# Behavioural Insights and Strategic Planning

Handbook

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Shared Prosperity **Dignified Life**

# Preface and Acknowledgments

The Handbook on Behavioural Insights and Strategic Planning, authored by Nudge Lebanon, is a collaborative result commissioned by the United Nations Economic and Social Commission for Western Asia (ESCWA) under its Development Account Project "Towards the Arab Horizon 2030: Enhancing Integrated National Development Planning in the Arab Region".

Three regional workshops, organized by ESCWA, provided a reflective environment to grow a national development planning tool based on behavioural insights for Arab countries. The final document benefitted from several rounds of review and feedback from both peer reviewers and national development planners in Arab countries. The Handbook is an important component in supporting the leverage of behavioural insights for diagnosing, prioritizing and addressing policy problems that are at the core of national development planning.

ESCWA is grateful for the work of Nudge Lebanon and appreciates the collaboration with all members of the Nudge Lebanon team. ESCWA is indebted to efforts of its Shared Economic Prosperity Cluster team members which enabled the production of the final manual including Denise Sumpf, Nathalie Khaled, Laura Rihm and Layal Issa.

# Purpose of this Handbook

The purpose of this handbook is to provide a useful toolkit for national planning councils and planning focal points as well as other stakeholders involved in the strategic planning process to apply behavioural insights into their work. Specifically, the Handbook provides tools to identify the behavioural biases that occur during the planning process and practical means to counter them with behavioural interventions.

The information about the planning process, its challenges, and the biases therein were collated from meetings and workshops with stakeholders across the Arab region, literature reviews and team analysis.

# Table of Contents

# Behavioural insights and strategic planning

Behavioural insights offer a scientific and evidence-based understanding of actual human behaviour. This provides an opportunity to build tailored policymaking tools, processes and structures to better cope with drivers of human behaviour as well as address the *irrational factors* that influence decision-making and lead to suboptimal choices. By end of 2018, there were more than 200 public entities all over the world applying behavioural insights to their policies. But so far, these insights are used relatively late in the value chain of policymaking, for example, to fine tune and improve implementation and compliance with rules and regulations in areas like health, education, pension and inclusion, to name only a few.

Apart from targeting consumers and citizens, behavioural science can be used to improve decision-making among policymakers earlier on in the policymaking value chain, well before reaching implementation levels. Despite their technical expertise, institutional checks and use of data/evidence, policymakers are also subject to human cognitive biases that influence their ability to make judgments, take decisions and carry these into actions.

The argument for applying behavioural science in earlier stages of the policymaking value chain, namely at the strategic planning level, is compelling since national and strategic planning processes determine the formulation of multi-year national, sectoral and ministerial policy priorities and goals. Decisions made at this level set in motion a long chain of activities that eventually affect the average citizen, the progress of the country across sectors and over the long run. The consequences of a strategic plan are best described by the domino effect, whereby cognitive biases – systematic deviations from rational calculations – at the strategy level can jeopardize decisions at subsequent levels because many, if not most, other policy-related decisions emerge from the strategic plan. For these reasons, paying heed to these biases at the strategic planning level could be the first step in behaviourally informing the subsequent steps in the process to create a *compounded* positive social impact at the national level. This is the focus of the next section.
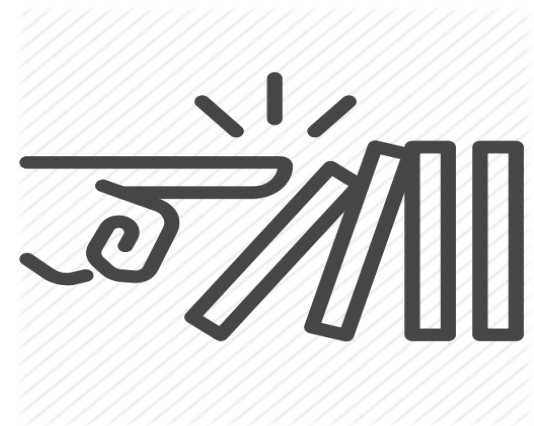
# An in-depth look into the models upon which the human brain operates

**A Normative Model** of human behaviour holds that humans:

- Carefully consider all information to make optimal judgments/decisions. As such, any errors in judgment or action would be **random.**

- Act accordingly to these decisions.

The Normative Model further assumes that the thought process occurs as the below diagram dictates:

THOUGHTS → DECISION → ACTION

# An in-depth look into the models upon which the human brain operates

**A Descriptive Model** of human behaviour holds that humans:

- Use mental shortcuts to make judgments/decisions. In some cases, this leads to systematic and predictable errors.

- Do not always act on their decisions.

Contrary to the first model, the Descriptive Model illustrates that the human thought process occurs as the below diagram dictates:

| Misunderstanding information | | Procrastination |
| Social pressure | | Poor self-control |
| Information overload | | Forgetfulness |
| Overconfidence | | Inconvenience |

**THOUGHTS** → **DECISION** → **ACTION**
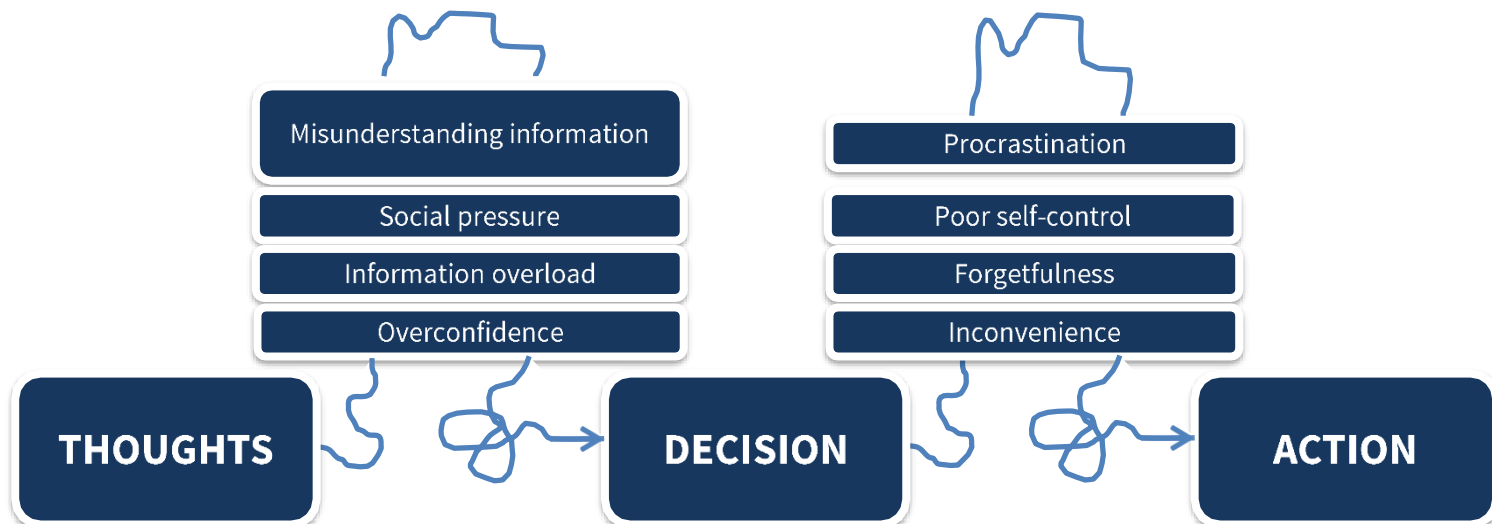
# Towards a formal understanding of descriptive human behaviour through behavioural science

**Behavioural science**

**1** Draws together insights and methods from economics and sciences, including psychology, sociology, cognitive science and neuroscience, **to scientifically examine and test human behaviour and judgment**

**2** Challenges traditional assumptions about human behaviour and illustrates that **humans predictably deviate from a normative model of action**

**3** Establishes an evidence base and toolbox that can be used to **address biases in human behaviour and judgment in order to enhance human welfare**

# Identifying the difference between rational and actual human behaviour

Descriptive and normative models of human behaviour can be illustrated in three, sometimes overlapping, categories of human action/states of mind.

|  | **Traditional economics assumes that:** | **Behavioural economics shows that:** |
|---|---|---|
| **How we form beliefs about the world/others** | People's beliefs are formed in a rational manner based on relevant (or complete) knowledge of environment. | People may have systematically incorrect beliefs because of biases in the way beliefs are formed and updated, for example, *overconfidence* or *optimism.* Additionally, it is not feasible for people to have complete information about their environment. |
| **How we form preferences** | • Preferences are time-consistent *(same preferences about future plans at different points in time)*<br>• Care about maximizing overall utility<br>• Are rationally self-interested | • Preferences are time-inconsistent<br>• People care about losses and gains relative to some *(unspecified)* starting point, and tend to be loss averse<br>• People care about others, fairness and value reciprocity |
| **How we take decisions** | People have computational skills that enable them to consistently and accurately calculate and pursue optimal courses of action. | People's choices may be affected by:<br>• Limited attention<br>• Framing of the decision<br>• Emotional states<br>• Weak will |

# Actual human behaviour is affected by our approach to belief formation which is limited by attention, memory, information & processing power

## How we form beliefs

*Belief formation is a process that aims to make sense of the world. Rationally, humans should carefully search for and scrutinize all relevant information and form beliefs according to logic and probability.*

*But actually, humans have psychological limits imposed by attention, memory, information, and processing powers so they:*

- *Ignore relevant information that goes against their views and accept information in line with their beliefs*
- *Over- and underestimate outcomes*
- *Do not factor in relevant information*
- *Rely on mental shortcuts*

### EXAMPLE

**Study**

A study found that while warm clothing purchases increased during cold weather, a decrease in order-date temperature of 30°F was associated with an increase in the warm clothing return rate of 3.95%.

**Bias**

This systematic error is known as **projection bias.** Buyers, at the time of buying, falsely estimated (projected) that their then current (transient) preferences for warm clothing would remain with their future self even in warmer weather.

# Similarly, the way we form preferences is constantly affected by a plethora of factors preventing us from maintaining fixed preferences at different times

**How we form preferences**

*According to classical economics, humans have stable/fixed preferences which remain the same throughout time. Moreover, these preferences can be ordered and are transitive, meaning, a person who prefers option x to y and y to z, must prefer x to z.*

*But in actuality, people's preferences are unstable and intransitive, constantly changing over time, and affected by factors other than maximizing their welfare.*

- *People care about losses and gains relative to an (unspecified) starting point and tend to be loss averse.*

- *People care about others, fairness and value reciprocity, which means that their preferences can change depending on the situation.*

## EXAMPLE

**Study**
A study conducted in America found that 55% of respondents had present-biased preferences and that this bias was strongly correlated with low retirement account balances.

**Bias**
This pattern of behaviour is fuelled by **present bias**. That is, the tendency, in evaluating a trade-off between two future options, to give stronger weight to the earlier option as it gets closer.

# In addition, our decision-making in theory should maximize our welfare but in reality, our choices are influenced by our ever-changing preferences

*Rationally, humans should make* choices based on their preferences and their preference should lead to *maximization of their welfare.*

*In actuality, our choices are influenced not solely by our preferences but by many cognitive biases that occur at the time of decision-making. For example, choices can be influenced by the framing and social context, emotional state and limited attention.*

**How we take decisions**

## EXAMPLE

**Study**

A United Kingdom survey asked an identical question to two similar groups of British adults but found that different answers were given depending on whether the question was framed as a threat to the status quo or as a recognition of rights:

- 56% of people in the first group opposed "reducing the voting age from 18 to 16".
- 52% of people in the second group supported giving 16- and 17-year-olds "the right to vote".

**Bias**

People answered not according to their preference but depending on how the question was framed. This is the result of a cognitive bias known as **framing effect** where people tend to react in a systematically different manner to the same piece of information, depending on how it is presented to them.

# The way we form beliefs, preferences and take decisions is characterized by two systems of thinking

One descriptive model of human behaviour has been famously described by Nobel Laureate Daniel Kahneman in *Thinking Fast and Slow* as the "dual process theory". In this theory, mental processes are categorized as System 1 and System 2, which respectively produce fast and slow thinking, and human behaviour is driven partially by both types of thinking which work in tandem.

