are currently co-ordinated by the Ministry of Justice

Regulations should be periodically reviewed to ensure that they remain fit for purpose. *Ex post* reviews complete the "regulatory cycle" that begins with *ex ante* assessment of proposals and proceeds to implementation and administration. The broadly accepted notion of a ''regulatory cycle'' recognises that regulations are akin potentially to depreciating assets that require ongoing management and renewal (see Box 3.14 on New Zealand's novel approach to "regulatory stewardship"). Even if they start out well, many regulations may no longer be fit for purpose some years after. The accumulated costs of this in economic or social terms can be high.

Box 3.14. Regulatory stewardship in New Zealand

The government of New Zealand has developed a unique policy to managing its regulatory stock, entitled "regulatory stewardship". Under regulatory stewardship, government agencies (including line ministries) are obliged to adopt a whole-of-system view, and a proactive, collaborative approach to the monitoring and care of any regulatory system in which they hold a policy or operational role.

The government agreed to a set of "Government Expectations for Regulatory Stewardship" in 2013, updated in 2017, in order to give departments more direction as to how they should discharge their regulatory stewardship obligations. These expectations are set out in Part B of the "Government Expectations for Good Regulatory Practice" (where Part A sets out expectations for the design of regulatory systems). In addition, the regulatory stewardship principle is enshrined in the Public Service Act of 2020, which stipulates 5 public service principles.

Regulatory stewardship involves:

- **Monitoring, reviewing and reporting on existing regulatory systems** - this includes working collaboratively:
  - to monitor the ongoing performance and condition of a regulatory system and the regulatory environment in which it operates, recognising that this environment is continually changing
  - reviewing the system regularly to determine whether it's still fit for purpose and likely to remain so in the medium to longer-term
  - reporting on the results.
- **Robust analysis and implementation support for changes to regulatory systems** - this includes a systematic impact and risk analysis process before changes are made, and ensuring affected and other interested parties can directly contribute to the design of regulations.
- **Good regulator practice** - this includes providing accessible and timely information and support to help regulated parties understand their obligations, and equipping regulatory workforces with the necessary knowledge and skills.

The Regulatory Quality Team within the Treasury, a central agency, exercises stewardship over the regulatory management system to maintain and enhance the quality of government-initiated regulation. This team is the lead agency on good regulatory practice for New Zealand.

Source: Treasury of New Zealand (2020[39]), Regulatory Stewardship, https://www.treasury.govt.nz/information-and-services/regulation/regulatory-stewardship (accessed on 12 May 2021).

However, according to the OECD iREG data, *ex post* evaluation systems are still rudimentary in most member countries, and it is still not mandatory to conduct an *ex post* review in one third of OECD countries. (OECD, 2018[9]). In most countries where a requirement exists, it does not apply systematically to all or major regulations. OECD countries have put in place different types of requirements to trigger *ex post* evaluations, including "thresholds", "sunsetting" clauses or automatic evaluation requirements. A growing number of countries conduct evaluations of regulations on similar issues as a "package" (see Figure 3.8 for more information).

In Lithuania, the system of *ex post* regulatory assessments is being institutionalised. Article 24[1] of the Law on Legislative Framework mandates the "co-ordinator of *ex post* regulatory assessments" to (Parliament of Lithuania, 2012[12]):

- draft, update and publish the list of legal acts which are to be evaluated *ex post*
- provide methodological consultations on *ex post* evaluations
- provide opinion on *ex post* evaluation drafts
- analyse the practices and the tendencies of *ex post* evaluations and report the findings to the government
- recommend to institutions to conduct *ex post* evaluations or to include an evaluation clause into draft legal acts.

A further Government Resolution 69 of the January 29th, 2020 on the implementation of Law on Legislative Framework mandated the Ministry of Justice to be the "co-ordinator of *ex post* regulatory assessment" (Government of Lithuania, 2020[40]).

Figure 3.8. Requirements for *ex post* evaluation across the OECD countries
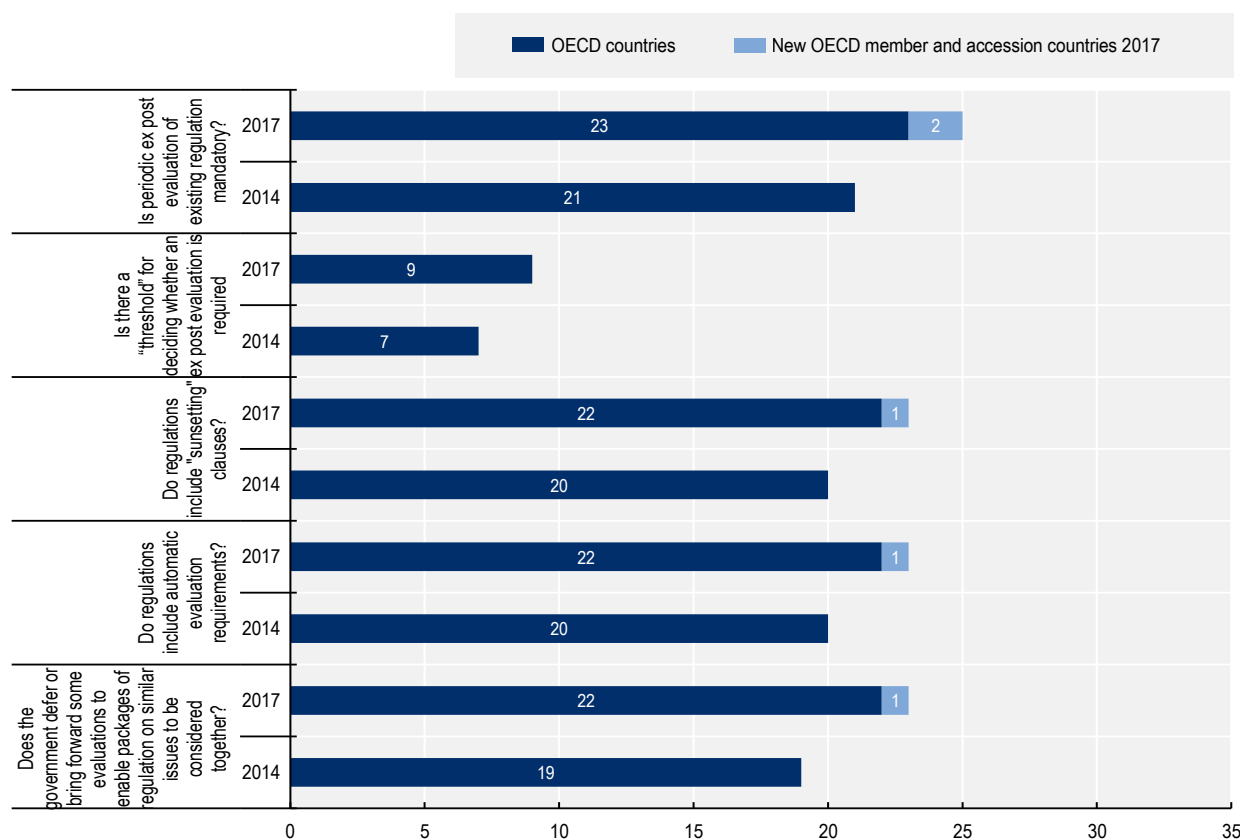
Note: Data for OECD countries is based on the 34 countries that were OECD members in 2014 and the European Union. Data on new OECD member and accession countries in 2017 include Colombia, Costa Rica, Latvia and Lithuania.
Source: Indicators of Regulatory Policy and Governance Surveys 2014 and 2017, oe.cd/ireg.

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The co-ordination of ex post *regulatory assessments should be entrusted to another institution with a broader mandate, such as the Office of the Government*

Whilst the Ministry of Justice has a high level of legal expertise, it is not appropriately equipped in terms of analytical capacities for providing a leading function for *ex post* regulatory assessments. Therefore, the co-ordination of *ex post* regulatory assessments should be entrusted to another institution with a broader mandate. The task for *ex post* regulatory assessment should in fact be consolidated with that of *ex post* evaluation of public policies and programmes. The government of Lithuania could therefore consider attributing the co-ordination mandate for *ex post* assessment to the Office of the Government, whilst mandating STRATA to provide methodological and analytical support for *ex post* evaluation, with a broad perspective on *ex post* evaluation of laws, as well as policies and programmes.

Furthermore, in the medium to long term, to ensure adequate quality control of the content of *ex post* evaluations, Lithuania could consider implementing a two-level quality control check process, similar to that proposed for *ex ante* RIAs. The first level of scrutiny, covering the majority of legislative proposals could be carried out by the in-house teams within ministries, responsible for RIA and *ex post* evaluation co-ordination, who can provide feedback on analytical quality to the policy team responsible for drafting the evaluation. The Office of the Government supported by STRATA for that task in substantive terms would deal with the quality of *ex post* evaluations. For higher impact legislative proposals, the proposed independent regulatory oversight body would provide publically available advice on the quality of the corresponding *ex post* evaluations.

While new laws can include an ex post evaluation clause as of 2020, this has not been associated with funding requirements and does not specify a data-gathering process

The OECD Best Practise Principles for Reviewing the Stock of Regulations state that at the stage when regulations are being developed, there would generally be a clearer appreciation of the sort of *ex post* review that would be most appropriate, given the nature of the regulation, its context and any potential uncertainties about its effects. There should be explicit provision in agency budgets to cover the costs of reviewing the regulations for which they have responsibility. It also states that if the funding for the evaluation is not determined at the inception of a regulation it is more likely that they would be avoided, deferred or undertaken in a form inadequate for the purpose (OECD, 2020[41]).

According to Article 24 of the 2012 Law on the Legislative Framework, if a law regulates a previously unregulated field or amends it significantly, or has a high impact to a specific policy area, individuals or groups of them, an *ex post* evaluation clause should be included (Parliament of Lithuania, 2012[12]). In practice, however, the law does not detail how these evaluations can be funded, nor makes provisions for data collection. To date, no *ex post* evaluation has been conducted, as the evaluation has to be conducted at least two years after the law comes into effect. So, Article 24 is currently de facto ineffective as it stands.

Ex post evaluation clauses should be associated with clear financial resources and plans for gathering data

Lithuania could consider associating *ex post* evaluation clauses with clear financial resources, as well as making sure that institutions anticipate data gathering for the evaluation during the policy implementation phase.

There is also potential for greater coherence between *ex ante* RIA and *ex post* evaluation requirements. Indeed, OECD Best Practice states that *ex ante* RIAs should establish monitoring indicators and data gathering to enable ex post evaluation to take place (OECD, 2020[10]). A responsive administration performs an *ex ante* RIA, but also provides for monitoring, data collection and evaluation indicators and an *ex post* evaluation, which itself leads to the identification of the need for further action and a new *ex ante* assessment phase (STRATA, 2020[19]).

