MOBILISING EVIDENCE AT THE CENTRE OF GOVERNMENT IN LITHUANIA

Strengthening Decision Making and Policy Evaluation for Long-Term Development
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INTRODUCTION

Increasing governments’ capacity for an evidence informed approach to decision-making (EIDM) is critical to foster good public governance and to promote long term development. Despite recent efforts, the Lithuanian government is still facing challenges to generate the type of evidence and evaluation that is needed at the right time and in the right format, and to connect supply and demand. The rampant legal inflation also hinders the proper application of impact assessment to ensure that new laws and regulations are properly designed and proportionate. Recognising these challenges, the Lithuanian government has invited the OECD to perform a Review of evidence-informed decision-making and policy evaluation at the centre of government in Lithuania.

This highlights document presents the main findings of this Review, which looks at capacities to supply and to use evidence within the public sector in Lithuania, and the role of the Government Strategic Analysis Centre (STRATA) in fostering an evidence-informed decision-making culture across government. The Review also analyses the challenges related to legal inflation and offers a number of recommendations to mitigate this risk from a structural perspective. Taking into account recent reforms, this report draws on a wealth of comparative international experiences and analyses current gaps in the evidence informed decision making (EIDM) system and offers a set of comprehensive recommendations to address these in the short, medium and long term.
1. CAPACITIES TO SUPPLY EVIDENCE FOR DECISION-MAKING

Supply of evidence is critical to promote an evidence-informed decision-making approach. A prerequisite for it is for evidence to be generated and to be available. Indeed, well-functioning mechanisms for generating and using evidence require both interest from political leadership and capacities within a government to provide timely and reliable analysis (i.e. the supply of evidence), as well as to use evidence (i.e. the demand for evidence). Lithuania faces a set of key challenges with a lack of evidence-driven culture, an excess of new regulations and a lack of overall planning, which do not allow policy makers sufficient time to appropriately assess impacts ex ante, and to draw the lessons from experience when needed. These challenges are compounded by the fact that skills and capacities to supply robust and credible evidence remain low within the civil service, in part due to issues with identifying and hiring staff with the appropriate skills.
ENSURING THE AVAILABILITY OF SKILLS FOR POLICY ANALYSIS IN THE PUBLIC SECTOR

Simply put, a skill is “an ability to do something acquired through training and/or experience” (OECD, 2017). The OECD has developed a framework for civil service skills for public value, where analytical skills are one of four complementary and overlapping skillsets for a high performing civil service.

In practice, policy analysis skills often require a multidisciplinary set of competences drawing from a wide range of areas, including quantitative and technical skills, such as economics, statistics, or social sciences as well as soft skills in terms of communications. Skills such as quantitative economics, statistics, and data science, in particular, appear to be in scarce supply in the Lithuanian job market, in so far as there are only a limited number of qualified graduates in the above-mentioned fields in Lithuania.

Lithuanian ministries and public sector agencies are struggling to recruit and retain the analytical skills that do exist. This reflects both the fact that public sector salaries, working conditions and career prospects are not competitive enough in the civil service framework compared with the private sector to attract good candidates.

DEFINITION OF POLICY ANALYSIS SKILLS

Policy analysis skills [require] leveraging technology and synthesising a growing range of evidence-informed scientific insights (e.g. behavioural economics, data science, strategic foresight) and a diversity of citizen perspectives for effective and timely policy advice to political decision makers.

Source: Adapted from OECD (2017), Framework for civil service skills for public value.

IN LITHUANIA, MINISTRIES FACE IMPORTANT CHALLENGES IN REGARDS TO CAPACITIES TO CONDUCT POLICY ANALYSIS, WHICH CAN BE EXPLAINED BY FOUR MAIN FACTORS:

1. The public sector as a whole suffers from a shortage of skills for analysis, due to a general lack of availability of these skills on the domestic job market and a marked difficulty in attracting and retaining such staff within the civil service given employment conditions.

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

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

4. A government-wide approach towards an effective upskilling of the current civil servants in this area of competence is lacking.
Moreover, staff who are in charge of conducting policy analysis are not clearly identified in ministries. There is no shared definition of analytical staff in the civil service framework, thus making it difficult to identify ministries’ capacities in this regard.

