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HANDBOOK FOR DRAFTING A MEDIUM-TERM PLAN

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HANDBOOK FOR DRAFTING A MEDIUM-TERM PLAN

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INTRODUCTION

Handbook for Drafting a Medium-Term Plan (hereinafter: the Handbook) serves as a support for public administration officers who participate in the development of the plan for the implementation of measures and activities identified in public policy documents that are consistent with institutional competencies and available resources. The handbook is primarily intended for public servants in **state administration bodies**: ministries, administration bodies within ministries and special organisations (hereinafter: institutions) given the specificities of the planning system and budgetary procedures at the national level. However, the key medium-term planning concepts and rules outlined in the Handbook are relevant to other medium-term planners.

The aim of the Handbook is to provide practical guidance for developing a medium-term plan in an efficient and effective manner.

The contents of the Handbook are based on the Law on the Planning System of the Republic of Serbia, the Decree on the methodology for drafting medium-term plans and the Decree on the methodology of public policy management, the analysis of the effects of public policies and regulations and the content of individual public policy documents, the Law on the budgetary system, as well as regulations for their application. The handbook was developed in cooperation with the Budget Department of the ministry responsible for finance.

The handbook is divided as follows:

The **first chapter** defines the medium-term plan and explains its purpose and purpose in the context of the planning system. The medium-term plan includes the objectives, measures and activities for the implementation of which the medium-term planning institution is responsible, which are set out in the action plans of the public policy documents and the action plan for the implementation of the Government programme (hereinafter: APIGP). The first chapter introduces the procedure for drafting the medium-term plan (divided into five phases) and explains the importance of integrating the medium-term planning and budgeting for the implementation of public policy priorities, the Government and the institution. Practical advice was also given regarding the delegation of responsibilities and roles within the institution at each stage of the medium-term planning.

The **second chapter** explains the relationship between structure and elements (goals, measures and activities) of public policy documents and the medium term-plan, through charts and examples. Based on this, practical steps and rules have been taken to establish the structure of the medium-term plan: 1) by transposing elements (from public policy documents, APIGP and other planning documents) or 2) by identifying elements in the medium-term plan (e.g. measures and activities to strengthen institutional capacity). It explains how the Unified Information System for Policy Planning and Coordination (hereinafter referred to as UIS) facilitates the development of a medium-term plan.

The **third chapter** discusses in detail the importance and mechanisms for determining the institution's priority measures and activities and the effective and efficient allocation of resources in the preparation and implementation of the medium-term plan. In drafting and adopting public policy documents, it is necessary to take into account the real economic and fiscal circumstances, while on the other hand, budgeting must take into account the priorities of the state and the already adopted public policy documents. The medium-term plans of the institutions and their integration with the elements of the programme budget are key instruments for "mapping" public policy into the budget. The aim of this chapter is to provide practical advice for planning activities and resources in accordance with the objectives set out in the public policy documents, the commitments of the institutions and the fiscal limitations.

The **fourth chapter** explains the importance of monitoring and reporting on the implementation of the institution's medium-term performance management plan. It discusses the content, form, mechanisms and calendar of monitoring and reporting established by the LPS, as well as how UIS supports these processes and enables the data from reports entered into UIS to be automatically retrieved and used in similar reports.

1 CHAPTER 1: ON A MEDIUM-TERM PLAN AND MEDIUM-TERM PLANNING

1.1 Medium-term plan

Article 25 of the LPS states that the medium-term plan shall be a comprehensive planning document adopted for a period of three years and enabling linking of the public policies with the medium-term expenditure framework. The medium-term plan shall be drawn up on the basis of public policy documents (strategies, programmes and their action plans), taking into account the Government's priority objectives (set out in the APIGP), available capacities and resources, as well as changes in the actual situation compared to the time when these public policy documents were enacted.

In this way, the medium-term plan shall become the basic management instrument of the institution, the aim of which shall be to determine which measures and activities set out in the institution's public policy documents will be implemented in the next three years. The medium-term plan shall define: who, what, when, and how it should be done, the costs of these activities in the medium term and their compliance with the balance sheet options (defined for the next year's budget, fiscal strategy and medium-term expenditure framework).

The medium-term plan may also cover measures and activities of institutional development or measures and activities that the institution intends to implement after the expiry of a particular strategy, programme or action plan (thus closing the gap until such new public policy document is adopted).

The medium-term plan shall be a platform that enables, in accordance with institutional responsibilities, planning, implementation and monitoring of the measures and activities arising from public policy documents implemented by different institutions.

Purpose of a medium-term plan

- A medium-term plan shall provide a comprehensive and up-to-date overview of the commitments (measures and activities) that an institution should implement over a three-year period and enables:
 - Harmonisation of the number and scope of measures and activities and the dynamics of their implementation with the available resources (human and financial) and priorities;
 - Detailed planning of activities of organisational units within the institution to avoid "bottlenecks" arising from high workload or lack of resources.
- A medium-term plan shall increase the transparency of responsibility for public policy implementation by obliging the institution to implement a clearly defined set of measures and activities through the funds allocated to it.

- Coherence between public policy documents (in terms of deadlines, responsibilities and additional implementation details) shall be provided through the development of the medium-term plan (especially when the medium-term plan is first drafted).
- A medium-term plan shall contribute to an effective programme budget and a medium-term expenditure framework consistent with the objectives and priorities of public policy documents and the Government.

Medium-term plan shall not be the following

- A medium-term plan shall not be a document that plans the implementation of all the activities of an institution or its organisational units.
- A medium-term plan shall not be an internal control mechanism. However, it shall create a clear link between the money spent and the activities performed (efficiency and effectiveness) and promote spending control in line with public policy objectives.
- A medium-term plan shall not be a policy document. However, the development of a medium-term plan can identify the need to develop new or revise existing public policies, which shall then be conducted through a separate procedure.

Medium-term plan and programme budget

- Permanent (full-time) job positions arising from the competences of an institution shall not be included in the medium-term plan. In this way, the medium-term plan shall focus on the implementation of measures and activities from the adopted policy documents.
- The institution's financial plan shall cover *all* the institution's expenses (including the cost of performing regular tasks) grouped into budget programmes. An estimate of the costs of measures and activities for the implementation of the measures and activities set out in the policy documents to be implemented over the next three years shall be taken from the medium-term plan into the financial plan (the programme budget of the institution). The resources for implementing the measures and activities elaborated in the medium-term plan shall be allocated within the appropriate budget programmes, programme activities and projects.

1.2 Medium-Term Plan in the Context of the Planning System

The planning system shall establish a clear hierarchy of planning documents and “top-down” compliance. Development planning documents shall be planning documents of the widest scope and of the highest importance. The Development Plan shall be the hierarchically highest long-term development planning document of the Republic of Serbia. The Investment Plan, in line with the priority objectives set out in the Development Plan, shall plan investments in areas of public interest. Other development planning documents shall be the Spatial Plan of the Republic of Serbia and other spatial plans, the general urban plan, as well as the development plans of local self-government units (hereinafter: LSGUs) and autonomous provinces.

Development planning documents shall be the backbone for further planning and drafting of public policy documents. While the strategy fully defines the strategic directions of public policy action in a specific planning area, the programme shall be a narrower-scope public policy document that, as a rule, elaborates the specific objective of the strategy under which it is enacted. Strategies and programmes shall be elaborated through the Action Plan, a document of the highest level of detail that is adopted in order to manage the dynamics of implementation of public policy measures. For each measure and activity in the action plan, the institution responsible for their implementation shall be identified, as well as the necessary financial resources, performance indicators, etc.

The priorities that the Government plans to achieve during its mandate shall be set out in the programme of the Government of the Republic of Serbia and elaborated in the action plan for the implementation of the Government programme (hereinafter: APIGP) - through priority goals, measurable results and deadlines for their realisation. As a rule, the Government's programme shall be established on the basis of already established development planning documents and public policy documents, in accordance with the Government's policy priorities.

The medium-term plan shall operationalise the implementation of public policy documents (or their action plans) while respecting the Government's priority objectives, available capacities and resources. The medium-term plan shall elaborate the objectives, measures and activities that the institution is obliged to accomplish, that is, to implement on the basis of the action plans of the public policy documents and the APIGP. The planning system shall enable the consistency of medium-term plans with public policy and development planning documents adopted at the national, provincial and local levels.

Medium-term planning shall be integrated with the budgeting procedure, so that the final allocation of resources to the budget reflects the choice of priorities identified by the institution.

Graph 1 presents the link between development planning documents, public policy documents, government priorities (set out in the APIGP), medium-term planning and resource planning.

Graph 1 Planning system



DEVELOPMENT PLANNING (Development Plan of the Republic of Serbia/National Investment Plan/Spatial Plan of the Republic of Serbia) → Government's Priority Planning

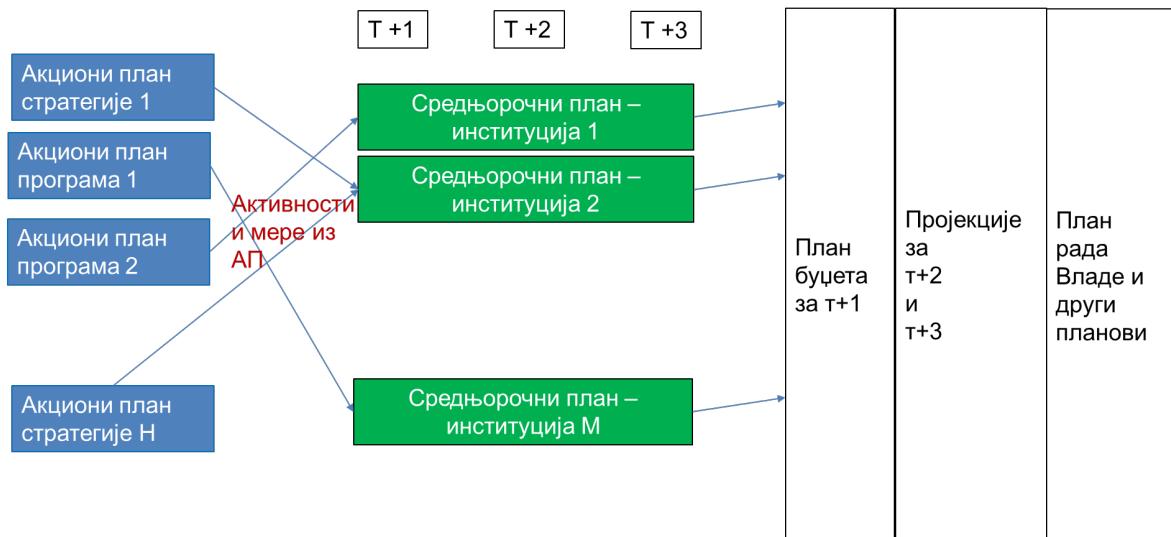
PLANNING OF SECTORAL POLICIES Documents of public policies: Strategy/Programme/
Action Plan for the Strategy or Programme ← Government's Programme

MEDIUM-TERM PLANNING OF AUTHORITIES Aims, measures and activities from action plans (strategy or programme) which are the responsibility of the authority ← Action Plan for Implementing the Government's Programme (APIGP)

RESOURCE PLANNING Financial plan of an authority (Budget of the Republic of Serbia), programming donation resources, human resources management, public procurement plan, ICT

The following chart shows: 1) how the action plans of public policy documents shall be adopted from measures and activities and entered them into the medium-term plan of the institution responsible for their implementation, and 2) how the assessment of the costs of measures and activities in the medium-term plan of the institutions shall affect the allocation of funds in the budget and cost projection in the medium-term expenditure framework.

Chart 2 Planning of public policies, medium-term planning and financial planning.



Action Plan for the Strategy 1

Action Plan for the Programme 1 / Activities and measures from the AP /Medium-term plan – Institution 1/Budget plan for t+1/Projections for t+2 and t+3/ Working plan of the Government and other plans

Action Plan for the Programme 2 /Medium-term plan – Institution 2

Action Plan for the Strategy N/ Medium-term plan – Institution M

1.3 Medium-Term Planning Procedure

Medium-term planning shall be a procedure that the institution carries out each year and shall be conducted in accordance with the budgeting procedure. It shall commence at the beginning of the year and ends on 15 January of the following year, when the institution adopts its medium-term plan and begins to implement it.

The principle of drafting a medium-term plan implies that the first medium-term plan shall be adopted for a period of three years, and each subsequent medium-term plan shall represent an update and supplement to the previous medium-term plan according to the 2 + 1 system - the last two years from the previous medium-term plan shall be updated and a plan shall be prepared for the following year. This means that the preparation of each subsequent medium-term plan shall not only be a determination of projections for the year that the plan first covers, but also an update of the plan taken for those two years also covered by the previous medium-term plan.

Image 1 Medium-term plan development principle



The procedure for developing a medium-term plan can be presented in several stages:

- 1) Phase 1: Reviewing the planning framework and a task list (January - February);
- 2) Phase 2: Analysis of results in the previous period (annual report on the implementation of the medium-term plan) (by 15 March);
- 3) Phase 3: Implementation planning of commitments over the next three years and resource analysis (draft of a medium-term plan along with the proposal for priority financing areas) (by March 15);
- 4) Phase 4: Harmonisation with the defined limits (medium-term plan proposal along with the financial plan proposal) (by 1 September);
- 5) Phase 5: Final version of the medium-term plan in line with the adopted budget (31 January).

The number of steps to be taken in each of these phases shall differ depending on whether the institution is first drafting its medium-term plan or 'updating' and

supplementing its previous medium-term plan in accordance with the new validity period (as shown in the figure 1).

1.3.1 Phase 1: Reviewing the planning framework and the task list

This phase is particularly significant if the institution is *first* drafting a medium-term plan because it sets the stage for effective medium-term planning for the institution in the years to come. The first step of this phase shall be the compilation of a list of *all* public policy documents under the responsibility of the institution (hereinafter: the institution's planning framework), as well as their hierarchical ranking. It shall start with a sectoral strategy and an action plan for its implementation (umbrella strategy), which covers the area of activity of the institution, and then discusses and maps programmes that elaborate policies in the more specific areas of activity of the institution (and their action plans). At this stage, the commitments of the institution arising from public policy documents in the areas of planning outside the scope of the institution (and which the institution is tasked with implementing a certain measure or activity) shall also be considered.

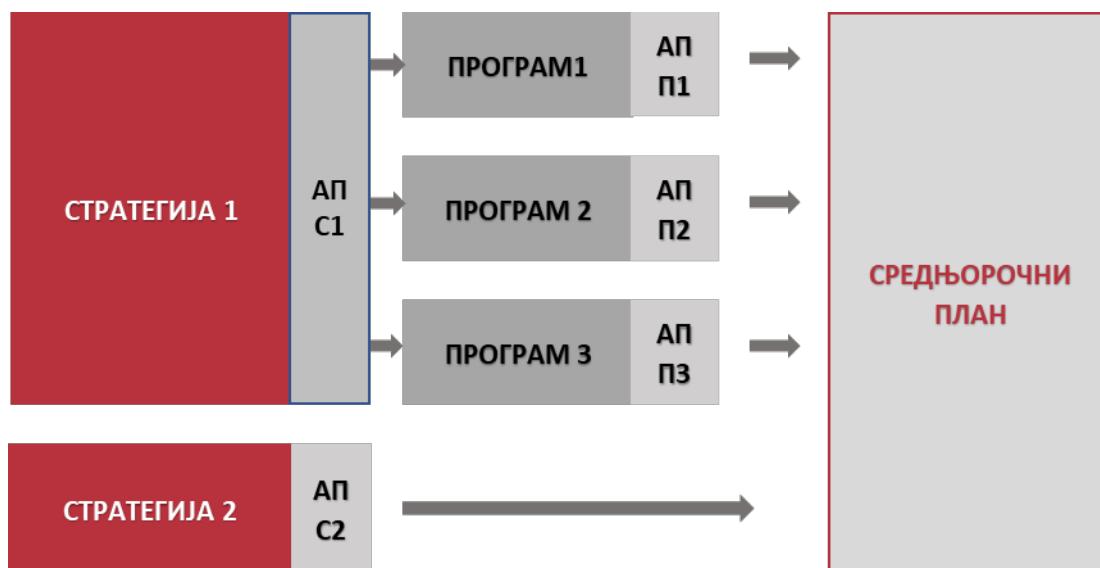
In this phase, it is often necessary for an institution to optimise its planning framework (when there is no clear and logical hierarchy and coherence of public policy documents; when public policy documents lack the prescribed structure and elements; when the same public policy goals and measures are set by different public policy documents politics, etc.). Planning different aspects of the same planning area in multiple public policy documents shall result in duplication of measures and activities and associated costs, as well as duplication of efforts to monitor and report on their implementation. Monitoring and reporting results is further complicated when an adequate hierarchy of goals is not established and when they are not transposed from higher-order public policy documents to lower-level public policy documents and when consistent performance indicators are not used. Public policy documents often include a number of *ongoing* measures and activities (implemented by the institutions within their delegated competences), rather than focusing solely on new reform initiatives.¹ Such situations make the implementation of public policy documents difficult to coordinate and prioritise, that is, to develop an effective and realistic medium-term plan for the institution.

By optimising the planning framework, it can be said that certain policy documents need to be revised due to identified non-conformities (in terms of measures and activities, deadlines, responsibilities and additional implementation details, or the fact that some activities, indicators or other elements in the policy documents are not adequately identified). The steps to be taken in this case shall be explained in Section 1.4.2.

¹ Non-reform measures and activities, i.e. which do not contribute to the change / improvement of the operation of the system or any segment of it in the field of public policy identified should not be included in public policy documents.

The action plans of the programme shall be most important for the list of the institution's commitments, as the most detailed documents components of which shall be directly adopted and entered into the medium-term plan. In planning areas where no programmes have been identified, the institution's commitments shall be taken over from the strategy's action plan and integrated into the medium-term plan (see Chart 3).

Chart 3 Assumption of commitments from action plans and their inclusion into the medium-term plan



STRATEGY/AP S 1/PROGRAMME 1/ AP P1 MEDIUM-TERM PLAN

STRATEGY 2/AP S 2/ PROGRAMME 2/ AP P2/ PROGRAMME 3/ AP P 3

The objectives, measures and activities that the institution is obliged to achieve, or to implement, on the basis of the plan framework over the next three years, shall be key elements of its medium-term plan. UIS shall make it possible to simply "take over" these elements from public policy documents entered into the information system and "integrate" them in the structure of the medium-term plan.

The institution, through the UIS, shall also take over measures and activities for the implementation of which shall be competent under the APIGP or on the basis of international commitments - unless those measures and activities are covered by public policy documents.

Each year, when the previous medium-term plan is updated, the institution must review its commitments arising from the "new" policy documents (adopted in the previous year) and incorporate them into the previously established structure of its medium-term plan. If during the previous year some of the policy documents or priorities of the Government (set out in the APIGP) whose implementation is within the scope of the institution have been amended, the institution shall harmonise its medium-term plan with those changes.

1.3.2 Phase 2: Analysis of results in the previous period

When a medium-term plan is drafted for the first time, the latest available policy implementation reports shall be analysed, as well as other reports that provide information on the risks and impacts of public policy implementation in the area of the institution's operations (including data on potential changes in the environment, trends in key performance indicators and effectiveness of measures).