> ### Box 3.15. "Evaluate First Principle" of the European Commission
>
> The European Commission is arguably one of the most vocal advocates of the new course given to *ex post* evaluation of regulation. It has introduced the so-called "evaluating first principle", according to which the Commission commits *"(…) [not to] examine proposals in areas of existing legislation until the regulatory mapping and appropriate subsequent evaluation work has been conducted."* (European Commission, 2012[42]).
>
> The commitment was announced in the political guidelines that President Barroso publicly issued in 2009, at the outset of his second term in office, as well as in various public speeches (Barroso, 2009[43]). The commitment to the principle was renewed as part of the 2015 Better Regulation Package and readdressed in its recent 2017 Better Regulation Communication (European Commission, 2017[44]).
>
> The principle is expected to help the Commission, in the short to mid-term, to re-allocate the services' resources according to priority axes, raising at the same time the relative importance of *ex post* evaluation within the policy cycle. The evaluating first principle, if systematically applied, has clear repercussions on the re-organisation of the planning phase of evaluations. This principle bestows the greater importance upon *ex post* evaluation changing its place in the policy cycle. It has a big impact on the organisation and planning of *ex post* evaluations of the stock of regulations.
>
> Source: OECD (2019[36]), *Better Regulation Practices across the European Union*, https://doi.org/10.1787/9789264311732-en; European Commission (2012[42]), *EU Regulatory Fitness;* Barroso (2009[43])*,* Political Guidelines for the Next Commission, http://ec.europa.eu/commission_2010-2014/president/pdf/press_20090903_en.pdf (accessed on 12 May 2021); European Commission (2017[44]), *Completing the Better Regulation Agenda: Better solutions for better results, COM(2017) 651 final,* https://ec.europa.eu/info/sites/info/files/completing-the-better-regulation-agenda-better-solutions-for-better-results_en.pdf (accessed on 12 May 2021).

While ex post *evaluations are to be conducted by ministries in their areas of competence, they could solicit help from STRATA or private consultancies as required.*

As for *ex ante* RIAs, *ex post* evaluations have to be conducted by the staff of the ministries that drafted the regulation. Other state and municipal institutions can help in providing the necessary data for the analysis. The methodology approved on the 5th of May 2021 sets to establish that if more specific skills are required for the evaluation (such as data analysis or conducting surveys) external consultants can be contracted or the help of STRATA can be solicited. For assessments that concern horizontal issues, an inter-ministerial or expert working group can be set up (Ministry of Justice, 2021[13]).

Lithuania could further implement strategies for the management and rationalisation of the stock of existing regulations

The OECD Best Practice Principles on Reviewing the Stock of Regulation state that a "portfolio" of approaches to managing the stock of regulation will generally be needed. In broad terms, such approaches range from programmed reviews, to reviews initiated on an ad hoc basis, or as part of ongoing "management" processes. Most countries have adopted more than one of these approaches utilising forms of review within each category listed below (Table 3.3). These draw on a taxonomy developed by the Australian Productivity Commission.

Table 3.3. Approaches and mechanisms for ex post reviews of regulation

Programmed Reviews	Ad Hoc Reviews	Ongoing "management"
• Sunsetting rules	• Public stocktakes	• Stock-flow linkage rules
• Embedded in statute	• Principles-based reviews	• Quantitative red tape
• Other post-implementation	• In-depth reviews	
	• Benchmarking	

Source: OECD (2020[41]), *Reviewing the Stock of Regulation, OECD Best Practice Principles for Regulatory Policy*, https://doi.org/10.1787/1a8f33bc-en.

Reviews often need to be initiated on an ad hoc basis in response to an emergent issue or crisis, such as a natural disaster or major public health problem. Principle-based reviews, which are the most frequently used, can also be established to address a more general theme or concern, such as impediments to competition, or to focus on a particular economic activity or segment of society, such as regional development. "In-depth" reviews are most effective when applied to evaluating major areas of regulation with wide-ranging effects. They seek to assess the appropriateness, effectiveness and efficiency of regulation – and to do so within a wider policy context, in which other forms of intervention may also be in the mix. Public "stocktakes" of regulation are useful for soliciting public views about current problems and priorities. They can also be an effective means of identifying cumulative regulatory burdens or detecting adverse interactions across different regulations. Benchmarking can potentially provide useful information on comparative performance, leading practices and models for reform across jurisdictions and levels of government.

Figure 3.9. Ad hoc reviews of the stock of regulation conducted in the last 12 years
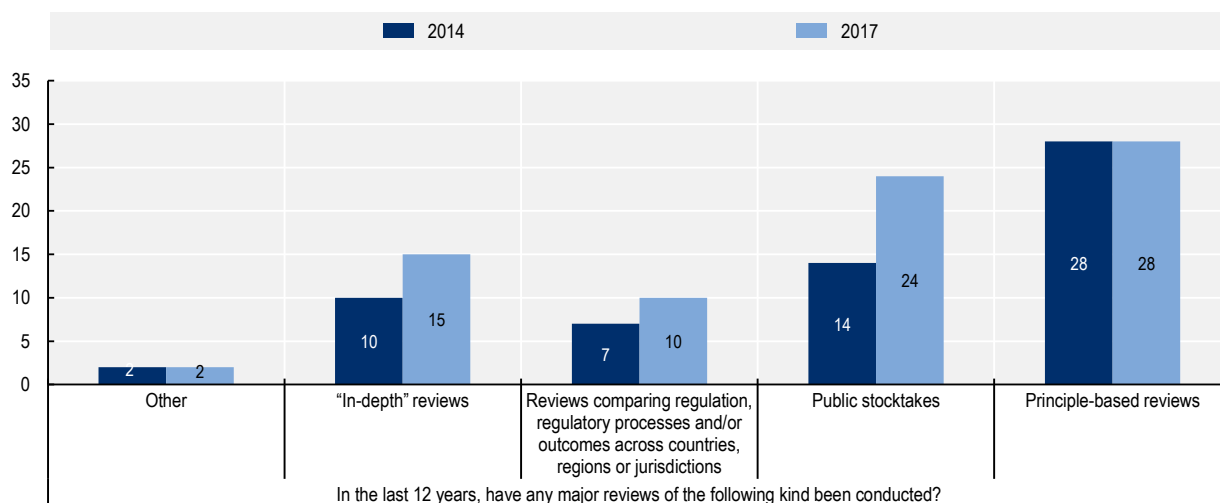
Note: Data is based on 34 OECD member countries and the European Union.
Source: Indicators of Regulatory Policy and Governance Surveys 2014 and 2017, oe.cd/ireg.

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The Lithuanian government has undertaken a number of initiatives over the years with the attempt of rationalising the stock of regulations and reducing burdens on businesses. There have also been projects on reviewing licences, improving enforcement and implementation. A Better Regulation Programme was adopted in 2008, which was intended to introduce a broad range of better regulation initiatives, including those aimed at administrative burden reduction on businesses and prevention, as well as simplification of licences and permits. A Law on Administrative Burden Reduction came into force on 1st of July 2013 (with some amendments in January 2014). The new law also sets an obligation to prepare and submit to the government (and subsequently the parliament) two-year Administrative Burden Reduction Plans.

The Ministry of the Economy and Innovation is responsible for co-ordinating major developments, related to administrative burden measurement and reduction for business, continues its work in prevention of new administrative burdens on business, calculate administrative burden reduction target of every governmental institution and overall countrywide. However, as another line ministry, it is likely to be difficult for it to put pressure on other line ministries or agencies not to increase administrative burdens stemming from regulations in their area of competence. Furthermore, as the measurement of administrative burdens has a separate legal basis to the RIA framework, this may increase the perception that is a separate from the overall RIA process and may increase the difficulty in integrating these considerations into the development of new laws. Therefore the requirements regarding administrative burden measurement could form part of the proposed Government Resolution on Better Regulation (see the sub section "In order to facilitate structural uptake of these findings, Lithuania could consider developing a coherent framework for better regulation").

The government should initiate a process of codification to simplify the statute book and increase capacity for compliance

Despite previous efforts at legislative simplification and administrative burden reduction, the issue of legislative inflation over time has contributed to an overly complex statute book, that is difficult for external stakeholders (e.g. Small and Medium Sized Enterprises) to understand and navigate. The Government could therefore look to undertaking a process of codification, with a clear plan, co-ordinated by the Ministry of Justice, for the existing stock of regulations, with a view to achieving clearer language and increased capacity for compliance.

An international example of codification has included France, which has made substantial and sustained efforts over time to codify the law (see Box 3.16 for more information). Codification – the work of rationalising and producing a systematic inventory of the law – has resumed over the past 20 years, partly with the aim of addressing the consequences of legislative inflation. Today, more than 40% of the laws in force are grouped into almost 70 codes (OECD, 2010[4]). Another example of codification is Greece, which has been carrying out several reforms of its regulatory framework, including the establishment of a long-term codification plan of the main regulations in 2016 and creation of an electronic portal for access to regulations as well as simplification of law in selected areas (labour law, VAT) in 2015 (OECD, 2018[9]).

Box 3.16. Legislative rationalisation and codification in France

Experiences of legislative inflation and drift over the period 1946-1958, and lack of parliamentary stability inspired a series of provisions aimed at rationalising legislative work, as part of the "rationalised parliamentarism", adopted under the 1958 constitution. Under this constitution of the Fifth Republic, the scope for Parliament to address matters through legislation was defined in a restrictive way, through the introduction of the definition of the "domain of law" whereby the decision not pertaining to this definition are not considered a law and have to be regulated by secondary legislation. This implies that any legal text, which would not be part of the "domain of the law", could be changed or revised by decree by the government.

This system sets strict limits on the legislative and management prerogatives of parliament to the benefit of the government. Thus Members of Parliament may introduce draft legislation, but article 40 of the Constitution prevents this if its adoption would decrease public financial resources or increase public expenditure. The constitutional reform of July 2008 has lessened the oversight of the executive (notably through the introduction of a shared agenda), without completely writing off rationalised parliamentarism.

Nevertheless, despite this constitutional reform, legislative inflation continued to be a problem in France throughout the 20th century, resulting in an ever-growing stock and complexity of regulations. Seeking alternatives to regulation has not been a key feature of the French legal system, due to both the centralised practice of a country with written Roman law, and the need to accommodate the European framework. In addition, law in France has no automatic sunsetting clauses. Therefore, during the first 30 years of the Fifth Republic the average flow of new laws increased by 35% each year. In addition, the government ratified 670 degrees a year on average and the official gazette increased by the factor of 2.4 between 1976 and 1990.