## System 1

This system provides useful heuristics (quick mental shortcuts) and usually functions very well, but in some cases, it can leave humans vulnerable to error if applied to the wrong context. It is:

- **Automatic**
- **Fast**
- **Intuitive**
- **Unconscious**
- **Associative**
- **Error-prone**

## System 2

This system requires a lot of energy which can be easily depleted and thus not suitable as a substitute for System 1 in making routine decisions. It is:

- **Deliberative**
- **Slow**
- **Effortful**
- **Conscious**
- **Analytical**
- **Easily depleted**

## What are heuristics and biases?

**Heuristics** are mental shortcuts or "rules of thumb" that simplify decisions, especially in conditions of uncertainty. They include the process of substituting a difficult question for a simpler one, which may lead to inaccurate answer.

While heuristics can speed up our problem-solving and decision-making processes, they can introduce errors that would create a systematic pattern, also known as a bias, which deviates a judgment from what would be considered correct in terms of formal logic.

Sources: Daniel Kahneman, *Thinking, Fast and Slow* (New York, Farrar, Straus and Giroux, 2011); Gerd Gigerenzer, "The bias bias in behavioural economics", *Review of Behavioural Economics*, vol. 5, No. 3-4; Nudge Team analysis.

# Nudges can be introduced to reduce or remove unconscious biases present in decision making

Nudging & Behavioural Insights
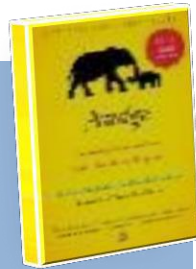
*Richard Thaler and Cass R. Sunstein in their eponymous book, defined Nudges as "any aspect of choice architecture that alters people's behaviour in a predictable way without forbidding any options or significantly changing their economic incentives"*

- The Nudges introduced throughout this handbook are intended to be key behavioural tools, perhaps within a larger toolbox, with a specific focus on addressing biases in decision making
- These methods are not designed to be the only solution to challenges faced throughout the strategic planning process, but rather supplementary to other efforts

Thaler, R. H., & Sunstein, C. R. (2009). Nudge: Improving decisions about health, wealth, and happiness. Penguin.

# Selected behavioural biases and mechanisms in strategic planning

## What is a bias?

› Cognitive bias is a term that refers to the systematic errors that cause individuals' judgment and decision-making to stray away from rationality

› In addition to biases, there are other cognitive mechanisms that influence human decision-making

## Behavioural biases and decision-making

› When a decision-making process is cognitively biased, the outcome leads to suboptimal results and judgment errors

› The first step to addressing cognitive biases and other cognitive mechanisms on decision-making is acknowledging their existence and understanding what drives them

**The following section aims to give an overview of behavioural biases and mechanisms that may be active in the strategic planning process**

# Selected behavioural biases and mechanisms in strategic planning

## PRESENT BIAS

**Present bias refers to the tendency of people to give stronger weight to payoffs that are closer to the present time when considering trade-offs between two future moments**

### WHY DOES IT HAPPEN?

Humans do not value rewards in absolute terms. The value humans place on rewards is relative to the time of receipt, and the further in the future the reward will be received, the more rapidly its present value declines.

As such, our **current selves favour gratification now at the expense of future gratification**, in a way that our future selves would not approve of.

### HOW DOES IT MANIFEST?

Experiments have proven that we value small rewards in the present over larger rewards in the future, but this preference is reversed when the rewards are equally delayed.

*For example, given the following choices:*

**A.** $100 today     vs.    **B**. $110 in a week

**C**. $100 in 4 weeks   vs.    **D**. $110 in 5 weeks

Many decision makers choose A over B, and D over C, illustrating that people are biased towards alternatives in the present.

# Selected behavioural biases and mechanisms in strategic planning

## STATUS QUO BIAS

**Individuals' choices tend to be biased towards maintaining the status quo rather than deviating from it, regardless of the objective qualities of alternative options**

### WHY DOES IT HAPPEN?

**Status quo as a reference point**: People tend to evaluate every option as a change from a reference point – usually the status quo – and this acts as a psychological anchor. Moreover, individuals weigh losses heavier than gains of the same amount, and this makes them more risk averse in a decision between the status quo and an alternative and causes them to be biased in favour of the status quo.

### HOW DOES IT MANIFEST?

Public procurement in Egypt is regulated by Tender Law No. 89 that was adopted in 1998 and has only been subjected to few amendments which have had no significant impact on regulations and procedural fairness.

Several independent reviews have concluded that the Egyptian public procurement institutional framework is complex and outdated, and Egypt has no internal mechanisms for its review. Though an update on the law would stimulate the use of e-procurement to increase levels of transparency and speed, reduce the costs of undertaking the procurement process and allow Egypt to join the World Trade Organization (WTO) agreement on government procurement (GPA), the law has not been updated.

Sources: Daniel Kahneman, Jack L. Knetsch and Richard H. Thaler, "Anomalies: the endowment effect, loss aversion, and status quo bias", *Journal of Economic perspectives*, vol. 5, No. 1 (Winter 1991); Michael Hallsworth and others, "Behavioural government: using behavioural science to improve how governments make decisions", Behavioural Insights Team (2018); OECD, "Stocktaking report on MENA public procurement systems: MENA-OECD Network On Public Procurement", Paris, 2016; Nudge Team analysis.

# Selected behavioural biases and mechanisms in strategic planning

## AVAILABILITY BIAS

**The tendency of people to judge the likelihood of events or importance of events in the world by the ease with which examples come to mind. This bias causes them to give undue weight to information that is easily available**

### WHY DOES IT HAPPEN?

People use mental shortcuts to help people estimate the numerosity of a class, the likelihood of an event or the frequency of co-occurrences by the ease with which they can recall them, imagine them or create connections between events.

However, this use of mental shortcuts can produce errors because it substitutes a difficult question which requires complex calculations, for an easier question of what can I most immediately recall?

### HOW DOES IT MANIFEST?

Availability bias may lead policymakers to select a solution simply because it comes to mind easily (for example, because it is currently popular).

A study in the United States has shown how state-level policymakers can be exposed to **"attention cascades"** whereby they rapidly copy an initiative just because they have noticed their neighbours doing it (*rather than other considerations, such as its suitability given the context*). One such policy was the sudden adoption of the AMBER Alert policy, which allows law enforcement agencies to use regional emergency broadcasting systems to broadcast missing children alerts. No American States were using this system in 1995; by 2003 all but three States had adopted it.

Sources: Alvin Goldman, *Readings in Philosophy and Cognitive Science* (Cambridge, Massachusetts, MIT Press, 1993); Kahneman, *Thinking, fast and slow*; Hallsworth and others, "Behavioural government"; Nudge Team analysis.

# Selected behavioural biases and mechanisms in strategic planning

## CONFIRMATION BIAS

**The overweighting of evidence consistent with a favoured belief, underweighting of evidence against a favoured belief or a failure to search impartially for evidence**

### WHY DOES IT HAPPEN?

**1** **Framing**: Hypotheses are already assumed to be true (subject to testing) and such framing influences subsequent evaluation processes in three ways. It affects 1) the way the problem is perceived 2) how relevant evidence is interpreted and 3) the direction and duration of information search.

**2** **Desire to Believe:** People find it easier to believe propositions they would like to be true than those they would prefer to be false. This motivation may play a role in deciding which conclusion will be used on a given occasion. This is especially so in cases whereby cause-effect relationships are obscure and data tend to be open to many interpretations.

\*\*Confirmation Bias is not about deliberately selecting information to argue a particular point of view. Rather, it is an unconscious selectivity in the acquisition and use of evidence.

### HOW DOES IT MANIFEST?

A study that was conducted in the United States aimed to analyse the effect of social media on the way individuals obtain information and shape their opinions. The study involved the analysis of 920 news outlets and 376 million users over the course of six years and showed that users tend to confine their attention to a limited set of news outlet pages that had similar views to theirs.

The study concluded that news consumption is dominated by the selective exposure to news outlets and media channels resulting in a clustered and polarized structure of opinions.

This example supports the view that individuals have a preference to look for information and data that supports their own views.

Sources: Hal R. Arkes and Peter Ayton, "The sunk cost and Concorde effects: are humans less rational than lower animals?', *Psychological Bulletin*, vol. 125, No. 5 (1999) p. 591; Dan Lovallo and Oliver Sibony, "The case for behavioural strategy", *McKinsey Quarterly* (March 2010); Ana Lucia Schmidt and others, "Anatomy of news consumption on Facebook", *Proceedings of the National Academy of Sciences*, vol. 114, No. 12; Nudge Team analysis.

# GROUPTHINK

**Groupthink refers to a situation when people self-censor and conform to the group majority view/opinion, regardless of its merits and demerits**

## WHY DOES IT HAPPEN?

**1** **Informational influence:** People may fail to reveal their opinion out of respect for information publicly announced by others. They may (wrongly) assume that the opposing view has better information than they do and thus a good reason for thinking differently.

**2** **Social Pressure:** People may hesitate to offer opinions to avoid social penalties. These penalties could take the form of disapproval, appearing foolish or disagreeable. This is most likely in scenarios where the leader has a clear conviction and disagreement with him/her could bear high stakes.

## HOW DOES IT MANIFEST?

Groups focus on what most people already know, which leaves crucial insight and information possessed by a minority out of the conversation. When people express opinions in line with the majority, then collectively those views get reinforced and become stronger and self-reinforcing.

*The Chilcot Inquiry into the United Kingdom's deployment of military force in Iraq repeatedly found evidence of groupthink. As such, policy proposals were not challenged sufficiently (or at all) as they emerged, and most adopted the majority stance, which led to irrational decision-making or extreme positions being adopted.*

# Selected behavioural biases and mechanisms in strategic planning

## OVERCONFIDENCE

**Overconfidence is when confidence in expressed judgment far outweighs objective accuracy of the judgment**

### WHY DOES IT HAPPEN?

**1** **Cognitive processing:** when people estimate a quantity, they rely only on information that comes to mind and construct a coherent story in which the estimate makes sense. As such, in their calculations, individuals do not adequately account for uncertainties/possibilities that do not come to mind but could still hamper their estimates.

**2** **Self-motivation mechanism:** People have a need to believe in their efficacy to make progress. And as long as people believe, they will not consider whether the information on which they base this judgment is completely correct. This cognitive mechanism leads to another bias known as *"illusion of control".*

### HOW DOES IT MANIFEST?

A study sought to test overconfidence amongst 579 officials in agencies related to climate change mitigation and adaptation in the United States. In the study, the knowledge of officials on climate change was assessed through questions, and they were asked to rate how informed they thought they were on climate change matters ("perceived knowledge"). The criteria for concluding overconfidence was if the perceived knowledge was higher than the assessed knowledge. The study found that the officials tended to be overconfident in their knowledge and abilities, especially when they had more years of experience.

Sources: Kahneman, *Thinking, Fast and Slow*; Dorota Skala, "Overconfidence in psychology and finance: an interdisciplinary literature review", *Bank I Kredyt*, (4), (April 2008), pp. 33-50; Hallsworth and others, "Behavioural government"; Nudge Team analysis.

# Selected behavioural biases and mechanisms in strategic planning

## OPTIMISM BIAS

**Individuals tend to overestimate the likelihood of positive events and underestimate the likelihood of negative events. If expectations are better than reality, the bias is optimistic**

*Optimism bias can be a manifestation of overconfidence bias*

### WHY DOES IT HAPPEN?

**Selective updating of beliefs:** When individuals receive desirable information about the future, they update their existing beliefs/ estimates to a greater degree than they do when they receive undesirable information about the future. If the beliefs on which to make judgments about the future are inaccurate, then then the judgments will also be inaccurate.

People have an unconscious tendency **to value good news over bad news**, and thus overweigh information that points towards success.

### HOW DOES IT MANIFEST?

- People inaccurately believe that they are at less risk of falling victim to crime than other people.

- Smokers don't believe they have as high a chance of lung cancer than other smokers.

- In project management, the success/benefits of projects are consistently over-estimated and the cost and time resources, are consistently underestimated.