When the medium-term plan is updated, progress in the achievement of the objectives and implementation of the medium-term plan's measures and activities in the previous year shall be analysed. The status and dynamics of the implementation of activities (in relation to the plan), the realised values of performance indicators (in relation to the planned ones), as well as the funds spent for the implementation of measures and activities (in relation to the planned ones) shall be considered. It shall also consider how the results achieved affect the implementation of the medium-term plan in the future.

Based on the analysis, institutions shall prepare and by 15 March of the current year publish their annual report on the implementation of their medium-term plan.²

1.3.3 Phase 3: Commitments planning over the next three years and resource analysis (first draft of a medium-term plan)

If during the previous period there were significant changes in the environment or deviations in the implementation of a medium-term plan, this step shall estimate:

- 1) whether the expected results of the implementation of the measures and activities set out in the planning documents are achievable in the new circumstances or need to be revised;
- 2) whether it is necessary to cancel some identified activities or measures;
- 3) whether it is necessary to revise the dynamics of implementation of activities and/or the amounts of funds needed for their implementation;
- 4) whether it is necessary to identify new activities that would improve the results of implementation of measures in the future;
- 5) whether it is necessary to identify a new public policy measure that must be urgently implemented that has not been previously planned by a public policy document; the new measure is established exclusively by means of the medium-term plan.

If, in steps 1) to 4), the institution has assessed that it is necessary to revise some of the elements identified in the action plans of the policy documents, it shall initiate the process of amending the specific action plan in accordance with the type and extent of the necessary changes (see instruction in the [Public Policy Management Handbook](#)) or record a change in its medium-term plan based on the approval of the working group that manages the medium-term plan development procedure and the

² The medium-term plan implementation reporting process is explained in detail in Chapter 4.

task force that monitors the implementation of the specific action plan (see Chapter 1.4). For example, modifications of the financing plan for the next period due to the changed dynamics of financing in the previous period shall not require the action plan itself to be revised (that the Government adopts its amendments), but these changes shall be introduced directly into the medium-term plan for the next period.

The institution may, in its medium-term plan, propose and justify the measures and activities it will implement after the expiry of the specific action plan (thus closing the gap until the adoption of new action plans). Such measures and activities shall have the status of *indicative measures or activities* since they have not “undergone” the procedure of analysis, consultation and approval of public policy.³

At this planning stage, the institution shall review its capacity to implement its commitments in the medium-term period (in the context of the institution's regular operations) and consider the prioritisation of existing resources (at organisational unit level). In line with the results of the analysis, it shall, as appropriate, identify measures or activities in its medium-term plan to increase its capacity.⁴

The implementation of commitments over the next three years shall also be considered in the context of financial constraints. In accordance with the current situation, the costs of measures and activities, as well as their financing plan, established by the action plan of the public policy document or the previous medium-term plan, shall be revised as necessary. At the same time, the institution shall plan (or programmes) funds for its regular activities over the next three years, so that the implementation of public policy objectives and measures is considered in the context of all the commitments and resources available to the institution.⁵

If the total available resources (human and financial) are not sufficient to fulfill all the commitments (within the stipulated deadlines), the medium-term planning working group⁶ /institution head shall decide on priorities, which measures and activities will be waived from, which additional resources will be required (budget or other sources), which will be implemented in a manner different from the plan or for which the implementation deadlines will be extended.

These decisions shall be reflected in the draft medium-term plan of the institution, according to which the institution shall prepare its proposal for priority financing areas (hereinafter: PFA), which it shall submit to the ministry responsible for financial affairs by 15 March at the latest. The document shall contain a projection of expenditures related to the fulfillment of the institution's commitments set out in public policy documents, as well as the institution's regular tasks for the next three years - within the elements of the programme budget.

³ The procedure for drafting and adopting public policy documents shall be set out in the Decree on the methodology of public policy management, analysis of the effects of public policies and regulations and the content of individual public policy documents.

⁴ The analysis of institutional capacities and examples of measures and activities determined on the basis of that analysis shall be explained in detail in Chapter 2.

⁵ The financial planning of the measures and activities of the public policies and regular operations of the institution in accordance with the budget calendar shall be explained in detail in Chapter 3.

⁶ The proposal for the establishment of a working group shall be given in Section 1.4 Internal organisation in the preparation and monitoring of the implementation of the medium-term plan.

1.3.4 Phase 4: Compliance with established limits (medium-term plan proposal)

Based on the proposal for the PFA of all budget users, the projection of fiscal parameters for the next three years, the priorities of the Government and the fiscal policy, the ministry responsible for finance shall issue a proposal for the fiscal strategy, and the Government shall adopt the fiscal strategy. In accordance with the expenditure constraints established by the fiscal strategy and budget preparation guidance, the institution shall revise its medium-term plan or shall draft it.

The medium-term plan proposal may include new information regarding the means for implementing the measures and activities provided through direct donor support or other sources of funding.

The medium-term plan proposal may also include possible new activities in line with revisions of public policy documents or changes in costs or dynamics of implementation of activities based on new circumstances.

In accordance with the proposal of its medium-term plan, the institution shall draft its financial plan and submit it to the ministry responsible for finance by 1 September.

1.3.5 Phase 5: Final medium-term plan harmonised with the adopted budget

The institution shall harmonise its medium-term plan proposal with the Budget Law of the Republic of Serbia and, by 31 January at the latest, adopt its medium-term plan, which it publishes on its website.

1.3.6 Integrated planning and budgeting calendar

An institution shall be obliged to prepare a draft and proposal of its medium-term plan, as well as an annual report on the implementation of its medium-term plan in accordance with the deadlines set in the integrated planning and budget calendar.⁷

An integrated calendar shall ensure that:

- The draft medium-term plan serves the institution as a basis for drafting a PFA;
- the proposal for the medium-term plan serves as a basis for drafting the financial plan of the institution⁸, as well as that the medium-term plan and financial plan of the institution are harmonised;

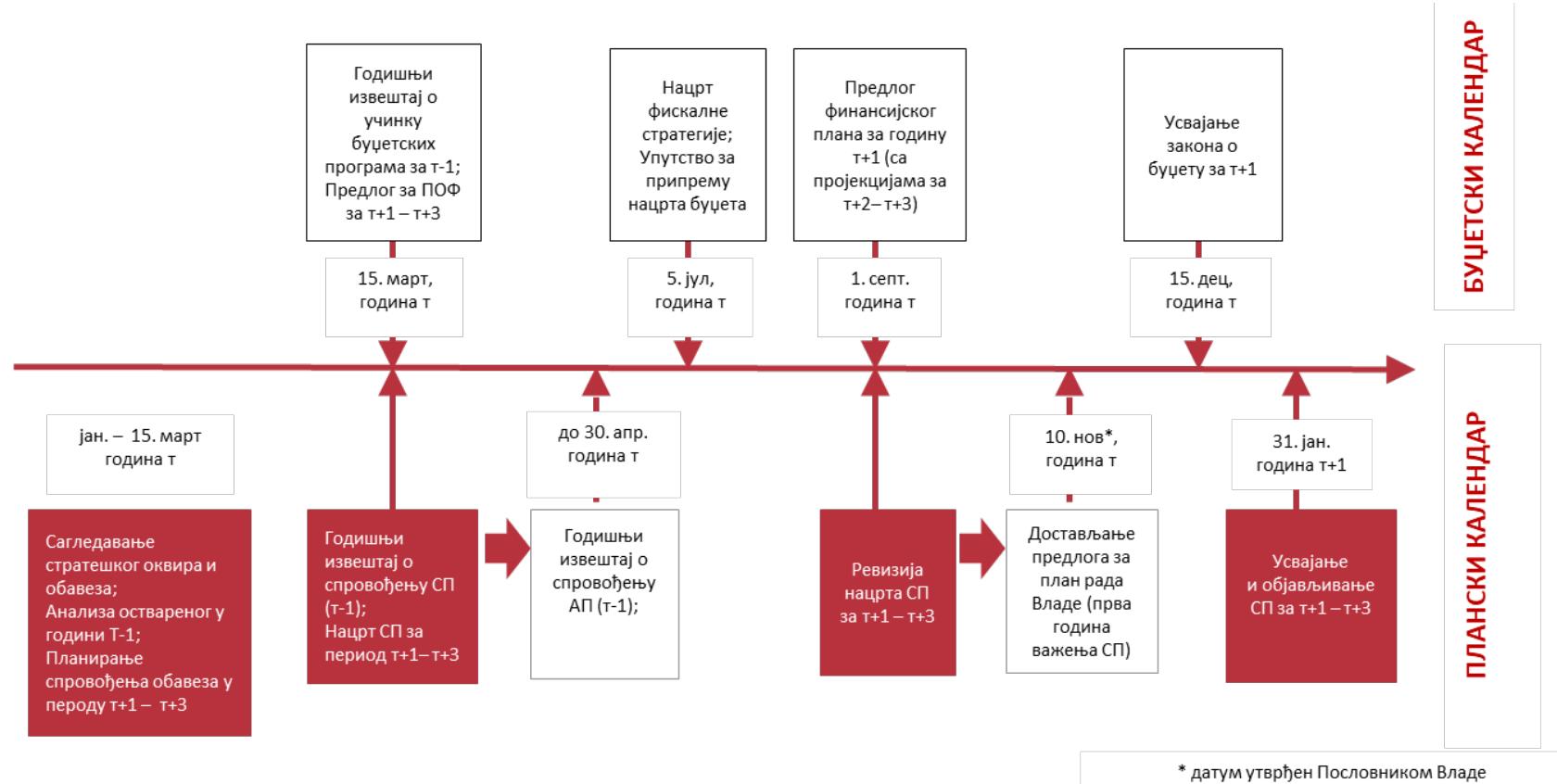
⁷ The deadlines are set by the law governing the budget system, the law governing the planning system and the Decree on the medium-term planning methodology.

⁸ The link between medium-term planning and the drafting of the financial plan or budget shall be explained in detail in Chapter 3.

- the annual reports on the implementation of the medium-term plans of the institutions serve as a basis for the preparation of annual reports on the implementation of the action plans of public policy documents;⁹
- The plan of normative activities, as well as the objectives, measures and activities elaborated for the first year of validity of the medium-term plan, serve as input for the development of the plan of activities of the Government.

⁹ The medium-term implementation reporting, as well as the link with the reporting on the implementation of the action plan of public policy documents, shall be explained in detail in Chapter 4.

Chart 4 Medium-term planning and budgeting procedure calendar.



Annual report on the performance of budget programmes for t-1; Proposal for the PFA for t+1 – t+2 (15 March, year t) BUDGET CALENDAR

Draft fiscal strategy; Instructions for the preparation of draft budget (5 July, year t)

Proposed financial plan for the year t+1 (with projections for t+2 – t+3)

Law on budget adoption for t+1 (15 December, year t)

(January-15 March, year t), Analysis of strategic framework and commitments; analysis of achieved results in year T-1; commitment implementation planning in the period t+1 – t+3

Annual report on implementation of the MP (t-1); Draft MP for the period t+1 – t+3

Annual report of the implementation of the AP (t-1-up to 30 April, year t)

Revision of the draft MP for t+1 – t+3

Submission of proposal for the Government work plan (first year of the validity of MP) (10 November, year t)

Adoption and publishing of the MP for t+1-t+3 (31 January, year t+1) PLANNING CALENDAR

*date set out by the Government's Rules of Procedure

1.4 Internal Organisation in the Drafting and Monitoring of the Implementation of a Medium-Term Plan

Representatives of different organisational units within the institution shall participate in the procedure of drafting and monitoring the implementation of a medium-term plan.

The procedure shall involve “top-down” planning, and it shall be imperative that the management of the institution, which has the mandate to make strategic decisions and prioritise measures and activities consistent with public policy objectives and government, is involved in the planning. Planning, on the other hand, shall involve the application of the “bottom-up” principle, that is, engagement of employees directly involved in the medium-term plan implementation, with relevant technical knowledge, and ability to perceive any potential problems in the medium-term plan's implementation and find possible solutions to these problems.

Striving towards the efficiency and effectiveness of the medium-term planning procedure, it is recommended to establish a working group with clearly defined competences (responsibilities), steps in the procedure, and channels of information exchange.

The related procedures and working groups with complementary competencies established in the institutions in the previous period within the framework of public finance management reforms should be taken into consideration: working groups dealing with programme budgeting and working groups dealing with the development of financial management and control systems.



The development of a financial management and control system is a comprehensive system of internal controls established by the user of public funds and under the responsibility of the head of users of public funds, which, by managing the risks, provides a reasonable assurance that the budget and other resources will be used properly to achieve the institution's objectives in an ethical, economical, efficient and effective manner. Programme budgeting and monitoring and reporting on the achievement of programme objectives is of great importance for risk management, especially in the part related to the achievement of the objectives of the beneficiaries of public funds. On the other hand, the improvement of the planning system (based on the Law on the Planning System) and the introduction of an obligation to develop a medium-term plan of the institution enhances the control of the institution's spending in accordance with the public policy objectives and priorities of the Government.

In order to improve the coordination and efficiency of medium-term planning, budgeting, risk monitoring and control procedures, it is recommended that the institution establish a single working group to manage these procedures (hereinafter referred to as: the Management Working Group). The Management Working Group

shall be chaired by the Head of the Institution, and its work shall include assistants to the Head of the Institution responsible for sectoral policies and/or heads of organisational units. The Management Working Group shall consider priority issues and address the highest level of decision making and decisions on priorities. The members of the Management Working Group shall form sectoral sub-groups into procedures, which include employees from the organisational units¹⁰ they manage. The members of the sectoral sub-groups shall elaborate in more detail the implementation of the medium-term plan, in accordance with the instructions received and their responsibilities. Section 1.4.1 gives an account of the responsibilities and steps of the Management Working Group and sectoral sub-groups in the context of medium-term planning.

The institution shall be recommended to adopt its operational plan (guidelines) for the development of a medium-term plan, specifying the calendar and steps in the process of medium-term plan preparation, assignment of responsibilities, as well as communication channels. The institution's operational plan should be synchronised with the planning and budget cycle and calendar (see medium-term planning and budgeting calendar - page 13).

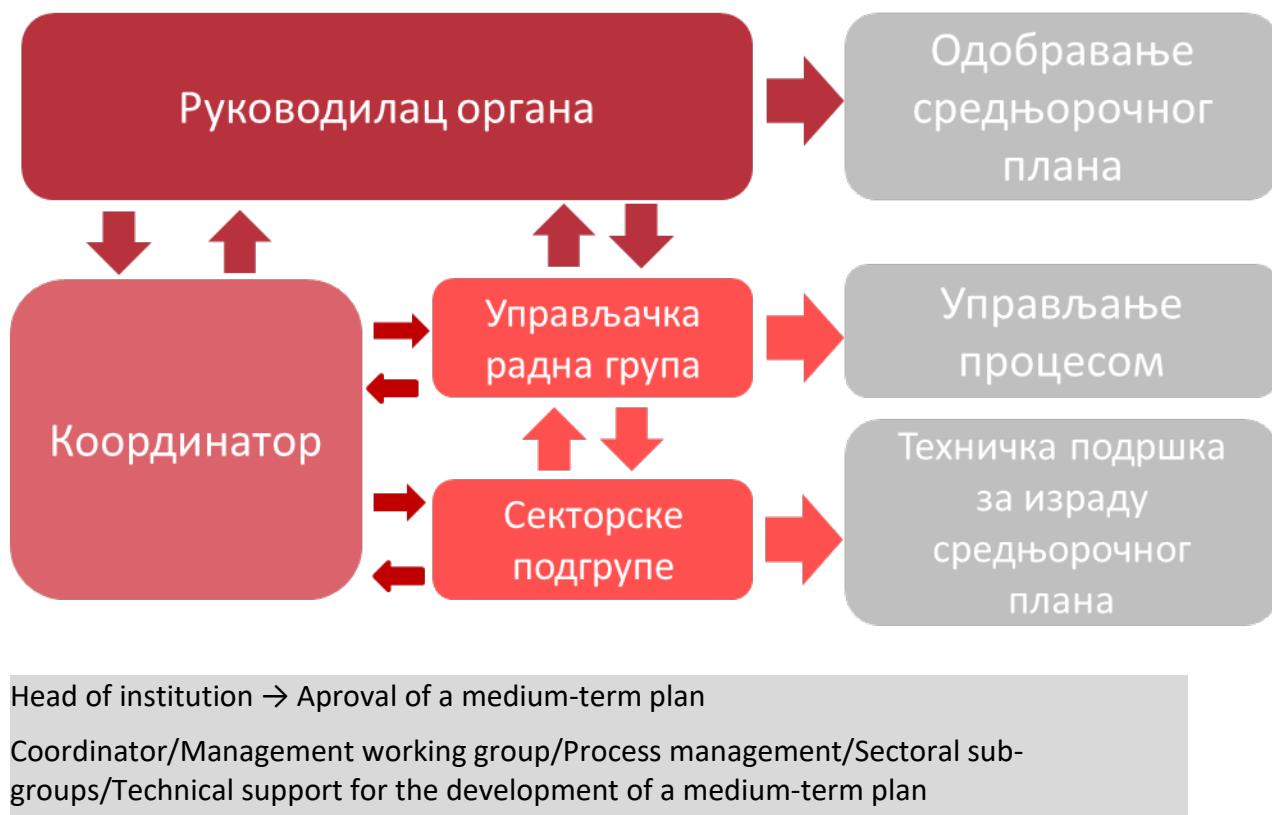
If there is an organisational unit within the institution in charge of planning, it shall be recommended that the unit be in charge of coordinating the medium-term plan drafting and administrative support. If no such unit exists within the institution, coordination and administrative support shall be provided by the secretariat or organisational unit responsible for finance.

¹⁰ An organisational unit can be a sector of the institution but also a more specific organisational unit such as a department, group, department.

1.4.1 Roles and Responsibilities in the development of a Medium-Term Plan

The roles and responsibilities of the medium-term plan development process shall be outlined in Chart 5 and explained below.

Graph 2 Roles and responsibilities in the medium-term planning developing procedure.



- The head of the institution** shall be responsible for the overall process of drafting the medium-term plan, adopting the medium-term plan and the annual report on the implementation of the medium-term plan.
- The Management Working Group** shall be responsible for the content and adoption of the medium-term plan as a whole, its implementation and monitoring and reporting on its implementation. It should include assistants to the head of the institution and heads of the organisational units of the institution, among which the head of the organisational unit in charge of financial affairs.

The members of the Management Working Group shall entrust the sectoral sub-groups to elaborate the elements of the medium-term plan in accordance with their respective competences. The Management Working Group shall also appoint a Coordinator for administrative support to manage the mid-term development process.

The tasks of the Management Working Group shall be as follows:

- Enactment of an operational plan (guidelines) for the development of a medium-term plan;

- Adoption of the report on the implementation of the medium-term plan in the previous period;
- Coordination of the work of the divisions and harmonisation of their priorities;
- Deciding on the priorities of the institution in the next three years in accordance with the resources available;
- Review and adoption of a medium-term plan that is consistent with the structure and objectives of budget programmes;
- Review of strategic and operational risks and responding when they occur;
- Continuous monitoring and management of medium-term plan implementation throughout the year.

c) Sectoral sub-groups shall be responsible for the content of the segments of the medium-term plan in which they are involved, as well as for monitoring and reporting on the implementation of the medium-term plan within their scope.