To respond to the challenges of such a legal proliferation, France has engaged in multiple rounds of codification and administrative simplification. The two main rounds of administrative simplification started in 1983 and 1996 during which the number of forms and declarations were reduced upstream. Moreover, the codification was resumed in 1989. Between 1989 and 1996, the Codification Council presided by the Prime Minister produced 5 codes that were adopted by decree of the Council of State. An important simplification for codification was a Constitutional Council decision of 1999 that confirmed that codification has a constitutional value. Following this decision, the government has ratified 9 more legal codes from 1999 to 2004. As of 2010, 40% of laws were arranged in 70 codes. However, unlike in Lithuania, the government is in a position to proceed with codification through "law decrees", i.e. through a "Habilitation Law", which then allows the government to proceed and cancel a block of existing legislation and to replace it with a code. Such a code may not cover 100 % of the stock of existing laws, but it may offer an opportunity for simplification, which is allowed through codification (i.e. known as "*codification at non constant legal scope*").

Source: OECD (2004[45]), *Regulatory Reform in France: Government Capacity to Assure High Quality Regulation*, https://doi.org/10.1787/9789264015487-en.

In order to facilitate structural uptake of these findings, Lithuania could consider developing a coherent framework for better regulation

To date, there is no single formal government framework supporting regulatory policy in Lithuania. This would be particularly needed in order to clarify how *ex ante* and *ex post* assessment contribute to bettering regulation. It could also provide a means for the government to link better regulation tools to its overall legislative goals e.g. reducing legislative inflation. This point was underlined by the OECD in (2015[11]), and it still stands today:

> *While a number of pieces of legislation and government resolutions have been adopted, this significant effort still falls short of an overall policy for better regulation. Lithuania could consider bringing the different elements of regulatory policy together in an integrated strategic plan for Better Regulation, with identified objectives and a clear communication strategy.*

This strategy or document could take the form of a Government Resolution on Better Regulation, that would bring together the different existing provisions on better regulation, as well as identify the lead institution(s) in charge of co-ordinating its implementation and clarify the objectives of such a policy. This resolution could also be used to place a number of different parts of the regulatory policy process, on to a more formal legal basis e.g. it could formalise the existing proportionality process, including the developing of the Lists for Higher Impact Legislation, as well as formalising the role of STRATA in advising on the quality control of these proposed laws. It should also be used to ensure that the measurement of administrative burdens for business, overseen by the Ministry of the Economy & Innovation and that of administrative burden on citizens, overseen by the Ministry of Interior, form a key part of the RIA process instead of being separate to it. Having such a framework would underline high-level political support for a better regulation agenda. An example of the Canadian Government's whole-of-the-government regulatory policy can be viewed in Box 3.17.

Box 3.17. Whole-of-the-Government Approach toward Regulatory Quality in Canada

Canada has a long history of instituting a whole-of-the-government policy for better regulation. The first such policy was first put in place in 1999 with the Government of Canada Regulatory Policy. Its last edition came in the form of Cabinet Directive on Regulation in 2018. The directive clearly states that "the regulatory life cycle approach requires departments and agencies to examine and analyse regulations through all stages of their life cycle".

It establishes the requirements for developing subordinate regulations, with *ex ante* RIA being mandatory and made public on a central registry, along with the draft legal text. Open consultation is conducted for all subordinate regulations and regulators must indicate how comments from the public were addressed, unless the proposal is exempted from the standard process. Departments and agencies are required to undertake periodic reviews of their regulatory stock to ensure that regulations achieve intended objectives. The directive sets four guiding principles that the departments and agencies need to follow at each step of the policy cycle.

- Regulations protect and advance the public interest and support good government: Regulations are justified by a clear rationale in terms of protecting the health, safety, security, social and economic well-being of Canadians, and the environment.

- The regulatory process is modern, open, and transparent: Regulations, and their related activities, are accessible and understandable, and are created, maintained, and reviewed in an open, transparent, and inclusive way that meaningfully engages the public and stakeholders, including Indigenous peoples, early on.

- Regulatory decision making is evidence-informed: Proposals and decisions are based on evidence, robust analysis of costs and benefits, and the assessment of risk, while being open to public scrutiny.

- Regulations support a fair and competitive economy: Regulations should aim to support and promote inclusive economic growth, entrepreneurship, and innovation for the benefit of Canadians and businesses. Opportunities for [international] regulatory co-operation and the development of aligned regulations should be considered and implemented wherever possible.

Source: Government of Canada (2020[46]), *Cabinet Directive on Regulation,* https://www.canada.ca/en/government/system/laws/developing-improving-federal-regulations/requirements-developing-managing-reviewing-regulations/guidelines-tools/cabinet-directive-regulation.html#toc4 (accessed on 12 May 2021); OECD (2019[36]), *Better Regulation Practices across the European Union*, https://doi.org/10.1787/9789264311732-en.

Summary of recommendations

Implement a series of concrete measures to tackle the consequences of legal inflation, by:

- Launching a process of codification for the existing stock of regulations, with a view to achieving clearer language, increased capacity for compliance.

- Setting up a forward planning system, by putting in place a clear 18-month rolling calendar for the development of new legal initiatives, in co-ordination with the key government programme initiatives, identifying from the start any upcoming primary and secondary legislation, what are the time implications of conducting stakeholder consultation and RIA.

- Reviewing the process for implementing EU directives; consolidate responsibilities for co-ordinating transposition processes with the Office of the Government, while strengthening the quality control capacity at the Ministry of Justice to limit the possibility for gold plating. The new "Regulatory Oversight Board", as part of its mandate to scrutinise the quality of RIAs for higher impact laws, should provide opinions on the evidence supporting the "gold plating" of EU directives.

Set up a strategic framework to address the longer-term challenges of legal inflation, by:

- Establishing a memorandum of understanding between the executive branch with the Parliament, which would help to create political momentum for increasing the number and enhancing the quality of RIAs for legislative proposals initiated by the Members of Parliament, as well as leading to a joint understanding of the planned calendar for the work of Parliament.

- Setting up a strategic task force on the future of the Lithuanian legal framework, aimed at reflecting on the long-term costs to the economy of current legal inflation and the implications of the current legal culture in Lithuania (with laws that are very detail-oriented).

Develop a formal policy for better regulation from a whole of government perspective.

This policy could take the form of a Government Resolution on Better Regulation. It should:

- Bring together different elements of better regulation policy currently regulated by separate government resolutions (e.g. RIA, *ex post* review, administrative burden on business, administrative burden on citizens) under a single better regulation framework.

- Clarify mandates, responsibilities and processes across the government for *ex ante* RIA and *ex post* evaluation and rationalise co-ordination functions with a network co-ordinated from the Office of the Government.

- Formally establish a two-tier RIA system to strengthen the effectiveness, with quality control conducted by STRATA for high impact laws and the Office of the Government from a general perspective.

- Enhance overall transparency of the quality of public consultation for RIAs. It could become mandatory to make consultations open for a minimum period of 3 to 6 weeks for all legal acts and RIAs, with online consultations being the default option.

Strengthen the management of RIA, through the following steps:

- The Office of the Government could clarify further RIA procedures and practices. It could develop, jointly with STRATA, tools for government analysis to improve and facilitate RIA.

- Ministries could clarify the processes and responsibilities as regards the RIA process and legislature drafting. They could mobilise their internal analytical capacities so that the available analytical resources can be easily identified by the policy units drafting a legislative project.

- All impact assessments and the outcome of the consultation process should be made public on a dedicated government website.
- STRATA could offer targeted support on demand from ministries, and with due compensation, for higher impact RIAs.
- A RIA community of practice should be established, co-ordinated by the Office of the Government to facilitate knowledge sharing, a shared understanding of the processes, and greater access to analytical content with the support of STRATA through seminars and other networking opportunities.

Consider establishing an independent "Regulatory Oversight Board" that would:

- Provide public advice on the quality of the evidence supporting *ex ante* RIAs for high impact laws and provide regular assessments of the overall quality of the RIA process across government, and communicate the results with the parliament and the public.
- Ensure the credibility and independence of this board to guarantee the impact and legitimacy of its advice.
- Be supported by STRATA, which should serve as the secretariat of this board.

Develop systematic and permanent training programmes for civil servants on RIA. In particular, STRATA should further:

- Build capacity for RIA among new and existing civil servants.
- Propose the higher-level programme aimed at the staff in charge of RIAs to ensure that there is a core hub of homogenous analytical RIA expertise in each line ministry.

Streamline the quality control and co-ordination functions between the Office of Government and the Ministry of Justice:

- While the responsibility for *ex ante* legal conformity control would be entrusted to the Ministry of Justice, the Office of Government would focus exclusively on the overall quality of higher impact legislation.
- The co-ordination function of the Ministry of justice vis-a-vis the implementation of EU directives would be transferred back to the Office of the Government.

Improve the effectiveness of the ex post regulatory evaluation framework by:

- Mandate the Office of Government to co-ordinate *ex post* policy and regulatory evaluations across government.
- STRATA should act as the main institution in charge of promoting *ex post* evaluation, guidance with possibility of establishing a working group involving the OG, CPMA, the Supreme Audit Institution and the Ministry of Finance.
- Consider how *ex post* evaluation clauses could be associated with the subsequent data gathering strategy and clear financial resources to increase the link between RIA and *ex post* evaluation.

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Parliament of Lithuania (2012), *Teisėkūros pagrindų įstatymas XIII-3243, Law on the Legislative Framework of the Republic of Lithuania, (last amended 26 June 2020)*. [12]

Prime Minister's Office (2020), *Ministro pirmininko nota dėl numatomo teisinio reguliavimo poveikio vertinimo kokybės gerinimo (Note of the Prime Minister on the RIA Quality Improvement)*. [48]

Schneider, F. and D. Bouman (2019), "IFO World Economic Survey 2019", Vol. 18/04, pp. 1-23, http://hdl.handle.net/10419/219172 (accessed on 27 November 2020). [49]

STRATA (2020), *Numatomo Teisinio Reguliavimo Poveikio Vertinimas (Ex ante Regulatory Impact Assessment)*. [19]

STRATA (2019), *Valstybės tarnautojų apklausa apie poveikio vertinimą ir tyrimo rezultatai (Civil Service Survey on Impact Assessment and study results)*. [20]

Supreme Audit Institution (2018), *Teisėkūros procesas (Legislative Process) Nr. VA-2018-P-40-6-2*, Supreme Audit Institutoin, Vilnius, Lithuania. [2]

Treasury of New Zealand (2020), *Regulatory Stewardship*. [39]

Notes

[1] The Constitutional Court ruled that the use of the urgency procedure must be limited to the circumstances listed in the constitution, namely, under the state of emergency, mobilisation, when taking the decision to use armed forces, when there is an urgent need to fulfil international obligations, when there is a threat to the safety of the state or the public that necessitates a legislative response (Constitutional Court, 2019[47]).

