

The Implementation of Strategic Planning in Municipalities of Lithuania

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Abstract: This article is devoted to present a system of selected criteria created by the authors of this article and to describe the stages of implementation of strategic planning in municipalities of Lithuania into which, based on this system of selected criteria, the authors of this article have proposed to divide the period from 1990 to the present day. The division of the period of implementation of strategic planning in municipalities of Lithuania chosen based on selected criteria and the characterisation of the processes taking place during those stages allows this article to be seen as scientifically new and relevant as well as useful in terms of transferring good practice.

Keywords: Strategic planning, a strategic development plan of the municipality, a strategic action plan of the municipality, a strategic management system of the municipality.

1. INTRODUCTION

Various aspects of the implementation of strategic planning in municipalities of Lithuania have been depicted in the scientific and/or educational publications by many Lithuanian scholars and practitioners: Arimavičiūtė (2005), Raipa (1999, 2012), Šiupšinskas (2003), Vasiliauskas (2002). However, none of them tried to divide the period from 1990 to the present day into stages based on some selected criteria and to describe the processes carried out in these stages. The authors of the article consider that the absence of division into the stages based on the system of criteria makes the scientific knowledge in this area only empirical (i.e. only separate facts, documents, legal acts, actors, and procedures are collected, analysed, grouped, compared, etc., without formulating statements about regularity, causality, etc.). According to that the authors of this article decided to create a system of selected criteria based on which strategic planning implementation in Lithuanian municipalities from the period of 1990 to the present could be possible scientifically divided into qualitatively different stages and to present the events that took place during each stage of implementation of strategic planning in Lithuanian municipalities as well as the reasons for those events. Hereby, in the opinion of the authors of this article, it is possibly better and deeper to understand, what, how, and why took place during each stage of strategic planning implementation in Lithuanian municipalities while evaluating what was good and to gain experience for the future.

2. RESEARCH METHODOLOGY

Research Purpose and Methods

The objectives of this article are:

1. to present a system of criteria that create preconditions for the period of implementation of strategic planning in Lithuanian municipalities from the period of 1990 to the present day to be reasonably divided into qualitatively different stages;
2. to indicate the stages of implementation of strategic planning in Lithuanian municipalities, taking into account their distinctive features and giving them a name;
3. to present the most important events that took place during each stage of implementation of strategic planning in Lithuanian municipalities, also present the reasons for those events and thus to have a look at the process of strategic planning in Lithuanian municipalities from 1990 to the present from a new angle (new perspective).

Analysis and synthesis, benchmarking and descriptive research methods have been used when conducting research and preparing the article.

3. RESULTS

3.1. A System of Criteria Creating Preconditions for Dividing into the Stages the Period of Implementation of Strategic Planning in Municipalities of Lithuania from 1990 to the Present Day

The stages of implementation of strategic planning in municipalities of Lithuania may be distinguished based on the system of the following selected criteria:

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- 1) the nature of the approach to strategic planning and the application of its principles in practice (*positive or negative*);
- 2) the relationship between the accumulation of theoretical knowledge (and skills) in the preparation and implementation of strategic planning documents and their use in practice (*whether there is only the accumulation of knowledge about the preparation and implementation of a certain type of strategic planning documents (of different duration and nature) or whether this type of documents is prepared and implemented in practice*);
- 3) the completeness of the strategic planning system (*i.e. the number of different types of strategic planning documents (of different duration and nature) that are prepared and implemented in practice*);
- 4) inclusiveness of the strategic planning system (*i.e. what is the degree of the compatibility of different types of strategic planning documents (of different duration and nature) prepared and*

implemented in practice, as well as their compatibility with documents of territorial planning and financial planning and/or with documents of planning at higher (national, regional) level);

- 5) inclusiveness of strategic planning and other functions of overall management activities (*whether it is important only to prepare 'good' strategic planning documents or whether the aim is to perform management functions in such a way and for such a purpose as to create and properly implement a 'successful' strategy of territorial and/or organizational development in an environment of ever-changing conditions and factors*) (Figure 1).

3.2. The Stages of Implementation of Strategic Planning in Municipalities of Lithuania into which, Based on the System of Selected Criteria, it Makes Sense to Divide the Period from 1990 to the Present Day

In the opinion of the authors, it is appropriate to divide the period of implementation of strategic