There is also a lack of continuous investment in training that is partly compounded by the reliance on European Union funds which become available on an ad hoc project basis. Finally, most analytical tasks are distributed amongst staff members who also fulfil many other functions. Yet, analysis and evaluation take time, which can be difficult to reconcile with having to handle daily and urgent tasks such as responding to parliamentary questions, responding to daily requests by the Office of Government, or managing a project.

MOBILISING DATA TO SUPPLY EVIDENCE

To produce reliable and robust analysis for evidence-informed policy advice, analysts in ministries need to have access to high-quality and timely data, as well as the appropriate tools and instruments to use this data. This understanding of the importance of access to data and the power of open data, exists in Lithuania and some policy initiatives have been recently adopted, particularly in the field of open data. However, access to timely and quality data, particularly administrative data across ministries, as well as its use, remain an issue in Lithuania today.

SUMMARY OF RECOMMENDATIONS

- Develop analytical skills in the Lithuanian public sector, and in particular create an analytical track within the civil service that could target young graduates with quantitative education backgrounds, by offering competitive salaries, as well as clear horizontal and upwards career mobility.

- Establish a tailored master’s programme for economic and quantitative policy analysis building up on the experience of the Bank of Lithuania.

- Develop a strategic career framework with an in-built training programme that would be continuous and not only contingent on the available EU funding.

- Strengthen existing analytical capacities, with further training and career development. Clarify the definition of analytical skills and functions and conduct a mapping of these skills/Review processes and adjust administrative workload to preserve more time for analysis.

- Develop a clear data governance framework for evidence-informed policy-making.
Without use of evidence, gaps will remain between what is known to be effective and decision making in practice. Yet, supply of evidence is not a sufficient condition for use: demand from primary intended users also needs to be there as well as effective access to evidence. In Lithuania, demand for evidence and analysis remains an important challenge, in spite of recent heightened interest in scientific research in the context of the COVID-19 crisis. Yet, demand is paramount to use and to effectively embedding evidence in policy-making processes. The appropriate skills, knowledge, and external pressure to use evaluation results as well as institutional frameworks can help generate demand for evidence for decision-making.

1. Increasing civil servants and policy-makers’ demand for evaluations, specifically through competency development.

2. Supporting the uptake of evaluations results by granting access to evidence and communicating results strategically.

3. Institutionalising use, by embedding use of evidence in processes and frameworks that are related to actual decision-making in terms of preparing new laws or budget decisions.
GROWING INTEREST IN EVIDENCE FOR POLICY-MAKING

The response to the COVID-19 crisis has provided a good example of how political and societal interest can strengthen use of evidence. At the onset of the pandemic, a new system of health data sharing was quickly established in Lithuania and the wider scientific community was also successfully mobilised to contribute to an evidence-informed crisis management.

However, interest in informing decisions through evidence remains a challenge. Impact assessments and policy evaluations are often understood as formal obligations rather than a useful policy tool. Low demand for evidence can also be related to decision makers’ lack of skills to analyse and interpret evidence.

PUBLICITY AND EFFECTIVE COMMUNICATION FOR THE UPTAKE AND IMPACT OF EVIDENCE

In Lithuania, there is a lack of common publication and dissemination strategy, with no systematic publication of evaluations, outside of those on EU structural funds. Some recent efforts by STRATA to create a common library for public sector evaluations go in the right direction, however. Moreover, outside of some isolated good practises, ministries employ little innovative and tailored communication techniques to achieve impact. Yet, policy makers and stakeholders cannot use evidence and the results of evaluation if they do not know about it.

EMBEDDING USE IN DECISION MAKING FRAMEWORKS

Use of evidence in policy and decision-making is intimately linked to institutional structures and systems for decision making that can withstand changes in leadership. Some of the frameworks for these mechanisms are well established or currently undergoing significant reforms, whereas others need improvement. An example of such established framework is the evaluations of EU structural funds which is very well developed.

On the other hand, the Lithuanian strategic governance system is well institutionalised but remains complex, in spite of a recent reform aimed at reducing the number of planning documents, due to a high number of strategic objectives, the duality between the government programme and the National Progress Plan, and the resulting monitoring challenges. Despite recent efforts, there is also no holistic system for policy evaluations framework.
THE NEW STRATEGIC GOVERNANCE SYSTEM IN LITHUANIA

SUMMARY OF RECOMMENDATIONS

- Organise training for decision makers on how to use evidence and to promote evidence informed decision making.