[2] https://www.lrkt.lt/lt/apie-teisma/naujienos/1331/konstitucinis-teismas-vien-poreikis-patvirtinti-valstybes-biudzeta-nera-konstituciskai-pateisinama-aplinkybe-leidzianti-mokesciu-istatymams-skubiai-isigalioti:332

https://www.lrkt.lt/lt/apie-teisma/naujienos/1331/vyriausybes-nutarimas-kuriuo-padidintas-komandiruociu-kompensaciju-apskaiciavimo-koeficientas-pagal-priemimo-tvarka-priestarauja-konstitucijai-ir-istatymams:352

[3] Dr. Friedrich Schneider (Schneider and Bouman, 2019[49]) using Multiple Indicators and Multiple Causes method estimates Lithuanian shadow economy to be 21.9% of GDP (EU average being 15%). Using the same estimation method the figure was 30% for 2010, 26% for 2015 and 24% for 2017 (Lithuanian Free Market Institute, 2019[50]).

[4] OECD review conducted in 2015 that focuses on the delivery of Lithuanian regulatory policy and licencing. It can be retrieved from https://www.oecd.org/gov/regulatory-policy-in-lithuania-9789264239340-en.htm.

[5] This transfer was documented in the minutes of the meeting of the 16th January 2020 of the Cabinet of Ministers (2020[48]). However, these processes will be further formalised in the appropriate legal acts.

[6] Apart from the general RIA framework as detailed by the Law of 2012 on Legislative Framework (Parliament of Lithuania, 2012[54]), the administrative burden assessment is mandated by the Law of 2012 on the Administrative Burden Reduction (Parliament of Lithuania, 2012[51]). Hence, the special focus on the administrative burden assessment as supposed to other areas of competence of the ministry. The ministry is also responsible for the policy formation in other areas of competence (Lithuania, 1998[53]).

[7] Gold-plating can be defined as the over-implementation of an EC Directive through the imposition of national requirements going beyond the actual requirements of the Directive, resulting in extra costs and burdens. (OECD, 2010[52])

[8] The 2012 Recommendation of the Council of the OECD on Regulatory Policy and Governance recommends that governments regularly publish reports on the performance of regulatory policy and reform programmes and the public authorities applying the regulations. Such reports should also include information on how regulatory tools such as Regulatory Impact Assessment (RIA), public consultation practices and reviews of existing regulations are functioning in practice. (OECD, 2012[23])

[9] The calculator recently developed by STRATA helps institutions to calculate the *ex ante* impact of regulations but still needs to be tested in practise. It is based on the CBA calculator developed by the CPMA to evaluate investments. It can be retrieved from https://strata.gov.lt/lt/poveikio-vertinimas/sna-skaiciuokle.

4 The role of STRATA in the evidence-informed decision-making system

This chapter examines the recent institutional transformation of the Government Strategic Analysis Centre (STRATA). It presents its new mandates in the area of strategic foresight, monitoring and evaluation as stipulated by the law of strategic governance. This chapter suggests that STRATA should focus its participation in the monitoring of planning documents to analytical support and focus on being an excellence centre for evaluations. Moreover, the chapter provides an assessment of the role that is entrusted in STRATA in promoting the quality of RIAs and *ex post* evaluations of regulations. Finally, it analyses the Centre's recent organisational changes and discusses, in particular, the importance of the board of STRATA. The report suggests to continue building on STRATA's recent transformation and proposes ways to foster trust, accountability and legitimacy as concerns STRATA's operations and outputs.

Introduction

In 2017, the Lithuanian Science and Education Monitoring and Analysis Centre (MOSTA) was moved under the responsibility of the Office of the Government. This transfer was motivated by a strategic need for leadership in the generation of evidence and analysis for the whole of government. In 2019, MOSTA was officially transformed into the Government Strategic Analysis Centre (STRATA) with the mission to foster high-quality evidence and public knowledge based on objective information. The intention is to leverage the expertise of the centre to strengthen the evidence-informed decision-making mechanisms to enable sound strategic governance from a whole of government perspective. At the time of conducting this assessment, the transformation process was ongoing. While STRATA's mandate has been expanded significantly in a formal sense, the challenge is to assess whether the structure and resources have sufficiently evolved since the old mandate as MOSTA to meet the new challenges and needs. The question is to identify the further adjustments that are necessary to ensure that the well-intended strategic decisions effectively reach their goals.

In this context, this chapter offers an overview of STRATA's current mandates and suggests refocusing its responsibilities on evaluation, foresight and regulatory impact assessment-related activities in order to increase its legitimacy and impact. Second, the chapter discusses the functions and decision-making processes related to STRATA's role as a policy advisory. The chapter analyses the governance structure of STRATA, the establishment of its board and the development of activity plans. It recommends increasing the transparency of its decision-making processes and ensuring enhanced visibility of its work. Finally, the chapter identifies some operational challenges related to STRATA's human resources, organisation and budget, and suggests that STRATA pursue its transformation to better reflect its new ambitious mandate.

Refocusing STRATA's mandate as a strategic advisory body at the centre of government

STRATA has received an extensive mandate

The current legal framework gives STRATA a wide variety of responsibilities, which intervene at different stages of the policy-making cycle. Indeed, the Government Strategic Analysis Centre is responsible for:

- carrying out foresight activities, monitoring and evaluation in the context of the Strategic Governance system (Parliament of Lithuania, 2020[1])
- conducting thematic studies in the areas of expertise related to the previous MOSTA mandate
- promoting the quality of regulatory impact assessment and *ex post* assessments
- providing advice to promote evidence-informed decisions
- managing the network of public analysts.

The new strategic governance system under development gives a large role to STRATA

In 2020, a new strategic governance law (XIII-3096) was adopted by Parliament, which aims at rationalising the strategic and planning system (Parliament of Lithuania, 2020[1]). In particular, this law seeks to minimise the number of strategic planning frameworks, in order to improve their implementation and facilitate their monitoring. STRATA has been given a mandate in several stages of the preparation and implementation of the main strategic planning documents of the Lithuanian government. In particular, STRATA has an explicit role in conducting strategic foresight for the preparation of the State Progress Strategy 2050 and the National Progress Plan 2030, as well as monitoring and evaluating these plans (see Figure 2.5 in Chapter 2).

Strategic foresight and planning

Articles 13-2 and 15-2 of the strategic governance law mandate STRATA to provide a "situation analysis" and to the Office of the Government for both:

- the **State Progress Strategy** (SPS), which is a 30-year strategy. The SPS for "Lithuania 2050", will be presented to the Parliament before the 1st of June, 2022, according to article 25-6 of the law of strategic governance (Parliament of Lithuania, 2020[2]);

- and the **National Progress Plan**, which is a 10-year strategic plan. The NPP for 2021-2030 was approved by the government on the 9th September 2020 (Government of Lithuania, 2020[3]) (Parliament of Lithuania, 2020[1]).

- According to the recently approved Strategic Governance Methodology (Government of Lithuania, 2021[4]), STRATA together with the Office of Government prepare the "future scenarios" based on strategic foresight methods. These scenarios are reviewed by the government. The SPS project is then prepared based on the selected scenario (Government of Lithuania, 2021[4]).

Monitoring

Article 15-5 of the strategic governance law gives STRATA the mandate to monitor the implementation of the 10 strategic goals and 50 key performance indicators of the State Progress Strategy, together with the Ministry of Finance and the Office of Government (Parliament of Lithuania, 2020[1]).

However, the exact distribution of tasks between STRATA and the Office of the Government in this regard has yet to be determined. The methodology for the strategic governance framework suggests that STRATA needs to prepare the report analysing the strategic objectives and their impact indicators of the National Progress Plan annually (Government of Lithuania, 2021[4]). The same methodology gives a role to monitor the use of funds associated with the implementation of the NPP to the Ministry of Finance. The individual Development Programmes, on the other hand, should be monitored by each ministry in their area of competencies. Each ministry reports on the implementation of the programmes to the Office of the Government directly.

Evaluation

Moreover, STRATA has also been mandated to evaluate the implementation of the NPP. Article 15-7 of the law of Strategic Governance mandates STRATA to conduct "intermediary evaluations and a final evaluation" of the NPP (Parliament of Lithuania, 2020[1]). Some ambiguities remain, however, as to how these evaluations will be conducted, whether they are in fact a sort of a monitoring, or whether they really involve in-depth analytical work and with what resources.

STRATA has also retained its previous mandate in the area of education, science and innovation

STRATA has retained its previous functions stemming from its old MOSTA mandate. Thus, it continues to perform forward-looking activities as well as other analytical studies in the following areas (see Table 4.1 for examples of these studies):

- **Workforce** needs, as per the 2016 law of employment mandates (Parliament of Lithuania, 2016[5]).

- **Human** and **vocational training** needs, as per the 1997 law of vocational education and training (Parliament of Lithuania, 1997[6]).

- Supply of **higher education competences**, as per the 2009 law on higher education and research (Parliament of Lithuania, 2009[7]).

- **Sciences, Technology and Innovation**, as per the 2018 law on technology and innovation. (Parliament of Lithuania, 2018[8]).

Table 4.1. Recent STRATA reports linked to the MOSTA mandate

Mandate	Supporting laws	Recent reports by STRATA (selection)
Forecast of workforce needs	Article 12-1 of the Law on Employment	Forecasting the Demand for Specialists in 2021-2026 (2020202620)
Forecast of human capital needs and vocational training needs	Article 32 of the Law on Vocation Education and Training	Report on the State of Lithuanian Human Capital (2021)
Forecast supply of higher education competences	Article 21 of the Law on Higher Education and Research	Forecasting the Teaching workforce in Lithuania (202121)
Other studies, analysis and forecasts in the field of Sciences, Technology and Innovation	Article 15 of the Law on Technology and Innovation	Report on Lithuanian Innovation Ecosystems (2021))

Source: Authors' own based on STRATA website.

This strong focus on education, science and innovation, however, may impact the perception of STRATA as the whole of the government analysis centre. Indeed, focusing important resources on analysis in these thematic topics may detract STRATA from fulfilling its other functions to the best of its ability. The Lithuanian government could therefore consider transferring some of these functions back to the Ministry of Education, Science and Sport, which is in need of increasing its internal capacities for analysis. This would concern in particular the analysis of workforce needs, human capital and vocational training.