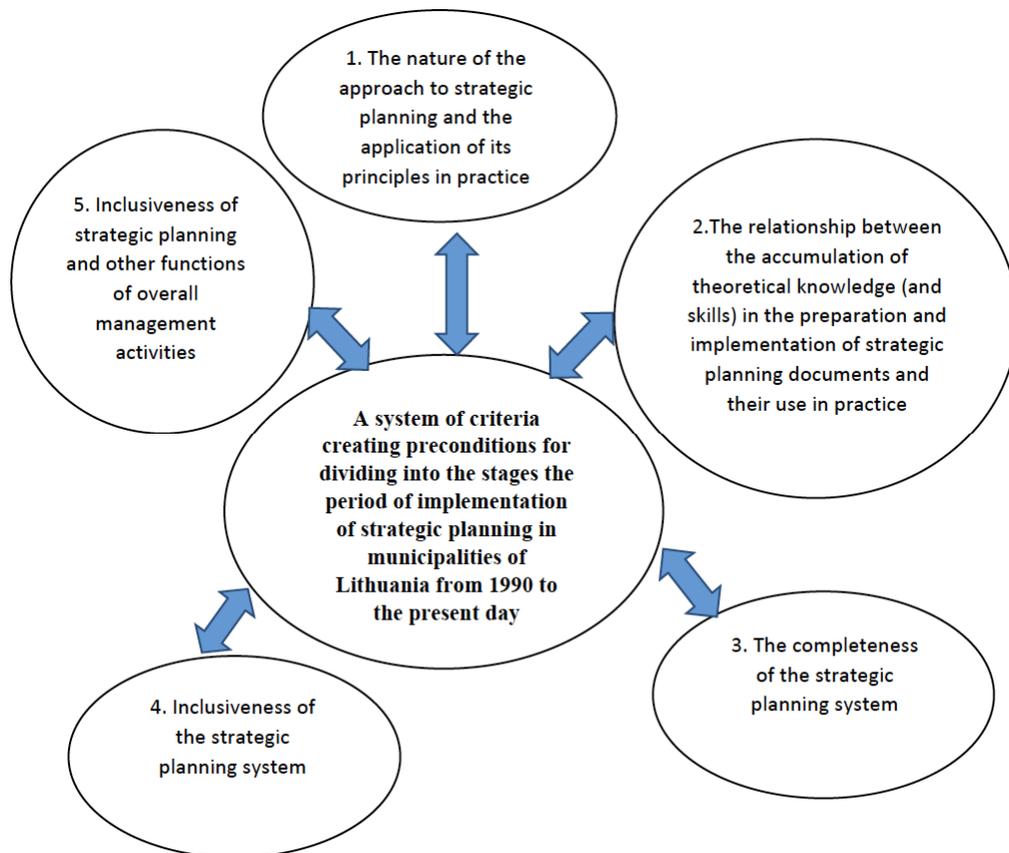


Figure 1: A system of criteria creating preconditions for dividing into the stages the period of implementation of strategic planning in municipalities of Lithuania from 1990 to the present day (source: created by the authors).

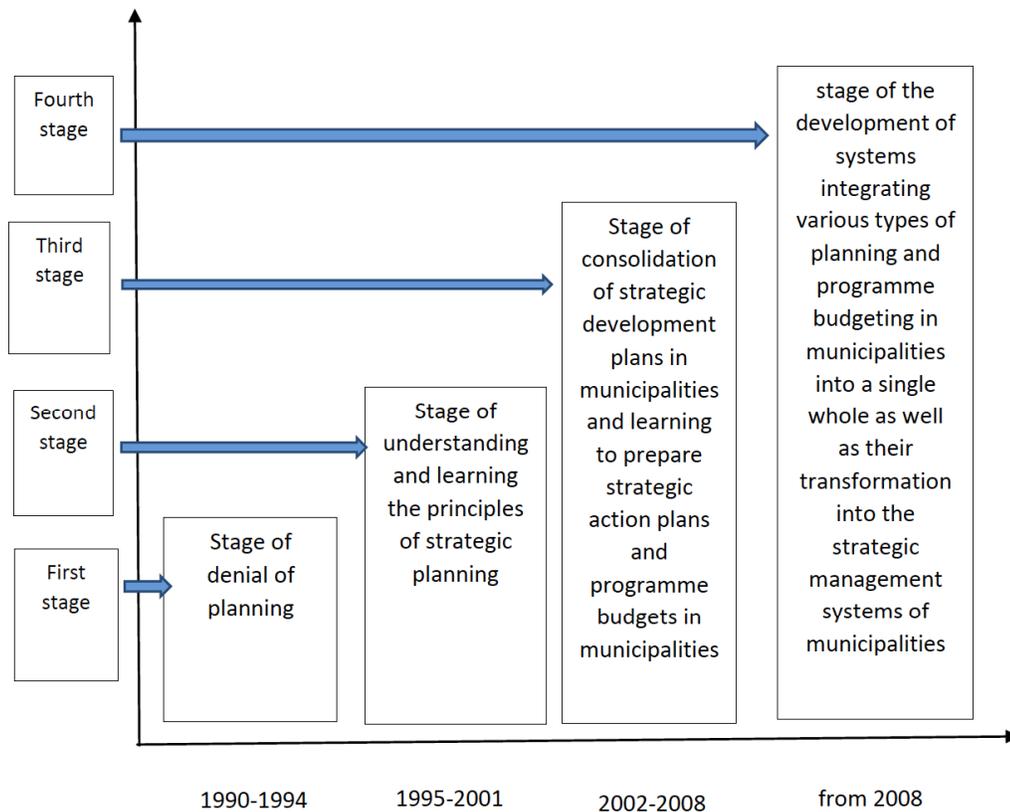


Figure 2: Stages of implementation of strategic planning in municipalities of Lithuania in the period from 1990 to the present day (source: created by the authors).