# Selected behavioural biases and mechanisms in strategic planning

## ILLUSION OF CONTROL

**People perceive that they have more control than they actually do and misjudge the causal connection between actions they have taken and a specific outcome that they are motivated to achieve**

## WHY DOES IT HAPPEN?

**Motivation to master one's environment:** This could include "beating the odds" by controlling chance events. This is heightened in situations where one has a high level of competence (experts, for example), because the greatest satisfaction or feeling of competence would result from controlling the seemingly uncontrollable.

Decision-makers may inappropriately perceive a success probability higher than the objective probability would warrant. Although they are concerned with outcome probabilities, they tend to form overly optimistic estimates which fuel the illusion of control.

## HOW DOES IT MANIFEST?

A classic experiment showed that people who were allowed to choose their own lottery ticket demanded nearly $9 to sell the ticket back, compared to $2 for people who had not been allowed to make a choice.

This illustrates that even in situations that are as clearly governed by chance, such as a lottery, people still have high confidence in their ability to bring about certain outcomes. Otherwise the resale price of the lottery ticket would have been similar between those who had been allowed to choose their ticket and those who had not.

## SUNK COST FALLACY

**Sunk cost fallacy is the tendency to pay attention to historical costs (money, effort or time) that are not recoverable when considering future courses of action**

*Decisions should be influenced only by the incremental costs and benefits of the current options, and not a prior investment*

### WHY DOES IT HAPPEN?

**1** **Avoidance of waste:** Individuals are hesitant to abandon. A failing course of action because they see it as a waste of resources already expended. However, if the cost of proceeding with a project would not bring more benefit than allocating those resources elsewhere, then it is irrational to continue.

**2** **Psychological attachment:** The psychological attachment we feel towards investments made personally can cause hesitance in halting investments.

**3** **Justification:** If the decision-maker bears personal responsibility for an initial investment, they are more likely to want to justify action by continuing to pursue a failing course of action and its accompanying sunk cost. Stopping the project would be admission that a mistake had made been.

### HOW DOES IT MANIFEST?

A famous example of sunk cost affecting projects is the Concorde project (the fastest commercial airplane ever in use). The European Governments of France and the United Kingdom believed they had already "too much invested to quit" and kept funding the project even though it was failing economically and irrational to continue.

Sources: Hal Arkes and Catherine Blumer, "The psychology of sunk cost", *Organizational Behaviour and Human Decision Processes,* vol. 35, No.1 (February 1985); Hal Arkes, "The sunk cost and Concorde effects: are humans less rational than lower animals?".

# Selected behavioural biases and mechanisms in strategic planning

## OSTRICH EFFECT
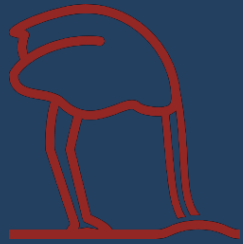
**The tendency to avoid acquiring information that may be discomforting or negative, even though this information may improve the quality of decision-making**

### WHY DOES IT HAPPEN?

People derive utility (value) from information and their willingness to pay attention to or acquire information depends on:

**1** **Impact effect:** People are less willing to hear bad news outcomes if they feel personally responsible for the outcome, if its unexpected and if it is certain (*as opposed to suspected*).

**2** **Loss/risk aversion**: Individuals hesitate to access information because of the uncertainty of the direction in which information could deviate from specified reference point. If one accesses definitive information, one must quickly update one's reference point. But if one does not pay attention to or access any information, then the reference point will update more slowly. As such, the risk of loss appears lower.

### HOW DOES IT MANIFEST?

Research from Carnegie Mellon University showed that investors actively avoid bad news to minimize the pain when taking beneficial risks. The study involved 852 million observations on day-to-day logins and trades for 1.1 million investors over two years. The researchers found strong evidence that investors exhibit an ostrich pattern in attending to their portfolios. For example, account logins fell by 9.5 per cent after a decline in the previous day's stock market.

Sources: Shio Rea and Chuck Finder, "Even with 24/7 access, investors tend to put their heads in the sand when expecting bad news", Carnegie Mellon University, 17 December 2015; Niklas Karlsson, George Loewenstein and Duane Seppi, "The ostrich effect: selective attention to information", *Journal of Risk and Uncertainty*, vol. *38*, No. 2 (April 2009); Nudge Team analysis.

# Levels of behavioural sciences applications

**Applications of behavioural sciences can occur at two levels:**

**Level 1:** Within policy sectors to enhance effectiveness of policies

## Policy Sectors

| |
|---|
| Healthy lifestyle |
| Public finance management |
| Inclusion |
| Labour |
| Environment |
| Compliance & rule of Law |
| Education |
| Energy |

### Policy Process

**Level 2:** Throughout the decision-making process that leads to policies

*Focus of this document*



| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|
| Leadership aspiration | Challenges & baseline | Identify stakeholders | Engage stakeholders | Objectives, goals & KPIs | Implementation support | Monitoring, evaluating, communicating |

Institutional set-ups
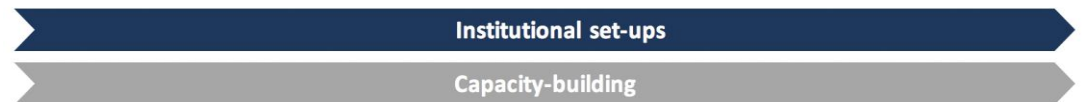
Capacity-building

# Strategic planning process

For the purposes of this Handbook, the planning process has been divided into **seven** specific steps, in order to determine the relevant biases and solutions for each



| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|
| Leadership aspiration | Challenges & baseline | Identify stakeholders | Engage stakeholders | Objectives, goals & KPIs | Implementation support | Monitoring, evaluating, communicating |

**Institutional set-ups**

**Capacity-building**

# Overview of behavioural insights and their applications in strategic planning

| Strategic planning stage | Behavioural science theory | Pitfalls | Biases | Tools |
|---|---|---|---|---|
| **1** Leadership aspiration | When leaders decide which areas to focus on, a number of biases can affect their analyses leading them to focus on issues which may not be the most important. Therefore, introducing behaviourally informed solutions can help leadership understand these biases and commit to focus on key issues. | • Inadequate presentation of SDGs<br>• Inadequate prioritization of SDGs<br>• High prioritization of issues reported by the media | • Present bias<br>• Status quo bias<br>• Availability bias | • Behaviourally informed communication<br>• Active choice<br>• Exposure to biases<br>• Using anchoring techniques |
| **2** Challenges & baseline | In trying to identify the challenges a country faces and create a strategic plan to address them, conclusions could be hampered by inaccurate assumptions about relevant populations, as well as a lack of a focus on the behavioural dimensions of challenges. Behaviourally informed tools can help strategic planners to think more broadly about factors that perpetuate challenges and more accurately about populations of interest. | • The lack of a clear distinction between structural and behavioural barriers<br>• Failure to draw timely lessons from previous experiences<br>• Prevalence of personal biases | • Contextual misapprehension creating a gap between planning and practice | • Acknowledging behavioural barriers and bottlenecks to a challenge<br>• Engaging relevant populations for challenge extraction |
| **3** Identify stakeholders | Stakeholders are crucial to the success of the strategic planning process and, as such, should represent a diverse range of people from society and within government, all of whom should be effectively engaged throughout the planning process. Behavioural insights can help strategic planners to choose a more diverse range of stakeholders, ensure that they are fully engaged and that all their views are widely expressed. | • Overreliance on existing stakeholders<br>• Absence of mechanisms for leveraging citizen feedback<br>• Pervasive use of traditional forms of communication to engage stakeholders | • Availability bias<br>• Status quo bias | • Creating participatory forums that leverage the power of online platforms, referral systems, public hearings and public budgeting |

# Overview of behavioural insights and their applications in strategic planning

| Strategic planning stage | Behavioural science theory | Pitfalls | Biases | Tools |
|---|---|---|---|---|
| **4** Engage stakeholders | Groupthink has the power to narrow perspectives, lead to conformity and weaken decision outcomes. Plans will then suffer from a lack of dissenting and diverse viewpoints. To address this, citizens' deliberative forums can be used. Alternatively, "Think Groups" can be used to eliminate the common pitfalls of group reinforcement and lead to better solutions. | • Inconsistent attendance by the participants<br>• Inadequate participant preparation<br>• Failure to leverage insights from all participants in a meeting | • Groupthink<br>• Confirmation bias | • Think Groups<br>• Reminders and prompts<br>• Commitment devices |
| **5** Objectives, goals & KPIs | When establishing plans and solutions to problems, two common pitfalls are encountered:<br><br>1. *"Confirmation bias"* can lead stakeholders to only seek out evidence and people which confirm their pre-existing ideologies and hypotheses. To counteract this problem, teams can be assigned as opponents to highlight doubts and concern about an idea.<br><br>2. *"Planning fallacy"* is one of the most well-known pitfalls in strategic planning – leading us to be overconfident and overly-optimistic while ignoring potential risks and underestimating time, cost and outcomes for plans. Therefore, pre-mortems and reference forecasting help us create and update more accurate estimates. | • Excessive optimism about what can be achieved in a set amount of time and within a specific budget<br>• Broadly defined goals that are not specific, measurable, relevant, or time-bound | • Ostrich effect<br>• Optimism bias<br>• Overconfidence | SMART goal setting with behaviourally informed tools:<br>• Laddered questions<br>• COM-B model<br>• Pre-mortem<br>• Reference forecasting<br>• Red teaming<br>• Double- blind reviewing<br>• Proximal and distal goals<br>• KPI trajectories |

# Overview of behavioural insights and their applications in strategic planning

| Strategic planning stage | Behavioural science theory | Pitfalls | Biases | Tools |
|---|---|---|---|---|
| **6** Implementation support | The level of compliance with strategic plans at the implementing agency level could be influenced by the misalignment of interests, high immediate costs of action and corruption. However ministerial goal setting can help align those goals with the strategic plan, and communication of the strategic plan can be behaviourally informed to motivate goal-driven efforts. The success of implementation can also be enhanced through the use of moral reminders and monitoring by the civil society to ensure that procurement processes are free from corruption and efficient. A culture of experimentation will also provide insights to ensure that implementation efforts are optimal in the long term. | • Weak compliance of governmental agencies with the strategic plan<br>• Weak implementation of strategies and plans<br>• Corruption in procurement and recruitment processes | • Interest bias<br>• Present bias | • Ministerial goal setting<br>• Behaviourally informed strategy for communicating the plan<br>• Moral reminders and civil society oversight<br>• Experimentation in policymaking |
| **7** Monitoring, evaluating, communicating | Monitoring the progress of implementation efforts and reacting to feedback can be affected by procrastination, ineptitude or lack of willpower. However, combining both top-down and bottom-up accountability mechanisms in the form of routine monitoring processes, dashboards and citizen budgets, can ease monitoring and inspire compliance.<br>Furthermore, project evaluations can be hampered by the human tendency to irrationally justify continued investment and support to doomed and failing projects. The use of group implementation intention plans can help to enact optimal decisions to ignore sunk costs | • Inadequate reporting on implementation<br>• Late reporting<br>• Failure to identify risks associated with implementation | • Illusion of control<br>• Overconfidence bias<br>• Sunk cost fallacy | • Behaviourally informed dashboard<br>• Citizen engagement<br>• Routines and reminders<br>• Group implementation intentions |

# Framework of the Handbook for the identified stages

*This section highlights specific behaviours that the stakeholders involved in strategic planning could improve in every stage, using insights from behavioural science*

*The last section includes a possible set of behavioural interventions that can address the highlighted biases and create the desired behavioural change based on the literature*

**Identifying pitfalls\*** ▶ **Determining biases\*\*** ▶ **Suggesting ideas for behavioural interventions**

*This part involves analysing the prominent psychological factors and the cognitive biases that play a major role in the identified pitfalls*

\*  The selected pitfalls are carefully chosen from a larger pool of pitfalls, based on the extent to which they can be attributed to human behaviour, and thus subject to behavioural science tools.
\*\* Biases are non-exhaustive and have been selected based on their ability to explain selected pitfalls. Other biases exist across the strategic decision-making process but were not chosen because they may have been irrelevant to the selected pitfalls, or weaker in explaining selected pitfalls.