In the recent years STRATA has started to expand into other areas of expertise. It was, for example, asked to provide analysis on the management of economic consequences of COVID-19 pandemic by the Office of Government. Among the current ongoing activities some reflect the increasing scope of STRATA's mandate such as a project on the "Green Course" opportunities in Lithuania or forecasting the needs for health personnel in Lithuania (STRATA, 2021[9]).

STRATA has a role in promoting the overall quality of regulatory assessments

Regulatory impact assessments

Firstly, STRATA has a role in promoting the quality of the RIAs by providing **quality control for high-impact RIAs** and general methodological support to ministries. As of 2020, quality control of higher impact legislation is delegated to STRATA (The Decision of the Government Meeting of the 15th of January, (Prime Minister's Office, 2020[10]). STRATA together with the Office of the Government reviews the preliminary information on RIAs sent by the ministries and decides which legislative projects should be included in the semi-annual high-impact legislation list. In 2021, these semi-annual lists were substituted by a list covering a 3 years period (2021-24) with the possibility for revision (Government of Lithuania, 2021[11]). Once the list is completed, the ministries drafting these legal acts can solicit methodological help from STRATA and the Office of the Government sends the final RIA to STRATA for quality control. STRATA controls the quality of the impact assessment. In 2020, STRATA has controlled the quality of 12 RIAs (STRATA, 2020[12]). (See Chapter 3).

This role in quality control is important. In order to further focus STRATA's contribution on the technical aspects of this control function, a regulatory oversight body could be created to make final decisions on the substantive quality of RIAs, which would avoid exposing STRATA in a political sense on those decisions and would also give them more weight and legitimacy. STRATA could provide analytical secretariat support to a regulatory oversight body.

STRATA also has a role in **quality assurance** by offering support to ministries that are drafting "proposals of evidence-informed decisions" (Parliament of Lithuania, 1994[13]), which includes RIAs. In this regard, STRATA has co-operated with ministries on conducting impact assessments. One such example is the *ex ante* impact assessment of the COVID-19 relief stimulus, where STRATA provided its expert opinion

on the impact estimated by the Ministry of Finance (STRATA, 2020[14]). Furthermore, STRATA developed some cross-government RIA methodological guidelines (STRATA, 2020[12]). However, it is only one of several cross-government methodological guidelines for RIA to date.

As highlighted in chapter 3, a clear government-wide framework on co-ordination for RIA could be helpful to clarify the role of STRATA versus other institutions (such as Office of Government, Ministry of Justice, Ministry of Economy and Innovation, Ministry of Interior, Ministry of Finance) in providing methodological support for RIA. Thus, STRATA can act as the main methodological centre for RIA within this government-wide framework. This could allow STRATA, for example, to organise further government-wide training programme on RIA to staff from across the government rather than responding to *ad-hoc* requests. This would allow STRATA to build on the series of training seminars given in 2020-21.

Ex post assessments

Furthermore, STRATA may also have the mandate to provide **quality assurance for *ex post* regulatory assessments upon request**. As detailed in the previous chapter, the Ministry of Justice is in charge of co-ordinating *ex post* regulatory assessments. The Ministry of Justice plans to solicit STRATA's advice on the quality of *ex post* evaluations. Indeed, article 23 of the *ex post* evaluation methodology prepared by the Ministry of Justice stipulates that ministries can ask STRATA for methodological support in conducting *ex post* regulatory assessments, in particular for example when sophisticated data analysis is needed (Government of Lithuania, 2021[15]). STRATA is not mandated, however, to respond positively to these demands, in which case ministries can contract out the evaluation.

The co-ordination of *ex post* evaluation and methodological guidance is a prerogative of the Ministry of Justice, which has extensive competences in legal matters but might lack capacities in analytical tasks and data analysis for evaluation. Following the recommendations made above, STRATA and the Office of the Government could have a greater role in co-ordinating *ex post* assessments for the former, and in providing methodological support to ensure the quality of these evaluations across government for the latter. In particular, STRATA could act as a focal point for these assessments. It could conduct cross-cutting evaluations that involve several ministries, and offer support for other high-priority evaluations.

STRATA also has a mandate to create and manage a 'network of analytical competences'' in public institutions

In order to ensure the overall quality of evidence and its use, STRATA is mandated by article 30 of the law on government to manage a network of public sector analysts (Parliament of Lithuania, 1994[13]). The training carried out by STRATA in the area of RIA, for example, contributes to this mandate.

STRATA should refocus its mandate on its role as the main advisory body in the Lithuanian EIPM system

STRATA's extensive mandate presents many challenges due to conflicting functions

Overall, the aggregated mandates of STRATA create an incompatible mix of functions: some require strong political influence and commitment (e.g. monitoring the implementation of plans), while others benefit from increased independence and technical legitimacy (e.g. policy advice and evaluation).

Firstly, protection from undue political influence is a crucial element of evaluations' credibility. This notion can be understood as an evaluation being free from undue political pressure and organisational influence (see Box 4.1 for a detailed explanation of this). The literature distinguishes between several types of independence: structural, functional and behavioural independence.

Box 4.1. Understanding Independence in Analysis and Evaluations

Independence in analysis and evaluations is indispensable to both ensure the credibility and ultimately the quality of studies. There are 3 main types of independence for the evaluations: **structural**, **functional** and **behavioural** independence (Vaessen, 2018[16]). The first two relate to the management of the evaluation, as regards the object, process as well as human and financial resources necessary to conduct an evaluation. Behavioural independence relates to the unbiasedness and integrity of the evaluator.

As such, independence requires avoiding conflicts of interests, complying with ethical norms of conduct and the independence of the evaluation commissioners themselves. In practice, independence is usually difficult to achieve in internal evaluations, where political influence is often exerted and various political interests are at stake. Accordingly, appointing an external evaluator is a common solution to foster more impartial and trustworthy results.

Source: Piccioto (2013[17]), *Evaluation Independence in Organizations,* Journal of Multidisciplinary Evaluation; Vaessen (2018[16]), *Five ways to think about quality in evaluation,* https://ieg.worldbankgroup.org/blog/five-ways-think-about-quality-evaluation (accessed on 13 May 2021); France Stratégie (2016[18]), *Comment évaluer l'impact des politiques publiques : un guide à l'usage des décideurs et des praticiens,* https://www.strategie.gouv.fr/sites/strategie.gouv.fr/files/atoms/files/guide_methodologique_20160906web.pdf; Wildavsky (1979[19]), *The Art and Craft of Policy Evaluation,* https://doi.org/10.1007/978-1-349-04955-4; OECD (2020[20]), *Improving Governance with Policy Evaluations,* https://doi.org/10.1787/89b1577d-en.

An evaluation's impact can also depend on its perceived quality, in terms of perception of transparency and lack of bias, as much as it can on its technical quality. For evaluations to be used, stakeholders and users must therefore trust their independence. For this reason, STRATA is particularly well placed to conduct evaluations and provide methodological advice on how to conduct quality evaluations in that it's an institution at arm's length of government, which is well respected for its technical skills. This function also builds on STRATA's responsibilities related to the methodological quality of *ex ante* and *ex post* assessments, in that they require similar skills and resources.

On the other hand, operational monitoring requires important capacities, which can be defined as "the totality of the strengths and resources available within the machinery of government." (OECD, 2008[21]). Monitoring requires, in particular, a critical mass of technically trained staff and managers (Zall, Ray and Rist, 2004[22]). These elements rest on the availability of dedicated resources, human and financial, for the monitoring function. For this reason, the lead responsibility for monitoring is with the Office of the Government and the Ministry of Finance. In fact, in other OECD countries with monitoring and delivery systems monitoring is driven from the centre (Canada, the United Kingdom or Australia see Box 4.2).

Box 4.2. The role of the Centre of Government in monitoring policy priorities

Finland

The Prime minister's office (PMO) in Finland is in charge of monitoring the government programme. Specifically, the strategy unit in the PMO monitors the implementation of 5 key policy objectives of horizontal nature and wide structural reform of social and health care services that are part of Finland's government-wide strategy. Together with the 26 key projects, the key policy areas are monitored weekly at the level of the CoG in government strategy sessions reserved for situation awareness and analysis based on evidence and foresight. Milestones for each policy area and project are clearly defined and indicators for each strategy target are updated two to four times a year.

Canada

The Results Delivery Unit of the Privy Council of Canada is a centre of government institution in Canada, providing support to the Prime Minister on public service delivery. It was created in 2015 to support efforts to monitor delivery, address implementation obstacles to key priorities and report on progress to the Prime Minister. The RDU also facilitates the work of government by developing tools, guidance and learning activities on implementing an outcome-focused approach. The results and delivery approach in Canada are based on three main activities: (i) defining programme and policy objectives clearly (i.e. what are we trying to achieve?); (ii) focusing increased resources on planning and implementation (i.e. how will we achieve our goals?); and (iii) systematically measuring progress toward these desired outcomes (i.e. are we achieving our desired results and how will we adjust if we are not?).

Source: Government of Canada (2018[23]), *The Mandate Letter Tracker and the Results and Delivery approach,* https://www.canada.ca/en/privy-council/services/results-delivery-unit.html#toc2 (accessed on 13 May 2020); (Government of Finland (n.d.[24]), *Hallitusohjelman toimeenpano,* https://valtioneuvosto.fi/hallitusohjelman-toteutus/karkihankkeiden-toimintasuunnitelma (accessed on 13 May 2020).

STRATA can act in analytical support capacity in some limited ways, to support the interpretation of structural changes and to perform strategic evaluations in the areas of the national progress plan, within the 10-year plan for evaluation. The nature of STRATA's position, at arm's length of the centre of government, and the skills of its staff members, are better suited for foresight, advice and evaluation. Clearly, the Office of the Government and the Ministry of Finance, which by definition are close to power, is best situated to take the lead on the monitoring of high-level priorities in terms of the practical aspects.

STRATA is a key advisory body of the government

Many OECD countries have set up a system of actors and institutions aimed at providing credible advice to government and at facilitating the capacity to implement reforms. Due to the pace of technological, environmental and cultural developments, policy makers are continuously called to find new solutions to complex issues. One way in which governments have sought to increase their strategic capacities is by relying on networks of actors, within and outside of government, that provide evidence and policy advice – the so-called policy advisory systems. Advisory systems contribute to wider evidence-based decision-making approaches in that they provide credible evidence to governments.

Within the evidence-informed decision-making system, advisory bodies can have the function of both evidence suppliers or knowledge brokers (OECD, 2017[25]). Policy advisory bodies can also be very diverse in terms of organisational structures, mandates or functions in the policy cycle (OECD, 2017[25]). Advisory bodies can take various forms, such as advisory councils, commissions of inquiry, foresight units, special

advisors, think tanks and many other bodies, all of which provide knowledge and strategic advice to governments (Bressers, 2015[26]) (Blum and Schubert, 2013[27]).