planning in municipalities of Lithuania from 1990 to the present day into four qualitatively different stages (Figure 2):

- 1) the first stage (1990-1994) which could be called *the stage of denial of planning*;
- 2) the second stage (1995-2001) which could be called *the stage of understanding and learning the principles of strategic planning*;
- 3) the third stage (2002-2008) which could be called *the stage of consolidation of strategic development plans in municipalities and learning to prepare strategic action plans and programme budgets of municipalities*;
- 4) the fourth stage (from 2008) which could be called *the stage of development of systems integrating various types of planning and programme budgeting in municipalities into a single whole, as well as their transformation into the strategic management systems of municipalities*.

Dividing into the stages the period of implementation of strategic planning in municipalities of

Lithuania from 1990 to the present day according to the system of the selected criteria is shown in Figure 3.

3.3. Description of the First Stage (from 1990 to 1994): Stage of Denial of Planning

After the restoration of the independence of the State of Lithuania on 11 March 1990, the country tried to abandon the principles of directive planning and centralised allocation of resources applied in the conditions of command economy and centralised management. During this period, planning as one of the management functions and a plan as a document setting out certain aims and objectives of development (activities) and the means to achieve those aims and objectives were seen as a legacy of the Soviet regime, they were undeservedly viewed only negatively and was abandoned wherever possible.

At that time, the free market rules and ability 'to regulate all by itself without or only with minimal intervention (regulation) of the State/local authorities were regarded idealistically. Despite the achievements of Western European countries with market economies and state regulation in applying the principles of long-term indicative and strategic planning in both the public

| Period (stage, years) Criteria | First stage 1990-1994 | Second stage 1995-2001 | Third stage 2002-2008 | Fourth stage from 2008 |
|--|---|--|--|---|
| 1. The nature of the approach to strategic planning and the application of its | The negative approach to the strategic planning | A positive approach to the strategic planning | A positive approach to strategic planning | A positive approach to the strategic planning |
| 2. The relationship between the accumulation of theoretical knowledge (and skills) in the preparation and implementation of strategic planning documents and their use in practice | No manifestations of it | Only the accumulation of knowledge about the preparation and implementation of certain types of strategic planning documents | Accumulation of knowledge as well as preparation and implementation of certain types of strategic planning documents | Accumulation of knowledge as well as preparation and implementation of certain types of strategic planning documents |
| 3. The completeness of the strategic planning system | No manifestations of it | There are not strategic planning documents devoted to implementing in practice | There are certain types of strategic planning documents devoted to implementing in practice | There are certain types of strategic planning documents devoted to implementing in practice |
| 4. Inclusiveness of the strategic planning system | No manifestations of it | No manifestations of it | Low level of the compatibility of different types of the strategic planning documents as well as their compatibility with documents of territorial planning and financial planning and/or with documents of planning at higher (national, regional) level) | The higher level of the compatibility of different types of strategic planning documents as well as their compatibility with documents of territorial planning and financial planning and/or with documents of planning at higher (national, regional) level) |
| 5. Inclusiveness of strategic planning and other functions of overall management activities | No manifestations of it | No manifestations of it | No manifestations of it | There are some manifestations of it in some (advanced) municipalities |

Figure 3: Dividing into the stages the period of implementation of strategic planning in municipalities of Lithuania from 1990 to the present day according to the system of the selected criteria (source: created by authors).

and private sectors, the planning principles (elements) were ruthlessly eliminated in Lithuania’s public sector (including the municipalities): refusal to prepare or update development plans or programmes for individual areas/sectors, long-term, medium-term and short-term state and municipal socio-economic development plans which, in the last years of the Soviet regime, were prepared according to new methodologies that took over several strategic planning elements (strategic analysis methods, principles for formulating objectives (‘objective trees’), evaluation criteria, etc.).

During the said period, the municipalities preserved and used only *Master plans* (long-term (approximately 20-year) territorial planning documents) and *municipal budgets* (one-year financial and, concurrently, operational planning documents as budget appropriations were planned for specific institutions and activities to be implemented in that financial year). And only in a few municipalities of Lithuania (through

the efforts of the ‘old generation’ managers and professionals who worked there) used long-term and medium-term socio-economic development plans and/or programmes. Skeptical attitudes towards the planning harmed the development processes of state, municipal, and individual public sector institutions. Many objects remained uncompleted due to a lack of continuity of funding, while the limited budgetary resources were directed to ‘patch the holes’. And that led to a rather chaotic development of the municipalities and, at the same time, of the State as a whole.