# Leadership aspiration



**1** Leadership aspiration

**2** Challenges & baseline

**3** Identify stakeholders

**4** Engage stakeholders

**5** Objectives, goals & KPIs

**6** Implementation support

**7** Monitoring, evaluating, communicating

Institutional set-ups

Capacity-building

# Leadership aspiration: Overview
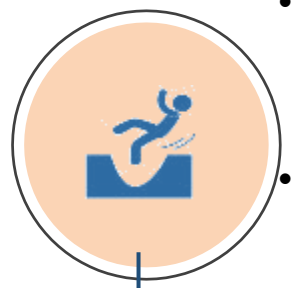
- *Inadequate presentation of Sustainable Development Goals (SDGs)*
- *Inadequate prioritization of SDGs*
- *High prioritization of issues that are present in the media*

- *Behaviourally informed communications*
- *Prompting active choice*
- *Exposing leaders to biases and harnessing attention cascades*
- *Using anchoring techniques*
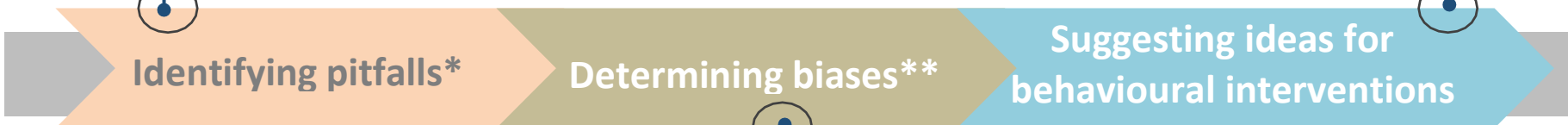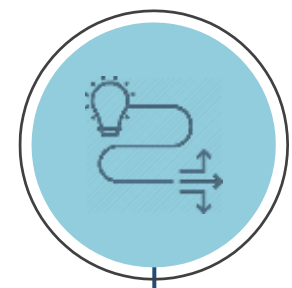
**Identifying pitfalls\*** → **Determining biases\*\*** → **Suggesting ideas for behavioural interventions**

- *Present bias*
- *Status quo bias*
- *Availability bias*

\* The identified pitfalls are non-exhaustive.
\*\* The list of selected biases is non-exhaustive.

# Common pitfalls in the stage of obtaining leadership aspiration

*Pitfalls*

NON-EXHAUSTIVE

**Common pitfalls**

Selected pitfalls:

- Lack of adequate presentation of SDGs
- Low priority of the need to link vision and strategy with SDGs
- Higher prioritization is given to issues and concerns heavily reported by the media and news outlets

Other pitfalls include:

- Higher prioritization of the political and group interests
- Absence of a will to adapt new innovative solutions to the existing challenges

# Biases and behavioural bottlenecks in this stage include, among others, present bias, status quo bias and availability bias

*Biases*  ➤➤➤

## Present bias

The tendency to give higher weight to pay-offs that are closer to present time than those in the future

This bias could result in a strategic plan that disproportionately advocates short-term pay-offs at the expense of long-term goals. This could be particularly evident in the case of the SDGs, which to achieve them require political and economic sacrifices in the present even though the benefits may not be visible for decades (or within one electoral cycle).

## Status quo bias

Status quo bias leads us to prefer the path of least resistance and maintain the way things/the way things are currently done

This bias could reduce the appetite for alternative approaches to the nature and content of strategic plans. For example, building plans around SDGs or integrating SDGs into national strategic plans.

## Availability bias

The tendency of people to people to judge the importance of events in the world, by the ease with which examples come to mind

This bias could lead to a disproportionate representation in the strategic vision of issues which may not necessarily be the most important. Conversely, low exposure to the SDGs produces underreaction and thus low representation in strategic vision.

### Low linkage to SDGs in the Arab region, strategic planning documents

- A recent study conducted by ESCWA showed that 70% of the national planning strategies in the region did not reference the SDGs, with almost none of the medium-term national development plans mentioning the SDGs or including a plan to achieve them.

- ESCWA's findings indicate that there is room for increasing the integration SDGs into the national development plans.

- A large number of the existing national development plans which do not mention SDGs are due to end soon – offering an upcoming opportunity for SDG integration.

# Intervention 1: Behaviourally informed communications

*The suggested solution utilizes a number of behavioural science tools, employed in the medium of a letter sent to leadership. The proposed letter includes behavioural tools such as dynamic social norms, personalization and messenger effect, among others. These tools and the medium of a letter have been proven to successfully address cognitive biases and achieve the desired behaviour across a range of different policy sectors. Applied in this context, these tools will effectively address the status quo, present and availability biases fuelling the inadequate attention given to SDGs in comparison to other issues.*

## Behavioural tools

- Personalization
- Salience
- Dynamic social norms
- Simplification
- Social comparison
- Messenger effect

*Integrate within existing/new communications*

## Sample – Behaviourally informed letter



Dear Minister (Name),

We understand that you are due to commence the ministry's planning process this year to update the 5-year national plan (2020-2025). Other ministries, like yours, have committed to meeting the SDGs by 2030 and meeting them requires aligning ministerial development plans to the SDGs. We would like to congratulate you on your progress and leadership to date. You are now **85%** of the way towards achieving the *Health (SDG 3)*.

| Your Ministry |
| Average Ministries |
| Best Performing Ministry |

(Figure: your ministry's ranking in terms of SDG target achievement against the average for the other ministries, and best performer)

We expect that your upcoming 5-year strategy will help your ministry take the next steps towards achieving all the relevant SDGs within the next 10 years (2030). Most effective ministers **now** start with the 2030 agenda and work backwards to define specific priorities and goals. Tools like back-casting have been successfully used for this process. **The steps are as follows:**

1. **Step 1:** Characterize desirable future (SDG targets)
2. **Step 2:** Back-cast trajectories from future to present (analyze current national and/or local policies and strategies).
3. **Step 3:** Identify priorities needed ("to achieve this long-term vision, <ministry's> near-term sectoral priorities will focus on...").

**For example,** this might mean you would start with the target SDG (e.g. SDG 3 Good Wellbeing and Health), and work backwards to where you are today to define ministerial priorities ("End preventable deaths of newborns and children under 5 years of age").

The majority of the ministries in the country **are now starting to** link their strategies to those of the SDGs. In fact, in the last decade, there has been a **30% increase** in the ministry's planning strategies which include clear links to the SDGs /MDGs for all sectors. In fact, if your ministry strategy did not include clear links to the SDGs (through results chains or KPIs), it would be among a minority of ministries with leaders not making a clear commitment to the SDGs.

If your team has any questions about how to effectively integrate SDGs into the next Ministerial Development Plan, please have them call us anytime on (phone number).

Sincerely,
(Insert Effective Messenger)

Dear Minister (Name),

We understand that you are due to commence the ministry's planning process this year to update the five-year national plan (2020-2025). Other ministries, like yours, have committed to meeting the SDGs by 2030 and meeting them requires aligning ministerial development plans to the SDGs. We would like to congratulate you on your progress and leadership to date. You are now 85 per cent of the way towards achieving SDG 3 on health.

Your ministry

Average ministries

Best performing ministry

### Tool: Personalization & salience

- **Mechanism**: Our attention is drawn to things that are novel, that seem directly or personally relevant to us.

- **Example**: A study found that letters which had personalized Post-it Notes addressed to the recipient led to an increase in responses by 16%.

- **Apply:** Send the message directly to the country's leader, with a Post-it Note or other handwritten note to increase salience and personalization.

# Behaviourally informed communications (2/5)

Dear Minister (Name),

We understand that you are due to commence the ministry's planning process this year to update the five-year national plan (2020-2025). Other ministries like yours have committed to meeting the SDGs by 2030 and meeting them requires aligning ministerial development plans to the SDGs. We would like to congratulate you on your progress and leadership to date. You are now **85%** of the way towards achieving the achieving SDG 3 on health and well-being for all.

Your Ministry

Average Ministries

Best Performing Ministry

(Figure: your ministry's ranking in terms of SDG target achievement against the average for the other ministries, and best performer)

## Social comparison

- **Mechanism:** We are influenced by feedback and comparison to our peers or others like us.

- **Example**: A trial conducted at Virgin Atlantic tested measures to get pilots to fly more fuel efficiently. Successful interventions included a league table of performance amongst pilots, in addition to the provision of feedback and goal setting. The intervention led to a significant decrease in fuel consumption.

- **Apply:** Provide leadership with feedback on progress towards SDG-related behaviour to date and in comparison to other countries, to drive motivation to link strategy to SDGs.

Source: Owain Service and others, "EAST: Four simple ways to apply behavioural insight"; Nudge Team analysis.

# Behaviourally informed communications (3/5)

**Dynamic Social Norms**
(See next slide)

Dear Minister (Name),

We expect that your upcoming five-year strategy will help your ministry take the next steps towards achieving all the relevant SDGs within the next 10 years (2030). Most effective ministers now start with the 2030 agenda and work backwards to define specific priorities and goals. Tools like backcasting have been successfully used for this process. The steps are as follows:

**Step 1:** Characterize desirable future (SDG targets)
**Step 2**: Backcast trajectories from future to present (analyse current national and/or local policies and strategies).
**Step 3**: Identify priorities needed ("to achieve this long-term vision, the <ministry's> near-term sectoral priorities will focus on…").

For example, you might start with the target SDG (for example, SDG 3 on well-being and health), and work backwards to where you are today to define ministerial priorities ("End preventable deaths of newborns and children under 5 years of age").

## Simplification

- **Mechanism:** We are more likely to comply with a desired behaviour if it is simplified and broken down into easy steps.

- **Example:** The behavioural science field has conducted dozens of studies where breaking messages down into simple steps or simplifying messages to make them clearer has increased the desired behaviours. For example, the Government of the United Kingdom made letters from the Revenue and Customs and other departments easier to understand leading to an increase in response rates by 5-10%.

- **Apply:** Break down the recommended SDG by backcasting the process into simple and easy-to-understand steps. Where possible, give examples to maximize clarity.

# Behaviourally informed communications (4/5)

Dear Minister (Name),

The majority of the ministries in the country are *now starting* to link their strategies to those of the SDGs. In fact, in the last decade, there has been a *30% increase* in the ministry's planning strategies which include clear links to the SDGs/MDGs for all sectors. In fact, if your ministry strategy did not include clear links to the SDGs (through results chains or KPIs), it would be among a minority of ministries with leaders not making a clear commitment to the SDGs.

If your team has any questions about how to effectively integrate SDGs into the next Ministerial Development Plan, please have them call us anytime on (phone number).

Sincerely,
*(Insert effective messenger)*

## Dynamic social norms

- **Mechanism:** When we think the desirable behaviour is not highly practiced, we tend to comply less. Dynamic social norms provide evidence that the desirable behaviour is being practiced more than we may realize, and we may change our behaviour to follow the changing trend.

- **Example:** An experiment conducted at Stanford University reduced meat consumption, simply by telling people that "most Americans are starting to limit their meat consumption".

- **Apply:** Analysis indicates that the trend of integrating SDGs into NDPs has been increasing and expected to continue. Therefore, this changing social norm can be promoted to influence others.

Dear Minister (Name),

The majority of the ministries in the country are **now starting** to link their strategies to those of the SDGs. In fact, in the last decade, there has been a **30% increase** in the ministry's planning strategies which include clear links to the SDGs/MDGs for all sectors. In fact, if your ministry strategy did not include clear links to the SDGs (through results chains or KPIs), it would be among a minority of ministries with leaders not making a clear commitment to the SDGs.

If your team has any questions about how to effectively integrate SDGs into the next Ministerial Development Plan, please have them call us anytime on (phone number).

Sincerely,
*(Insert effective messenger)*

## Messenger effect

- **Mechanism:** Our behaviour is influenced by some more than others, usually those who we see as likable, respected or authoritative.

- **Example:** Personalized letters were sent to British physicians overprescribing antibiotic the most, informing them 80% of doctors prescribe less antibiotics than they do. The letters were sent by the Chief Medical Officer in the United Kingdom, a respected messenger. This message led to 73,406 fewer antibiotics prescribed.

- **Apply**: Send letters from a respected messenger, such as Head of League of Arab States or Gulf Cooperation Council.