Yet, advisory bodies often share common features. First, their responsibilities are tailored to their organisational structure and positioning within government. Specifically, advisory bodies situated at arm's length of government, such as STRATA, focus their mandates on responsibilities, which require a high degree of autonomy, transparency and legitimacy, such as (OECD, 2017[25]):

- **Evaluations**: To provide (ex post) reflections and evaluations.
- **Evidence**: To provide information, expertise and facts to policy makers.
- **Strategic foresight**: To provide new perspectives, strategic foresight and explorations of the future.

This is the case of France Stratégie, for example, the main advisory body in France attached to the Prime minister's office, which focuses its mandate on foresight, *ex post* evaluations and managing a network of analytical bodies (see Box 4.3).

Box 4.3. France Stratégie

France Stratégie is an independent advisory body that replaced the General Planning Commission in 2013 and is attached to the Prime Minister's Office. It has three main responsibilities:

- Conducting foresight studies and related research that shed light on medium and long-term policy issues that fall within its fields of competence (economics, social policy, labour, employment and skills, sustainable development and digital technology).
- Conducting *ex post* evaluations of public policies. France Stratégie evaluates the impact of public policies using rigorous methodologies and compares them to the expected results at the inception of the policy.
- Managing a network of advisory bodies. As the main policy research engine of the government, France Stratégie manages the network of 8 other governmental advisory bodies (Council of Economic Analysis, Centre for foresight studies and international information (CEPII), Labour Market Council, Council for Retirement, High Council for the Future of Health Insurance (HCAAM), High Council of Environment (HCC), High Council for Family, Children and Ageing (HFCEA) and the High Council for the Financing of Social Protection).

France Stratégie has a staff of 40 experts (economists, sociologists, lawyers, engineers, and political scientists), 15 scientific advisers, and 20 support personnel. The institution is divided into 4 thematic units: economy, sustainable and digital development, labour employment and skills, society and social policies.

The autonomy of France Stratégie is guaranteed as it is solely responsible for its publications and communicates independently. It also aims to carry out its work in a non-partisan manner, in interaction with different political parties, unions as well as social and regional entities. Each year, France Stratégie defines its programme of work in accordance with policy priorities.

Source: France Stratégie (2021[28]), https://www.strategie.gouv.fr/ (accessed on 13 May 2021).

STRATA should focus on supplying evidence and evaluation, conducting strategic foresight and playing a methodological role in the greater EIPM system

In Lithuania, STRATA really stands out as the main cross-disciplinary advisory body available attached to the Centre of government. Moreover, STRATA through its independent nature and policy expertise could supply credible advice to the government that would enhance the evidence base of the government's decision making and increase public trust.

In fact, since its creation, STRATA has already been recognised as a credible policy advisory body, and has received many requests for analysis by ministries. At the request of the Ministry of Interior, for instance, STRATA conducted an analysis of the effectiveness of the Lithuanian civil service and public sector in the international context, as well as on the effectiveness of the measures undertaken by the 17th Lithuanian government to improve the public sector (Ministry of Interior of the Republic of Lithuania and STRATA, 2020[29]). STRATA also developed projections on the supply and demand of healthcare specialists in Lithuania for the Ministry of Health (Jakštas et al., 2019[30]), as well as multiple economic pulse briefs on the economic situation related to the COVID-19 recession. The XVIIIth government's programme implementation plan entrusted multiple tasks for STRATA in the area of national skill strategy, public sector innovations, strengthening capacities to conduct impact assessments among others (Government of Lithuania, 2021[31]).

For this reason, STRATA should refocus its mandate on advising state and municipal institutions on methodological issues related to evidence-informed decision making, as well on conducting "studies, evaluations and forecasts on strategic issues", as mandated by article 30 of the law on government (Parliament of Lithuania, 1994[13]). This mandate would complement the quality control and assurance it provides in the area of *ex ante* and *ex post* regulatory assessment. On the other hand, as mentioned previously, STRATA is not best placed to conduct monitoring of the strategic governance system.

In practice, STRATA provides its advice in one of three ways:

- Ministries and agencies can request STRATA to provide an analysis or conduct an evaluation by submitting their request to the Office of the Government (Parliament of Lithuania, 1994[13]).
- The Office of the Government also can identify analytical priorities for the year.
- STRATA can also initiate research.

Based on advice from STRATA's board, the Office of Government then decides what evaluations and research will be conducted by the Centre each year in the annual activity plan. In this sense, STRATA's functioning is close to that of Australia's Productivity Commission (see Box 4.4), which also jointly decides on its work plan based on ministerial requests, priorities identified by the Prime Minister's Office and self-initiated research. Indeed, while the Productivity Commission is independence by law, its work plan is largely defined by the government.

Box 4.4. Australia's Productivity Commission

Australia's Productivity Commission, located in the Government's Treasury portfolio, is an independent government research and advisory body operating at arm's length from the government. It produces research and policy recommendations in a wide range of economic, social and environmental issues. The Commission conducts studies both at the request of the government or through its own initiative. This self-initiated research is gathered under performance and annual reports. Moreover, the Productivity Commission acts as a secretariat for the inter-governmental review of government service provision.

Some of the main characteristics of the Commission include:

- **Independence**: it operates under its own legislation, and its independence is formalised through the Productivity Commission Act. Moreover, it has its own budget allocation and permanent staff working at arm's length from government agencies. Even if the Commission's work programme is largely defined by the government, its results and advice are always derived from its own analyses.
- **Transparent processes**: all advice, information and analysis produced and provided to the government is subject to public scrutiny through consultative forums and release of preliminary findings and draft reports.
- **Community-wide perspective**: under its statutory guidelines, the commission is required to take a view that encompasses the interests of the entire Australian community rather than particular stakeholders.

The main products of the Productivity Commission are public inquiries and research studies requested by government. It also conducts performance monitoring and benchmarking, annual reporting on productivity, industry assistance and regulation. Furthermore, it can review competitive neutrality complaints.

The processes of governmental requests are well defined and each request comes with the terms of reference indicating the period of response so that enough time is allocated to conduct public inquiries. Generally, the period is from 9 to 12 months but can be shorter for more pressing issues.

Source: Productivity Commission (n.d.[32]), *About the Commission*, https://www.pc.gov.au/about (accessed on 13 May 2021).

In order to ensure the overall quality of evidence and its use, STRATA is responsible to create and manage a network of public sector competences, according to article 30 of the law on government (Parliament of Lithuania, 1994[13]). For this reason, STRATA is well placed to address the skills and capacity gap found in ministries and the centre of the government in regards to the supply and use of evidence. It could therefore take a leading role in nurturing a network of skilled analysts in co-operation with the Office of the Government, the Ministry of Finance and the Ministry of Interior, which retains overall competence for the civil service.

For instance, STRATA is well equipped to build partnerships with universities, to identify opportunities to establish master programmes in policy analysis and economics that are crucially needed to increase the supply in Lithuania, in co-operation with the Bank of Lithuania. As discussed in chapter 2, STRATA could partner with universities to develop a master's degree to provide the Lithuanian civil service with a supply of quantitatively trained analysts.

Another way to promote analytical competencies in the public sector is for STRATA to foster and manage a network of analytical capacities across ministries and agencies. By giving seminars, sharing knowledge management and developing methodological guides for analysis and evaluation, STRATA could support the continuous development of public sector skills for evaluation. In doing so, STRATA could emulate what is done in Ireland with the Irish Government Economic Evaluation service, and its Internal Advisory Group across ministries in Ireland (OECD, 2020[33]) (see Box 4.5).

Box 4.5. Internal Advisory Group of Irish Government Economic and Evaluation Service
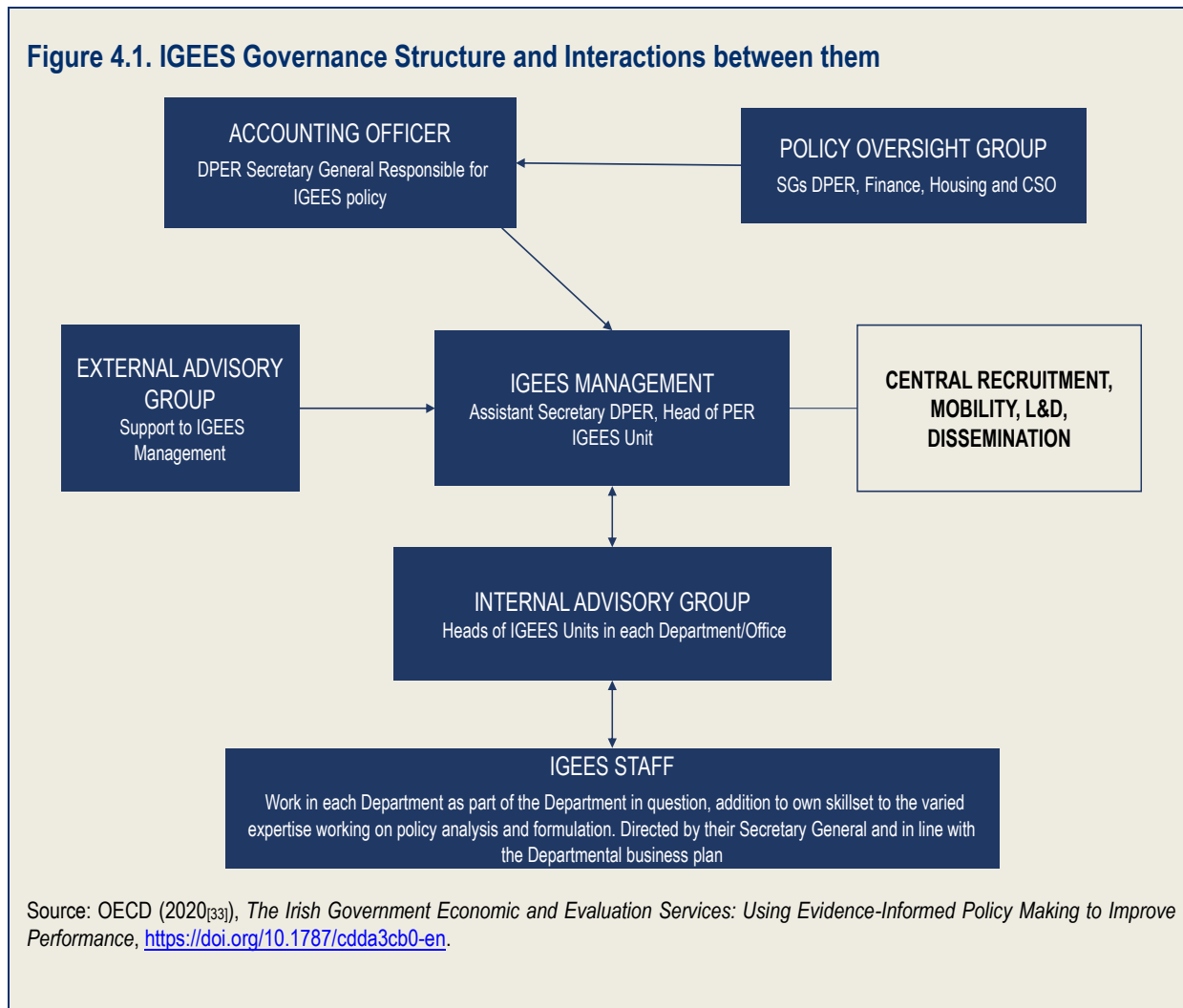
The Irish Government Economic and Evaluation Service (IGEES), situated in the Ministry of Finance, provides the government with policy and economic analysis, and manages a network of analysts. See Box 1.5 in Chapter 1 for more information on the service.