3.4. Description of the Second Stage (from 1995 to 2001): Stage of Understanding and Learning the Principles of Strategic Planning

The above-mentioned situation could not continue at both national and municipal levels. Limited state budget funds and their unclear use by state institutions/agencies forced the Ministry of Finance to

change the principles of state budget composition and the Government to search for systems (methodologies) which would be efficient in market conditions and which would be designed for the preparation and implementation of planning documents (strategies, concepts, programmes, projects, etc.) for the whole State and its sectors. Therefore, it was decided in 1998 to compose the state budget of Lithuania based on programmes and to use the experience gained in other countries (e.g. Canada, etc.) for the implementation of the principles of strategic planning in state administration.

Following the formal expression by Lithuania of its wish to integrate into European and Euro-Atlantic structures, the principles and methods of planning specific to those structures started to be explored and subsequently applied in the areas concerned. After beginning to compose the state budget based on programmes in Lithuania, the state institutions/agencies, to receive appropriations from the state budget and other monetary funds, have been obliged to draw up programmes and estimates of the costs of their implementation since the beginning of 2000. This initiative was a first step in the systematic planning of financial resources and improving the functioning of institutions/agencies of the public sector. Moreover, the crisis in Russia that began in 1998 and the recession of the Lithuanian economy were those factors, which forced the Lithuanian Government to make a final determination to undertake a radical reorganisation of activities of organisations of the public sector and the system of state budget planning. It was clear that reforms could not be avoided. To make more efficient use of available resources, it was decided to start strategic planning, i.e. to set clear priorities (aims, objectives) and results expected to be achieved, and to direct the limited resources available for implementation of these priorities (aims, objectives). The Lithuanian-Canada project of public administration reform was launched in 1998, focusing on the implementation of the principles of strategic planning at the level of the Government (the Office of the Government) and institutions/agencies of the public sector. Initially, during 1998-1999, pilot projects for the preparation of strategic action plans were implemented in four ministries. In 1999, the Government's Strategic Planning Committee was set up to make proposals and recommendations to the Government on its policies, priorities, and other relevant issues. A Strategic Planning Unit was set at the Office of the Government of the Republic of Lithuania to coordinate the strategic planning process.

On 3 May 2000, the Minister of Finance and the Minister of Public Administration Reforms and Local Authorities jointly approved the first Strategic Planning Methodology. The unique 'Lithuanian' methodology was developed in consultation with Canadian experts and US advisers, it reconciled the principles of strategic planning and programme budgeting of those countries and adapted them to Lithuanian conditions. All managers of state budget appropriations were obliged to prepare and submit before 20 June 2000 their *strategic action plans* to the Government and the Ministry of Finance. The strategic action plans had to specify in detail an institution's aims, objectives, and programmes for which the state budget appropriations would be used. Thus, in Lithuania strategic planning was linked to the composition of the state budget according to programmes. Starting with the composition of the state budget for 2001, all ministries, government agencies, and other state institutions/agencies must prepare/revise strategic action plans and submit them to the Government and the Ministry of Finance every year within the time limits set by the Government.

These processes, which took place at the state level, had a significant impact on municipalities of Lithuania. It may seem strange, but planning in general and strategic planning, in particular, gained the interest of municipalities even earlier than that of state institutions/agencies – around 1995. The interest was especially high in those municipalities of Lithuania where local and foreign experts showed the advantages of municipal strategic plans and the practical benefits of such plans. Politicians and administrators of Anykščiai, Plungė and Varėna districts, Alytus, Klaipėda and Vilnius cities and other municipalities of Lithuania actively participated in training (pilot) projects and gained knowledge about strategic analysis, formulation of municipality's mission and vision, the definition of strategic objectives and tasks, implementation programmes, preparation of projects or measures, monitoring of the implementation of plans. They believed that it was appropriate to revive the implementation of the planning function, preparation, and implementation of planning documents at the municipal level. According to the author of the article, the first pilot (training) *strategic plan of the socio-economic development of the district* was prepared in the municipality of Anykščiai district.

In the municipalities where training (pilot) projects were implemented from 1995 (e.g. municipalities of Vilnius city, Klaipėda city, Alytus city, Varėna district,

etc.), 1999–2000 saw the preparation of the first *strategic development plans* of the municipalities which would be applied in practice. Other municipalities of Lithuania, observing what was being done in the ‘pioneer’ municipalities, began to study the latter’s experience carefully and to organise training seminars to ‘catch up’. The first strategic development plan that was no longer a pilot plan but implemented in practice was approved in the first half of 2001 by the Municipal Council of Klaipėda City. The Municipal Council of Vilnius City lagged behind this only a little bit – it approved the vision and priorities of the city development in the second half of 2001 and the plan of measures in 2002.

