

Regional Induction Meeting

Integration of Behavioural Insights in Public Policy in the Arab Region

October 9, 2023

Background

Integrating behavioral science into public policy represents a transformative approach based on a combination of knowledge areas such as psychology, cognitive science, and social sciences. This approach aims to understand the behavior of individuals when making decisions, through experiments and tests, also it seeks to challenge traditional concepts of the rational behavior of individuals and companies. This approach provides useful insights to policymakers about the actual behaviors that influence economic outcomes.

Thus, this approach is distinguished in that it eliminates the traditional concept of rational economic behavior and focuses on understanding how decisions are made by individuals and their impact while recognizing that human behavior is influenced by cognitive biases and social factors. This enables policymakers to design policies that fit real human behavior, leading to improved outcomes.

Based on this background, ESCWA is currently working to strengthen the policy-making process in the Arab region by introducing the Behavioral Insights program. ESCWA's technical assistance includes capacity building, tools development and advisory support on best practices and processes for coherent and transparent policy-making processes for more efficient implementation and achievement of the Sustainable Development Goals, in particular goal 8: Decent Work and Economic Growth and goal 16: Peace, justice, and strong institutions. Among ESCWA's efforts is developing tools and guidelines for using behavioral insights in national development planning.

Since understanding and studying human behavior is witnessing increasing interest due to its ability to contribute significantly to improving policy design and effective implementation, ESCWA held a regional induction meeting on introducing and integrating behavioral insights into public policymaking. The meeting provided attendees with an overview of behavioral science and its vision in various sectors and policy areas, with a focus on strategic and national planning.

The meeting was held virtually on October 9, 2023, entitled “Regional Induction Meeting: Integration of Behavioural Insights in Public Policy in the Arab Region.” The meeting was attended by experts and government officials from the ministries of planning and economy, in addition to heads of planning bodies in the ministries of ESCWA member states.

Meeting objectives

The main objectives of this Induction Meeting are to:

- Introduce behavioural insights and highlight their importance in informing evidence-based and innovative public policy.
- Disseminate guiding principles and best practices through showcasing case studies from within and outside of the Arab region in national development planning as well as other policy areas.
- Discuss with government officials the institutional preparedness, opportunities, and challenges for the use of behavioural insights in policymaking.
- Discuss member states' needs and areas of improvement which behavioural insights can enhance.
- Discuss the role of data and digitalization in supporting behavioural interventions.

Welcome and Opening Remarks

Mr. Mohamed Al-Moctar Mohamed Al-Hacene, Leader of the Shared Economic Prosperity Cluster, at ESCWA, introduced the meeting by delivering a welcome note. In his speech, he stressed the importance of moving toward introducing behavioural visions into the policy-making process, as this progress could provide real opportunities to improve the performance of governments and better achieve development goals. Mr. Al-Hacene also indicated that he aspires, at the end of the meeting, to reach a road map that charts a clear path based on implementable recommendations, to enhance the role of behavioral insights in formulating public policies in the Arab region.

Session I: Behavioural Insights and Public Policymaking

Mr. Al Hacene introduced the first session “Behavioral Insights and Public Policy Making” by giving the floor to Mr. Umar Taj, Associate Professor of Behavioural Science, Executive Education, Nudgeathon Founder, Warwick Business School. Mr. Taj answered the question directed to him by explaining the basic theories and practical methodologies used when harnessing

behavioral insights to enhance and guide decision-making processes. This was done through his presentation.