Sectoral sub-groups shall produce medium-term material in accordance with the decisions and guidelines of the Management Working Group. They shall plan to implement the commitments of public policy documents, taking into account changes in the situation since the day the public policy documents were adopted, as well as the resource limitations of the institution (human and financial).

Sectoral sub-groups shall actively cooperate with the organisational unit in charge of financial affairs, which shall direct them in determining or updating the costs of measures and activities, as well as in planning the means for implementing measures and activities within the relevant elements of the programme budget.

If the elements of the medium-term plan of a particular organisational unit are related to other organisational units, bodies in the composition and/or other institutions, the head of the organisational unit may appoint a person to coordinate activities in the preparation of the medium-term plan between the organisational unit and other internal units, i.e. bodies within this/or in other institutions.

The tasks of the sectoral sub-groups shall be to:

- review the planning framework within their competence;
- analyse the results from the previous year and prepare annexes for the annual report on the implementation of the medium-term plan;
- present to the Management Working Group problems and delays in the implementation of activities in the previous period in relation to what is foreseen in the public policy documents, as well as to propose changes to the medium-term plan;
- develop segments of the medium-term plan in accordance with the areas for which they are competent;
- present to the Management Working Group new measures and activities to be financed within the available resources, as well as requests for additional funding (from the budget) within the procedure of determining the PFA or for financing from other sources;

- propose measures and activities to strengthen capacity and improve business processes within the scope of competences of a sub-group;
 - continuously cooperate with the responsible persons from the organisational unit in charge of finance and the coordinator;
 - organise consultations with other participants in the preparation and monitoring of the implementation of the medium-term plan (e.g.. with bodies within the institution);
 - monitor and report on the implementation of the medium-term plan under its responsibility (at the end and throughout the year).
- d) The medium-term plan coordinator**, in collaboration with the top management of the institution, shall organise the meetings of the working group, collect data and materials for the meetings from the representatives of the sub-groups and consolidate it and keep minutes of the meetings. He/she shall also coordinate the process of monitoring and reporting on the implementation of the medium-term plan, exchange information with key stakeholders in the preparation of the medium-term plan and coordinate their work. It is recommended that the same person coordinates the planning and monitoring of the programme budget at the same time.
- e) Heads of the more specific organisational units** shall manage the development of a medium-term plan in their respective fields; elaborate activities and control their implementation; ensure that the medium-term plan in their area of responsibility is drafted in accordance with the planning documents.

For each specific objective/measure/activity of the medium-term plan, it is necessary to designate a responsible person in the organisational unit in charge of planning, monitoring and reporting on the achievement of the objective and implementation of the measure or activity. The responsible person must be directly involved in all activities related to the achievement of the objective and the implementation of measures and activities, including consideration of risk, as well as the initiation of certain actions if the risk arises.

1.4.2 Roles of Participants by Phases of Medium-Term Planning

An overview of the steps and roles of participants in the medium-term planning phases shall be provided below.

Phase 1: Reviewing the planning framework and the task list

By 1 February of the current year, the sectoral sub-groups shall review the planning framework in which they operate, review changes in public policy documents, and list commitments arising from new policy documents adopted in the previous year. Sub-groups may propose to optimise the planning framework within their competence (when there is no clear and logical hierarchy of public policy documents, when public policy documents do not have the prescribed structure and elements, or when the same policy objectives and measures are set by different public policy documents, etc.) or suggest the revision of the public policy document identifying contradictions,

non-conformities (in terms of deadlines, responsibilities and additional details of implementation).

The medium-term plan coordinator shall consolidate lists of sub-group commitments.

At the first meeting, and no later than 15 February, the members of the Management Working Group shall establish a comprehensive list of the institution's commitments based on input from the sectoral sub-groups.

In addition, the Management Working Group may determine, on the basis of the material of the sectoral sub-groups, that certain elements or segments of a policy document need to be revised. In accordance with the type and extent of the required change to the policy document, the relevant sectoral sub-group shall initiate the process of amending a specific policy document (see the [Public Policy Management Handbook](#)) or register a change in its medium-term plan based on the prior agreement of the Management Working Group and working group that monitors the implementation of the action plan of that policy document.

Phases 2 and 3: Analysis of results in the previous period (annual report on the implementation of the medium-term plan and implementation planning of commitments over the next three years and resource analysis (draft of a medium-term plan)

Along with the Phase 1 activities, by 1 March of the current year at the latest, the sub-groups shall analyse the results of the implementation in the previous year of the medium-term plans/activities under their responsibility, prepare an annex to the annual report on the medium-term plan implementation and start drafting annexes (inputs) of the draft medium-term plan (based on the consolidated plan framework).

In line with the analysis of the results of the sub-groups, they shall propose, if necessary, amendments to the existing medium-term plan for the next period or new activities that would improve the results of the implementation of measures in the future.

At this stage, the sub-groups shall analyse changes in the internal and external environment, as well as measures and activities to strengthen capacity and improve the business processes under their responsibility.

If necessary, the sub-groups together with the organisational unit within the competence of which the finance operations shall revise, in accordance with the current situation, the costs of the measures and activities and the financing plan set out in the public policy documents or in the previous medium-term plan. At the same time, they shall plan (or programme) funds to carry out their permanent/regular tasks over the next three years. In doing so, the sub-groups shall consider where they can save or divert resources to allow for funding for new measures and activities.

Based on the previous steps, the sub-groups shall also prepare the following items for submission to the planning coordinator:

1. a list of measures and activities (based on public policy documents and set objectives) that they plan to achieve in the next three-year period;

2. explanation why the measures and activities foreseen in the public policy documents are to be withdrawn, if such measures or activities exist;
3. proposal of amendments to the existing plan of implementation of activities (defined by the public policy document), in line with the implementation of activities in the previous period;
4. input to the report on the implementation of the medium-term plan for the previous year.

The medium-term plan coordinator shall consolidate the inputs of the sub-groups and submit them to the Management Working Group for consideration.

The abovementioned items shall be discussed at the second meeting of the Management Working Group, by 5 March at the latest. The Management Working Group shall carry out preliminary ranking and selects¹¹ the proposed measures and activities, based primarily on the available resources of the institution, and decide which measures or activities will require additional budgetary funding (through submission of a proposals for the PFA) and for which funding will be sought from other sources of funding. The Management Working Group, if necessary, shall decide which measures and activities in the draft medium-term plan will be waived. At this meeting of the Management Working Group, the report on the implementation of the medium-term plan for the previous year shall be adopted and published on the institution's website by 15 March.

In accordance with the decisions of the Management Working Group, the Coordinator shall revise the draft medium-term plan, which shall also be the basis for drafting the PFA.

Phase 4: Harmonisation with the defined limits

In compliance with the budget calendar and expenditure limits established in accordance with the budget preparation guidance for the coming year and the draft fiscal strategy, sectoral sub-groups shall begin to develop a proposed medium-term plan. At this stage, sub-groups shall also be considering new activities (in line with revisions to public policy documents) or in accordance with new circumstances, revising the costs or the dynamics of implementing the activities developed. After drafting inputs for the medium-term plan proposal, the sub-groups shall provide the organisational unit under the responsibility of the financial affairs support with the drafting of the institution's financial plan proposal to harmonise it with the institution's medium-term plan proposal.

The Planning Coordinator shall integrate sub-group material for the medium-term plan proposal.

Proposals for the medium and financial plan shall be submitted to the Management Working Group for consideration.

¹¹ There are no unique criteria for ranking priorities because the choice depends largely on the institution and division itself. Criteria may include, for example, the existence of the necessary personnel, the existence of material resources, the commitment under international agreements, the legal criterion, the importance of activities to achieve the objectives, the influence and liaison with other institutions in the process.

At the third meeting, by 15 August at the latest, the Management Working Group shall consider the draft medium-term plan and the financing options for its implementation. If the total resources for implementing the measures and activities elaborated in the draft medium-term plan are greater than the fiscal capacity of the institution, the Management Working Group shall decide on the priorities, or from which measures and activities from the mid-term proposal will be waived. The Management Working Group shall adopt the proposal for the medium-term plan in accordance with the conclusions of the meeting, and the organisational unit in charge of finance shall harmonise with it the proposal of the financial plan.

The institution shall submit its financial plan to the ministry responsible for finance by 1 September.

Phase 5: Final version of the medium-term plan in line with the adopted budget

The Management Working Group shall adopt the medium-term plan harmonised with the Law on the Budget of the Republic of Serbia at a meeting and publishes it on the institution's website by 31 January at the latest.

Monitoring of the implementation of the medium-term plan throughout the year

In addition to monitoring and reporting on the medium-term plan implementation annually (legal obligation), sub-groups shall continuously monitor the implementation of the medium-term plan, and it shall be good practice for them to review quarterly during the in-house meetings the ongoing challenges of implementing their medium-term plan and to decide on the measures to be implemented if certain deviations from the medium-term plan occur, i.e. if there is a risk for its smooth implementation. They shall report on this to the members of the Management Working Group in a timely manner, who shall make decisions that contribute to the achievement of the expected results and the set objectives. Members of the Management Working Group may, if necessary, determine that the action plan of the policy document needs to be revised. In accordance with the type and extent of the proposed amendment to the action plan of the policy document, the competent sub-group shall initiate the process of amending it.

2 CHAPTER 2: STRUCTURE AND CONTENT OF A MEDIUM-TERM PLAN

As explained in Chapter 1, a medium-term plan shall focus on the objectives, measures and activities the institution is obliged to accomplish, that is, implement in the course of the next three years, based on public policy documents (strategies and programs), or their action plans. The medium-term plan shall operationalise the implementation of public policy documents while respecting the Government's priority objectives, available capacities and resources.

In this respect, in order to determine the medium-term plan, it is necessary to understand the structure and elements of public policy documents, and in particular the action plans from which the elements are directly transposed into the medium-term plan of the institution responsible for their implementation.

2.1 Structure and Components of Public Policy Documents

The Strategy, based on the LPS, shall inter alia, comprise the following mandatory components:

- general and specific public policy objectives that are planned to be achieved and set out in that strategy or other planning document in accordance with which it shall be adopted;
- measures to achieve the general and specific objectives;
- key performance indicators in achieving the general and specific objectives and implementing measures that measure the effectiveness and efficiency of public policy implementation.

The program shall contain the same components as the strategy, and in particular the measures developed to achieve the specific objective, i.e. objectives that it sets or assumes from the strategy or other planning document in accordance with which it shall be adopted.

The Action Plan, in addition to the general and specific objectives, measures and indicators taken from the strategy or programme it develops, it must also include the activities that must be undertaken during the validity period of the action plan in order to implement the measures.

Also, the action plan must specify:

- the institution responsible for the implementation of each measure and activity, as well as the institution responsible for the implementation, that is, the coordination of implementation and monitoring of the achievement of each objective;
- deadlines for completion of the envisaged measures and activities;
- resources needed to implement the measures and activities, indicating the source of funding;

- regulations that need to be enacted or amended to implement public policy measures;
- measures or activities related to other reform processes and documents.

Figure 2 Mandatory components of an action plan for implementation of a strategy or a programme.



General objectives/Specific objectives/Measures/Activities/Holders and partners/Indicators/Funds/Links to other reform processes

Definitions and examples¹² of components of the action plan

The overall objective of public policy shall be a long-term objective that determines the expected state of society in the field in which the policy operates. It shall provide a clear picture of the direction of public policy and often begins with words such as *improve, strengthen, enlarge, expand, accelerate, reduce or eliminate*. Examples of general public policy objectives: 1. *Increase the competitiveness of the economy/agriculture*, 2. *Strengthen the nature protection system*, 3. *Improve the quality of public administration*.

The specific objective of public policy shall be defined in relation to certain entities and/or relations in the field in which the policy operates and its implementation shall create preconditions for the achievement of the general objective. Examples of specific public policy objectives related to the above general objectives: 1.1 *Improve the working environment*, 1.2 *Improve financing conditions for SMEs/agricultural producers*, 1.3 *Increase the size of farms*; 2.1 *Improve the system of protected areas and ecological networks*; 2.2 *Ensure the sustainability of nature protection funding*; 3.1 *Improve organisational and functional sub-systems of public administration*, 3.2 *Establish a harmonised merit-based civil service system and improve human resource management*.

¹² Theoretical examples of objectives, measures and activities.

Key issues identified in Annex 3 of the *Decree on the Methodology of Public Policy Management, Analysis of the Effects of Public Policies and Regulations and the Content of Individual Public Policy Documents*, as well as various analytical techniques such as the "target tree", comparative legal analysis and other techniques, as described in the [*Public Policy and Regulation Impact Analysis Handbook*](#) shall be used for defining objectives.

A public policy **measure** shall be a set of key and related activities undertaken to achieve a specific objective, i.e. the intended effect of public policy. Public policy measures can be:

- 1) regulatory, endorsing standards and establishing rules governing social relations, such as: setting working conditions to prevent workplace injuries, setting food quality standards, setting standards for CO₂ emissions (for industries, for cars) etc.
- 2) incentive, which include fiscal measures (subsidies, taxes, etc.) and other financial and non-financial measures, such as: start-up grants, training and mentoring of SMEs; subsidies for livestock production; financial support for the implementation of nature protection projects provided by non-governmental organisations, etc.
- 3) information and educational (information and education campaigns, etc.), such as: informing the population in the areas with increased risk of floods about precautionary measures; educational campaign to detect early breast cancer; campaigns to increase traffic safety, etc.
- 4) institutional-headial-organisational (formation of new and abolition of existing institutions, change of organisational structure of certain entities, changes in the number and competences of employees, etc.), such as: establishment of the National Academy of Public Administration; establishment of the Business Registers Agency; establishment of a public-private partnership project management body; establishment of a new organisational unit for managing capital projects, etc.
- 5) provision of goods and services by participants in the planning system, including public investments (capital and infrastructure projects, investments, etc.), such as: construction of a highway section, establishment of a new information system for treasury operations, provision of advisory services for free legal assistance etc.

Activities shall be the lowest-level components through which public policy is planned and implemented. The implementation of activities within one measure shall achieve the expected results (outcomes) of the measure. By their nature activities can be:

1. normative;
2. capital investments;
3. planning (relating to public policy planning);
4. of other type (procurement of goods, services and works).

Examples of activities for the *Improving Public Policy Management System* measure:

- Establishment of a methodological framework for public policy management (Decree on the Methodology of Public Policy Management, Analysis of the Effects of Public Policies and Regulations and the Content of Individual Public Policy Documents and Decree on the Methodology for Medium-Term Planning);
- Development of two handbooks for the said areas;
- Establishment of a Unified Information System for planning and monitoring of public policy implementation;
- Establishment of mechanisms for inter-ministerial cooperation to monitor the achievement of the priority objectives of the Government programme through the APIGP mechanism;
- Preparation of training programmes for representatives of LSGUs on improving public policy management systems.

Performance indicators shall be quantitative and/or qualitative parameters that shall be established to monitor the degree of achievement of public policy objectives compared to the initial values of those parameters. Performance indicators can be: impact indicators (to monitor the achievement of the general objective), outcome indicators (to monitor the achievement of the specific objectives) and outcome indicators (to monitor the implementation of public policy measures).

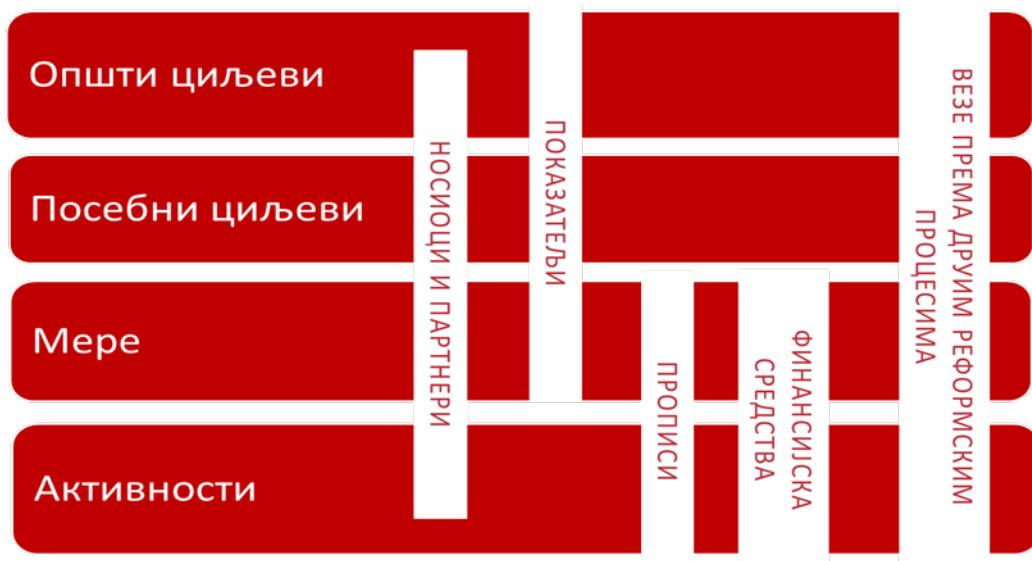
For each indicator, the following shall be determined: its initial (baseline) value and the year to which the initial value refers, target values of the indicators by years, source of verification and other data.

2.2 Structure and Components of a Medium-Term Plan

The medium-term plan shall have the same structure and comprise of the same components as the action plan of the public policy document: general objectives, specific objectives, measures and activities. The medium-term plan must also include:

- performance indicators for the achievement of general and specific objectives;
- deadlines for completion of the envisaged measures and activities;
- resources needed to implement the measures and activities, indicating the sources of funding and the amounts that have been provided or have yet to be provided;
- regulations that need to be adopted or amended to implement public policy measures;
- negotiation chapters in the EU accession process if the activity is part of that process;
- other (see Figure 3).

Figure 3 Mandatory components of a medium-term plan.



General objectives/Specific objectives/Measures/Activities/Holders and partners/Indicators/Funds/Links to other reform processes

As described in Chapter 1, objectives, measures and activities that institutions committed to realise and implement based on public policy documents and APIGP shall represent the core of a medium-term plan. In the first phase of the medium-term plan development, the planning framework in which the institution operates shall be considered, that is, all the action plans or parts of the action plans implementation of which (or implementation of certain segments of the action plans) is the responsibility of the medium-term plan maker. Since the structure of the action plan and the medium-term plan is identical, the elements for which the institution is responsible shall be directly transferred from the action plans to its medium-term plan through the UIS. In doing so, performance indicators for the achievement of objectives and

implementation of measures, data on financial resources, implementing partners and other data shall be transferred from the action plan into the medium-term plan.

The medium-term plan of the administration authority within the ministry shall be covered by the medium-term plan of that ministry.