Source: Martinovich, M. (2017). Changing behaviours may be easier when people see norms changing, Stanford research finds. Stanford News; Nudge Team analysis.

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# Intervention 2: Prompting active choice

**Active choice is a form of choice architecture that requires stakeholders to make a choice as opposed to being defaulted into an option.**

- *Active choice helps overcome the implicit default that happens when no active choice is made*

- *Prompting active choice helps to overcome status quo bias by framing non-response as an intentional and deliberate choice, rather than an omission or unintended inaction*

- *Enhanced active choice is a variant tool that aims to favour one alternative by highlighting losses incumbent in the non-preferred alternative*

## Why is it important to use (enhanced) active choice?

- Active choice coming from effective messengers (for example, the president of the country) aims to serve as a reminder to the leadership (such as ministers) about their duty to link their strategy to the SDGs, especially given that the majority of the Arab countries have already signed the 2030 Agenda indicating an intention to achieve this goal. Active choice would also remind governmental institutions that inaction is a choice that goes against the country's vision.

- Active choice results in higher levels of commitment by leadership as they are more likely to make the active choice to engage in with the SDGs than not to.

**CASE STUDY**

Summary

An experiment conducted by Nudge Lebanon reduced plastic cutlery usage by 78% through prompting active choice and removing the default option of plastic cutlery.

Solution

The experiment involved asking people whether they wanted plastic cutlery with their meal, making them actively consider whether they need it or not.

Behavioural Tools

Active choice

# Requiring stakeholders to make an active choice forces them out of a default position of inaction

**Sample active choice template**

*Active choice can be administered by government officials through a survey or questionnaire, presented before the country starts a new planning process.* The president of the country, prime minister and other influential leaders can highlight the importance of linking the upcoming NDPs to the SDGs.

**Will we, the Council of Ministers, be linking our next national development plan to the SDGs?**

☐ Yes

☐ No

(Option A)          (Option B)

*\*\* In the option B, the enhanced active choice would highlight negative consequences of not including SDGs in the NDP.*

# Intervention 3: Exposing leadership to biases

*Behavioural insights & information about psychological biases & heuristics*

*Decision-making is more informed*

- Seasoned professionals in the leadership can recognize some biases and take them into account (applying a discount factor to correct for over-optimism, asking a neutral third party for an independent opinion to account for self-interest, etc.).

- However, academic research suggests that these corrections are too inexact and limited to be helpful.

- There is a prevalence of biases in decision-making as a result of habit, training, executive selection and organizational culture.

- Exposing the professionals in the leadership to further insights from behavioural science and making them aware of their own biases can be extremely helpful in improving decision-making.

- The Economics Nobel Laureate Daniel Kahneman noted that the odds of defeating biases in a group setting rise when discussions of them is widespread.

Sources: Lovallo and Sibony, "The case for behavioural strategy"; Nudge Team analysis.

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# Aside from improving decision-making, recognizing biases can also help bend their effects in favour of public policymaking

## How can the effects of a bias be bent in favour of public policymaking?

- *An example of a bias that could be used in favour of public policy making is **availability bias.***
- ***Availability cascades,** a direct by-product of availability bias, refer to any massive increase in attention to a policy issue due to a critical event or media attention.*
- *While this can be harmful to government prioritization, the government can be proactive in harnessing the momentum created by these attention cascades to successfully bring attention to and address issues that would have otherwise not been considered a priority.*
- *The power of **availability bias can be harnessed to rally the public around the direction of the strategic plan** or major themes within it, which will encourage further investments in analysis of the issues, solution proposals and implementation efforts.*

## How can attention cascades be used?

**1)** Identify any ongoing and upcoming trends/events that align with themes in the strategic vision, prepare proposals and solutions for important issues in advance and time the activation of the vision to coincide with the media attention on these trends/events. Strategy proposals will receive more support during the attention cascade when attention on particular issues is at its highest.

**2)** Enlist the support of influential organizations or individuals to tie their work in with the theme(s) of the strategic vision. Concentrated reference to and association with the strategic vision within the same timeframe will help to draw attention to these issues and spur commitment to them.

### Attention cascades to protect the environment

In the United Kingdom, the mega successful documentary Blue Planet II on plastic in the oceans and its resulting media attention, provided a ripe environment for the Prime Minister to successfully launch a 25-year environment plan a month after the episode was broadcast and a plastic bottle deposit scheme two months later. This direct reaction was only possible because of the year-long planning the Government had conducted before the documentary was released.

** *Leaders must be careful to not be affected by availability bias in their prioritization of issues. To ensure objective assessment of issues, leaders can exempt the salient issues of the day, and ask teams to provide alternative examples, comparisons and anecdotes to feed into strategic discussions.*

Sources: Hallsworth and others, "Behavioural government; Nudge Team analysis.

# Intervention 4: Anchoring strategic planners using the backcasting framework

**Anchoring is a particular form of priming whereby initial exposure to a number or a term serves as a reference point and influences subsequent judgments. Strategic planners can be anchored using the backcasting approach to planning. The backcasting is a strategic method that begins with the articulation of desirable endpoints and works backwards to identify the steps necessary to reach that successful outcome.**

- *Backcasting is an alternative approach to envisioning the future, so that past and present trends and conditions do not determine future estimations as they do in forecasting; rather future visions are determined and then other information and factors are used and adjusted in order to manifest that vision.*

- *The future is unknowable and as such, backcasting, by determining a future and working towards it, opens up more options than predicting a future based on present/past trends which might present a more limited range of options.*

- *As backcasting is a specific framework that begins with bounded parameters within which decision-making takes place, it provides an opportunity to anchor strategic planners at the beginning of the planning process.*

Sources: Amos Tversky and Daniel Kahneman, "Judgment under uncertainty: heuristics and biases", *Science*, vol. 185, No. 4157 (September 1974); Charlie Wilson, James Tansey and Sean LeRoy, "Integrating backcasting & decision analytic approaches to policy formulation: a conceptual framework", *Integrated Assessment*, vol. 6, No. 4 (2006); Nudge Team analysis.

# Backcasting can be used as an anchoring technique to incorporate SDGs within strategic planning

**Methodological steps for backcasting:**

**1** **Define the problem context**: This is the set of all possible options, including dynamic decision strategies, available to the decision-maker. This binds the problem context and sets normative assumptions that will become the terms of reference for the rest of the decision-making process.

**2** **Articulate a desirable future scenario(s):** The future vision can be seen as a solution to the problem framed by the problem context.

> **National leadership has an opportunity within these two steps to frame the decision context and articulate a future vision around the Sustainable Development Goals. This will ensure that throughout the rest of the strategic planning process (steps 3-4), SDGs are incorporated.**

**3** **Backcast trajectories from future vision**: Trajectories refer to the development pathways from the present system state to the desired future. Backcast trajectories are typically described in terms of first-order economic, social, technological and institutional milestones and changes necessary to reach the desired end state. These trajectories could take the form of strategic objectives.

**4** **Identify interventions to implement or initiate backcast trajectories**: Interventions are often discussed as part of the trajectory backcasting step, for example, by identifying targets or obstacles to be overcome in order to reach goals.

Sources: Wilson, Tansey and LeRoy, "Integrating backcasting & decision analytic approaches to policy formulation"; Nudge Team analysis.

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# Intervention involves making SDGs the default direction through pre-filled backcasting templates

By using a backcasting framework, the SDGs can serve as a starting point for future trajectories, creating a default vision for national leadership and strategic planners.

In the aspiration phase, a pre-filled back casting template with SDGs as the context for problem solving (step 1) and as the future vision of the country (step 2), will ensure that planners work backwards to link their activities and projects accordingly in steps 3 & 4. This would result in a linkage of sector strategies to the relevant SDG – demonstrating a full results chain from SDG (2030 agenda) through to country activities.

**FOR EXAMPLE**

| SDG targets | SDG 2 End hunger | SDG 4 Quality education | SDG 3 Health and well-being |
|---|---|---|---|
| **Strategic aspirational outcomes** | Food-insecure people, including refugees, are enabled to meet basic food and nutrition requirements | Girls under 16, including refugees, stay in school and receive a full education | All children under 5 are vaccinated against measles |
| **Country activities** *(TBD in later phases)* | **Support to refugees** | **Education campaign** | **Primary health-care programmes** |

## What are default options?

- Default options are pre-set (or recommended) courses of action that take effect if nothing is specified by the decision

- Setting defaults is an effective nudge when there is choice overload, inertia or uncertainty in decision-making

In 2017 at Hamad Bin Khalifa University in Doha, a group of **students increased the number of people taking their leftovers home by 42%** by defaulting customers into it. Customers were given a two-sided token with a statement expressing either a desire to take leftovers home or not. Tokens were placed on tables with *the* positive side up, meaning *remaining food is packaged for takeaway by default.*

# Challenges and baseline



| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|
| Leadership aspiration | **Challenges & baseline** | Identify stakeholders | Engage stakeholders | Objectives, goals & KPIs | Implementation support | Monitoring, evaluating, communicating |

Institutional set-ups

Capacity-building

# Challenges and baseline: Overview

- *Lack of distinction between structural and behavioural barriers*
- *Failure to draw on timely lessons from previous experiences*
- *Prevalence of personal biases*

- *Acknowledging behavioural barriers and bottlenecks to a challenge*
- *Engaging relevant populations for challenge extraction*

**Identifying pitfalls\*** ▶ **Determining biases\*\*** ▶ **Suggesting ideas for behavioural interventions**
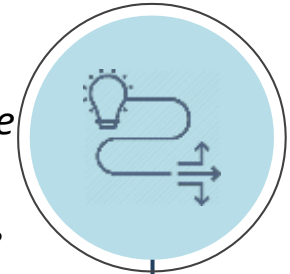
*Contextual misapprehension creating a gap between planning and practice (people's needs)*
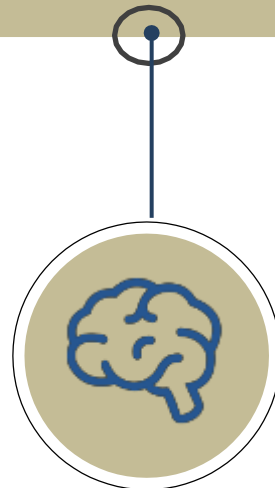
\* The identified pitfalls are non-exhaustive.
\*\* The list of selected biases is non-exhaustive.

# Common pitfalls in the stage of identifying challenges and baseline

NON-EXHAUSTIVE

**Common pitfalls**

Selected pitfalls:

- The lack of a clear distinction between structural and behavioural roots of challenges may lead to an inadequate understanding of the nature of the problem and thus inadequate solutions throughout the policy cycle, from the strategy level down to the policy level
- Failure to draw timely lessons learned from previous plans to inform current strategic planning
- Prevalence of personal biases which can influence our understanding of relevant challenges

Other pitfalls include:

- Weak coordination between the different governmental institutions when determining the challenges
- Absence of relevant and sufficient data across the different sectors

Source: Nudge Team analysis.

# Biases and behavioural bottlenecks in this stage include, among others, misunderstanding of the relevant population

*Biases* ►►►

## Contextual misapprehension

The tendency to often make **assumptions** about a certain target group that may be inaccurate

The way in which planners ascribe meaning to and make sense of the project from their particular perspective can impact the direction and nature of the project as this meaning becomes institutionalized. Some of the factors that may (negatively) affect the way in which planners make sense of the challenges are:

- Unfamiliarity with the mental models and mindsets of the people that the strategies are targeting, which may lead to oversimplified narratives of their lives

- Assumptions that other individuals are quite different from/similar to them in their mental perceptions

This could lead to a generalization of strategies without considering the local context and the different personas involved in the process of achieving strategic outcomes.

## Misapprehension the challenge of low vaccination rates

A survey conducted by the World Bank on the reasons hindering people in developing countries from vaccinating their children predicted that 42% of the beneficiaries would refuse vaccination due to fears of sterilization, but only 11% of the beneficiaries stated this reason.

Moreover, the same survey showed that World Bank staff massively underestimated how much the beneficiaries believed they were responsible for their lives and futures. In actuality, development professionals may assume that poor people are less autonomous and knowledgeable than they actually are.