3.5. Description of the Third Stage (from 2002 to 2008): Stage of Consolidation of Strategic Development Plans in Municipalities and Learning to Prepare Strategic Action Plans and Programme Budgets in Municipalities

After adopting the legal acts regulating the system of strategic planning integrated with the programme budgeting at the state level (the Government approved the second Strategic Planning Methodology by a resolution in 2002) and the Seimas adopted the second (revised) version of the Law of the Republic of Lithuania on Regional Development in 2002 which provided for development plans of regions-counties and strategic development plans of municipalities, the need and preconditions arose to regulate and implement strategic development planning at the regional-county level and to recommend to apply this type of planning (model) to the municipalities of Lithuania, as well. Therefore, on 4 October 2002, the Minister of the Interior approved by order No. 482 the Methodology for the Preparation and Updating of Regional Development Plans, which was binding on county governors and their administrations, but was recommendatory to local authorities. Under that Methodology, development plans for all ten Lithuanian regions and counties were prepared and approved. Although that Methodology was not mandatory for the municipalities of Lithuania, the mechanism for preparing, considering, approving, implementing, and monitoring the implementation of a development plan of a region-county as laid down in the Law became an important impetus to start developing strategic development plans in all 60 Lithuanian municipalities.

During this period, inspired by the example of the municipalities of Klaipėda and Vilnius cities, practically all municipalities of Lithuania prepared and approved their first *strategic development plans*. In addition to the

above-mentioned reason, the preparation and implementation of strategic development plans of municipalities were also stimulated by the mechanism of receiving support from the EU funds. With Lithuania’s integration into the European Union, the support from EU funds was planned to be allocated to those areas that were included in a municipal strategic development plan and based on it – in a regional development plan. Municipalities, since funds for investments were allocated by strategic planning documents and the main source of financing for investment projects, was the EU structural funds, closely linked their priorities (aims, objectives) to the priorities of the State, especially structural support. Since 2007, to receive EU support, it has become necessary to have a project ‘included’ in a municipal strategic development plan.

However, this period was characterised not only by the above-mentioned fact but also by the fact that in 2001–2004 some municipalities, namely, Vilnius City, Klaipėda City, and Alytus City, prepared the first *municipal strategic action plans* and started composing *budgets using the programme approach*. The first 3-year strategic action plan (2002–2004) and the related municipal budget ‘according to the programmes’ were approved by the Municipal Council of Vilnius City which, to purposefully implement the 2002–2011 Development Plan of the Municipality of Vilnius City and a Vision for Future Development of Vilnius City until 2020, was the first in Lithuania to start developing an integrated system of strategic planning and programme budgeting.

This example also caught the attention of other municipalities of Lithuania: many municipalities, following the Government-approved Strategic Planning Methodology which was improved once again (for the third time) in 2007 and having evaluated the experience of the municipalities of Vilnius City, Klaipėda City, and Alytus City started rapidly to learn how to prepare 3-year municipal strategic action plans and programme budgets. This process gained momentum and became the beginning of a new, current phase.

3.6. Description of the Fourth Stage (Ongoing Since 2008): The Stage of Development of Systems Integrating Various Types of Planning and Programme Budgeting in Municipalities into a Unified whole and their Transformation into Strategic Management Systems of Municipalities

During this stage, in some municipalities, the process of developing integrated systems of various

types of planning and programme budgeting in municipalities of Lithuania was (and still is) faster and more consistent than in others. To remove obstacles to the development and effective functioning of such systems in municipalities, a working group was set up by Prime Minister A. Kubilius in the first half of 2012 to prepare guidelines for the improvement of the strategic planning system in municipalities. After preparing and approving the above-mentioned guidelines, the Ministry of the Interior was instructed in the second half of 2012 to prepare a draft law amending certain articles of the Law on Local Self-Government (together with 18 other draft laws amending other laws). The Seimas also considered and approved on 2 July 2013 the amendments of the laws submitted by the Government. The provisions of Law on Local Self-Government No XII-460 that established a unified system of planning and plans in municipalities entered into force on 1 October 2014. The Government, implementing the final provisions of the said Law, approved the Recommendations on Strategic Planning in Municipalities in December 2014, which detailed the above-mentioned provisions of the Law on Local Self-Government regarding the unified (integrated) system of planning and plans in municipalities. The Recommendations consistently regulated the preparation, consideration, approval, monitoring of implementation, revision, reporting on the implementation of *municipal strategic development plans* and *municipal strategic action plans* as well as *annual action plans* of municipal administrations and municipal budgetary institutions, evaluation of the achieved results, the engagement of consultants, the involvement of the local community in planning and the roles of all actors involved in that process; the Recommendations also indicated the interrelationships between the all municipal plans. Every municipality has been (and is) obligated since 1 October 2014 to prepare new planning documents following the Law on Local Self-Government, the provisions of the Recommendations approved by a resolution of the Government, and the description of the procedure for preparation and implementation of strategic and annual plans approved by a municipal council's order and prepared by adapting the provisions of the said Recommendations to the conditions of a particular municipality.