- Give the wider public access to evaluations including through setting up a searchable one-stop shop web portal for government evaluations.

- Improve communication using infographics, executive summaries and tools tailored to specific public such as Government Working Papers or "information nuggets" on social media.

- Systematically present evaluation findings at the highest level in parliament.

- Strengthen the role of strategic planning, through a more forward looking vision, and build capacity for resilience to future shocks. Further reduce the number of strategic documents to achieve a genuine reduction in the complexity of the planning system and a number of objectives and indicators to facilitate monitoring and follow up.

- Develop a government-wide policy framework for ex post evaluation with clear mandates and processes for coordination and quality assurance.
3. A CLOSER LOOK AT REGULATORY FRAMEWORKS AND PRACTICES

In spite of a framework to conduct public consultations and regulatory impact assessment (RIA), and some recent developments to start implementing ex post evaluations of regulations, Lithuania still suffers from severe legislative inflation. This hinders any effort to ensure that new laws and regulations are properly assessed, and is compounded by an overly legalistic culture and a lack of forward planning in policy-making.

OVERCOMING THE CHALLENGES OF LEGAL INFLATION

Legislative inflation is a key challenge now fully acknowledged by the government. However, finding proper structural remedies is complex and the existing regulatory management tools within the executive branch of government have only provided partial solutions. Indeed, more legislative projects are discussed in the Lithuanian parliament than in neighbouring countries, with over 1000 draft laws registered in the Parliament of 2016-2020 annually (5,077 in total over 4 years). Such a situation clearly impairs the whole functioning of government, leading to the uncontrolled proliferation of legal texts, and creating many opportunities for lack of compliance with laws and regulations, as well as excessive regulatory burdens.

Regulatory management tools can help to some extent: ex ante RIAs and ex post evaluations,
together with administrative simplification and codification, can address some of the challenges and consequences of legislative inflation. Adequate timeframes and sufficient importance bestowed upon conducting public consultations early in the policy process, can both slow down legislative processes and assure against a lack of attention to potential negative impacts. However, these remain of limited effectiveness given the proliferation of new laws initiated through parliamentary processes.

MAXIMISING THE POTENTIAL OF REGULATORY MANAGEMENT TOOLS

Since 2015, Lithuania has undertaken several reforms to improve its regulatory management tools and to strengthen the quality of the legislative process with a stronger focus on evidence-informed policy making. The Office of the Government has identified Higher-Impact Legislation, which have to undergo thorough detailed RIAs. STRATA was given the role of

**PROCESS FOR THE ADOPTION AND RIA OF HIGHER IMPACT LEGISLATION**

- Legislative proposal with explanatory notes and RIA results to Parliament
- Opinion on the quality of RIA
- Presentation of RIA for Higher-Impact Legislation (HIL)
- MINISTRIES Drafting legal acts
- MINISTRIES Conduct in depth RIA for HIL
- OFFICE OF GOVERNMENT Triage + control
- CABINET OF MINISTERS
- STRATA Quality control – high-impact legislation
scrutinising the quality of these assessments. In addition, the new policy framework for implementing \textit{ex post} regulatory review into the legislative process was established with the Ministry of Justice as a co-ordinating institution.

Yet, against the general trends in regulatory policy observed in OECD countries, there is no single formal government regulatory policy in Lithuania. Consultations in the development of regulations sometimes take place before a decision to regulate is made however practices remains inconsistent across ministries.

Specifically, despite Lithuania putting in place a comprehensive set of \textit{ex ante} RIA requirements, most RIAs appear to be conducted as a formality, with limited or no impact on the legislative process. Despite some provisions for higher impact legislative initiatives, current quality assurance mechanisms are also lacking, with responsibilities dispersed across the government and proving ineffective at driving up RIA standards. The nascent framework for \textit{ex post} evaluation also presents significant shortcomings with regard to capacities in ministries to undertake this function. While some new laws already include an \textit{ex post} evaluation clause, which is a positive step, they are not associated with subsequent data gathering processes nor do they foresee financial resources to ensure that evaluation actually takes place.