Mr. Taj stressed the role of behavioral insights in public policy, as it plays a pivotal role in accelerating the impact of policies and programs launched by officials, and it also contributes to improving the accuracy of the decisions taken by policymakers. Thus, this approach is considered to focus on people and attempts to understand the background of behaviors and thus design appropriate products and services that can guide them to make the most appropriate decisions. He pointed out that many policymakers assume that they know how customers will behave, that people know what they want or what is right for them, and that they will calculate the cost versus benefit and make the most rational decision, but this is not true. He gave, as an example, the amount of money the United States spent on research related to the Corona virus and developing and purchasing medicines. Its value amounted to about \$30 billion. However, so far, 30% of the population has not taken the vaccine. It is a behavioral issue, and the important point here is the need to build policies without forgetting that we also must push consumers to take appropriate action. Mr. Taj gave other examples of government spending without getting the desired results except through the introduction of behavioral insights that were able to play an effective role in changing citizens' responses. Mr. Taj concluded his intervention by emphasizing that behavioral sciences serve as a complement and not a substitute, which enhances current efforts. It is also possible to benefit from the results of behavioral sciences to reduce negative consequences and enhance the accuracy of decision-making. Incorporating behavioral insights into public policy can accelerate the effectiveness of policies at the societal level. In addition, it can help policymakers improve the accuracy of their decisions at the public level.

Then, Mr. Al-Hacene introduced the next speaker, Mr. Adel Hamaizia, Research fellow, Middle East Initiative, Belfer Center, Harvard Kennedy School, Managing director, Highbridge Advisory. Mr. Hamaizia began the presentation by praising ESCWA for launching a regional dialogue on behavioral insights and pointing out the importance of avoiding copying Western methods in this field. He demonstrated the importance of behavioral insights in changing the way people think about economic matters. He gave an example of this related to his previous work as a consultant on a team in Saudi Arabia implementing energy pricing reforms. After a comprehensive economic explanation about the importance of carrying out reforms in energy pricing in the Kingdom at that time and the negative effects of comprehensive subsidies that lead to a significant decrease in energy prices, which mostly benefit the rich instead of the poor, and residents instead of citizens, he touched on the importance of educating people about this issue, where the concept of support was absent from the minds of many people there. This shift in mindset occurred through behavioral

interventions to connect with people. He stressed that the role of communication was central, as they were influencing people through public figures, comedians, and other influencers. The use of behavioral insights led to the successful implementation of reforms and caused a shift in mindset which led to work on other concepts towards Vision 2030, such as climate change.

Mr. Al-Hacene then introduced Ms. Nathalie Khaled, Economic Affairs Officer and coordinator of the competition, consumer protection, and national planning and development projects, ESCWA. Ms. Khaled, in turn, discussed introducing behavioral insights into national strategic planning. She pointed out that in addition to targeting consumers and citizens, behavioral sciences can also be used to improve decision-making by policymakers at early stages of the policy-making process, and long before reaching implementation levels. Ms. Khaled then shed light on the behavioral insights and strategic planning handbook issued by ESCWA in collaboration with Nudge Lebanon, which serves as a guide for stakeholders involved in national planning to apply and integrate behavioral insights into diagnosing policy problems. Ms. Khaled explained the seven steps detailed in the guide, which constitute the practical steps for strategic planning. At each step, she mentioned the pitfalls and behavioral biases that policymakers can fall into and the corresponding interventions or tools to counter these biases, and showcased models for each of the seven stages. Ms. Khaled concluded her intervention by emphasizing the importance of behavioral insights being a natural and integrated part of the decision-making process, rather than being seen as a separate component.

Then, the State of Kuwait presented the importance of the nudge process in preparing public policies, by Ms. Hawraa Bahman, Kuwait Public Policy Centre, General Secretariat of the Supreme Council for Planning and Development. Mrs. Bahman began by introducing the Kuwait Center for Policy as a behavioral insights unit that was developed to facilitate the application of behavioral economics in public policy. She also indicated that this center provides a mechanism for testing policies in difficult areas of a behavioral nature and works on setting a policy agenda for experiments for several Pillars related to Kuwait Vision 2035. Therefore, one of the Centre's priorities was to build policies on scientific foundations and technical evidence. Ms Bahman also highlighted several experiences of behavioral interventions at the Kuwait Center for Public Policy. One of the most prominent of these experiences was the project that looked at the labor market in the country and studied the reluctance of young people to work in the private sector. Studies and statistics have shown that reluctance was due to a lack of knowledge of ways to reach the private sector. Hence, the Center worked on some experiments to motivate workers in the public sector to move to the private sector. Ms. Bahman referred to several other experiences, including sending emails to employees in the public sector, where some of the messages included examples of people