The following are the objectives sought to be achieved and innovations planned in Law No XII-460 adopted on 2 July 2013 and amending the Law on Local Self-Government and in the Recommendations

approved by Resolution No 1435 of the Government on 15 December 2014 and implementing the said Law:

1. The preparation and adoption of amendments of this Law and the legal acts implementing this Law have pursued these objectives:

- 1.1) to create preconditions for the activities of municipalities to become more efficient and effective, more results-oriented and meeting the needs of the local community;

- 1.2) to reduce the number of planning documents prepared in municipalities (according to some experts, it was possible to 'find' as many as 40 different planning documents in the municipalities), and to seek that the prepared municipal planning documents would be better coordinated and would not duplicate each other.

2. To achieve these objectives, the said Law and the legal acts implementing that Law provided for the following measures:

- 2.1) a provision has been established that an integrated planning system consisting of three interconnected types of planning must be created and continuously improved in each municipality: territorial planning, strategic planning, and financial planning;

- 2.2) it has been limited to the preparation and implementation of three types of strategic planning documents in the municipality: the *municipal strategic development plan* (for a period of 5–9 years), *development programmes of separate municipal sectors* (for a period of 3–7 years) and the *municipal strategic action plan* for 3 years. It has been established that development programmes of separate branches/sectors of the economy are prepared only in the case when the preparation of such documents is provided for by the Law;

- 2.3) it has been established that each municipality must have a *municipal strategic action plan* which would be an intermediate link between the *municipal strategic development plan* and the *municipal budget*;

- 2.4) it has been established that the *municipal strategic action plan* is prepared for 3 years and revised every year (the objectives of the next planned year and the measures required to achieve them are closely linked to the municipal budget appropriations planned for the next financial year). To 'keep insight' the 3-year planning horizon, the municipal strategic

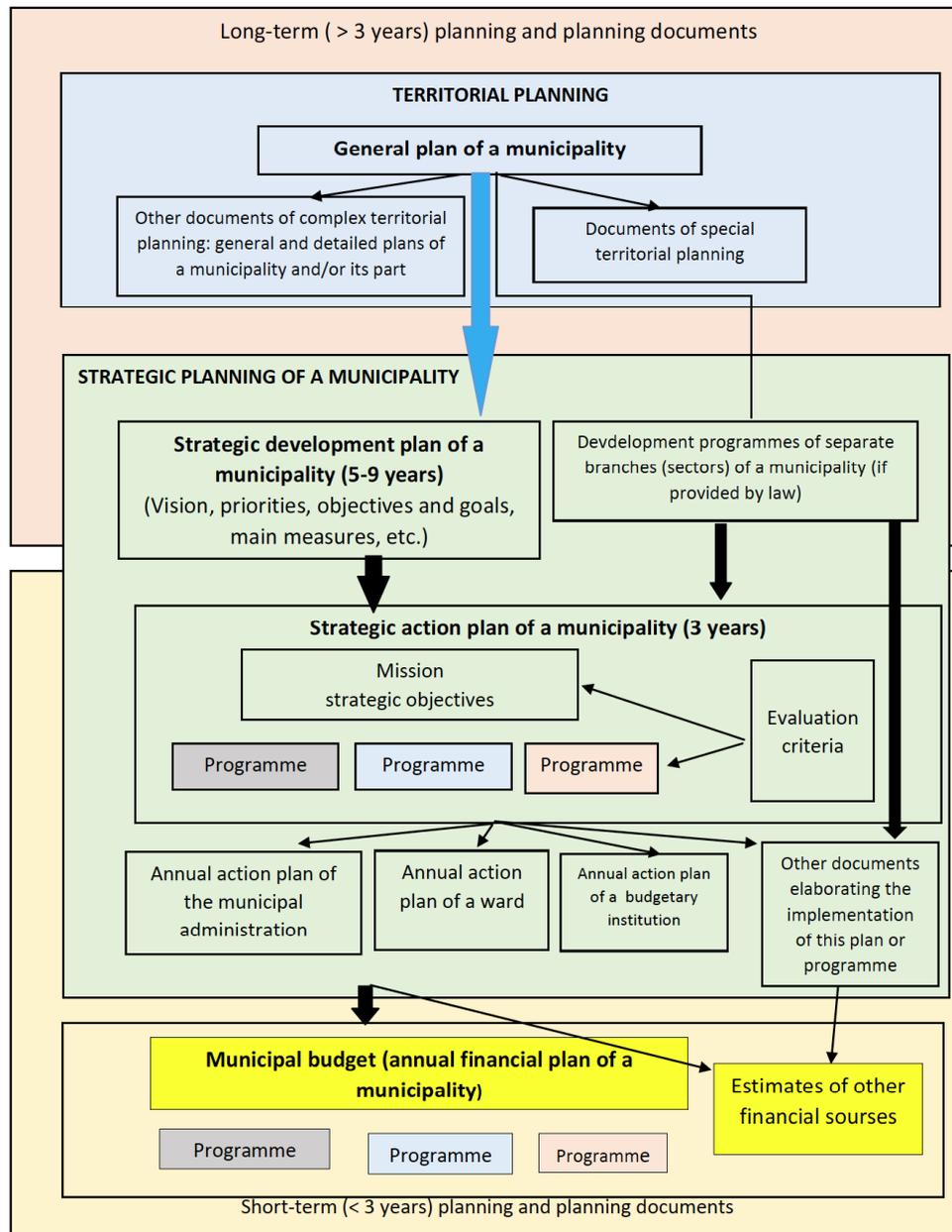


Figure 4: Unified (integrated) system of various types of planning and programme budgeting in municipalities of Lithuania since 1 October 2014 (source: created by the authors).