2.3 Establishing the Components of a Medium-Term Plan (Practical Steps)

2.3.1 Transposition of Public Policy Objectives into a Medium-Term Plan

In a medium-term plan, public policy objectives (set out in public policy documents) shall be placed in the context of institutional responsibilities. Institutions in charge of achieving or coordinating the achievement of the general public policy objectives shall most often be ministries, so the general objectives set out in the public policy documents shall most often be integrated in the medium-term plans of the competent ministries. However, in certain circumstances, special organisations may also be tasked with achieving or coordinating the achievement of the general public policy objectives, so the instructions for transposing the objectives from the public policy documents into the medium-term plan given below shall apply to those institutions as well.

The number of medium-term objectives will vary greatly depending on the size of the institution, as well as the complexity and coherence of public policies, that is, the institution's planning framework. For example, it is expected that the medium-term plan of the ministry responsible for tourism, trade and telecommunications will have at least three general objectives, since public policies in the area of the ministry's activity are neither directly related nor complementary (they have no common outcome) and are governed by specific public policy documents. The possible structure of the general and specific objectives of the medium-term plan in accordance with public policies under the responsibility of the ministry responsible for agriculture, forestry and water management shall be illustrated in Example 1 (theoretical example). **Therefore, the institution's medium-term plan shall follow the logic and hierarchy of objectives set out in public policy documents.**



Theoretical example: Objectives of the medium-term plan of the Ministry responsible for agriculture, forestry and water management

Overall Objective 1: Increase in the competitiveness of the agricultural sector

Specific objective 1. Efficient land management and increasing availability of land resources;

Specific objective 2. Improvement of conditions for financing agriculture and rural development and risk management;

Specific objective 3. Improvement of physical resources and modernisation of agricultural production and processing.

Overall Objective 2: Rural Development

Specific objective 1. Diversification of economic activity in rural areas;

Specific objective 2. Improvement of the quality of life in rural areas.

Overall Objective 3: Improvement in the food quality and safety

Specific objective 1. Development of an effective food safety system in accordance with EU standards;

Specific objective 2. Increase in the efficiency and effectiveness of phytosanitary and veterinary inspection;

Specific objective 3. Increase in the laboratory capacity and establishment of modern analysis techniques in accordance with international standards.

Overall objective 4: Development of forestry and hunting

Specific objective 1. Sustainable forest management;

Specific objective 2. Improved forest protection system;

Specific objective 3. Improvement of game and hunting conditions.

Overall Objective 5: Increase in the effectiveness in integrated water management

Specific objective 1. Increased protection against harmful effects of water;

Specific objective 2. Greater availability of healthy drinking water and sanitary water, as well as increased protection of water from pollution.

RULES FOR TRANSPOSING PUBLIC POLICY OBJECTIVES INTO THE MEDIUM-TERM PLAN

The overall objective of an institution's medium-term plan can be determined by one of the following methods:

- **transposition of the overall objective of the programme** - if the institution is responsible for achieving or coordinating the achievement of that objective of the programme;
- **transposition of the overall objective of the strategy, which is not further elaborated through the programmes¹³** - if the institution is responsible for achieving, or coordinating the achievement of that strategy objective;
- **in accordance with the specific objectives of the strategy not further elaborated through the programmes**, while some of the objectives of the strategy shall further be elaborated through the programmes - if the institution is responsible for achieving or coordinating the achievement of those objectives of the strategy.

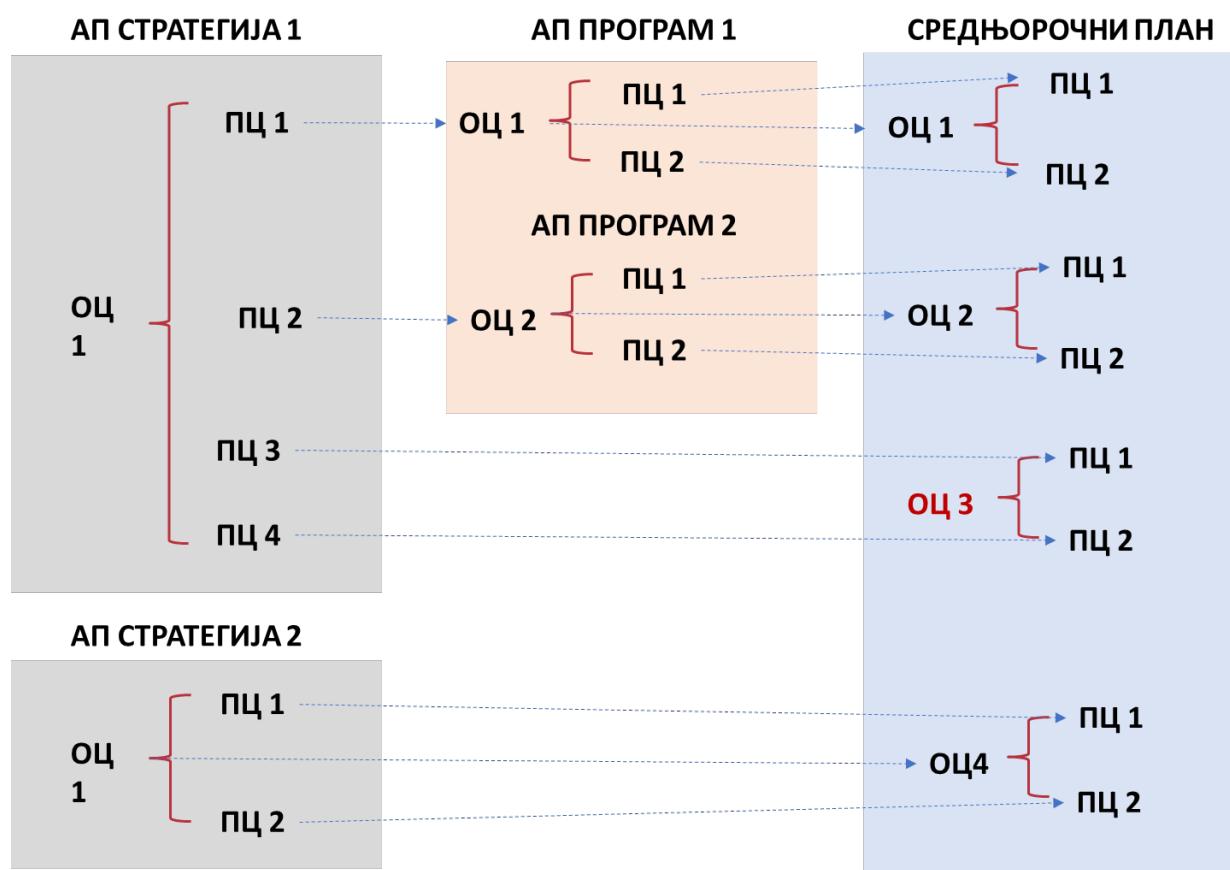
The specific objective of an institution's medium-term plan can be determined by one of the following methods:

- **transposition of the specific objective of the programme** - if the institution is responsible for achieving or coordinating the achievement of this programme objective;
- **transposition of the specific objective of the strategy, which is not further elaborated through the programme** - if the institution is responsible for achieving or coordinating the achievement of that strategy objective.

The rules for transposing objectives shall be illustrated in Chart 6 and Example 1. When transposing objectives from public policy documents into the institution's medium-term plan, the related performance indicators shall be adopted as well as their initial and target values.

¹³ Based on the Law on the Planning System, some specific objectives of the strategy can be further elaborated through programmes.

Chart 6 Rules of objective transposition.¹⁴



¹⁴ ОП – overall objective (OO); ПЦ – specific objective (SO).

Example 1 Rules of adopting the objectives from public policy documents applied in the healthcare area.

Public Policy Document: Healthcare Development Strategy

OO: Preserving and improving the health of the population of the Republic of Serbia

SO1 Reducing the incidence and mortality rate of chronic non-communicable diseases (OO Programme for Chronic Non-Communicable Diseases)

SO2. Reducing the incidence and mortality rate of chronic infectious diseases (OO Programme for Infectious Diseases)

SO 3 Integrated healthcare (not developed through a separate programme)

SO 4 Healthcare infrastructure development (not developed through separate programme)

Ministry of Health Medium-Term Plan

OO1 Reduction of morbidity and mortality from chronic non-communicable diseases

OO2 Reduction of morbidity and mortality from chronic non-communicable diseases

OO 3 Improvement of conditions for the development of health care systems (established in MP)

SO 3.1 Integrated Healthcare

SO 3.2 Healthcare infrastructure development

The JIS shall support the transposition of objectives from public policy documents into the medium-term plan through the functions of the system illustrated in Figure 4.

Handbook for Drafting a Medium-Term Plan

Figure 4 Inclusion of objectives from public policy documents into a medium-term plan in the unified information system.

Преузимање

© Преузми из ДП у СП © Преузми из АПСПВ у СП

Тип: Изворни документ:

Назив:

Носилац: Пrikажи и ставке органа управе у саставу

Документ	Тип	Ставка	Носилац
АП за спровођење РЈФ (2019 – 2022)	Општи циљ	Унапређење ЈФ	МФ
АП за спровођење РЈФ (2019 – 2022)	Општи циљ	Реформа пореског система	МФ – ПУ
АП за спровођење РЈФ (2019 – 2022)	Општи циљ	Реформа царинског система	МФ – УЦ

The UIS shall facilitate the transposition of relevant components from policy documents into the medium-term by copying part of the structure of the policy document below the transposed general or specific objective: components from lower hierarchical levels (specific objectives, measures, activities) related to the transposed general or specific objective shall automatically be transposed - if the medium-term plan planner is responsible for their completion or implementation.

Note: If public policy documents were adopted prior to the entry into force of the LPS and were not entered in the UIS, the institution shall enter into the UIS the objectives, measures and activities it plans to achieve, or implement in the next three-year period, which it has established on the basis of the public documents policy (or consolidated plan framework), as shown in the figure below.

Ставка средњорочног плана: Општи циљ

Средњорочни план:

Основни подаци

Назив:

Скраћени назив:

Шифра

Референца

Ставка утврђена кроз:

Референта ставка:

As a specific medium-term objective, the institution may also transpose the priority objective of the APIGP for which it shall be responsible, if public policy documents do not indicate that it shall be competent to achieve that objective. The figure below illustrates how this shall be made possible through the UIS functions.

Преузимање

Преузми из ДП у СП Преузми из АПСПВ у СП

Тип: Изворни документ:

Назив:

Носилац: Пrikажи и ставке органа управе у саставу

Документ	Тип	Ставка	Носилац
АПСПВ (2017 – 2021)	Приоритетни циљ	Ефикасна апсорпција финансијске помоћи ЕУ у децентрализованом/индиректн	МФ

If more than one institution participates in the achievement of the objective of a public policy document, then the institution in charge of coordinating the achievement of that objective in its medium-term plan, *if necessary*, shall change or harmonise the definition of the objective with its competences and the concrete measures it implements. In this manner, full institutional responsibility for the achievement of the objectives shall be established. The institution may also modify the performance indicators taken to achieve the objective, again in accordance with its responsibility.

For example, *The Strategy of Regulatory Reform and Improvement of Public Policy Management System defines as one of specific objectives shall determine: Improvement of the role of citizens and economy in the public policy management system, adoption of regulations and improvement of the quality of administrative procedures*, as an indicator of its achievement: *Transparency of Government Policy Making* (based on the reports of the World Bank). The National Secretariat for Public Policy shall be the institution responsible for coordinating and monitoring the achievement of this objective. In its medium-term plan, the National Secretariat for Public Policy can more closely align this objective with its competences and the concrete measures it shall implement in achieving the objective, or define it as the *Improvement of the consulting process in the adoption of public policies, regulations and administrative procedures*. A new indicator shall also be defined for this objective in accordance with institutional responsibility: *Percentage of public policy documents and regulations for which a consultation report has been prepared*.

2.3.2 Objectives of Specific Organisations

Specific organisations which, in accordance with their competencies, are not be responsible for the achievement or coordination of the achievement of the general objectives of public policies, shall determine the general objective in their medium-term plan based on of their competences. For the general objectives thus established, it shall not be obligatory to determine performance indicators.

The specific objectives of the medium-term plan of a specific organisation shall be:

- 1.** transposed from a public policy document - if it is responsible for the achievement or coordination of the achievement of a specific objective of a public policy document;
- 2.** determined, in accordance with the public policy measures it implements, on the basis of public policy documents in the field of planning within the scope of the institution;
- 3.** determined, in accordance with the expected results, the measures and activities it implements in order to improve its business operation - on the basis of institutional development plans or institutional capacity analysis, as well as the measures and activities it establishes in its medium-term plan.

Specific organisations whose scope of competences has not been covered by public policy documents (e.g. Seismological Institute of the Republic of Serbia, Geological Institute of the Republic of Serbia, Mine Dismantling Centre, Traffic Accident Research Centre, etc.) shall determine the overall objective of their medium-term plan on the basis of their competences. They set specific goals for their medium-term plan in accordance with the expected results of the measures and activities they are implementing to improve their business operations - based on their institutional development plans or analysis of their institutional capacities and measures and activities first identified in the medium-term plan.

2.3.3 Transposition and Updating of Measures and Activities from Action Plans

The institution shall transpose into its medium-term plan all measures and activities that it is obliged to implement based on the action plans of the public policy documents or APIGP in the next three years.

The Ministry's medium-term plan shall also transpose individual measures and activities from public policy documents implemented by stakeholders not obliged to the medium-term planning (e.g. public enterprises, non-governmental sector, holders of delegated powers, etc.) if necessary to implement these measures 1) allocate funds for co-financing within the Ministry's financial plan or 2) provide Government guarantees for a loan from which the measures and activities will be financed.

The UIS shall support transposition of measures and activities as shown below.

Преузимање

Преузми из ДЛП у СП Преузми из АПСПВ у СП

Тип:	<input type="text" value="Активност"/>	Изворни документ:	<input type="text"/>
Назив:	<input type="text"/>		
Носилац:	<input type="text" value="МИНИСТАРСТВО ГРАЂЕВИНАРСТВА, САОБРАЋАЈА И ИНФРАСТРУКТУРЕ"/> <input checked="" type="checkbox"/> Прикажи и ставке органа управе у саставу <input checked="" type="checkbox"/> Прикажи и ставке других актера		
<input type="button" value="Претпоглед"/>			

Документ	Тип	Ставка	Носилац
АП за спровођење РЈФ (2019 – 2022)	Активност	Активност 1	МГСИ
АП за спровођење РЈФ (2019 – 2022)	Активност	Активност 2	МГСИ –ДВП
АП за спровођење РЈФ (2019 – 2022)	Активност	Активност 3	Неко ЈП

At the same time, the action plans and the APIGP shall also transpose all the items identified in these documents related to the measures or activities: performance indicators of their implementation, start date and end date of their implementation, institution responsible for their implementation, as well as partner institutions in their implementation, the persons responsible for coordinating their implementation, their type, their connection to the regulations that need to be amended/enacted, their connection to the negotiating chapter and their link to the APIGP items, the Economic Reform Programme, the sustainable development objectives, national priorities for international assistance, and manner of financing and the costs of their implementation.

Some of the identified items can be revised after the measure or activity has been transposed into the medium-term plan - in line with changes that took place after the action plan or APIGP had been adopted. Additional items that are relevant to the implementation of the measure or activity from an institutional perspective shall also be introduced in the medium-term plan: e.g. which internal organisational unit of the institution shall be in charge of implementing a particular item. The figure below illustrates how identified items shall be transposed or updated in the UIS.

Измена ставке

Дефинишиште институцију одговорну за реализацију ставке АП

<input type="radio"/> Не делегира се	<input checked="" type="radio"/> Државни органи или друга организација
<input type="button" value="Изаберите"/>	<input type="button" value="МИНИСТАРСТВО ФИНАНСИЈА"/>
Унутрашња организациона јединица	
<input type="text"/> <input type="text"/>	
Одговорне особе <input type="text" value="Име и презиме, сектор и функција, е-меил, телефон"/>	
Тип Изаберите претежан тип <input type="text"/> Укључи <input type="checkbox"/> 1. Регулаторна <input type="checkbox"/> 2. Подстицајна <input type="checkbox"/> 3. Информативно едукативна <input checked="" type="checkbox"/> 4. Институционално управљачко организациона <input type="checkbox"/>	

Since the measures and activities already adopted shall be included in the medium-term plan, this means that, basically, the Government has already approved their financing (through the method of financing and the amount of funding) - through the procedure of drafting public policy documents, determining the costs of their implementation and the effects on their implementation on the budget, as well as through the adoption of those documents. However, final decisions on the financing of public policy measures and activities over the next year, as well as decisions on medium-term spending limits determined by institutions (which shall take into account the financing of public policy measures and activities in the second and third years) shall be made during the annual medium-term planning procedure and budgeting.

The manner in which measures or activities are financed has already been defined in the action plans: whether the necessary funds shall be provided from the budget of the Republic of Serbia, from loans, donor funds (multilateral or bilateral), IPA funds, the budget of the autonomous province or local self-government units, some other sources or from a combination of multiple sources. If the measures or activities are financed from the budget of the Republic of Serbia, the code of the related budget programme and programme activity/project must be specified or it shall be indicated that a new programme activity/project will be established in the structure of the programme budget, which will determine the funds for financing implementation of specific measures or activities. If the measure or activity is funded through donor funds, it shall be mandatory to indicate the specific donor and donor project. The figure below illustrates the sources of funding for an activity in the action plan (view of the entered sources of financing in the UIS).

Измена ставке					
Извори финансирања					
Учесник у финансирању	Тип извора	Буџетски програм	Програмска активност или пројекат, донаторски програм или пројекат, зајам	Класификација извора финансирања	Донатор
МДУЛС	Буџет РС	Реформа јавне управе	Уређење јавно - службеничког система заснованог на заслугама	01 - Приходи из буџета	
UNDP	Директна донаторска подршка		Пројекат БСПР	Директна донаторска подршка	

In a medium-term plan, sources of funding for measures or activities identified in the action plan may be updated as needed – e.g. if, in the meantime, funds for their implementation have been secured from a specific donor project.

The Action Plan, that is, the medium-term plan, shall determine the costs of implementing the measure or activity, i.e. the funds required for their implementation in each year for which the action plan or a medium-term plan is adopted. Guidelines for determining these costs shall be given in the *Drafting of Public Policy Costing Handbook*. The purpose (or scope) of costs shall also be determined, i.e. what the funds will be spent for and it shall explain elements used to calculate the costs. For example, for the implementation of activity of *Development of a Medium-Term Planning Handbook*, set out in the Action Plan of the Public Administration Reform Strategy, the purpose of the expenditures shall be as follows: hiring a maintenance expert consultant, holding two workshops for 20 participants (renting a hall, printing materials, etc.). This shall facilitate the allocation of the necessary funds within the relevant components of the programme budget (by economic classification), as well as the reporting of funds spent by activity.

The action plan or the medium-term plan shall also show which part of the total funds needed to carry out a measure or activity in a given year shall be provided, and the amount still needed to be provided further - beyond the institution's established limit or from other sources. The current status of securing funds shall also be explained: e.g. it is stated that the request for additional funds (over the limit) was submitted during the PFA drafting procedure or whether the programming of donor funds for the implementation of the specific activity commenced.