# Intervention 1: Acknowledging behavioural dimensions of challenges

*Interventions* ▶▶▶▶

Strategic objectives are heavily influenced by strategic planners' understanding of the challenges at hand and consequent strategies for solving them. As such, it is important at this stage to be able to distinguish between behavioural and non-behavioural barriers to successful strategic outcomes in order to design programmes and objectives that offer the greatest chance of success at achieving strategic priorities and goals.

## Behavioural barriers

Are factors related to individuals' cognitive and psychological processes that influence their decision-making or behaviour

## Non-behavioural barriers

Are factors which are unrelated to individual cognitive or psychological processes that may affect their welfare

Potential effectiveness of behavioral interventions

| | Low | High |
|---|---|---|
| Achieve environmental sustainability | 1 | |
| Maintain a healthy lifestyle | 2 | |
| Increase civic engagement | 3 | |
| Promote national identity and values | 4 | |
| Promote effective parenting | 5 | |
| Empower women | 6 | |
| Promote social cohesion | 7 | |
| Protect consumers | 8 | |
| Guarantee citizens' safety and security | 9 | |
| Strengthen local content and labor productivity | 10 | |
| Build a highly skilled pool of talent | 11 | |
| Increase public-sector productivity | 12 | |

The Ideation Center, a leading think tank, utilized the various strategic plans from Abu Dhabi, Bahrain, Saudi Arabia, Kuwait, the United Arab Emirates and Qatar to produce an analysis of the potential effectiveness of behavioural interventions in the Gulf Cooperation Council (GCC) countries. The effectiveness of behavioural interventions is largely based on the extent to which the barriers are behavioural.

This analysis would not have been possible without the distinction between behavioural and non-behavioural barriers.

# Intervention includes a **checklist** to ascertain behavioural barriers

A tool developed by the Scottish Government based on theory and evidence to identify all of the contexts that shape people's behaviours is **the Individual, the Social and the Material (ISM) framework.** The thinking aid below has been developed using the ISM framework, to help planners identify, conceptualize and evaluate the behavioural and non-behavioural problems contained within a strategic issue and enact the proper solutions for it.

## INDIVIDUAL

Factors held by the individual that affect the choices and the behaviours he or she undertakes

**Is the challenge perpetuated by:**
- ☐ Individual/populations values attitudes and belief?
- ☐ (Mis)calculation of perceived costs and perceived benefits
- ☐ Individual emotional responses to the issue
- ☐ Individuals'/populations' ideas of agency and self-efficacy
- ☐ Level of skill of individual/population
- ☐ Habits of individual/population

## SOCIAL

Factors that exist beyond the individual in the social realm, yet shape his or her behaviours

**Is the challenge perpetuated by:**
- ☐ People's perception of how other people would view their behaviour
- ☐ Shared understandings of appropriate and desirable conduct

## MATERIAL

Factors in the environment and wider world, which both constrain and shape behaviour

**Is the challenge perpetuated by:**
- ☐ The lack of rules and regulations set out by formal institutions
- ☐ Lack of technology or interaction with technology
- ☐ Lack of *hard* infrastructure like buildings/buses, and *soft(intangible)* infrastructure like time and schedules or rules and regulations
- ☐ Lack of necessary physical objects, such as computers/bicycles

### HOW TO USE:

**❶** *For each challenge you are considering, tick the factors most relevant to the existence of the challenge*
*Take note of the interactions between the different factors*

**❷** *Isolate the behavioural factors/barriers (those related to individuals' cognitive and psychological processes)*

**❸** *Ask yourself, if you were to address only the behavioural factors or barriers, will that have a significant impact on the state of the problem?*

If it will, **how can you formulate strategic objectives to impact key behavioural factors that you are not already addressing?**

*Remember, challenges with significant behavioural barriers require solutions/strategies that target human behaviour using behavioural insights*

# Intervention includes a **decision map** to ascertain what barriers are behavioural

Does overcoming the challenge require action to be taken (or avoided) by an individual/target population?

**YES**

**NO**

**Material factors**: technology, regulation, infrastructure, time, tools, etc.

Could the individual/population have (reasonably easy access to) the material factors to enact the behaviour?

Behavioural barriers are related to barriers that exist as a result of human psychological and cognitive factors. As such, if there is no opportunity for individuals to manifest these psychological or cognitive factors, then the barrier cannot be behavioural.

Do consider the possibility that the challenge has not been broken down enough to acknowledge the role of individuals in perpetuating the problem.

**YES**

**NO**

If the individual has the material environment, it is very likely that cognitive/psychological and social factors are a significant barrier that is preventing them from enacting behaviour.

The existence of behavioural barriers are not mutually exclusive to the existence of non-behavioural barriers like economic resources, time, technology, infrastructure, etc. However, if these barriers are significant, then they are likely to influence behavioural outcomes a disproportionate amount.

**And as such, behavioural interventions would prove effective**

**The Capability, Opportunity, Motivation, Behaviour (COM-B)** model is another framework that can be used to distinguish between behavioural and non-behavioural factors. It provides an understanding of behaviour, in which "capability" (physical and psychological), "opportunity" (physical and social) and "motivation" (automatic and reflective) are conceptualized as three essential conditions for behaviour. As such it identifies the sources of the behaviour that could prove fruitful targets for differentiated interventions. *More on COM-B in Section 5.*

# Intervention 2: Engaging relevant populations for challenge extraction

**Knowledge about the relevant population is crucial to begin the process of setting strategic objectives to meet their welfare needs**

- *This can be difficult for strategic planners because they may not have personally experienced the psychological or social contexts of the target population and thus might have different decision-making processes or mental models*
- *If not addressed, this gap in knowledge will be filled by automatic thinking, assumptions and cultural mental models which could lead to an inaccurate understanding of the challenges*

## How can strategic planners close the knowledge gap?

**Focus groups** are gatherings where participants discuss ideas, issues, insights, and experiences amongst themselves, and each member is free to comment, criticize or elaborate on the views expressed by others.

- Free discussion generates fresh ideas and insights because the participants stimulate each other. While many of the planning councils in the region rely on quantitative data or their assumptions as the main means to analyse a national challenge, referring to citizens and targeted populations themselves can result in changing the initial analysis of a certain issue.

- Insights from **focus groups** could help to obtain information regarding target populations' perceptions and decision-making processes when faced with a certain situation.

The strength of a well-structured focus group is in its increased ability to bypass biases in planners' understanding. The encouragement of free discussions among the participants mitigates the risk of skewing the discussions with planners' implicit (and possibly flawed) biases.

# Steps used to conduct focus group discussions

## HOW TO CONDUCT FOCUS GROUP DISCUSSIONS

**1** Identify the thematic areas for which the insight of the relevant population is needed

**2** For each area, create group(s) of 8-12 carefully selected participants. Small groups facilitate the free flow of discussion much better. And as much as possible, the group participants should be similar in background and experiences.

**3** Once participants are assembled, a facilitator explains the reason for the gathering, the format of the discussions and provides participants with a pre-planned prompt(s) to fuel discussion amongst each other.

**4** The conversation is recorded and an "Insight Report" is created from it.

### Enhancing focus group discussions using participatory approach

An experiment in China was conducted where 1,752 workers were randomly assigned to either a traditional-style meeting where the leader drove the meeting agenda, or a participatory meeting in which employees drove the agenda and contributed ideas towards the advancement of the company. This resulted in a 10.6% increase productivity among workers that were involved in the participatory meetings.

Sources: Krishna Kumar, ed., "Rapid appraisal methods", Washington, D.C, World Bank, 1993; Nudge Team analysis.

# Identifying stakeholders



| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|
| Leadership aspiration | Challenges & baseline | **Identify stakeholders** | Engage stakeholders | Objectives, goals & KPIs | Implementation support | Monitoring, evaluating, communicating |

Institutional set-ups

Capacity-building

# Identifying stakeholders: Overview
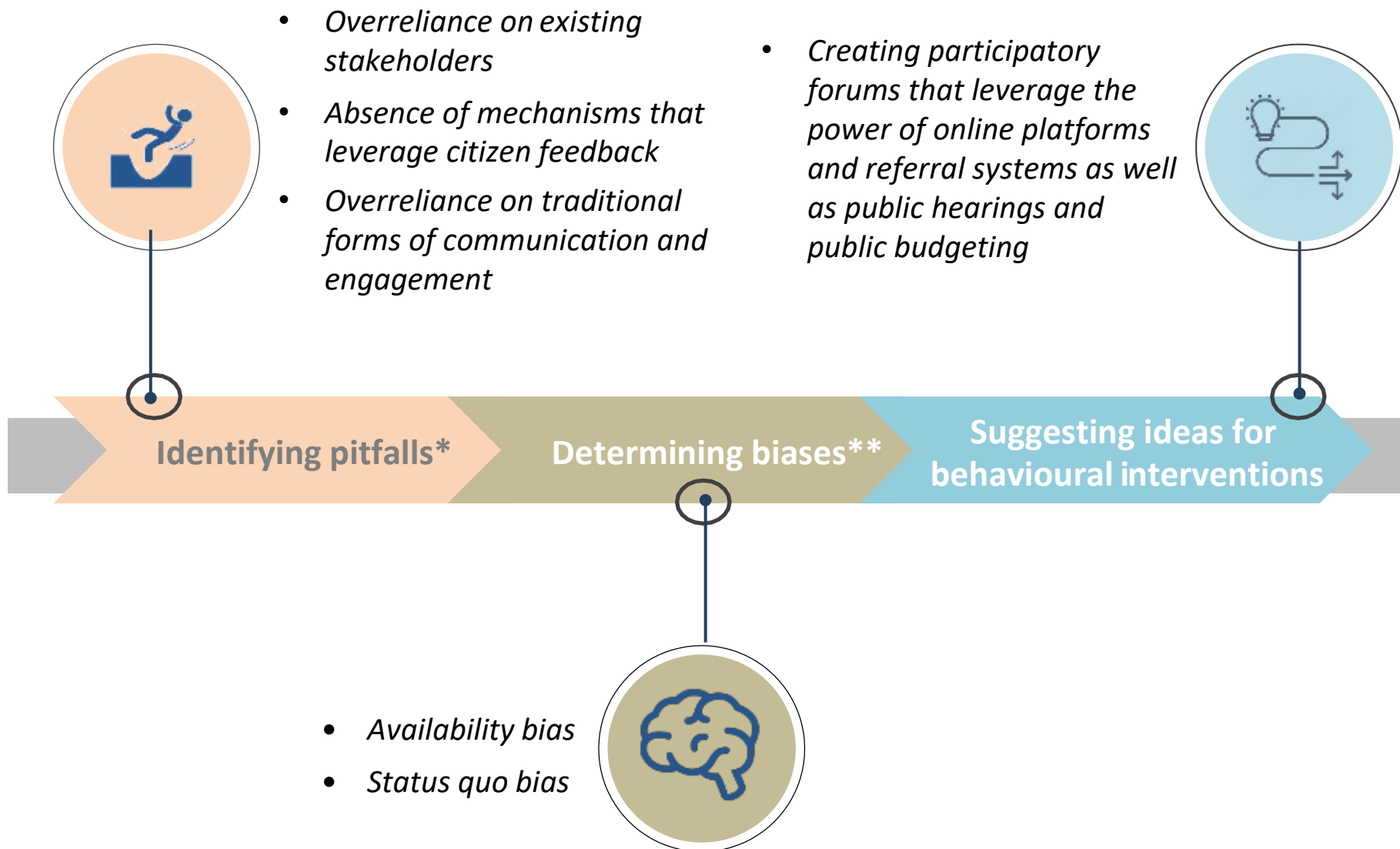
- *Overreliance on existing stakeholders*
- *Absence of mechanisms that leverage citizen feedback*
- *Overreliance on traditional forms of communication and engagement*

- *Creating participatory forums that leverage the power of online platforms and referral systems as well as public hearings and public budgeting*

**Identifying pitfalls\*** → **Determining biases\*\*** → **Suggesting ideas for behavioural interventions**

- *Availability bias*
- *Status quo bias*

\*  The identified pitfalls are non-exhaustive.
\*\* The list of selected biases is non-exhaustive.