action plan is ‘supplemented’ with new ‘forecasts’ – new objectives to be achieved and the measures necessary for their implementation which would be relevant in another 2 years;

2.5) indicators for the assessment of the achievement of goals and objectives (with the values of the indicators to be achieved) must be a mandatory element of the municipal strategic planning documents. The introduction of indicators of effect, result, and products assessment creates preconditions for the municipality to become more efficient, results-oriented and meet the needs of the local community;

2.6) if the *municipal strategic action plan* could be considered a document detailing the implementation of the aims and objectives of the *municipal strategic development plan*, then the annual *action plans* of the municipal administration and budgetary institutions become those short-term (one-year) planning documents detailing the measures provided in the municipal strategic action plan programmes the implementation of which is the responsibility of one of these bodies/entities. The form of these annual planning documents is such that, when used, the measure provided for in the municipal strategic action plan is ‘fleshed out’: these documents list specific

actions/projects of the municipal administration or budgetary institution necessary to implement that measure of the plan, allocate necessary and sufficient financial resources, identify responsible executors, plan the values of the indicators for assessing this activity;

2.7) the municipal budget appropriations must be planned for the implementation of the programmes of the municipal strategic action plan (i.e. both planning documents 'must' contain the same programmes).

Graphical representation of the unified system of planning and plans which has been functioning in municipalities since October 2014 is shown in Figure 4.

After the National Audit Office (the supreme audit institution in Lithuania) performed a state audit in 2018, the strategic planning, state budgeting, and reporting system operating in Lithuania was assessed as:

- (a) *insufficiently focused on results and financial sustainability*;
- (b) *insufficiently optimal*: more than 290 different strategic planning and implementation documents are prepared and implemented which have their objectives, tasks, and evaluation criteria (total number of evaluation criteria is about 1 800);
- (c) *insufficiently coherent at the national level*: e.g. the strategic planning methodology does not apply to the Seimas, therefore, the Government does not have the power to create and maintain a common national strategic planning system;
- (d) *insufficiently uniform*: the Strategic Planning Methodology does not apply to Regional Development Councils and municipalities, therefore, it does not cover regional and municipal planning processes that are regulated by separate legal acts, namely, the Law on Regional Development and the Law on Local Self-Government.

To ensure long-term and sustainable progress of the State as well as efficient planning and use of finances of the general government, the 18th Government determined to implement the reform of the system of strategic planning and programme budgeting. The Ministry of Finance was obligated to prepare and submit to the Government and the Seimas for consideration a draft Law on Strategic Management. The Seimas adopted the Law on

Strategic Management in June 2020. To solve systemic problems, the said Law established a new model of the system of planning documents of the public sector creating conditions for the integration of national, territorial, regional and municipal planning processes, refining of the interconnections of planning documents, and impact on funds planning, establishing of participants of the strategic management system, their rights and responsibilities as well as establishing of the management of the strategic management system, namely, the procedure of preparation, approval, implementation, monitoring, evaluation of and accounting for planning documents). In this way, the number of planning documents and the strategic objectives, as well as evaluation criteria/indicators set in them, is expected to decrease, a more efficient planning and monitoring system will be created, and the links between the strategic management system and the state budgeting system will be strengthened. All this will ensure long-term and sustainable progress of the State and efficient planning and use of finances of the general government by the principles of evidence-based and results-oriented management.

The Law on Strategic Management will enter into force on 1 January 2021 and will undoubtedly have an impact on the processes of territorial and strategic planning and programme budgeting in the municipalities of Lithuania. Even though the system of all types of planning documents and programme budgeting that is presently functioning in the municipalities of Lithuania does not change because of this Law, it is obvious that the municipalities of Lithuania will still face new challenges: strategic planning documents of the municipalities will be better integrated with the changed strategic planning documents of national and regional levels, the processes of integration of various types of planning and programme budgeting in the municipalities themselves will intensify and the gradual transformation of the integrated systems of planning and programme budgeting of the municipalities into municipal strategic management systems the manifestations of which may already be seen in some more advanced municipalities of Lithuania.