The figure below illustrates how information on the costs of implementing measures or activities shall be entered and displayed in the UIS.

РЕПУБЛИЧКИ СЕКРЕТАРИЈАТ ЗА ЈАВНЕ ПОЛИТИКЕ - 0610 - Развој система јавних политика - 01 - Приходи из буџета

	Износ обезбеђених средстава (у хиљадама РСД)	Износ необезбеђених средстава (у хиљадама РСД)	Коментар статуса обезбеђених средстава	Намена планираних средстава
2019	1,000	500	trazeno je u POFu	za kupovinu servera za JIS
2020	20,000			

When drafting a medium-term plan, the plan of financing of measures and activities (costs of implementation of measures and activities by years), set out in the public policy document shall be revised if necessary. Changes shall be made if the prices of inputs have changed significantly in the meantime or if the costs can be more accurately determined on the basis of new information, and if the dynamics and manner of implementation of activities have changed in the previous period so that this will affect the costs in the future.

A medium-term plan shall also need to update the amounts of secured and unsecured funds to implement the measures and activities taken - in line with the change in the security status that occurred after the public policy document was passed, e.g. if, in the meantime, additional funds have been allocated from donor projects or other sources.

The costs of implementing the measures and activities set out in the policy documents shall be planned in the medium-term plan in the context of the overall operation and resources of the institution. If the total available resources of the institution (human and financial) are not sufficient to fulfill all its obligations (within the stipulated deadlines), the management of the institution shall make decisions regarding the priority of measures and activities: which measures and activities will be waived; which additional funding will be requested for (from the budget or other sources); which will be implemented in a manner other than planned or which the deadlines will be extended for.

These decisions shall be made at key stages in the preparation of a medium-term plan and budget and in accordance with the deadlines set in the budgetary calendar (as described in Section 2.2). After each key phase, the medium-term collateralisation status shall be updated as necessary. After the budget for the next year has been adopted, the final version of the medium-term plan shall contain the amounts of funds provided for the implementation of measures and activities in the next year (as well as projections for the next two years - t + 2 and t + 3).

In each key phase of the development of a medium-term plan and budget, the status and deadlines for implementing the activities can be updated in accordance with the decision on priorities (the implementation of the activity may be waived or its implementation may be postponed for another period).

2.3.4 Contribution to the Implementation of Public Policy Documents in the Areas of Planning outside the Scope of the Institution

At the stage of reviewing the planning framework¹⁵, the commitments of the institution arising from public policy documents in the planning areas outside its scope shall also be considered. These are the measures and activities that the implementing institution of the medium-term plan shall be obliged to implement in accordance with the public policy objectives under the responsibility of another institution (proposer of the public policy document).

For such measures and activities, the institution-maker of the medium-term plan shall *not* transpose the objectives and performance indicators from the action plan, nor set them in its medium-term plan. Through the UIS, these measures and activities shall be transposed into the medium-term plan of the institution under the heading "*Contribution to the implementation of public policy documents in the areas of planning outside the scope of the institution*".

The following is a theoretical example of the extent to which a ministry shall contribute to the implementation of public policy in the field of planning outside its scope. In the field of energy related planning, the *Energy Efficiency Improvement Programme* has been adopted, proposed by the ministry responsible for energy. The programme shall also include the measure *Increasing energy efficiency in schools* the implementation of which shall be the responsibility of the ministry in charge of education (through financing investments that increase the energy efficiency of schools). Therefore, the ministry responsible for education shall transpose this measure in its medium-term plan.

Commitments arising from public policy documents in the area of planning outside the scope of the institution shall be shown in a separate table, that is, the form shown in Chapter 2.4.

¹⁵ Planning areas shall be defined by the Decree on the methodology of public policy management, analysis of the effects of public policies and regulations and the content of individual public policy documents.

2.3.5 Defining Measures and Activities by Means of a Medium-Term Plan

Measures and activities shall be set in a medium-term plan as an exception - in the following situations:

- 1) if it is necessary to urgently implement a measure or activity that the medium-term planner could not have previously planned with a public policy document - e.g. when it is necessary to reconstruct an XX bridge upon an earthquake over the next two years, the measure will be determined by a medium-term plan of the Ministry of Transport (together with related activities).
- 2) if public policy documents are not issued for the segment of the planning area in which the institution operates, but measures and activities for the improvement of the institution's activities are planned in the medium-term plan, within its regular exercise of responsibilities – e.g. no public policy documents shall be issued in the area of activity of the Seismological Institute of the Republic of Serbia, and this institution, with its medium-term plan, can identify measures to improve its operations.
- 3) if the institution has determined, on the basis of an analysis of its capacities, that it shall be necessary to increase capacities, that is, to change the organisation and use of existing resources - e.g. the ministry responsible for environmental protection, based on an analysis of its institutional capacities, has identified the following measure in its MP: *improving the capacity for managing capital projects by establishing an organisational unit with that competence*.
- 4) (Guidelines for conducting institutional capacity analysis shall be given in the next section - 2.2.5.1.)
- 5) if the public policy document from which the measure has been transposed does not identify activities for its implementation in any of the years for which the medium-term plan shall be adopted.

In the situations described under 2) or 3), if an institutional development plan / programme has been adopted, the measures and activities set out in that document shall be transposed into the institution's medium-term plan. A document of this type shall include, as a rule, an analysis of institutional capacity and measures and activities to strengthen the capacity and improve the business processes of the institution, in accordance with its mission, vision and objectives. For example, based on the conducted SWOT and PESTLE analyses as well as consultations within the institution and consultations with partner institutions, the Organisational Development Programme of the National Academy of Public Administration (NAPA) for the period 2019-2025 set out, inter alia, a specific objective: *Improve the system of planning and designing, operational implementation and evaluation of professional development programmes in accordance with previously clearly identified needs and in response to realistic circumstances* and the measure for *Increasing the capacity to implement training programmes*. The measure shall cover the following activities: conducting relevant training sessions for NAPA employees; equipping the educational space with modern aids; digitisation (introduction of modern technologies in conducting live

training, as well as online modules), etc. The objectives, measures and activities that it has set out in its organisational development programme the NAPA will incorporate into its medium-term plan, in line with available resources.

If the institution's public policy documents do not include all the institution's commitments under international agreements, conventions and treaties, as well as documents drawn up in the EU integration process (for example, negotiation positions and action plans), the institution's obligations should be identified as measures or activities in its medium-term plan.

If the institution has not anticipated activities and costs related to the planning of the new public policy (i.e. drafting and adoption of the new public policy document) through the public policy document, such as conducting *ex-post*, *ex-ante* analysis, consultative process and other steps described in the [Public Policy Management Handbook](#), it shall plan such activities through its medium-term plan.

The institution may, in its medium-term plan, propose and justify the measures and activities it plans to implement after the expiration of the strategies, programmes and action plans for the planning areas under its responsibility, thus bridging the gap until the adoption of new public policy documents. Such measures and activities shall have the status of *indicative measures and activities* since they have not "gone through" the procedure of analysis, consultation and approval of public policy.¹⁶ Most often, *indicative measures and activities* at the time of drafting the medium-term plan are already included in the draft public policy document.

By incorporating indicative measures and activities in the medium-term plan, the institution shall "signal" the need for their financing in the medium-term period and enable the ministry responsible for finance to consider these financial initiatives in the context of the medium-term expenditure framework. Consultations with the ministry responsible for finance on the amount of available financial resources in the medium-term expenditure framework shall create a more realistic picture of the possibility of implementation and such activities at the very beginning of the procedure of drafting a public policy document.

2.3.6 Analysis of Institutional Capacities

An important segment of medium-term planning shall be to consider the need to increase capacity and improve business processes in accordance with established objectives and commitments, as well as the responsibilities of the institution.

The institutional capacity analysis document shall provide concise information on the institution's ability to carry out activities within its scope of activities, including activities within the framework of implementing measures and achieving the objectives set out in public policy documents. That analysis shall include, first and foremost, an appreciation of human and material capabilities and the need to change the organisation and the method of using existing resources. Account shall be taken

¹⁶ The procedure for drafting and adopting public policy documents shall be set out in the Decree on the Methodology of Public Policy Management, Analysis of the Effects of Public Policies and Regulations and the Content of Individual Public Policy Documents.

of the capacity analysis for the implementation of public policy measures undertaken in the procedure for the adoption of a public policy document.

SWOT¹⁷, PESTLE¹⁸ and other techniques explained in detail in the [Public Policy Management Handbook](#) can be used in the analysis.

In particular, the following aspects of institutional capacity analysis shall be considered and, where relevant, justified:

- efficiency of the existing organisational structure of the institution, at the level of organisational units;
- the human resources available to the institution, including the number of staff and their qualifications, as well as the opportunity to improve the structure of staff and increase their level of efficiency (training, reduction of staff in auxiliary services, employment of educated staff, with the necessary knowledge and skills, etc.), comply with regulations governing the field of classified information protection;
- material resources available to the institution, including technological infrastructure, and above all information systems and software that it uses internally - in work processes or externally - to provide a public service, as well as the needs of the institution and its capabilities to enhance those resources;
- the efficiency with which the institution exercises its competencies, that is, the efficiency of the tasks that it delegates to the dependent legal entities and the private sector and the sustainability of such solutions, as well as the possibilities for additional transfer of tasks within the competence of the institution;
- the possibility to improve administrative procedures, in particular to expedite them, as well as the possibility to reduce operating and administrative costs;
- other aspects specific to the operation of the institution.

The analysis shall refer to the documents from which the analysis results and data have been transposed and provide a link enabling the download of that document.

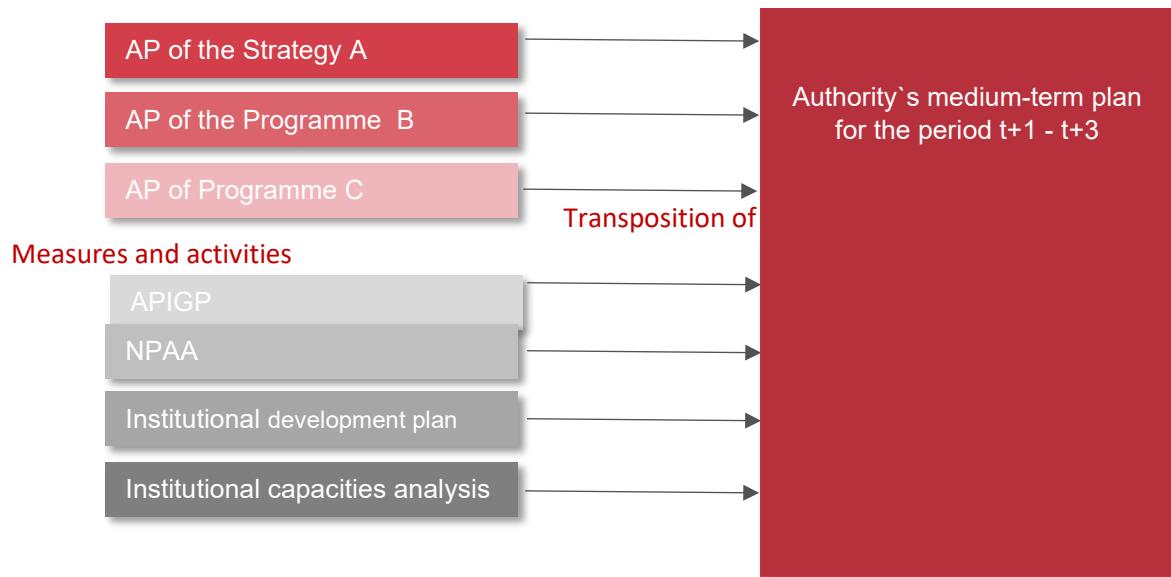
In accordance with the results of the analysis, the institution shall determine specific measures and activities in order to increase its capacities, in compliance with the available financial resources.

¹⁷ The SWOT analysis enables determining the status of the organisation, its main strengths and weaknesses, its chances and obstacles in achieving the planned objectives in the future.

¹⁸, PESTLE analysis is a tool for analysing external trends and issues affecting an institution's mission. PESTLE is an acronym that can, in fact, serve as a checklist of thematic areas to be considered in the analysis. It identifies the following areas: political, economic, social, technological, legal and environmental.

Chart 7 summarises how measures and activities shall be transposed into the medium-term plan from action plans of public policy documents, APIGP, institutional development plans or institutional capacity analysis documents.

Chart 3 Sources of measures and activities in a medium-term plan





A theoretical example of institutional capacity analysis and the identification of measures and activities to increase capacity

Case: The ministry responsible for environmental affairs has prepared its first draft of the medium-term plan and it shall need to identify the resource requirements for its implementation and the regular (ongoing) activities within the scope of its competences.

In its medium-term plan, the ministry has envisaged a measure for Introducing a new fee for the use of natural resources in protected areas. This measure shall entail the adoption of an act and the establishment of a system for determining the fee amount in each individual case. It was estimated that during the year the following tasks should be performed: determine the state of facts (inspect the documentation, determine the basis for payment of fees, i.e. determine the payers of the fee and analyse the data), determine the amount of fees, draft decisions, keep a register of payers and control the collection in about 100 cases.

Situation Analysis: The Department for Financial Management and Control of the Ministry of the Environment within the “Green Fund” Operations Division shall also include the Economic Instruments Implementation Section. There are two full-time employees in this Section, who shall perform tasks referring to: calculation and record of collection of fees paid by environmental polluters; keeping a list of payers; preparation of data on taxpayers who have not fulfilled obligations determined by the decision; initiation of delivery of late payment warnings; cooperation with the Environmental Protection Agency in order to use appropriate registers to determine the amount and origin of emissions of environmental pollutants, etc. The current job classification shall envisage four job positions (senior counsellor, two independent counsellors and one counsellor).

The 2018 Annual Report of the Environmental Protection Agency indicates low collection rates for certain types of fees, and an analysis conducted to assess the sustainability of financing in the field of environmental protection finds that weak capacities of the Economic Instruments Implementation Section are one of the main causes of poor collection and an estimated unrealised budget revenue of EUR 3 million per year.

The Agency has an information system that shall establish a register of taxpayers, which shall be regularly updated in line with changes made to the Business Registers Agency, but which shall not be integrated with databases of importance for the automatic calculation of the amount of fees and the control of collection, such as a customs database on the import of polluting products. Currently, fee payers report to the Agency quantities relevant to the calculation of fees, decisions are automatically drafted from the Agency's system, and billing notifications are submitted by the Treasury Department upon request of the Ministry, outside the system.

The medium-term plan shall envisage new measures to improve institutional capacity in order to control and collect non-tax revenues more effectively.

Measure: *Improvement of the capacity to effectively determine, collect and control fees*

Activities:

1. *Increasing in the capacity of the Economic Instruments Implementation and Financial Management Section (employ two employees in accordance with the job classification);*

2. *Integration of the information system establishing a register of taxpayers with a customs database on the import of polluting products.*

2.3.7 Plan of Normative Activities

Normative activity shall be a specific type of activity related to the adoption or amendment of a regulation or other act.

The institution shall transpose the normative activity from a public policy document or establish its medium-term plan within a measure that cannot be implemented until a specific regulation is adopted or amended.

The institution in its medium-term plan shall also determine the normative activities that it will carry out in the first year of validity of the medium-term plan on the basis of its competence and when it shall be necessary to enact a regulation or other act in order to enforce regulations of a higher hierarchy.

For each normative activity, the institution shall in particular determine:

- 1) the type of regulation or other act to be enacted or amended;
- 2) the legal basis for passing or proposing regulations;
- 3) the subject of the regulation;
- 4) link to the National Programme for the Adoption of Acquis Communautaries;
- 5) month and year when it plans to adopt the act, i.e. to draft the regulations and submit them to the Government for consideration.

The data from the medium-term plan entered into the UIS, including the plan of normative activities, shall be transposed to the Government Information System - the plan and the report on the work activities of the Government, in accordance with the instructions of the Secretary-General of the Government establishing the methodology, procedure and structure on the basis of which the Government's annual work plan shall be developed.

2.4 Tabular Overview

Annex 1 Tabular form of measures and activities

Specific objective 1: Planning document from which the objective has been transposed (or label "defined in a medium-term plan"):							
Indicator(s) and achievement of the overall objective (performance indicators):	Measurement unit	Source of verification	Baseline value	Baseline year	Target value in the past year	Last year of validity of a planning document	
Specific objective 1.1: Planning document from which the objective has been transposed (or label "defined in a medium-term plan"):							
Budgetary programme transposing the specific objective (code and name):							
Indicator(s) and achievement of the specific objective (outcome indicators):	Measurement unit	Source of verification	Baseline value	Baseline year	Target value in the year t +1	Target value in the year t +2	Target value in the year t +3
Measure 1.1.1: NAME Planning document from which the objective has been transposed (or label "defined in a medium-term plan"):							
Type of measure	Authority (department of the authority) responsible for implementation of (implementation coordination) a measure	Implementation period	Source of financing	Total estimated funds by sources of financing in thousands of dinars in the year t +1 in the year t +2 in the year t +3	Code of the programme activity or project within which funds shall be provided		
Indicator(s) and achievement of the specific objective (result indicators):	Measurement unit	Source of verification	Baseline value	Baseline year	Target value in the year t +1	Target value in the year t +2	Target value in the year t +3
Name of activity Implementing authority (department of the authority)							
Deadline for the completion of activity		Source of financing	Total estimated funds by sources of financing in thousands of dinars in the year t +1 in the year t +2 in the year t +3			Code of the programme activity or project within which funds shall be provided	
1.1.1.1		Source 1					
1.1.1.2		...					
1.1.1.3							

Annex 2: Tabular form of measures and activities arising from public policy documents in the field of planning outside the scope of the institution

Measure: NAME							
The planning document from which the measure has been transposed and the name of the target within which the measure has been identified in the planning document:							
Type of measure	Implementing authority (department of the authority)	Implementation period	Source of financing	Total estimated funds by sources of financing in thousands of dinars			Code of the programme activity or project within which funds shall be provided
				in the year t +1	in the year t +2	in the year t +3	
Indicator(s) and achievement of the specific objective (result indicators):	Measurement unit	Source of verification	Baseline value	Baseline year	Target value in the year t +1	Target value in the year t +2	Target value in the year t +3
Name of activity	Implementing authority (department of the authority)	Deadline for the completion of activity	Source of financing	Total estimated funds by sources of financing in thousands of dinars			
				in the year t +1	in the year t +2	in the year t +3	Code of the programme activity or project
			Source 1				
			...				

The planning document from which the activity has been transposed and the name of the target within which the activity has been identified in the planning document:							
Name of activity	Implementing authority (department of the authority)	Deadline for the completion of activity	Source of financing	Total estimated funds by sources of financing in thousands of dinars			Code of the programme activity or project
				in the year t +1	in the year t +2	in the year t +3	
			Source 1				
			...				

2.5 Other Segments of a Medium-Term Plan

2.5.1 Information on the institution

Institution information is a structural part of the medium-term plan, which shall include, *inter alia*:

- information on the tasks performed by the institution within its competence
- a list of public policy and development planning documents in accordance with which mid-term activities shall be undertaken;
- list of international agreements, as well as protocols, memoranda, treaties, minutes and other international legal acts concluded to execute international agreements and documents drawn up in the EU integration process (e.g negotiation positions and action plans) in accordance with which activities from the medium-term plan shall be undertaken;
- graphical representation of the organisational structure of the institution
- review of systematised or filled job positions by organisational units of the institution, taking into account the regulations governing the area of classified information protection.