# Common pitfalls in the stage of identifying stakeholders

NON-EXHAUSTIVE

## Common pitfalls

Selected pitfalls:

- Not enough consideration is given to potential stakeholders who are currently unknown to the planning council
- There are no mechanisms for leveraging citizen feedback on current issues and solutions
- Pervasive use of traditional communication channels to engage stakeholders

Other pitfalls include:

- Lack of a clear criteria to select the stakeholders
- Low levels of trust between the stakeholders and the government

Source: Nudge Team analysis – part of an unpublished report by Nudge Lebanon on the applications of behavioural insights.

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# Biases and behavioural bottlenecks in this stage include, among others, availability bias and status quo bias

## Availability bias

The tendency of people to judge the likelihood or importance of events in the world, by the ease with which examples come to mind

This bias could influence the selection of stakeholders who contribute to strategic planning process. The reliance on stakeholders that easily come to mind may lead to ill-informed focus or prioritization of issues. Moreover, it could exclude important stakeholders who would bring new and crucial perspectives to planning process.
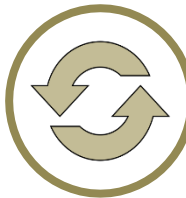
## Status quo bias

The tendency to be biased towards maintaining the status quo, regardless of the objective qualities of alternative options

This bias could cause planners to maintain the current nature of stakeholder composition and forms of communication and interaction, as opposed to adopting changes that may increase and improve stakeholder composition and engagement.

## Policy prioritization using "rules of thumb"

A study was conducted with 14 ministers and politicians in Belgium and found that they used "rules of thumb" to decide which issues are to be prioritized and which are not.

As opposed to having a perfectly rational assessment of the pressing issues, prioritization was highly reliant on what others are doing or what the media is covering at the time.

Sources: Hallsworth and others, "Behavioural government"; Nudge Team analysis – part of an unpublished report by Nudge Lebanon on the applications of behavioural insights.

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# Intervention 1: Creating participatory forums

**A participatory forum is a platform where third parties can learn about upcoming initiatives and engage in discussion about these issues, with a view to influencing the agenda, process and action on these matters. Participatory forums can manifest themselves in different ways including community advisory councils, participatory budgeting, public hearings and report cards.**

- *Participatory forums allow citizens, civil society actors, local communities, specific populations, like women and youth, to actively engage and take part in expressing their opinions on issues of concern*

- *Participatory forums can counter availability and status quo bias by providing a new selection of stakeholders and facilitating two-way communication with them, which can enhance relevance of strategic plans*

- *Deliberative citizens' forums reduce the impact of groupthink by the planning authorities, through its exposure of the planning process to heterogeneous ideas and viewpoints*

## Participatory forums for EU integration

A programme was implemented in Romania, entitled "Active citizens in the European Integration", aimed at increasing the exchange of opinions and the sense of belonging to the European Union, using online platforms as well as town hall meetings through which citizens were able to engage in debates regarding the European Union. The project resulted in an open dialogue with institutions on topics related to discrimination, diversity and democracy.

## A participatory forum reflects positively on community's perceptions of the government

- Making each citizen responsible for the success and failure of a project increases ownership and pursuit of the project.

- The sense of ownership influences citizens' valuation of the project, leading them to weigh losses (failure to succeed with project) substantially more than gains. As such, engaged citizens are more motivated to make investments and pursue behaviours that would achieve the related goals.

# Introducing public hearings as a means to increasing citizen participation in the strategic planning

**Conducting public hearings can be viewed as a participatory forum where individual citizens, citizens groups and local officials come together to exchange information and opinions about strategic issues <u>before</u> action is taken/plans are finalized.**

*For example, citizens with different viewpoints on controversial topics can be assigned to smaller groups and tasked to understand the topic from different presenters or experts with differing positions. They can then debate and discuss amongst themselves and come to their own more well-informed and balanced viewpoints before suggesting solutions/amendments.*

## Key considerations for a public hearing session:

☐ The discussion should start with all individuals sharing their ideas and comments

☐ Promote diverse solutions and rigorous analysis by guarding against groupthink

☐ The sessions should start with well-defined objectives to prime participants to produce relevant solutions

☐ Special precautions should be taken to avoid irrelevant factors like status, likability and talkativeness of some individuals to bias opinions

**Public hearings involve:**

- *Downward dissemination*: This is when the government informs citizens about policy development as well as their roles and responsibilities
- *Upwards dissemination:* This is when citizens express their concerns about the issue at stake

# Introducing public budgeting as an example of a participatory forum where citizens can make contributions before plans are finalized

*Participatory budgeting provides an opportunity for citizens to engage in processes of deliberation on the allocation of public funds*

## Citizen participatory budgeting in Brazil

The concept of **citizen participatory budgeting** started in Brazil in 1989 and was aimed at improving the poorest areas in the city of Porto Alegre by enhancing service delivery, infrastructure, strengthening government and increasing citizen participation.

In 1989 and 1990, the first two years of participatory budgeting, fewer than 1,000 citizens participated in the participatory budgeting process. By 1992 the number of participants had jumped to nearly 8,000. After the Workers Party was re-elected in 1992, the participation increased to more than 20,000 people a year. Participation grew as citizens realized that participatory budgeting was an important decision-making avenue.

The impact and value of the citizens participatory budget is illustrated in the fact that the budget allocation to the participatory budget increased from 10% in 1990 to 21% or $64 million in 1999.

**More on citizen budget on page 126**

# Tools to increase participatory forum outreach (1/5)

## Increase your outreach

**1** **Referrals**

The standard invitation letters sent to individuals from the existing database can include a second invitation with which invitees can refer new and relevant stakeholders within their networks

- *Public behaviours influence perceptions of social norms when the behaviours seem broadly endorsed and when the perceiver feels personally tied to the context or community in which the behaviour takes place*

- *Personal referrals help to uphold participation as a desired norm and this endorsement contributes to the creation of a culture of citizen participation*

- *Personal referrals increase the number of new stakeholders because of the power of personal attachment to those that referred them*

**Invitees can share the new invitations with their families, friends and relevant entities**

**Invitees can be prompted to refer other individuals through using incentives (such as competitions)**

Sources: E. L. Paluck and H. Shepherd, "The salience of social referents: a field experiment on collective norms and harassment behaviour in a school social network", *Journal of Personality and Social Psychology*, vol. 103, No. 6 (September 2012) p. 899; Nudge Team analysis – part of an unpublished report by Nudge Lebanon on the applications of behavioural insights.

# Tools to increase participatory forum outreach (2/5)

*Interventions*

## Increase your outreach

**1** **Referrals**

**Example**
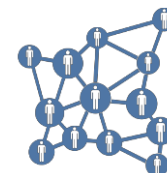
**CASE STUDY**

**Summary**

The "We Can" campaign was launched in Bangladesh and targeted local change agents to reduce the social acceptance of violence against women (VAW) by personally rejecting it. The experiment resulted in 85% of change-makers and 81% of people in their circle of influence positively changing their perceptions on VAW.

**Solution**

The campaign prepared community members to take a public stand and action on violence against women. Individuals were asked to sign a pledge to make small changes in their attitudes towards VAW and to forward the pledge to 10 individuals within their circle. However, on average, each change-maker reached out to five people.

**Behavioural Tools**

Commitment devices, effect of messenger, priming



Each change-maker reached out to 5 people

# Tools to increase participatory forum outreach (3/5)

## Increase your outreach

**2**   ## Online platform

The creation of a dedicated online platform on which the first draft of the strategic plan can be posted and citizens welcomed to add comments and propose amendments or additions

- *Online platforms, by making government more accessible, would reduce the hassle associated with citizen engagement*

- *Online platforms can be designed to illustrate levels of participation to all users, so that participation is seen as a norm and therefore encouraged*

**A behaviourally informed online platform can also include gamification:**

- Game design elements can be used encourage stakeholders to explore, learn and reflect on governments' initiatives and projects

- Gamification assigns a direct value and immediate rewards to citizens' engagement and information, which increases engagement further

### CASE STUDY

**Summary**

The city of Salem, Massachusetts, in the United States Launched a game called "What's the Point?" to encourage local participation in the neighbourhood revitalization plans. This effort gathered 192 responses from the city's major stakeholders.

**Solution**

The game rewarded residents with virtual coins for every idea they submitted towards their neighbourhood improvement.

**Behavioural Tools**

Incentives, gamification

# Tools to increase participatory forum outreach (4/5)

## Increase your outreach

**2**  **Online platform**

**Example**

**Consumer-citizen space**

**nudge**
**LEBANON**

**Increasing online engagement through a dedicated portal**

To increase their outreach and engage new stakeholders, Nudge Lebanon created a consumer-citizen space on their website whereby individuals can register and share their ideas on behavioural interventions to address policy challenges

**Join the Consumer-Citizen Space**

If you have a policy challenge in mind, or even ideas for a nudge or a behavioral experiment, please do not hesitate to share them with us through the Consumer Citizen Space below.

*Examples of policy challenges: wasteful/abusive use of a resource, repeated non-adherence to a regulation, sub-optimal queuing time at a facility, etc.*

Name *          Email *

Subject *

Message *

☐ I'm not a robot
reCAPTCHA
*Privacy - Terms*

SUBMIT

Source: Nudge Team analysis – part of an unpublished report by Nudge Lebanon on the applications of behavioural insights.

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# Increase your outreach

## 2 Online platform

### How to increase engagement with online platforms?

☐ Ensure that the platform has low requirements to register and is easily navigable.

☐ Ensure that the platform is using simple language, accessible to all stakeholders and where relevant, clearly display a *"call to action"*.

☐ Ensure participants' privacy and anonymity in the online platform.

☐ New participants can be **defaulted** in to sending invitations (for example, in order for them to proceed they have to send at least one invitation to someone in their network).

☐ Platform should be interactive so that participants can engage in online discussions, and users can see how many other people are engaging on the forum.

☐ Encourage people to interact with the content through comments, feedback, etc., throughout the planning process. This can be done using timely reminders via e-mail or gamification.