and a summary of how they would move to the private sector. This strategy has proven effective compared to other models, such as guidance messages on how to obtain jobs in the private sector, as it was found that the majority did not open their e-mail to view these messages. A set of experiments were also conducted to change behavior among graduates at the Public University in Kuwait. She concluded her intervention by pointing out several lessons learned and challenges such as the lack of available data that hinders the possibility of studying and analyzing any experiment, and even when data is available, it is not well structured to benefit from it. She pointed out that the center is currently working to overcome these challenges, in addition to providing a variety of lectures covering behavior and artificial intelligence, which helps in building diverse networks to benefit from various experiences.

Mr. Mubarak Al-Hamdani, Director of the Behavioral Economics Department, Ministry of Economy, Sultanate of Oman, gave a detailed presentation on the department's strategy for the period from 2022 to 2025. The presentation centered around the department's specializations, as it supports economic policies and programs and implements behavioral economics projects related to Oman's Vision. It also works to enhance awareness and qualify competencies in the field of behavioral economics through training programs, workshops, and lectures. It evaluates economic programs for the possibility of applying behavioral economics to improve them. It provides consultations to competent authorities inside and outside the Ministry and works on preparing policy papers related to behavioral economics applications in various fields. He also pointed out that the future approach focuses on building specialized capabilities and influencing macro policies. The department's vision aims to contribute to making policies that respond to societal and behavioral changes in the Sultanate of Oman, and it also participates in many international networks to spread awareness and enhance collaboration. Its current projects include developing a diploma in behavioral sciences and motivational initiatives for students in the field of behavioral change. This diploma is the first integrated academic program that develops the skills of those interested in behavioral economics and is available to everyone, with a certificate accredited by the Ministry of Higher Education in the Sultanate. He pointed out that the department is currently working on evidence related to behavioral economics, which are three basic guides: the first is related to applications of behavioral economics for public policy making and is directed to public policymakers, while the second guide is related to stimulating community participation, and the third is directed to the consumer and contains directly applied tools for the individual to adapt Consumer behavior to confront inflation. He also highlighted the partnership between the department and Sultan Qaboos University to build the first behavioral economics laboratory in the Sultanate of Oman to conduct experiments related to behavioral interventions, pointing to the

Behavior Change Challenge initiative directed at university and college students in the Sultanate of Oman. He also shed light on other experiences that is being focused on related to the parliamentary elections that will be held at the end of October and includes working with the Ministry of the Interior for nearly a year to improve the election experience that will take place through electronic voting, which provides an important opportunity to motivate citizens to participate in elections through messages to raise awareness of the importance of elections. He stressed that the department is focusing on the major strategic projects that exist to address and be in line with economic policies and is looking forward to building the greatest amount of knowledge and capabilities in behavioral economics. Mr. Al-Hamdani concluded with three recommendations, the first related to the importance of establishing Arab communication networks to share knowledge and experiences related to behavioral economics, emphasizing the role that ESCWA would play in this initiative. The second aspect is establishing an ethical framework for practicing behavioral interventions and capacity-building mechanisms so that we do not duplicate the West without considering what is appropriate for our societies. The third aspect is the launch of specialized academic programs at the level of the Arab region, expressing the desire of Oman to collaborate with ESCWA in establishing these programs and curricula.

Following that, an open discussion was initiated, and many attendees thanked ESCWA for organizing this meeting. Among the questions was whether behavioral economics can be used at the macroeconomic level and whether its impact is partial or total. How can behavioral economics be used in planning processes at the macro level?

Ms. Nathalie Khaled responded and emphasized that behavioral sciences play a role in accelerating the process of implementing policies for decision-makers. Therefore, ESCWA calls for the use of behavioral sciences in all stages of planning, noting that behavioral sciences are developed at the level of executive plans, but their impact will be at a higher level, that is, on the macroeconomic level.