Since IGEES is a cross-governmental service with representatives in different governmental institutions, an Internal Advisory Group has been set up to co-ordinate the implementation of the IGEES strategy at the departmental level. The Internal Advisory Group is chaired by the head of IGEES at the Department of Public Expenditure and Reform and includes policy officers that represent their departments.

The group has an important role in co-ordinating daily activities of the IGEES scheme and managing its strategy implementation. Namely, it co-ordinates analytical capacity building and recruitment, mobility and Learning and Development Programme, production of analytical outputs and their dissemination through publication, events and awareness raising and championing the culture of evidence-informed policy making.

The development of the policy evaluation community is enhanced by the participation of the External Advisory Group in the co-ordination of the IGEES activities. The External Advisory group consists of stakeholders from universities and the wider research community. The full management scheme can be seen in the figure below.

Figure 4.1. IGEES Governance Structure and Interactions between them

ACCOUNTING OFFICER
DPER Secretary General Responsible for IGEES policy

POLICY OVERSIGHT GROUP
SGs DPER, Finance, Housing and CSO

EXTERNAL ADVISORY GROUP
Support to IGEES Management

IGEES MANAGEMENT
Assistant Secretary DPER, Head of PER IGEES Unit

CENTRAL RECRUITMENT, MOBILITY, L&D, DISSEMINATION

INTERNAL ADVISORY GROUP
Heads of IGEES Units in each Department/Office

IGEES STAFF
Work in each Department as part of the Department in question, addition to own skillset to the varied expertise working on policy analysis and formulation. Directed by their Secretary General and in line with the Departmental business plan

Source: OECD (2020[33]), *The Irish Government Economic and Evaluation Services: Using Evidence-Informed Policy Making to Improve Performance*, https://doi.org/10.1787/cdda3cb0-en.

Strengthening the governance, organisation and resources of STRATA

In 2020 and 2021, STRATA witnessed some significant organisational changes However, more needs to be done to fully adapt its governance, organisation and resources to make the most of its new mandates and better respond to the government's needs for cross-government analysis. Recently STRATA has adopted its new 2021-2025 strategy that should guide its transformation to fit its new broad mandate through the alignment of its organigramme and priorities (STRATA, 2020[34]).

The board of STRATA was created to help to plan the advisory activities of STRATA

One of the changes that STRATA underwent as part of its transformation from MOSTA in 2019 was the creation of the board, which consists of independent experts and one representative from the Government Office. The main function of the board is to set the vision of STRATA, to review its work and to advise on its annual activity plans, based on the needs expressed by Government. The new strategy of STRATA for 2021-2025 was adopted on 12 November 2020, and the new management structure was approved by the Office of the Government.

In order to provide credible and tailored advice, the composition of an advisory board or commission needs to ensure that membership is neutral; provides high-quality expertise; and, depending on the nature of the

issues discussed, represents the age, gender, geographic, and cultural diversity of the community (Government of Canada, 2011[35]) (Quad Cities Community Foundation, 2018[36]).

OECD countries have ensured this neutrality, expertise and diversity in representation in a variety of different ways. For instance, in Norway, 40% of the board members of advisory bodies need to be women (OECD, 2017[25]). Similarly, Germany's Federal Act on Appointment to Bodies ensures an equal representation of men and women (Government of Germany, 2015[37]). Box 4.6 provides a detailed discussion of how the Dutch Socio-Economic Council ensures the balance in the composition of its advisory group.

Box 4.6. Representative Composition of Advisory Bodies in the OECD Countries

Dutch Socio-Economic Council

The Dutch Socio-Economic Council is a permanent policy advisory body established in 1950. The council is composed of 33 members from 3 different groups (11 per group): employers' representatives, labour unions' representatives and the so-called "Crown members" that are appointed by the government. The composition of this body reflects the varied interests of the Dutch society and, therefore, the advice of this tripartite council benefits from a high level of legitimacy.

Representation in Norwegian Official Committees

Norway has provisions that ensure that the composition of ad hoc advisory groups ("Norwegian Official Committees") contains the representation of different personal characteristics (e.g. sex, age, ethnic background) as well as different political interests. Moreover, based on the opinions from these different groups or following public consultations, the committees are allowed to publish several distinct policy advice. This practice ensures the decision-making transparency and diverse representation.

Source: OECD (2017[25]), *Survey on Policy Advisory Systems*, http://dx.doi.org/10.1787/9789264283664-en.

In order to ensure neutrality, the boards of advisory bodies in most OECD countries are also subject to rules regarding conflicts of interests, acceptance of gifts, as well as the disclosure of contacts with interest groups and lobbyists (OECD, 2017[25]). Another important element of neutrality is transparency in decision making. Transparency is an important element to ensure that decisions and advice are based on evidence.

The composition of the STRATA board is already an important marker of the credibility of its advice, and by extent, the legitimacy of its decision making – for instance regarding the identification of analytical priorities through the development of its annual activity plan. The board should be able to issue its formal opinion on the activity plans of STRATA and help to align the needs of the government with the most optimal activity planning for STRATA, particularly as the Office of Government is part of the board. However, the last word on annual activities may still be given by the Office of the Government given that the more operational management issues are governed by the board in a collegial way. In addition, all senior executives related to STRATA should be subject to clear provisions related to conflict of interest, which should be publicly available on STRATA's website. Apparently, senior managers within STRATA are subject to such provisions with official declarations according to the Law of 1997 of Adjustment of Public and Private Interests in the Public Service and these are checked by the Chief Official Ethics Commission. However, the results are not public and do not apply to members of the board. For example, in Australia, the Productivity Commission obliges its commissioners to declare their potential conflict of interests to its chair and the government but these are not public. In France, heads and boards of public institutions are subject to the law on the Transparency of Public Life and the scrutiny of a special authority, which forces a standard declaration concerning all aspects of conflicts of interest, which is checked by a special supervisory authority and is made public for elected public officials only.

Box 4.7. Conflict of interest provision in Australia and France

Australia

In Australia, Section 29 of the Public Governance, Performance and Accountability Act of 2013 prescribes the disclosure of interest that can give a raise to material conflict as part of duties of public officials. Nevertheless, there is no standard list of items to be disclosed across the whole public sector and individual public institutions may have different disclosure rules and procedures.

Commissioners of the Australian Productivity Commission must make their conflict of interest declaration available to the government but they do not have to be made public. Section 43 of Australia Productivity Commission Act of 1998 stipulates that any "member of the Commission" (i.e. commissioner or deputy commissioner) must disclose to the chair any pecuniary or other interest that may "conflict with the proper performance of his or her functions as a member". In turn, the chair has an obligation to report in writing the conflicting interests of his-own and those of the members of the Commission to the government. Moreover, any potential conflicting interests have to be reported either in the reports that were drafted with the participation of the Commission's member in question or otherwise reported to the body to whom the function was conducted.

Finally, the Productivity Commission keeps an online registry of gifts and benefits (accessible on the commission's website) received by the commissioners and staff members as well as the organisation presenting the gift and their estimated value.

France

In 2013, the French parliament ratified a Law on the Transparency of Public Life *(loi relative à la transparence de la vie publique)*, which stipulated that all elected officials, senior civil servants and nominated heads of public institutions (including public enterprises) must declare their wealth and external revenue sources to the High Authority for Transparency in Public Life within 2 months following the nomination. These public officials have to declare the following items: all paid activities exercised within 5 years before the nomination to the public position, as well as the paid positions held while at the public office, remunerated consultancy activities during and 5 years prior to the nomination to the public office, financial participation in companies and shareholding; and professional activities of the marital partner among others.

Source: Australian Government Productivity Commission (n.d.) *Governance,* https://www.pc.gov.au/about/governance; OECD (2003), *Managing Conflict of Interest in the Public Service;* National Assembly of the French Republic (2003), *Loi Relatif à la Transparence de la Vie Publique,* https://www.legifrance.gouv.fr/loda/id/JORFTEXT000028056315.

The organisational structure has recently been adapted but capacities of STRATA have not changed significantly since its previous mandate as MOSTA

With the adoption of the 2021 - 2025 Government Strategic Analysis Centre transformation plan (STRATA, 2020[34]), STRATA attempted to realign its organisational structure with its new mandate.

Prior to the reorganisation, the Centre was structured in four thematic units, three of which were directly related to the old MOSTA mandate, while only one (the strategic competencies unit) reflected the broader mandate across the government (see Figure 4.2).