### SUMMARY OF RECOMMENDATIONS

- Launch a process of codification for the existing stock of regulations to increase transparency and facilitate compliance.
- Establish a forward planning system for new laws, by putting in place a clear 18-month rolling calendar for the development of new legal initiatives, thus allowing for better assessment of impacts.
- Consolidate responsibilities for transposing EU directives with the Office of the Government and strengthen the capacity at the Ministry of Justice to limit the possibility of gold plating.
- Set up a strategic framework to address the longer-term challenges of legal inflation, which includes a memorandum of understanding between the legislative and executive branch.
- Develop a formal better regulation policy from a whole of government perspective.
- Strengthen the management of \textit{ex ante} RIA in the executive branch by clarifying ministerial and cross-governmental procedures and enhancing public consultations.
- Consider establishing an independent “Regulatory Oversight Board” with STRATA as its secretariat.
- Strengthen the effectiveness of the \textit{ex post} evaluation framework by mandating the Office of the Government as the coordinating institution and associating evaluation clauses with clear financial resources and increasing their links with RIA.
In 2019, the Lithuanian Science and Education Monitoring and Analysis Centre (MOSTA) was officially transformed into the Government Strategic Analysis Centre (STRATA), with the mission to strengthen evidence-informed decision-making mechanisms from a Centre of Government perspective. At the time of conducting this OECD review, the transformation process was not fully completed. While STRATA’s mandate has been expanded significantly in a formal sense, the challenge is to assess whether its structure and resources are commensurate with its new challenges and needs. This will call for striking the right balance between independence and relevance; agility and budgetary stability; expertise and impact.

**STRATA’S MANDATE AS A STRATEGIC ADVISORY BODY AT THE CENTRE OF GOVERNMENT**

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

- Carrying out foresight activities, monitoring and evaluation in the context of the Strategic Governance system.
- Conducting thematic studies in the areas of expertise related to the previous MOSTA mandate.
- Promoting the quality of regulatory impact assessment and ex post assessments.
- Providing advice to promote evidence-informed decisions.
- Managing the network of public analysts.

Overall, the aggregated mandates of STRATA create an incompatible mix of functions: some require strong political influence and commitment (e.g. monitoring the implementation of plans), while others benefit from increased independence and technical legitimacy (e.g. policy advice and evaluation). The nature of STRATA’s position, at arm’s length of the centre of government, and the skills of its staff members, are better suited for foresight, advice and evaluation.
STRATA HAS A ROLE IN PROMOTING THE OVERALL QUALITY OF REGULATORY ASSESSMENTS

STRATA promotes the right implementation of regulatory management tools through engaging with public servants responsible for drafting RIAs and assessing the quality of the RIAs of Higher-Impact Legislation as well as by organising trainings and developing methodologies. Moreover, it is envisaged that STRATA will serve as a methodological expertise centre for the ex post evaluations of regulations.

STRENGTHENING THE GOVERNANCE, ORGANISATION AND RESOURCES OF STRATA

With the adoption of the 2021-25 Government Strategic Analysis Centre transformation plan, STRATA attempted to realign its organisational structure with its new mandate.

It has set an autonomous board with advisory functions, which consists of 6 independent experts and a representative from the Office of the Government, to plan for the annual activities of STRATA and set its long-term vision. Moreover, the organisational structure has been reorganised to reflect the new cross-governmental functions. Nevertheless, adjustments in resources and skills are still needed to reflect the core needs of the Centre. For instance, project-based funding, currently at 73%, could be rebalanced in the share of STRATA’s budget.

SUMMARY OF RECOMMENDATIONS

- Refocus STRATA’s responsibility in regards to monitoring the implementation of the Progress Plan to analytical support to the office of the government.

- Clarify STRATA’s role in the RIA process, which is to establish regular RIA training and modules, and serve as an analytical secretariat to the “Regulatory Oversight Board”.

- Ensure that STRATA can serve as a focal point for ministries to help promote good practices concerning evaluations, by:
  - setting guidelines, conducting cross-governmental evaluations, fostering the community of evaluators through regular seminars and knowledge sharing.
  - supporting the setting up of a master’s programme for economics and quantitative policy analysis.
  - managing an analytical track in the civil service, supporting the Office of the Government and the Ministry of Finance.

- Support the implementation of STRATA’s strategy for 2021-25, while monitoring progress and providing STRATA with an appropriate funding mix.

- Strengthen the credibility and integrity of STRATA’s advice.