Mr. Al-Hamdani also emphasized this topic, giving an example of paying taxes on time in the United Kingdom and how changing the style of messages has changed the method of payment there, which has had repercussions at the macroeconomic level.

Mr. Taj also gave an example of how the British Central Bank uses behavioral insights to determine interest, and here is the importance of behavioral insights in determining strategic decisions, stressing the role of behavioral insights as complementary tools to traditional tools and not a substitute for them. At the macroeconomic level, one of the most impactful methods can be to use behavioral insights to improve decision-making. For example, if you want to offer

incentives, you can think of lots of ways to offer these incentives. This affirms that the structuring of incentives significantly influences how society responds to them, whether perceived as losses or gains.

Then the expert, Mr. Hamaizia, asked the representative of the State of Kuwait whether they had faced challenges during their work in the Behavioral Insights Unit.

Ms. Bahman, in turn, confirmed that they are indeed facing some difficulties, as the tendency to introduce behavioral insights is still at the individual level, meaning that support comes from people. If one of them moves to another job, the rest of the team is not interested in continuing to work with them.

Mr. Hamaizia commented, noting that one of the prevailing issues and challenges in the region is the limited availability of professionals and experts, which leads to a situation where consultants contribute their expertise, but retaining knowledge is insufficient once they leave. To address this, there is a possibility of implementing exchange programs in various government agencies and promoting peer learning, emphasizing the importance of this aspect.

Also, Mr. Taj stressed that social norms are effective when they are consistent with the behaviors of the current majority. For example, if a message highlights low female representation in the workforce, such as 5%, this could inadvertently discourage participation, as it could be interpreted as suggesting that since 95% are not participating, there is no need to join. He stressed the need for behavioral science to include experiments and comprehensive testing.

Then a representative of Oman asked why the results differ in the frequency of some types of interventions that focus on the social aspect, the effect of which reaches 70%. The same high result was repeated in some countries, but the results in Oman were completely different. So, she asked how to develop the intervention if there were no data and foundations.

Mr. Taj answered, pointing out the importance of not copying, but rather diagnosing. He stressed the need to conduct preliminary research that reveals the obstacles so that we can develop solutions. This process does not have to cost a lot or take a long time.

Mr. Hamaizia agreed with this theory, noting the importance of developing case studies at the regional level. He pointed out the importance of the guide prepared by ESCWA on behavioral insights from a theoretical perspective, so the next step must be to share examples at the regional level and accommodate these examples with as many details as possible.

The last question was: Can behavioral sciences be used in the stages of policy evaluation?

Ms. Natalie Khaled responded by pointing out that behavioral sciences can be used at any stage of policy development, including evaluation. In most projects, behavioral science intervenes to help improve evaluation processes by making rational decisions focused on making the most of these policies and projects to make them successful.

Session II: Discussion on the way forward

Concluding remarks and recommendations

Ms. Nathalie Khaled made the final presentation, which included recommendations based on the results of the recommendations form of the regional induction meeting and the observations of experts and participating countries. The most prominent results of the recommendations were as follows:

- Establishing an Arab regional network between behavioral teams/units to facilitate the exchange of information and best practices in applying behavioral insights in public policy.
- Holding additional seminars, workshops, and meetings at the regional level to exchange experiences and build capacities in the field of behavioral insights.
- Providing technical advisory services from ESCWA to enhance the integration of behavioral insights into various policy areas.
- Produce knowledge materials that address various aspects related to the application of behavioral insights in Arab countries.
- Work on highlighting the importance of behavioral insights and enhancing awareness of behavioral enticement and guidance processes, given the significant impact they can have on the implementation of public policies.
- ESCWA to support countries wishing to establish behavioral units in their countries, also with the participation of other Arab countries.
- Launch academic programs at the regional level to develop the cognitive and information aspects of these sciences.
- Establish an ethical framework for behavioral interventions that consider ethical considerations.
- Providing a set of resources related to behavioral interventions and examples that have been applied in Arab countries to share with other countries.
- Support and implement exchange programs in various government agencies and promote peer learning in the field of behavioral sciences.