Figure 4.2. Former STRATA organigramme
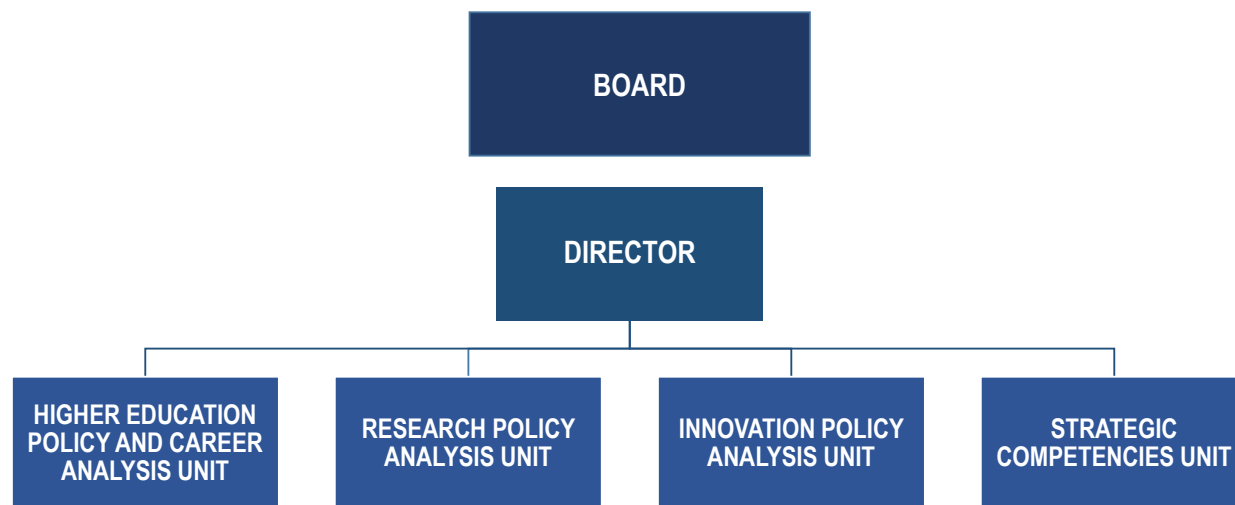
Source: (STRATA, 2020[38]).

Therefore, most of the analysts were working in the units concentrating on the delivery of the old thematic mandate of MOSTA. Indeed, of the 37 analysts working in STRATA in 2020 (STRATA, 2020[38]):

- 27 analysts were working in the units related to the MOSTA mandate;
- 14 were working in the Strategic competences unit.

Box 4.8. Previous, current and projected capacities for STRATA

In 2020, STRATA's team still included the following 25 analysts who worked on issues related to the old MOSTA mandate:

- 9 education policy analysts
- 6 human capital analysts
- 5 science policy analysts
- 5 innovation policy analysts.

STRATA also employed 10 analysts who worked in other fields, in particular related to the Centre's new responsibilities related to impact assessment:

- 7 for impact assessment
- 1 analyst with competences in civil service
- 2 with competence in public sector innovations.

STRATA also had 3 data engineers, and a couple staff members who worked on internal and external communication.

After the organisational transformation (see Box 4.9 below), the analysts were re-organised into one Researchers unit that currently includes 28 researchers concentrating on the fields of:

- 4 for economic analysis
- 11 for quantitative research
- 8 for qualitative research and strategic foresight
- 5 for the Policy Lab: design and behavioural research.

According to the transformation plan, this unit should be expanded to include a total of 34 researchers.

Source: STRATA (2020[38]), Government Strategic Analysis Centre: Mission and Direction of Activities, July 2020, Power Point; STRATA (2021[39]), Board Meeting Nr. 10: 2021 January 29, PowerPoint Presentation; (STRATA, n.d), STRATA's website, https://strata.gov.lt (accessed on 27 May 2021).

On January 29th 2021, the new structure of STRATA was amended to better reflect the new mandate of this whole-of-government strategic analysis centre and to dismantle the previous units with a narrow thematic focus. Nevertheless, further capacities should be added to accommodate the extensive mandate of STRATA in the EIPM system and the appropriateness of the new organisational structure still needs to be tested in practice and will take time to show results. On the other hand, transferring some expertise back to the Ministry of Education, Science and Sport would not only further recalibrate the competences of STRATA to reflect better its new mandate, but it would also help to create space for the new functions.

Box 4.9. Reformed organisational structure of STRATA

On January 29th 2021, the Office of the Government approved STRATA's new organisational structure. Instead of the thematic division of units, the new structure will feature the functional units. According to this plan, there will be a Services Group (7 people), Researchers Group (34 people), Project Management Group (7 people), Technical Assistance Group (8 people), Human Resources group (5 people), Administrative and Finance Group (6 people).

Figure 4.3. Current new structure and capacities of STRATA
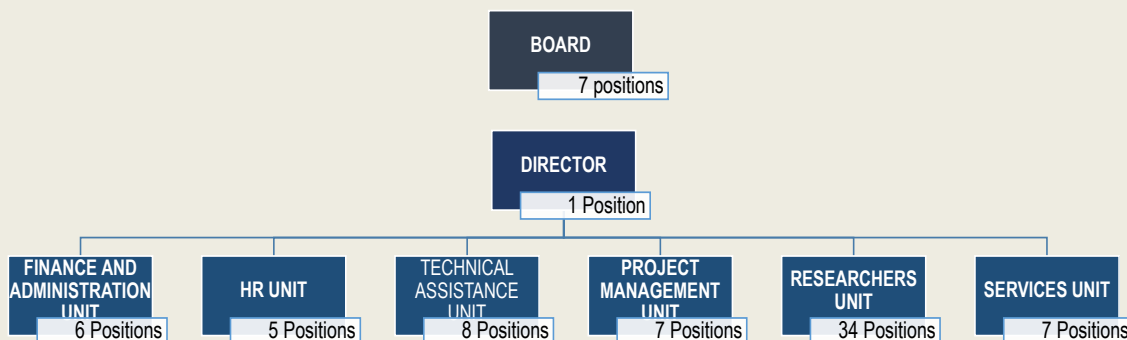
The Researchers Unit is further subdivided into 4 different groups: Economic Analysis Group (currently 4 people), Quantitative Research Unit (currently 11 people), Qualitative Research and Strategic Foresight Group (currently 8 people), PolicyLab: Design and Behavioural Research Group (5 people).

Source: STRATA (2021[39]), Board Meeting Nr. 10: 2021 January 29, PowerPoint Presentation.

The 2021-2025 strategy developed together with the board in January 2021 aims at making STRATA the main institution in charge of promoting evidence-informed decision making across government. Some of the new key performance indicators for STRATA include the share of legal acts accompanied by high-quality RIAs and the share of recommendations and insights used in decision making (STRATA, 2020[34]). The implementation of this medium-term transformation plan will be essential for STRATA to fulfil its new ambitious mandate.

The current STRATA's funding mix is currently not in line with its new mandate

The current STRATA mandate is highly dependent on funding received from the European Union, and specifically project-based, funding. Indeed, currently around 73% of STRATA's funding comes from projects. Most of these projects are due to end at the end of 2022 (STRATA, 2020[38]). While project-based funding ensures independence and additional capacities to STRATA, policy advisory bodies also need some stable funding to:

- maintain the independence and credibility of their advice (OECD, 2017[25])
- remain flexible and agile in responding to the government's needs, as STRATA has shown it is capable of doing through the COVID-19 pulse reports (STRATA, 2020[40]).

Therefore, there is a need to adjust resources of STRATA, and provide the centre with some core resources commensurate with its responsibilities at least over a 4 to 5 year cycle, that could be then subject to performance assessment and review. STRATA has a distinct budget line within the budget of the Office of the Government. Additional funding from EU projects as well as ministries could supplement the core financial resources and increase the autonomy and expertise of STRATA. STRATA should report annually on its total financial expenditures and project management.

Summary of recommendations

Refocus and clarify STRATA's mandate

STRATA's mandate needs to be refocused clarified in order to focus its responsibilities on tasks that require a high degree of autonomy and expertise. To this extent, the Lithuanian government should:

- Focus STRATA's responsibility in regards to monitoring the implementation of the National Progress Plan to analytical support to the office of the government.

- Clarify STRATA's role in the RIA process. For instance, STRATA could:
  - Continue to organise regular RIA trainings; and provide training modules to be administered by the Ministry of the Interior.
  - Serve as an analytical secretariat of a new "Regulatory Oversight Board".

- Serve as a general focal point for Ministries' analytical units to help promote good practices, methodological tools and skills in evaluation, impact assessment and analysis, as part of a strategy to promote better regulation, to facilitate high-quality impact assessment, to strengthen a process of reviewing the fitness of the existing stock of regulation. Give a formal role to STRATA in the area of *ex post* evaluation. In particular, STRATA could:
  - Develop general guidelines for *ex post* evaluation in co-operation with Central project management agency and Supreme Audit Institution.
  - Conduct high-profile cross-sectoral evaluations and analyses.
  - Engage with a community of evaluators across ministries, sharing methods, organising seminars and peer review of the work.

- STRATA should help address the analytical capacity gaps within Lithuanian public sector through:
  - The creation of a tailored academic master's programme in economics and quantitative policy analysis in co-operation with universities to increase the supply.
  - Managing the annual recruitment and the selection of a set of professional analysts for the government. After validation by STRATA, these analysts would be dispatched across government by a decision of the Office of the Government and the Ministry of Finance, to serve the strategic needs of the Centre of Government. Some of these analysts could also work at STRATA, the Office of Government and the Ministry of Finance, of course, but this should not be exclusively the case.
  - Promoting a culture of evidence-informed policy making among the network of analytical units in the ministries and agencies, which can be characterised as knowledge brokers.
  - Organising seminars that could be opened both to government analysts as well as other researchers working in the academia, NGOs or the private sector, publishing a series of government working papers, and supporting the effort of the Government, including the Prime Minister and the Chancellor, to increase awareness to the analytical work undertaken by the government to inform policy choices and to promote an Evidence-Informed Approach for policy making.

Strengthen STRATA's operations

There is a need for the Government to strengthen STRATA's operations through the following actions:

- Supporting the implementation of STRATA's ambitious and forward-looking strategy for 2021-25, while monitoring progress. The goal is to facilitate an adaptation of STRATA's governance and organisational structure in line with the new functions so that they match its new mandate. This

includes recalibrating STRATA's human resources and expertise to better reflect the new mandates.

- Strengthen the credibility and integrity of STRATA's advice. While the Office of the Government may be approving the programme of STRATA's activities following the formal advice from the board, the board should be responsible for the issues regarding strategic development. Integrity should be strenghtened by introducing provisions for conflict of interest for STRATA's board members.

- Provide STRATA with an appropriate funding mix, including core public funding, complemented by project-based financing. The goal is to ensure that government core priorities can be met in the longer term, while preserving incentives for dynamic management.

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OECD Public Governance Reviews

Mobilising Evidence at the Centre of Government in Lithuania

STRENGTHENING DECISION MAKING AND POLICY EVALUATION FOR LONG-TERM DEVELOPMENT

The COVID-19 pandemic has underscored the need for high-quality data and evidence to address complex policy challenges. This report takes stock of the capacity for evidence-informed decision making (EIDM) and policy evaluation at the centre of government in Lithuania. Like many other OECD countries, Lithuania faces challenges in supplying quality evidence and ensuring that it is used for decision making. In light of recent reforms, the report analyses gaps in the EIDM system and offers a set of comprehensive recommendations to address them in the short, medium and long terms. It also discusses how the newly created Strategic Analysis Centre could champion evidence-informed decision making in Lithuania.