2.5.2 Annexes to the Medium-Term Plan

Annex 1: Description of measures and activities first operationalised in the medium-term plan

The description (rationale) of a measure that is first developed in the medium-term plan will, as a rule, include information on the reasons for its implementation, the legal basis, risks and prerequisites for the implementation of the measure, if any, and the extent of the measure.

For the activities that are operationalised for the first time in the medium-term plan and which represent a project in the programme budget, it shall also be necessary to describe or justify their implementation, i.e. to include information on the reasons and basis for their implementation, as well as their coverage and expected results.

Annex 2: Plan of normative activities

This annex shall give an overview of: 1. the acts that the institution plans to adopt; and (2) draft regulations that the institution plans to submit to the Government for consideration. The annex shall be taken over from the UIS, based on the data entered into the system in accordance with the instruction given in Section 2.2.5.

Annex 3: Medium-term expenditures framework for the medium-term planners classified by programme classification and measures and activities from the medium-term plan

Within this segment, the medium-term planner shall provide an overview of their budget programmes, programme activities and projects, measures and activities from their medium-term plan, as well as the projection of the necessary financial resources for their implementation over the three-year period for which the medium-term plan being adopted, by sources of financing. A description of this annex shall be given in Section 3.3.

Annex 4: Institutional Capacity Analysis

This annex shall be prepared in accordance with the guidelines presented in Chapter 2.2.5.1 *Analysis of Institutional Capacities*.

Annex 5: Risks and prerequisites for implementation of measures

Within this segment, the medium-term planner shall give an overview of the measures identified as the ones presenting a risk for implementation, as well as a brief description of the risks, i.e. prerequisites for the implementation and realisation of the expected results of each measure.

3 CHAPTER 3: MEDIUM-TERM PLANNING AND BUDGETING

For public policy documents to be implemented, they must be in line with the budget. Therefore, the economic and fiscal circumstances must be taken into account in the process of drafting and adopting public policies, while in the budgeting process it is necessary to take into account the priorities of the state and the public policies already adopted - so that the budget is an instrument for their implementation.

The government has, in principle, already approved implementation of measures and activities that are being elaborated in the medium-term plan through the procedure of drafting and adoption of public policy documents. This procedure, which is described in detail in the [*Public Policy Costing Handbook*](#), shall also identify the costs of implementing measures and activities and analyse their budget impact. However, final decisions on financing public policy measures and activities over the next year, as well as related decisions on medium-term spending limits per budget beneficiaries shall be made during the annual medium-term planning and budgeting procedures.

In this sense, the medium-term plans of institutions and their "mapping" into the components of the programme budget shall be key mechanisms that directly link public policies and the budget. The institution's medium-term plan shall outline all the commitments of the institution, which it plans to fulfill in the next three years, in line with fiscal capacity and on the basis of public policy documents. Through the programme budget and other sources of funding funds for the fulfillment of these commitments in the first year of the medium-term plan shall be allocated, as well as funds for regular affairs of the institution. The set of measures and activities elaborated in the medium-term plans of all institutions shall correspond to the total funds allocated for the implementation of public policy documents in the budget of the Republic of Serbia and other sources of financing.

3.1 Link between the Medium-Term Plan and the Financial Plan (programme budget) of an Institution

The financial plans shall include the expenditure and costs of the bodies in compliance with economic, functional, programme classification according to the funding sources. The budget of the Republic of Serbia shall show the financial plans of all institutions.

The financial plan, that is, the budget, expressed according to the programme classification (programme budget), shows specific purposes the total funds of the institution or the state shall be spent on, how the manner of spending is related to the programme objectives and what results shall be achieved. The financial plan shall identify the funds for the implementation of the programme (i.e. programme activities and projects as integral parts of the programme) in the first year of the plan and

projects for the implementation of the programme in the next two years. Therefore, an institution's financial plan shall represent its programme budget for a three-year period.



Definitions

Methodological guidance for programme budgeting (Ministry of Finance)

The programme structure of budget users shall consist of three programme categories: programme, programme activity and project, which shall group expenditures and costs.

Programme (PR) - a set of activities with a common expected socio-economic outcome, carried out by budget users in accordance with their key competences and set medium-term objectives. The programme shall consist of independent but closely related components - programme activities and/or projects. Allocation of funds earmarked for the programme shall be made through appropriations related to programme activities and projects within the programme. The programme shall be identified and implemented by one or more budget users and shall not be time-limited.

Programme Activity (PA) - current and ongoing activity of budget users the implementation of which shall achieve objectives that contribute to the achievement of programme objectives. Programme activities shall be determined on the basis of closely defined responsibilities of budget users, as well as the resources needed to implement them, so that they form functional, cost and management units. They may relate to the provision of public services, preparation and adoption of normative and planning acts, work of the inspection service, implementation of incentive measures (subsidies, grants), transfers to other institutions and levels of government, as well as compulsory social security organisations, benefits to social welfare beneficiaries, administrative activity institutions, etc. Programme activity must be part of the programme, it shall be conducted by only one institution and it shall not be limited in time

Project (PJ) - a time-bound business enterprise by budget users, with a clearly defined outcome, that is, the intended change, the resources needed and the management structure. The implementation of the project achieves objectives that shall contribute to the achievement of objectives of the programme which the project belongs to. The project may relate to capital investment, information campaign, improvement of public administration procedures, training of civil servants and similar undertakings that contribute to better quality of public service delivery. The project must be part of the programme.

The institution's medium-term plan and the three-year programme budget may be considered as separate entities or as related segments. The medium-term plan is a document that shall outline the objectives of public policies, and by implementing it, the institution provides its contribution through the implementation of a set of measures and activities. The medium-term plan shall influence the programme structure and support the allocation of resources in accordance with public policy objectives and priorities.

Table 1 Similarities and differences between a medium-term plan and programme budget of an institution.

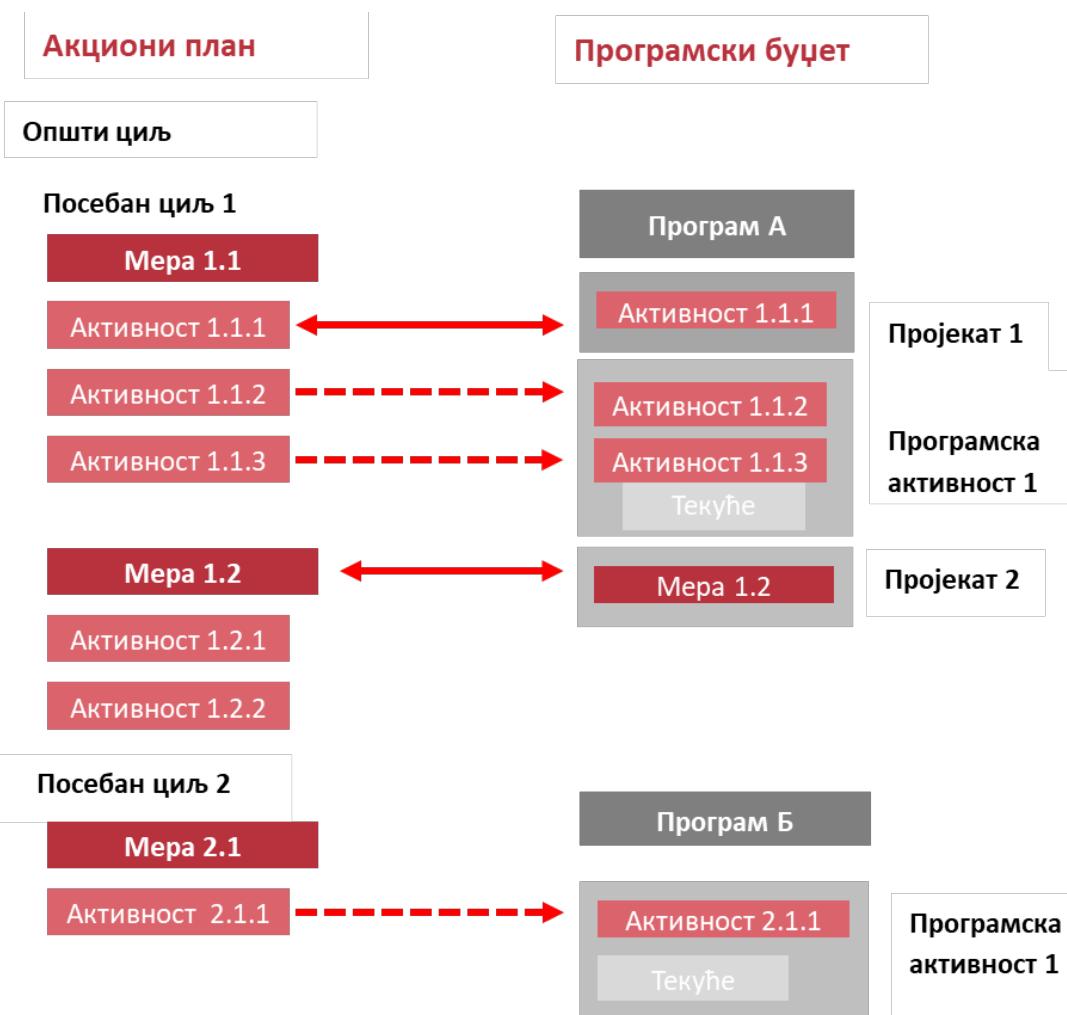
Medium-term plan	Programme budget
<ul style="list-style-type: none"> • planning document • developed for a period of three years • covers the measures and activities that the institution shall be obliged to implement on the basis of public policy documents and APIGP • used for planning implementation of measures and activities from public policy documents for which the institution shall be responsible, identifying priority measures and activities and managing resources. • shows general and specific objectives of the institution, the measures and activities it will implement over the next three years and the dynamics, as well as the results it intends to achieve (expressed through performance indicators of objectives and measures). • shows how much the measures and activities in the medium-term plan cost and how they will be financed (sources of funding). • if the measure or activity is financed from the budget, the code and name of the programme activity or project within which the funds are allocated shall be displayed. Funds allocated under the programme activity or project shall reflect the cost of implementing that measure/activity. • measures and activities of the medium-term plan can be financed from direct donor support, the budget of the Autonomous Province or local self-government units, or other sources, and in such cases their costs shall not be covered by the programme budget. 	<ul style="list-style-type: none"> • budget document • developed for a period of three years • covers the regular activities of the institution, as well as measures and activities in the medium-term plan, grouped within the programme structure (programmes, programme activities and projects) • used for the allocation of funds for the regular affairs of the institution and the measures and activities of its medium-term plan (in the first year of the medium-term plan validity), as well as for the planning of the medium-term expenditure framework. • shows programme information: descriptions and objectives of programmes, programme activities and projects, as well as planned outputs (expressed through performance indicators of programme objectives, programme activities and projects). • shows how much implementation of programmes, programme activities and projects cost and how they will be financed (funding sources). • if funds are allocated for the implementation of a measure or activity within a programme activity or project, the description of that programme activity or project shall include information on the measure or activity.¹⁹ • funds allocated for the measures and activities of the medium-term plan shall form only a portion of the funds allocated by programmes, programme activities and projects.

¹⁹ It will be made possible by upgrading the Budgeting Information System and downloading data from UIS.

3.1.1 Mapping Measures and Activities from a Medium-Term Plan into the Programme Budget

The relation between the key components of a medium-term plan (measures and activities) and the elements of the programme budget (programmes, programme activities and projects), i.e. possible “mapping” of measures and activities into the elements of the programme budget shall be shown in the chart below.

Chart 8 Link between components of a medium-term plan and programme budge.



Action plan/Overall objective/Secific objective 1 - Measure 1.1/Activity 1.1.1/Activity 1.1.2/Activity 1.1.3
Measure 1.2/Activity 1.2.1/Activity 1.2.2

Specific objective 2/Measure 2.1/Activity 2.1.1

Programme budget/Programme A/Activity 1.1.1-Project 1/Activity 1.1.2, Activity 1.1.3 Current - Programme activity 1/ Measure 1.2 – Project 2

Programme B/Activity 2.1.1 – Current - Programme activity 1

Budget programmes and programme activities (as components of the programme) shall be determined in accordance with competences of the institution and the instruments through which the institutions shall carry out a certain public policy in the long run. Budget programmes shall represent short- or medium-term instruments for public policy implementation. For example, nature protection policy shall be implemented through the following competencies and instruments of the ministry responsible for environment, grouped into the budget programme entitled *Nature Conservation*.²⁰

Programme 0405 – Nature protection
Programme Activity 0001 - Arrangement of nature protection and biodiversity conservation systems
Programme Activity 0002 - Support for the management of protected natural resources of national interest
Programme Activity 0003 - Protection and conservation of strictly protected species and protected migratory species
xxxx A project to establish an integrated national biodiversity information system with a database

In the structure of the programme budget, programme activity 0002 *Support to the Management of Protected Natural Resources of National Interest* shall include the co-financing of national parks and protected areas management programmes. Within the implementation of this program activity, the performance of the entrusted tasks of managing national parks and protected areas shall be monitored, directed (in accordance with state policy) and supervised.

On the other hand, a public policy measure shall be an intervention that an institution shall undertake (on the basis of a public policy document) to reform the way a particular segment of public policy is currently being implemented - in order to achieve better results in that segment. For example, in the field of nature protection, among other things, the objective was set to *improve the system of protected areas and ecological networks*²¹ and the related measure to *increase the range of protected areas and the effectiveness of management*. The ministry responsible for environmental affairs has integrated the stated objective and stated measure into its medium-term plan. Activities under this measure shall include: 1. Strengthening of the capacity of protected area heads (training and consultation); 2. Improvement of the monitoring system for wild species and habitats in protected areas; 3. Increase in the financing of protected areas from the budget of the Republic of Serbia; 4. Development and adoption of regulations for increasing the financing of protected areas on the basis of fees and other external sources, etc. The implementation of this measure shall reform or improve the manner in which the segment of public policy - management of protected natural resources of national interest – shall be implemented.

²⁰ The example was prepared by simplifying the budget programme for the Nature Protection of the Ministry of Environmental Protection.

²¹ The example was prepared by simplifying the components of the Draft Action Plan of the Nature Conservation Programme.

The funds for the implementation of activities (1-3) under this measure shall be planned in the programme activity 0002 - *Support to the management of protected natural resources of national interest*, together with the funds for regular management of national parks and protected areas. Activity 4 under the aforementioned measure shall be financed through programme activity 0001 *Regulation of the system of nature protection and biodiversity conservation*, since the drafting of the new regulation shall be carried out by employees from the Nature Protection Department, whose salaries and contributions shall be planned in programme activity 0001.

In some cases, the medium-term measures and activities may have separate project budgets, that is, they can be “mapped” to a separate project in the programme budget structure. For example, one of the measures that the ministry in charge of environmental affairs is planning within its medium-term plan to improve the state of biodiversity shall be the establishment of an integrated national biodiversity information system with a database. Considering the importance of the planned information system for the results of the biodiversity protection programme and the amount of costs of its establishment, in accordance with the instruction for preparation of the programme budget of the ministry responsible for finance, it shall be justified to set up a special project within the programme budget structure with funds planned for a new information system.

The link between the components of the medium-term plan and the programme budget "from the perspective" of the programme budget shall be provided in the table below.

Table 2 Link between components of a medium-term plan and programme budget by programme classification

PROGRAMME BUDGET OF AN INSTITUTION	PROGRAMME	PROGRAMME ACTIVITY OR PROJECT	MEDIUM-TERM PLAN COMPONENT (MEASURE OR ACTIVITY)
	PROGRAMME A	PROJECT 1	ACTIVITY 1.1.1
		PROGRAMME ACTIVITY 2	ACTIVITY 1.1.2 ACTIVITY 1.2.3
			REGULAR TASKS
		PROGRAMME ACTIVITY 3	REGULAR TASKS
		ПРОЈЕКАТ 4	MEASURE 1.2
	PROGRAMME B	PROGRAMME ACTIVITY 1	ACTIVITY 2.1.1 REGULAR TASKS
		PROGRAMME ACTIVITY 2	ACTIVITY 2.2.2 REGULAR TASKS
		PROGRAMME ACTIVITY 3	ACTIVITY 2.2.3 REGULAR TASKS
		PROGRAMME ACTIVITY 1	ACTIVITY 2.2.4 REGULAR TASKS
	PROGRAMME C	PROJECT 2	ACTIVITY 3.1.1 ACTIVITY 3.1.2

3.1.2 Mapping Objectives and Performance Indicators from the Medium-Term Plan into the Programme Budget

For the effectiveness of the budgetary planning procedure, it shall be extremely important that the public policy objectives and performance indicators be formulated identically in public policy documents, the medium-term plan and the programme budget. Otherwise, the relationship between the objectives and the allocation of resources to achieve them may not be understood well, and it might also unnecessarily overburden and confuse employees who plan, monitor and report on the achievement of a large number of objectives based on a large number of indicators. The mechanisms for transposing the objectives and performance indicators established by the Regulation on the Methodology for Medium-Term Plan Development and the Programme Budgeting Guidelines and supported through the UIS and the Budget Preparation Information Systems shall aim to prevent such problems.

Specific objectives and performance indicators shall be mapped from the medium-term plan into the programme budget, where they shall be transposed as programme objectives or indicators (see Figure 5), within which funds are allocated for the achievement of that specific objective.

Figure 5 Linking specific objectives of a medium-term plan and programme objectives.



MP Overall objective → Specific objective 1 (indicator 1.1, 1.2)/Specific objective 2 (indicator 2.1)/Specific objective 3 (indicator 3.1, 3.2)/Specific objective 4 → Budget programme 1/Objective 1 (indicators 1.1, 1.2)/Objective 2 (indicator 2.1)/Budget programme 2/Objective 3 (indicators 3.1, 3.2)

For example, specific objective *Improvement of the system of protected areas and ecological networks* in the medium-term plan of the ministry responsible for environmental affairs and related indicator *The percentage of the territory of the Republic of Serbia under protection* shall be "mapped" as target 1 and the related indicator of the performance of the *Nature protection* budget programme. Within the framework of this programme funds for the implementation of measures related to the improvement of the system of protected areas shall be allocated, as explained in Chapter 3.1.1.