CONCLUSIONS

1. Many Lithuanian researchers and practitioners have written about various aspects of the implementation of the principles of strategic planning in municipalities of Lithuania in scientific and/or educational publications. However, none

- of them has tried to divide the period from 1990 to the present day into stages and describe the processes that have taken place in them.
2. To get to know better the period of implementation of the principles of strategic planning in municipalities of Lithuania from 1990 to the present day, it makes sense to divide this period into qualitatively different stages using a system of the following five criteria:
 - 1) the nature of the approach to strategic planning and the application of its principles in practice;
 - 2) the relationship between the accumulation of theoretical knowledge (and skills) in the preparation and implementation of strategic planning documents and their use in practice;
 - 3) completeness of the strategic planning system;
 - 4) inclusiveness of the strategic planning system;
 - 5) inclusiveness of strategic planning and other functions of overall management activities.
 3. The period of implementation of strategic planning in municipalities of Lithuania from 1990 to the present day according to the system of five criteria should be divided into the following four stages:
 - 1) the first stage (1990-1994) could be called the stage of denial of the planning;
 - 2) the second stage (1995–2001) could be called the stage of understanding and learning the principles of strategic planning;
 - 3) the third stage (2002–2008) could be called the stage of establishment of strategic development plans in the municipalities and learning to prepare strategic action plans and programme budgets of the municipalities;
 - 4) the fourth stage (from 2008) could be called the stage of development of systems integrating into unified whole various types of planning and programme budgeting in the municipalities and their transformation into strategic management systems of the municipalities.
 4. In the first stage of implementation of strategic planning in municipalities of Lithuania (1990-1994), planning and plans were viewed as a legacy of the Soviet regime; they were undeservedly viewed only negatively and were abandoned wherever possible.
 5. The second stage of the implementation of strategic planning in municipalities of Lithuania (1995-2001) began around 1995 when the municipalities got 'interested' again in the planning. Interest was particularly high in those municipalities where visiting experts demonstrated the benefits of municipal strategic plans, proving the practical benefits of such plans. Lithuanian municipal politicians and administrative staff actively participated in training (pilot) projects. In the municipalities where training (pilot) projects were implemented since 1995, the first *municipal strategic development plans* for municipal development were prepared in 2000-2001. The first *municipal strategic development plan* implemented in practice was approved by the Municipal Council of Klaipėda City in the first half of 2001.
 6. During the third stage of the implementation of strategic planning in municipalities of Lithuania (2002-2008) practically all municipalities of Lithuania prepared their first *municipal strategic development plans*. The preparation and implementation of *municipal strategic development plans* of Lithuania were prompted by the following factors: a) legal acts regulating the system of strategic planning integrated with programme budgeting were adopted at the national level, b) development plans for all ten Lithuanian regions and counties were prepared: this became an impetus to start developing similar strategic development plans in the municipalities; c) mechanism of receiving support from EU funds: upon Lithuania's integration into the European Union, support from EU funds was foreseen to be provided for those fields which were included in the strategic development plan of the municipality; since 2007, to receive EU support, it has become necessary to have a project 'included' in a strategic development plan of the municipality.
- This period was also characterised by the fact that in 2001–2004 several advanced municipalities of Lithuania prepared the first *municipal strategic action plans* of municipalities and started to compose *municipal budgets using the programmatic method*. The first 3-year

strategic action plan (2002–2004) and the related *municipal budget* were approved by the Municipal Council of Vilnius City ‘*according to the programmes*’. This example also caught the attention of other municipalities of Lithuania: a large number of the municipalities, in addition to *municipal strategic development plans*, began to prepare at a rapid pace 3-year *municipal strategic action plans* of the municipalities linked to *programme budgets of the municipalities*.

7. During the fourth stage of implementation of strategic planning in municipalities of Lithuania (since 2008) the process of development of the integrated systems of various types of planning (territorial, strategic) and programme budgeting in municipalities of Lithuania has been conducted in some municipalities faster and more consistently than in others. To remove obstacles to the implementation and effective functioning of such systems in the municipalities, in 2012 guidelines for the improvement of the strategic planning system in municipalities were prepared and in 2013 amendments of some articles of the Law on Local Self-Government were drawn up and adopted. In 2014 the Government approved by its resolution the Recommendations on Strategic Planning in Municipalities which regulate in detail the preparation, consideration, approval, monitoring of the implementation, review, reporting on the implementation of *municipal strategic development and action plans* as well as *annual action plans* of municipal administrations and municipal budgetary institutions, evaluation of the achieved results, the involvement of consultants and engagement of the local community in the planning, the roles of all actors involved in the process, pointed out the

interrelationships between all types of municipal plans.

From 2021 onwards, the processes of preparation of territorial and strategic planning and programme budgets carried out in municipalities of Lithuania will, to a certain degree, be affected by the Law on Strategic Management adopted in June 2020 (this Law is new). Although the said Law does not seem to change the system of preparation of planning documents of all types and programme budgets of the municipalities of Lithuania, it is obvious that the municipalities of Lithuania will still face new challenges: municipal strategic planning documents will be more closely linked to the changed strategic planning documents of the national and regional levels, the process of integration of various types of planning and programme budgets in the municipalities themselves will be conducted faster, and the gradual transformation of the integrated systems of preparation of various types of planning and programme budgets into strategic management systems of the municipalities (the manifestations of which may be already seen in more advanced municipalities of Lithuania) will intensify.

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