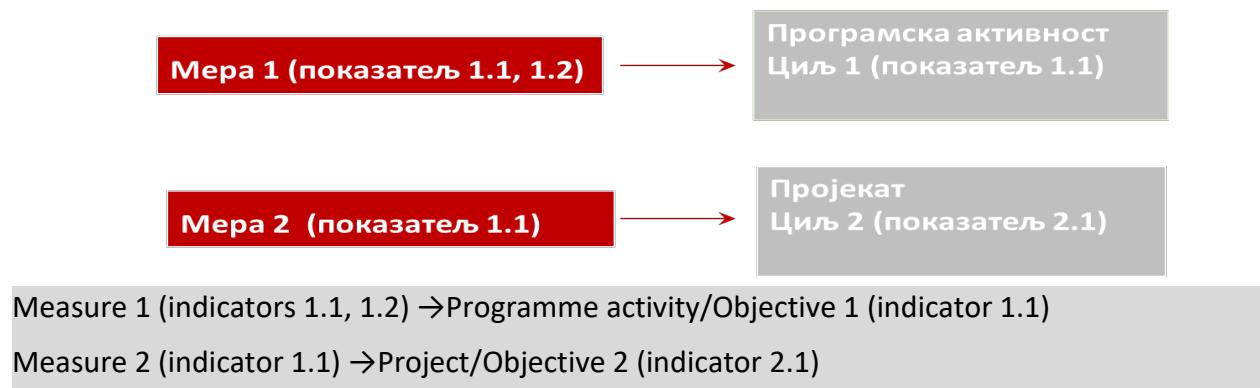
If the specific objective of the medium-term plan is achieved through measures and activities under different programmes, it shall be, as a rule, transposed as the objective of the programme under which most funds are allocated.

If the specific objective of the medium-term plan is achieved through measures and activities financed from sources outside the budget, such objective shall not be transposed into the programme budget.

Budget programmes may have established goals and performance indicators that shall not be transposed from the medium-term plan. As a rule, such objectives and indicators shall provide a follow-up to current public policy trends and results and provide a basis for improvements in the manner of their implementation in the future.

The expected result of a measure in the medium-term plan shall be transposed as the objective (expected result) of a programme activity or project within which funds are allocated for the implementation of that measure. In this case, the performance indicators established for the measure in the medium-term plan shall directly be transposed as indicators of the impact of the objective of the programme activity or project (see Figure 6 below).

Figure 6 Linking measures of a medium-term plan and objectives of programme activities and projects



For example, the measure *Increasing Protected Areas and Management Effectiveness* and the related indicator the *Share of Revenues Generated from the Collection of Fees for the Use of the Protected Area in the Total Value of the Funds for the Implementation of the Management Programme* can be transposed as the objective and indicator of the performance of the programme activity 0002 - *Support to the management of protected natural resources of national interest*. This measure shall improve the manner in which programme activity 0002 is implemented, within which funds shall be allocated for the implementation of most of the activities envisaged by the measure.

If one measure simultaneously contributes to the advancement of public policy segments and the activities of an institution that is planned and implemented through various programme activities, i.e. contributes to the improvement of the overall results of the programme, it can also be transposed as an objective of the programme.

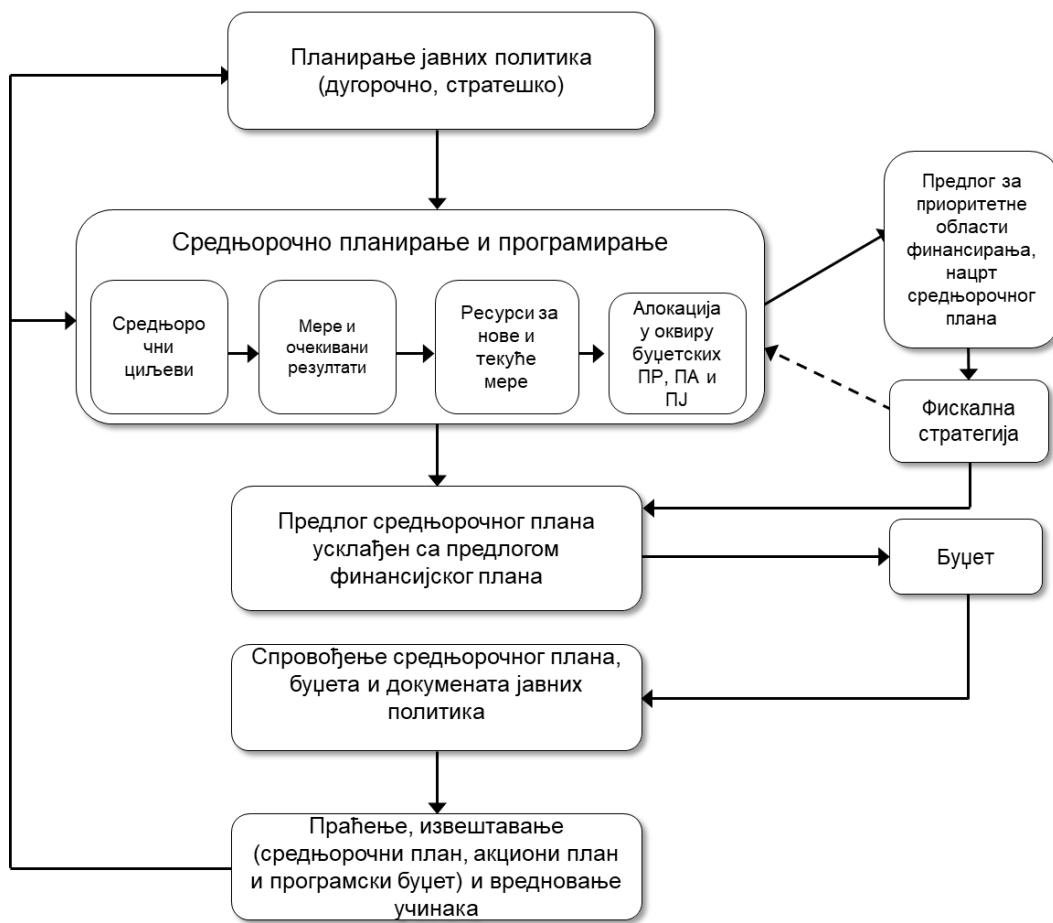
Programme activities can have both objectives and indicators that are not transposed from the medium-term plan. As a rule, such objectives and indicators shall refer to the following: maintaining the quality of a particular public service at a satisfactory level and to ensuring that such trend continues; increasing the quality or scope of public service through an increase in its funding; increasing the efficiency of the implementation of a certain public service (reduce unit costs), etc.

3.2 Integrated Planning and Budgeting Procedure

The introduction of the new planning system shall contribute to the establishment of a budgetary procedure in which allocations are directed towards achieving the objectives of public policies and priorities of the Government.

The links between planning procedures and planning system documents (public policy documents, medium-term plans of institutions) and budgetary procedures and documents (proposals for priority financing areas, fiscal strategy and budget) shall be illustrated in Chart 9.

Chart 9 Integrated planning and budgeting procedure.



Public policy planning (long-term, strategic)/Medium-term planning and programming (Medium-term objectives, measures and expected results, resources for new and current measures, allocation within budgetary PR, AP, PU/Proposal for priority areas of financing, draft medium-term plan/Fiscal strategy/Proposed medium-term plan aligned with the proposed financial plan/Budget/Implementation of the medium-term plan, budget and public policy documents/Monitoring, reporting (medium-term plan, action plan and programme budget) and performance evaluation

The budget cycle shall consist of two phases: 1. identification of priority areas of financing and 2. development of the annual budget. The first phase shall include the following: the ministry responsible for finance shall develop macro-fiscal parameters, budget users shall submit proposals for priority areas of financing, these proposals shall be

considered by the Government in accordance with balance sheet options. The identified expenditure priorities at the national level shall be reflected in the draft fiscal strategy and the limits (expenditure limits) for budget users over the next three-year period. In the second phase, budget users shall draft their financial plans in accordance with the established limits.

Proposals for priority funding areas for the budget and the next two fiscal years drafted by budget users shall include both existing budgetary commitments (public policies) and budgetary commitments associated with the implementation of new public policies.

The planning system established by the Law on the Planning System shall strengthen the strategic approach of the institutions in planning and budgeting. The established system shall allow key information on public policy measures and priorities to be systematically integrated into the budgetary procedure and to contribute to top-down expenditure prioritisation through medium-term plans and their link to programme budget components. This information shall be used in decision-making on priority funding areas, medium-term institution limits and budget allocations.

As shown in Chart 9, medium-term asset planning and programming shall be an integrated procedure. It shall include the definition/revision of programme budget components and a medium-term projection of the resources within them that shall support the implementation of measures and activities of public policy and the regular activities of the institution. As explained in Section 3.1.2, measures and activities only in certain cases shall “deserve” to be implemented through means within a separate component of the programme budget (programme activity or project). Often their implementation is planned within the already established programme activity.

An integral part of the medium-term plan shall be resources, that is, determining how employees, finances and investments will be managed. In the programming phase, the costs of implementing measures and activities identified through public policy documents or through the previous medium-term plan shall be revised if the price of inputs has changed in the meantime, if the dynamics and manner of implementation of activities in the previous period have changed so that this has implications for the costs in the future period or if costs can be more accurately determined based on new information. At the same time, the institutions shall plan (programme) the means to carry out their permanent/regular operations over the next three years, so that the achievement of the objectives and the implementation of public policy measures are considered in the context of all the commitments and available resources of the institution.

If the implementation of the medium-term plan requires additional resources and the estimated costs exceed the established limits, it shall be necessary (in cooperation with the ministry responsible for finance) to reconsider **priorities among measures and activities that require new costs** by means of:

- redistribution of funds from the area or programmes of lower priority to those of higher priority;
- re-evaluation of the objectives and target values originally set;
- further adjustment of the priority list in the planning document, elimination of lower priority measures and activities;
- reduction of the scope of the medium-term plan or elimination of some measures or activities;

- shifting of the deadlines within which the measures or activities will be implemented;
- elimination of new measures or activities the implementation of which shall entail additional costs, for example, by finding other cheaper means of achieving the objectives;
- seeking other sources of funding, such as donations, loans or public-private partnerships.

The draft medium-term plan shall outline measures or activities the funds will be sought for beyond the limit (established in the fiscal strategy adopted the previous year), as well as the amounts involved. The draft medium-term plan shall also outline measures, or activities, the institutions shall establish new components of the programme budget for. If, within the programme budget component, funds are planned for the implementation of a specific measure or activity in the medium-term plan, this information shall be included in the description of the programme activity/project²² in the *Proposal for the PFA* document.

In the *Proposal for the PFA* document, the new measures and activities of public policies (and their financing within and outside the limit) shall be given in the context of the overall activities and resources of the institution, within the structure of the programme budget. In order to achieve the effectiveness of medium-term financial planning, when submitting a proposal for the PFA, institutions shall need to separate existing policies from the new policies (measures) proposed by the authorities to the government (the instruction of the ministry responsible for finance shall be given in the framed section *New and existing policies in the medium-term financial planning*, below).

The ministry responsible for finance shall issue and draft a fiscal strategy based on the proposal for the PFA of all authorities, projections of fiscal parameters over the next three years, public policy priorities and fiscal policies. In line with the expenditure limits set by the fiscal strategy and the budget preparation guidance of the institutions, it shall amend its draft medium-term plan if necessary.

The institution shall also change its draft medium-term plan if the sources of funding have changed or the funds for the implementation of certain measures and activities have been provided.

The medium-term plan revision may also include any new activity (in line with the revisions of public policy documents) or an audit of the dynamics of implementation of the activities, in accordance with the changed situation, i.e. new circumstances affecting the implementation of the activities (compared to the period when the medium-term plan was drafted). For the same reasons, the previously projected costs of implementing the activities may be revised.

In accordance with the proposal for the medium-term plan, the institution shall also draft its financial plan.

The institution shall harmonise the final version of its medium-term plan with the Budget Law of the Republic of Serbia.

²² It will be made possible by upgrading the Budget Development Information System (BIS) and integrating UIS data.

New and existing policies in the medium-term financial planning

In order to achieve the effectiveness of medium-term financial planning, when submitting proposals for priority areas of financing, it shall be necessary for the authorities to separate existing policies, which have already been verified through the medium-term planning process and through the adopted budget, from the new policies (measures) proposed by the authorities to the Government.

In the medium-term financial planning process, the focus would in future be on those programmes and projects in the budget, that is, the measures and activities from public policy documents that should serve to implement new policies, the objectives that would be achieved by their adoption, and the manner of their financing.

Funding for new policies can come from two sustainable sources:

- real growth of budget revenues and
- freeing up “fiscal space” for new policies by completing the financing of existing one-off programmes and projects, that is, those projects that have not produced the expected results.

In order to maintain the achieved fiscal stability, financing of new policies will be possible primarily from the stated freeing up of fiscal space, which means that in the process of proposing priority areas of financing, budget users should express proposed existing and new policies within the given limits, and only exceptionally beyond the limit.

The definition of existing and new policies should be made by clearly marking each of the proposed programmes and projects as existing or new policies. The aforementioned separation of programmes and projects into existing and new policies shall be carried out by **budget users on the basis of the criteria given in the following table**.

No.	Description	Existing/ New policy
1.	A program with all its related programme activities and projects - already existing in the budget for the current year	Existing policy
2.	Within the existing programme (existing in the approved budget for the current year) - one or more new projects/programme activities shall be added.	New policy
3.	New programmes shall be proposed with associated programme activities and projects (which do not exist in the approved budget for the current year)	New policy
4.	It shall be proposed to reorganise the adopted programme structure - to merge or separate existing projects/programme activities. Instead of existing ones, new projects/programme activities shall be reported - but this is still about implementing existing policies	Existing policy
5.	Within an existing project/programme activity, one or more accounts the estimated effects of the new policy shall be reported:	New policy
Example:		
5.1.	change in the number of fee beneficiaries, social benefits, etc. - created solely by changing the criteria set out in the relevant act	New policy
5.2.	changes in fee amount, social benefits, subsidies, etc. - by the relevant act	New policy

Source: Ministry of Finance of the Republic of Serbia, Guidelines for proposing priority financing areas for the period 2020-2022.

Enabled by upgrading the Budget Development Information System (BIS) and integrating the UIS data.

4 CHAPTER 4: MONITORING AND REPORTING ON THE IMPLEMENTATION OF A MEDIUM- TERM PLAN

4.1 Purpose of Monitoring and Reporting

Monitoring shall be the systematic and continuous collection of data during the implementation of a particular plan in order to gain insight into the state of the plan at a given moment compared to the planned objectives and results.

The information collected shall be processed, analysed and used as facts to consider when planning future steps in implementing the plan and using the resources available. Monitoring should show whether we are on the right track to achieving our objectives or whether we need to adjust the plan. It shall enable heads to be informed in a timely manner of the resources involved and the actions taken and to make the necessary decisions on time. There are a number of other questions that shall be addressed during the monitoring process:

- 1) Are the predetermined results achieved as planned and effective?**
- 2) Which problems and risks are we facing?**
- 3) What changes should be made in the next planned stages?**
- 4) Are the planned and achieved results still relevant for the achievement of the final planned outcomes?**
- 5) What lessons and recommendations can we learn from the implementation?**

Monitoring the implementation of the medium-term plan shall allow one to consider the success of the implementation of measures and activities within the competence of an institution. It shall provide the heads with the basis to make decisions on resource redistribution or increase institutional capacity in areas where performance is poor. It shall also indicate where the measures or activities identified in the policy documents or the anticipated dynamics of their implementation need to be modified - in line with the institution's ability to implement the plan.

Monitoring the implementation of the medium-term plan shall form the basis for monitoring and then evaluating the results of public policies. The report on the implementation of the medium-term plan does not always give us an overall picture of the implementation of public policy - this is especially true in situations where its implementation is the responsibility of several institutions. The Annual Report on the Implementation of the Policy Documents shall take data from the report on the implementation of the medium-term plans of all the institutions involved in the implementation of that policy document and allow the "broader picture" on the basis of aggregated data and analysis of the effects of the implementation of activities on the achievement of public policy objectives. The report on

the implementation of the public policy document shall form the basis for ex-post analysis²³ and evaluation of public policy performance in accordance with the Law on Planning System²⁴. Also, the annual report on the implementation of the public policy document, which compiles data on the implementation of activities and possible problems or discrepancies in public policy implementation, shall enable the proposer of the public policy and the working group involved in the drafting and monitoring of the implementation of the public policy document to make the necessary changes to that public policy document, as described in the [Public Policy Management Handbook](#).

The monitoring and reporting mechanisms and calendar established by the Law on Planning System, as well as the UIS supporting these processes, shall allow the data from reports entered into the system to be retrieved automatically to be further used in related reports (see section 4.3).

In addition to monitoring and reporting on the medium-term plan on an annual basis (legal obligation), it shall be good practice for institutions to continuously monitor the implementation of the medium-term plan and at shorter intervals and internally report on how the medium-term activities are implemented (e.g. quarterly). In this way, the heads shall have timely information about whether they are on the right track to achieving objectives or need to adjust the plan to achieve the expected results and avoid the occurrence of “bottlenecks” due to the high workload during the year and more effectively manage any delays in implementation of activities during the year. The UIS shall support the monitoring and preparation of internal reports on the implementation of the medium-term plan activities at the expected interval (quarterly, semi-annually). Continuous monitoring and internal reporting on implementation at intervals much shorter than the annual shall be consistent with good public policy management and public policy impact analysis, which is explained in the [Public Policy and Regulations Impact Analysis Handbook](#).

The implementation of the Government's policy priorities - that is, the implementation of the activities identified through the APIGP - should also be monitored on a monthly basis, in accordance with good practice and established mechanisms for coordinating priority public policies at Government level.

The guidelines for the internal organisation of the medium-term plan development procedure - including the monitoring and reporting on the implementation of the medium-term plan - provided in Section 1.5, the roles of the Management Working Group and sectoral subgroups in that procedure have been clarified. Section 1.5 also explains at what stages and through what mechanisms the information gathered through monitoring and reporting on the implementation of the medium-term plan shall be used to advance the implementation of the institution's medium-term plan in the coming period. It also provides guidance on how this information shall be used to improve the implementation of related public policy documents.

²³. Ex-post analysis has been explained in detail in the [Public Policy and Regulations Impact Analysis Handbook](#), which also provides a comparative overview and correlation of the process of monitoring and evaluation (evaluation) of public policies.

²⁴ The Law on the Planning System stipulates that ex-post impact analysis is carried out during and after the implementation of the adopted public policies and regulations, in order to evaluate their performance, review and improvement.

4.2 Content of the Annual Report on the Implementation of a Medium-Term Plan

Monitoring the implementation of the medium-term plan shall include regular collection of data on the status of activities and achievement of the objectives and measures of the medium-term plan, analysis of the implementation of activities in relation to the planned dynamics, as well as comparison of the achieved and target values of indicators.

At the same time, the actual costs of implementing measures and activities shall be compared to the planned expenditures and analysed in the context of what has been done. This information shall be used in explaining the delay in the implementation of the activities, which also states the impact of the delay in the implementation of the activity and the funds planned for its implementation in the coming period. It shall also state a new deadline for the implementation of the activity and future (key) steps necessary for the implementation of the activity.

Based on the monitoring, institutions shall prepare an annual report on the implementation of the medium-term plan (for the last completed fiscal year) in accordance with the content and deadline set by the Law on the Planning System. The institutions shall be obliged to prepare a report for the previous year and publish it on their website by 15 March of the current year.



Report

The annual report on the implementation of the medium-term plan shall include:

- 1) an overview of the general and specific objectives, measures, targets and realised values of the performance indicators in the year to which the report refers;
- 2) amounts of planned and spent funds for the implementation of each measure, as well as the percentage ratio between spent and planned funds by measures.
- 3) the status of the implementation of the activity in the reporting year, and if the specific activity was not carried out within the stipulated deadline, the reasons for the delay and the stated deadline for implementation of the activity.

The information provided shall be presented in the form illustrated in the table below. The report shall be produced in this form from the UIS, based on the data entered in its database.

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Table 3 Form of an annual report on implementation of a medium-term plan.

Annual report on the implementation of an institution's medium-term plan: xx in te year yy				
Overall objective 1: Public policy document from which the objective has been transposed (or label "determined in a medium-term plan"):				
Name of indicator	Baseline value and the year	Target value in 2018	Achieved value in 2018	Note
1.				
Specific objective 1.1: Public policy document from which the objective has been transposed (or label "determined in a medium-term plan"):				
Name of indicator	Baseline value and the year	Target value in 2018	Achieved value in 2018	Note
1.				
2.				
Measure: 1.1.1 Public policy document from which the measure has been transposed (or label "determined in a medium-term plan"):				
Name of indicator	Baseline value and the year	Target value in 2018	Achieved value in 2018	Note
1.				
2.				

Activities for the implementation of a measure in the year yy	Implementation deadline in yy	Activity status	New implementation deadline	Percent of spent funds in 2018	Short statement of reasons for the achieved progress	Reasons for the deviation from the plan and measure in order to resolve an issue	Future (key) steps necessary to implement the activity
1.							
2.							

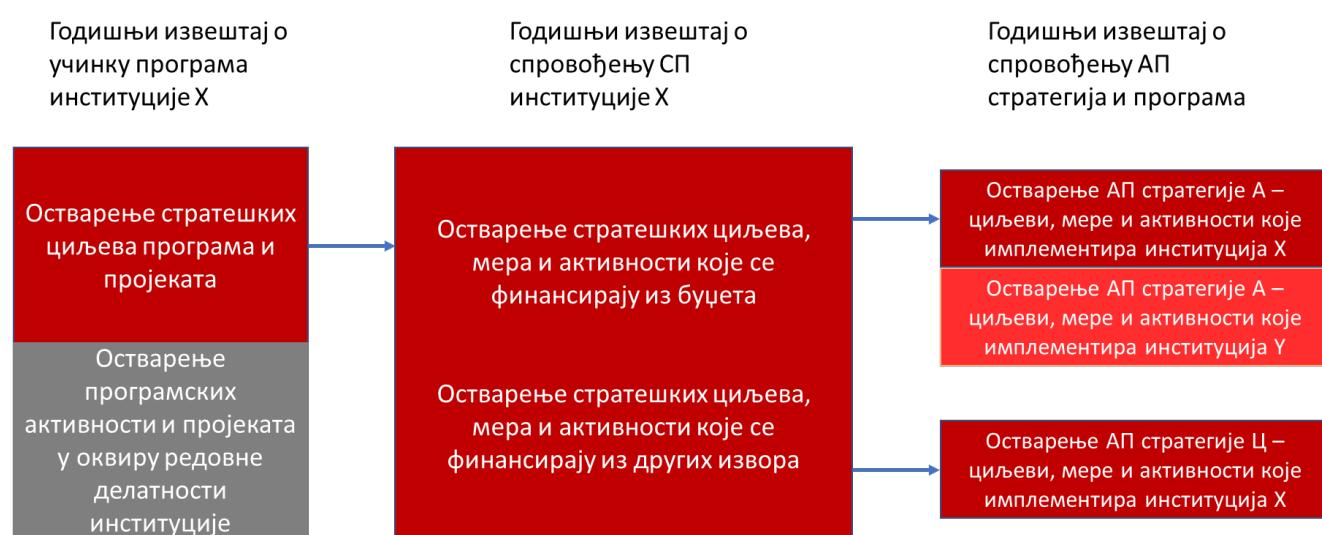
4.3 Mechanisms and Reporting Calendar

Chapters 1, 2 and 3 shall detail the links between:

1. public policy documents and the medium-term plan and how the objectives, measures and activities of the public policy documents shall be transposed into the medium-term plan;
2. the medium-term plan and programme budget and how the objectives, measures and activities of the medium-term plan shall be "mapped" into the components of the PB.

In monitoring the implementation of public policy documents and the medium-term plan, based on the reporting mechanisms and calendars established by the Law on the Budget System and the Law on the Planning System, information on implementation shall be transposed in the opposite direction, as shown in Chart 10. The transposition of this information shall be enabled through the functionality of the UIS and the Budget Preparation Information System.

Chart 10 Collection of information between annual reports.



Annual report on the institution X's programme performance/Annual report on the implementation of the MP of an institution X/Annual report on the implementation of the AP of the strategy and programme

Achievement of strategic objectives of the programme and projects/Achievement of programme activities and projects within regular scope of activities of an institution
 → Achievement of strategic objectives, measures and activities financed from the budget/Achievement of strategic objectives, measures and activities financed from other sources → Achievement of the Strategy A AP – objectives, measures and activities implemented by the institution X/ Achievement of the Strategy A AP – objectives, measures and activities implemented by the institution Y/ Achievement of the Strategy C AP – objectives, measures and activities implemented by the institution X

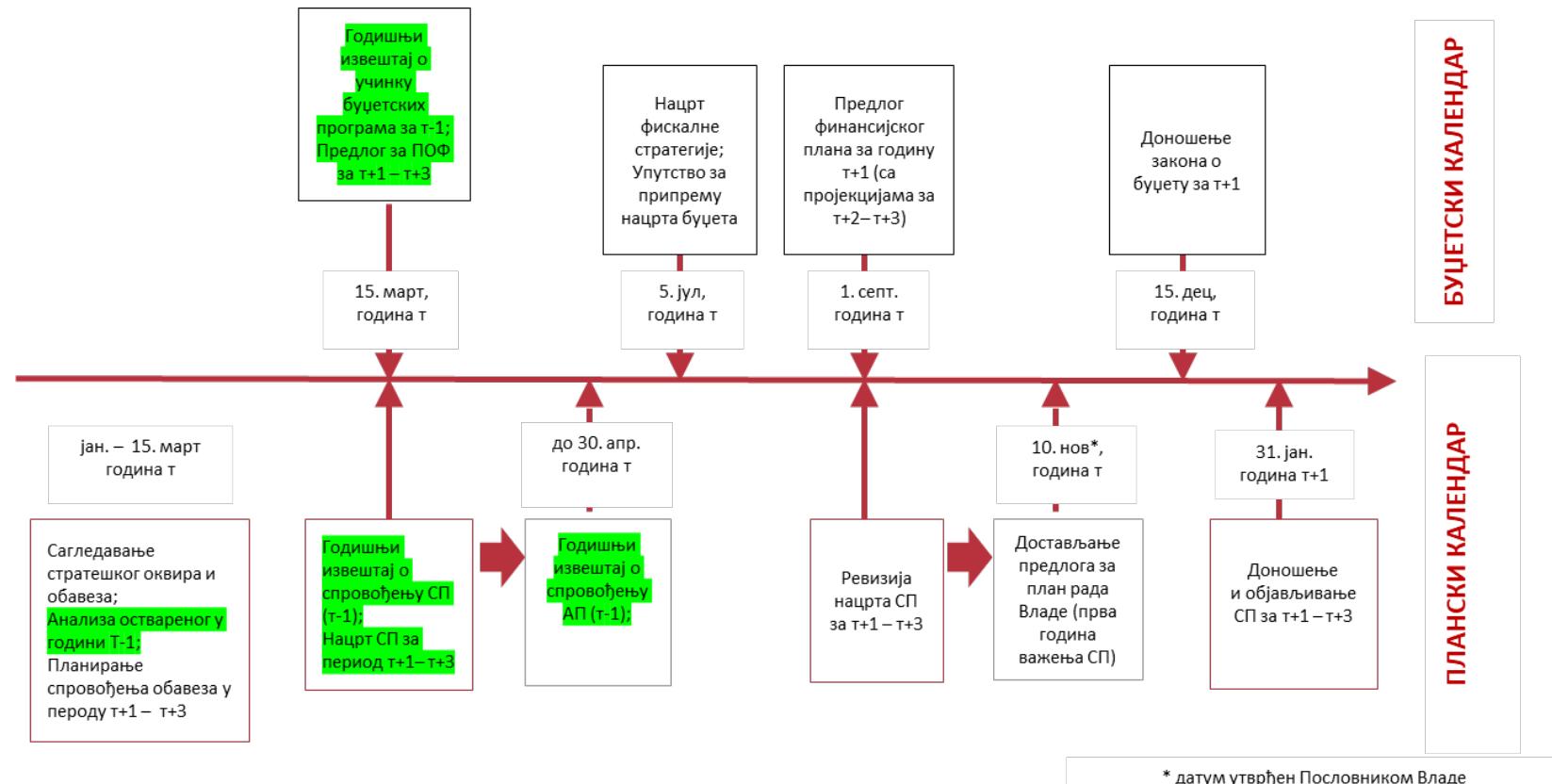
The Annual Programme Performance Report shall provide information on the results of programme implementation, programme activities and projects that shall also cover the institution's regular activities and its obligations arising from public policy documents and information on the performance of performance indicators related to programme objectives, programme activities and projects. If these targets and performance indicators have been transposed from the medium-term plan into the programme budget, information on their achievement shall be transposed from the programme performance report in the medium-term implementation report. The medium-term plan shall also assume data on the use of funds allocated under a programme activity or project - if that programme activity or project is equal to the measure or activity in the medium-term plan.

The report on the implementation of the medium-term plan shall further be supplemented by data taken from the medium-term plan - information shall be provided on the status of implementation of activities and justification of that status, data on the use of funds planned for implementation of measures and activities that do not represent independent programme activities or projects in the budget, etc. In addition, information on the implementation of measures and activities financed from sources other than the budget shall be included in the report on the implementation of the medium-term plan.

The Annual Report on the Implementation of the Policy Document shall transpose information from the report on the implementation of the medium-term plans of all institutions participating in the implementation of that policy document. These data shall be complemented by an analysis of the effects of the implementation of activities on the achievement of public policy objectives.

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Chart 11 Medium-term planning procedure calendar, reporting and budgeting.



Annual report on the performance of budget programmes for t-1; Proposal for the PFA for t+1 – t+3 (15 March, year t) BUDGET CALENDAR

Draft fiscal strategy; Instructions for the preparation of draft budget (5 July, year t)

Proposed financial plan for the year t+1 (with projections for t+2 – t+3)

Law on budget adoption for t+ 1 (15 December, year t)

(January-15 March, year t), Analysis of strategic framework and commitments; analysis of achieved results in year T-1; commitment implementation planning in the period $t+1 - t+3$

Analysis of the strategic framework and commitments; Analysis of achieved results in year T-1; Planning of implementing commitments in the period $t+1-t+3$ /Annual report on implementation of the MP (t-1); Draft MP for the period $t+1 - t+3$)

Annual report of the implementation of the AP (t-1-up to 30 April, year t)

Revision of the draft MP for $t+1 - t+3$

Submission of proposal for the Government work plan (first year of the validity of MP) (10 November, year t)

Adoption and publishing of the MP for t+1-t+3 (31 January, year t+1) PLANNING CALENDAR *date set out by the Government's Rules of Procedure

4.4 Use of the Unified Information System for Planning and Coordinating Public Policies for Reporting

The UIS shall support the process of monitoring and reporting on the implementation of the medium-term plan through applications for entering results in the reporting year (or shorter period according to the needs of the institution - semi-annually, quarterly), production of reports (tabular overview) and appropriate analytical charts in accordance with the criteria of analysis.

The following information shall be entered:

- the achieved values of the performance indicators of the objectives and measures, as shown in the figure below. For each indicator, the planned value in the reporting year shall be displayed, and the achieved value (in the reporting year) shall be entered. Based on this, the achievement status column shall be automatically updated, showing whether the planned value was achieved or it was deviated from the plan.

How	Columns	Context
DynamicIndicators [ActionPlanNew]	apMetricIndicators [apMetricIndicators]	2018 [ap_year] > 2
	Година ПВ	ПВ
	ЦВ (план)	Остварено
	Статус	Н
ОЦ 1 - ПЦ 1 - М 1. Број центара за ментално здравље (број) (13263)		
ОЦ 1 - ПЦ 1 - М 1. Успостављен нов систем плаћања услуга везан за тип и број услуга ((1- да, 0 - не)) (13264)		
ОЦ 1 - ПЦ 1. број психијатријских кревета на 100000 становника (број) (13259)		
ОЦ 1 - ПЦ 2 - М 1. Број формираних подјединица за заштиту менталног здравља у јединици за децу и младе (број) (13272)		
ОЦ 1 - ПЦ 2 - М 2. Број формираних перинаталних тимова (број) (13276)		
ОЦ 1 - ПЦ 2 - М 3. Успостављена мрежа институција у којима се забрињавају и лече старе особе с менталним поремећајима (да, делимично, не) ((1- да, 0 - не)) (13265)		
ОЦ 1 - ПЦ 2 - М 4. % специјалних болница за психијатријске болести са службама за судску психијатрију (%) (13264)		
ОЦ 1 - ПЦ 2. број специјалиста дечје иadolесцентне психијатрије на 100000 деце (број) (13268)		
ОЦ 1 - ПЦ 3 - М 1. Број акредитованих програма континуиране едукације из области менталног здравља (број) (13292)		
ОЦ 1 - ПЦ 3. Број психијатара/ невропсихијатара на 100000 становника (број) (13286)		
ОЦ 1 - ПЦ 4 - М 1. % процедура дијагностике и лечења који се примењује у складу са међународним стандардима (%) (13300)		
ОЦ 1 - ПЦ 4 - М 2. Формиран национални регистар за одређене менталне поремећаје ((1- да, 0 - не)) (13304)		
ОЦ 1 - ПЦ 4 - М 3. Број удружења особа са менталним поремећајима (број) (13312)		
ОЦ 1 - ПЦ 4 - М 4. Број окружних координационих тела (број) (13296)		
ОЦ 1 - ПЦ 4. Број медицинског особља у области поремећаја менталног здравља на 100000 становника (број) (13296)		
ОЦ 1.Територијална покривеност ЦМЗ у односу на укупан број становника Србије (%) (13255)		

- financial resources spent, as shown in the figure below. For each funding source, the activities (or measures) foreseen in the medium-term plan shall show the planned amounts of funds in the reporting year (as well as the purpose of the planned funds). If an independent programme activity or project has been identified in a programme budget for a specific activity (or measure) within which the funds for its implementation have been allocated, the data on the financial execution of the activity (funds spent) shall be automatically transposed from the budget execution system. Otherwise (when the activity or measure in the medium-term plan forms only part of the relevant programme activity or project in the budget), the information on the funds spent shall be "manually entered" into the UIS.

Financials [ActionPlanNew]	Realized financial resources [apMetricIndicators]	Year [ap_year]	Action Plan for Strategy Implementation (3) [ActionPlanName]	Version [Version]
			у хиљадама РСД - усвојено)	Утрошено (у хиљадама РСД)
ДДП (20133)			499,97	500,00
ДДП (20132)			34,122,00	
Проектна донаторска подршка (145)			34,621,97	
Директна донаторска подршка (20650)				
1 - ПЦ 2 - М 1 - А 4. Јачање капацитета МДУЛС-а, Управне инспекције и СУК-а - финансирање активности (148)				
1 - ПЦ 2 - М 2 - А 1. Припрема и усвајање аката којима се усваја Оквир компетенција и уводе компетенције у поступак регрутације и селекције, односно узимање мере за стимуловање креативности и критичког мисли			12,416,58	
Директна донаторска подршка (156)			6,050,00	
Директна донаторска подршка (20134)			6,050,00	5,915,00
РВ: Реформа јавне управе РАР/РЈ: Уређење јавно - службеничког система заснованог на заслугама (156)			158,29	
IFA2029			158,29	15,83
Проектна донаторска подршка (156)			6,050,00	
Изет РС (156)			158,29	
1 - ПЦ 2 - М 2 - А 2. Припрема и усвајање подзаконских аката којим се ближе уређује вредновање радне успешности запослених у јавним службама				
Непознат извор (159)				
Непознат извор (20136)				
Зпознат извор (159)				
1 - ПЦ 2 - М 2 - А 3. Развој Центра за процену и развој компетенција и каријерни развој у СУК - финансирање активности (162)				

3. updated status of the implementation of the activity (not started, ongoing, completed, delayed, canceled) as shown in the figure below. For each activity, the quarter in which it was supposed to end shall be shown; if the activity has not been completed within the deadline, a new date of completion shall be entered, as well as the following information according to the status of the activity - a brief explanation of the progress made, reasons for deviation from the plan and measures taken to solve the problem, future (key) steps necessary for the activity to be implemented.

	Q (план)	Статус активности	Нови рок (квартал)	Нои
СЦ 1 - ПЦ 1 - М 1 - А 1. Измена Закона о државној управи - статус (49)	3	1 - у току	2	
СЦ 1 - ПЦ 1 - М 2 - А 5. Припрема, консултације и усвајање стратешког - програмског оквира за реформу система локалне самоуправе - статус (76)	2			
СЦ 1 - ПЦ 1 - М 2 - А 6. Реформа локалних административних процедура у циљу унапређења и стандардизације административног поступања - статус (107)	4			
СЦ 1 - ПЦ 1 - М 3 - А 1. Утврђивање методолошког оквира за управљање јавним политикама - статус (89)		1 - у току	1	
СЦ 1 - ПЦ 1 - М 3 - А 2. Успостављање јединственог информационог система за планирање и приређење спровођења јавних политика - статус (92)	4			
СЦ 1 - ПЦ 1 - М 3 - А 4. Припрема јединственог програма обука представника ЈПС на тему унапређења система управљања јавним политикама - статус (107)	4			
СЦ 1 - ПЦ 1 - М 4 - А 1. Усвајање Нацрта закона о метарегистру и подзаконских аката - статус (107)		4		
СЦ 1 - ПЦ 1 - М 4 - А 3. Успостављање апликације за вођење евиденције о држављанима РС у оквиру Централног система за е обраду - статус (113)	4			
СЦ 1 - ПЦ 1 - М 4 - А 7. Унапређење регистра просторних јединица и адресног регистра и успостава интероперабилности са другим регистрима - статус (128)	4			
СЦ 1 - ПЦ 1 - М 4 - А 8. Успостављање националне инфраструктуре геопросторних података - статус (128)	4			

An annual report on the implementation of the institution's medium-term plan shall be prepared in tabular form from the data entered in the UIS related for the implementation of the medium-term plan in a given year, (shown in Table 3).

In addition, other reports can be generated from the UIS input data from the institution's medium-term plan and its implementation data, for example:

- annual reports on the implementation of the action plans (strategies or programmes) under the responsibility of the institution;
- annual report on the implementation of the institution's normative activities;
- annual report on the implementation of the institution's capital projects;
- annual report on the implementation of measures and activities related to a particular negotiating chapter or other reform process (Economic Reform Programme, National Priorities for International Assistance, Sustainable Development Objectives);
- other reports or graphs (analytical overviews) that are made by crossing the data entered into the UIS, in accordance with the needs of the institution.