# Engaging stakeholders



1 Leadership aspiration

2 Challenges & baseline

3 Identify stakeholders

4 **Engage stakeholders**

5 Objectives, goals & KPIs

6 Implementation support

7 Monitoring, evaluating, communicating

Institutional set-ups

Capacity-building

# Engaging stakeholders: Overview
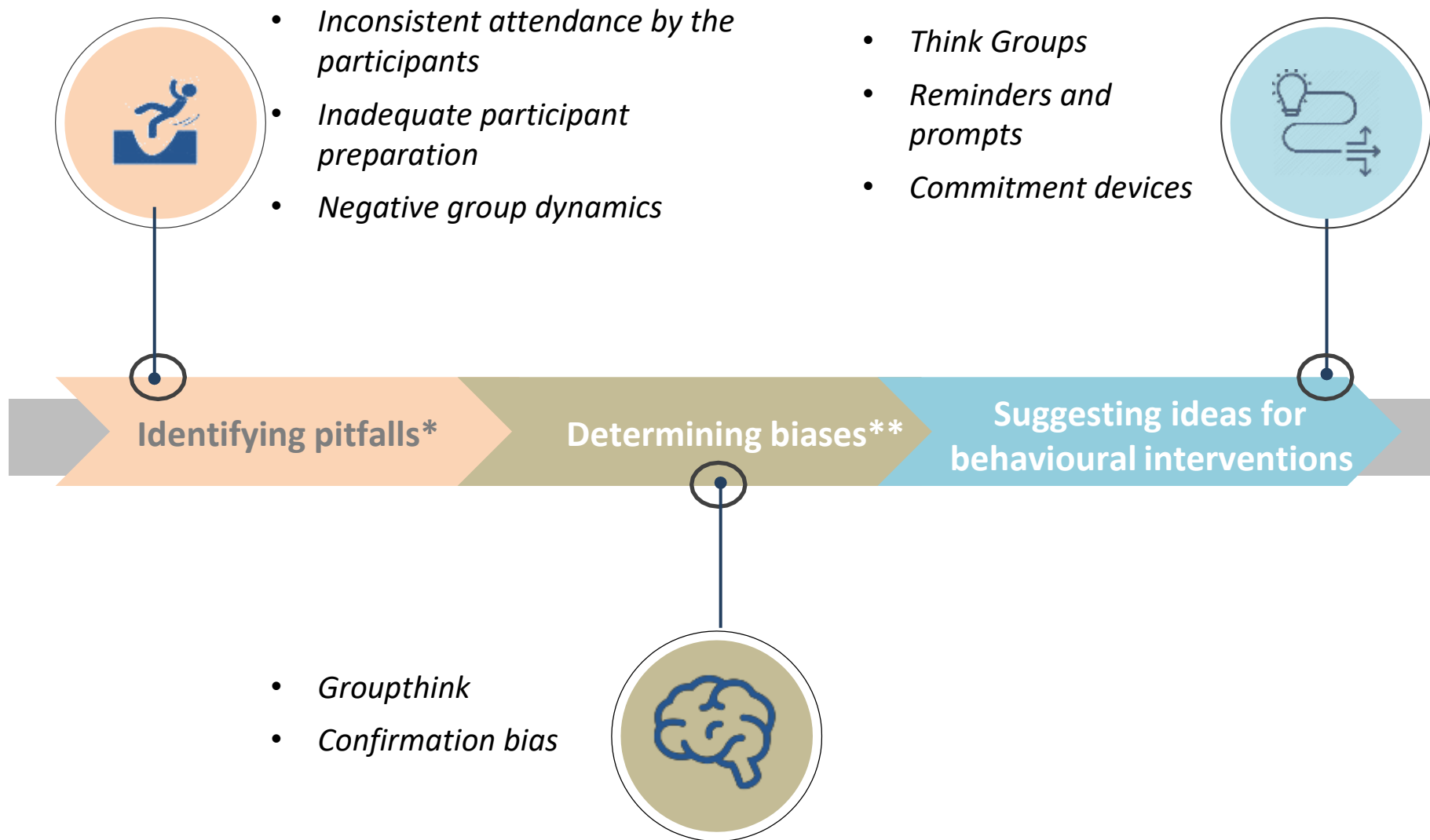
- *Inconsistent attendance by the participants*
- *Inadequate participant preparation*
- *Negative group dynamics*

- *Think Groups*
- *Reminders and prompts*
- *Commitment devices*

**Identifying pitfalls\*** → **Determining biases\*\*** → **Suggesting ideas for behavioural interventions**

- *Groupthink*
- *Confirmation bias*

\*  The identified pitfalls are non-exhaustive.
\*\* The list of selected biases is non-exhaustive.

# Common pitfalls in the stage of engaging stakeholders

NON-EXHAUSTIVE

## Common pitfalls

Selected pitfalls:

- Inconsistent attendance by participants in sectoral strategy meetings
- Inadequate preparation by participants for sectoral strategy meetings
- Failure to leverage insights from all participants in meeting, as not all are willing to be vocal

Other pitfalls Include:

- Inadequate mechanisms for communication between the stakeholders
- Distinct visions and goals between the stakeholders and the government

# Biases and behavioural bottlenecks in this stage include, among others, groupthink and confirmation bias

## Groupthink

Groupthink refers to the dynamic that causes people to self-censor and conform to the group majority view regardless of its merits and demerits

This bias could lead invited stakeholders to refrain from sharing dissenting opinions about the content/direction of strategic plans, and as such these plans may not benefit from rich and diverse perspectives that could make it more relevant and appropriate.

• The use of evidence and data in these meetings could heighten the effect of informational influence which leads people to think that their opposing personal opinion could be wrong because other people have better information and good reasons for thinking differently.

• This bias may be especially prevalent if stakeholders are uncomfortable speaking to or against higher authority. In this case, if a higher authority shares their opinion first, stakeholders are less likely to counter it.

## Confirmation bias

The overweighting of evidence consistent with a favoured belief, underweighting of evidence against a favoured belief, or a failure to search impartially for evidence

This bias could hamper the effective use of evidence and data, as stakeholders run the risk of interpreting data in line with pre-existing ideas which could mean certain important facts are not illuminated. This biased interpretation of data could have serious impact as it could misdirect the aims and strategies of the planning sessions.

Sources: Gharad Bryan, Dean Karlan and Scott Nelson, "Commitment devices", *Annual Review of Economics*, vol. 2, No. 1 (2010); Jessica Pautz and Donald Forrer, "The dynamics of groupthink: the Cape Coral experience", *Journal of International Energy Policy*, vol. 2, No. 1 (2013); Nudge Team analysis.

# Intervention 1: Sending reminders and prompts

**Timely reminders can be used to prompt stakeholders to attend meetings or to perform certain actions beneficial to the meeting**

- *Reminders reduce the mental effort required to perform a certain action as it provides a cue that shows that a certain task needs to be performed*
- *Reminders can address memory failures that prevent people from performing planned action*

## Effectiveness of timely reminders depends on:

- **Content of reminder**: Reminders need to be specific and simple enough to capture recipients' attention and reduce effort required to initiate action. *For example, a reminder about submitting a draft document could be made more effective by stating the required contents of the draft document.*

- **Timing of the reminder:** Depending on the content of the reminder, it must be sent at a period when the recipient will be most receptive to the prompt, and with enough time to act on the prompt.

## CASE STUDY

**Summary**
An experiment conducted in Saudi Arabia used SMS text reminders to reduce appointment non-attendance by outpatients, and resulted in a 20% drop in non-attendance.

**Solution**
Once an appointment has been scheduled for a patient, two SMS texts are scheduled to be sent out five days and one day prior to the appointment. SMS includes date and time of appointment and a number to call for enquiries.

**Behavioural Tools**
Reminders

Sources: Sarah Anderson, Scott Hock and Matthew Potoski, "Invitation phone calls increase attendance at civic meetings: evidence from a field experiment", *Public Administration Review*, vol. 73, No. 2 (March 2013); Majid Altuwaijri and others, "The effect of integrating short messaging services reminders with electronic medical records on non-attendance rates", *Saudi Medical Journal*, vol. 33, No. 2 (2012); Nudge Team analysis.

# Intervention includes sending participants reminders and prompts (cont'd)

## Additional tools to include in a timely SMS reminder

*The SMS messages provide an opportunity to use other behavioural tools (besides reminders and timeliness) to* prompt stakeholders to act on an instruction

Hello *[ Name of the participant]*, You have been chosen by the *[ministry name]* to participate in a meeting that aims to achieve *[Country's name]* vision. The meeting is set to be at *[location]* at *[time].* We have reserved a seat for you. You can find the agenda of the meeting at this link [insert link] – [Name of the head of the committee].

### Possible additions to include in the SMS

☑ The reminders can include **implementation intentions.** These can take the form of prompting recipients to make specific plans about when, where and how they will act on the instruction in the reminder.

☑ The reminders can use **social norms** to encourage participation by informing stakeholders about the percentage of individuals that have been performing the desired action (such as, *"more than 80% of the stakeholders attend the meeting on time"*).

☑ People are averse to loss, meaning they respond positively to outcomes that are phrased in terms of its negative outcomes. A reminder can **trigger loss aversion** by highlighting what recipient would lose by not engaging (for example, *"do not miss out on the chance to represent the interests of your sector in the national strategic plan"*).

Source: Nudge Team.

# Intervention 2: Introducing commitment devices

**Commitment devices are a means with which to voluntary lock oneself into a course of action by introducing/increasing penalties or consequences for failure to accomplish the action**

*Commitment devices help people to reduce procrastination and act on their intention because of the increased cost of inaction*

## There are two kinds of commitment devices

### HARD COMMITMENTS

- These commitments introduce real economic rewards for success or penalties for failure (*such as a penalty for withdrawing money from a savings account*)

### SOFT COMMITMENTS

- These commitments primarily utilize psychological/social consequences to inactions
- Gives individuals more flexibility to determine their choices
- More appropriate for contexts or instances where there is uncertainty about the future

Sources: Chris Perry and others, "Behavioural insights in health care: nudging to reduce inefficiency and waste", The Health Foundation, December 2015; Bryan, Karlan and Nelson, "Commitment devices"; Nudge Team analysis.

# Sample intervention includes introducing commitment devices (cont'd)

➡ Commitment devices can be used to ensure that the stakeholders attend meetings and are preparing adequately for it.

| Signed commitments | Stakeholders can be asked **to sign to a paper, similar to the contract format**, that states that they will commit to attending all the meetings |
|---|---|

| Public commitments | Stakeholders can be asked to make a public commitment to their peers by **raising their hand or publicly stating that they will be attending the next meeting**. |
|---|---|

| Active choice | Increase commitment by prompting stakeholders to **respond to SMS reminders**, stating whether or not they will be attending |
|---|---|

| Planning prompts | Stakeholders can be asked to make a **plan on a personal calendar** by indicating a specific day and time on which they will prepare for the meeting. |
|---|---|

| Goal setting and commitments | The head of the committee or the head of the planning agency can ask committee members to **set certain goals** (*for example, "By <date>, we would have achieved this X progress as part of strategy planning"*). The document can also include a **tick box** explicitly stating that *"I commit to assist to achieve this goal"*. |
|---|---|

## 🇬🇧 CASE STUDY

**Summary** An experiment in the United Kingdom to discourage the use of antibiotics by doctors resulted in a 19.7% reduction in inappropriate antibiotic prescription.

**Solution** **Posters** featuring the doctor's signature, picture and a declaration that he/she would not unnecessarily prescribe antibiotics were hung in the clinic.

**Behavioural Tools** Public commitment

### Publishing non-attendance to increase commitment

To address high rates of absenteeism in the Moroccan parliament, the president of the house of representatives published a list of MPs who were absent from more than two parliamentary sessions without justification

Sources: T. Smieszek and others, "Potential for reducing inappropriate antibiotic prescribing in English primary care", *Journal of Antimicrobial Chemotherapy*, vol. 73, Supplement 2 (February 2018); Elspeth Kirkman and Hugo Harper, "Behavioural insights and the long-term plan for the NHS", Behavioural Insights Team, 14 January 2019; Nudge Team analysis.

# Intervention 3: Conduct "Think Group" exercises

**"Think Group" is an exercise where stakeholders anonymously brainstorm solutions to a certain challenge independently at first, and then collaboratively, to ensure that the opinions of all participants are taken into account.**

- *Think groups reduce **group conformity**, a phenomenon that usually occurs when stakeholders or even government officials don't feel comfortable giving their opinions due to social pressure*
- *Think groups reduce the effect of **"common knowledge"** whereby the more group members possess a piece of information, the more influence it has on the group decision*
- *Think groups reduce the **"fear of displeasing"** that often narrows perspectives and weakens decisions*

## CASE STUDY

**Summary**
An experiment conducted in Indonesia through using "think groups" to enhance learning outcomes among children resulted in increasing learning satisfaction from a mean of 23/30 to a mean of 29/30.

**Solution**
The exercise asked individuals to first work individually to solve a certain task and then to work together with other group members to complete a related task. After students would share their ideas with the entire class.

**Behavioural Tools**
Think group exercise

### Think groups at the behavioural insights team

The Behavioural Insights Team in the United Kingdom regularly utilize Think Groups to brainstorm behavioural solutions to policy problems.

Sources: Hallsworth and others, "Behavioural Government"; Sunstein and Hastie, "Making dumb groups smarter"; Hee Jun Choi and Octavia Mantik, "The effect of scaffolded think-group-share learning on Indonesian elementary schooler satisfaction and learning achievement in English classes", *International Electronic Journal of Elementary Education*, vol. 10, No. 2 (December 2017); Nudge Team analysis.

# Steps required to conduct a think group

Stakeholders are asked to write their ideas and/or opinions regarding the issue, anonymously and silently. This can be done on a google document, through a survey or on pieces of paper.

The chair of the meeting introduces the topic to be discussed or issue to be brainstormed.

Once stakeholders have had time to pursue independent thoughts, they must converge and collectively consider each other's ideas.

**Collective consideration of ideas can be done in many ways. Here are a few:**

- The Head of the committee can read the ideas and have stakeholders discuss each in turn

- All stakeholders can silently read all the ideas on and vote on their top ideas, and the most popular ideas can then be collectively discussed in depth

# Setting objectives, goals and KPIs



| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|
| Leadership aspiration | Challenges & baseline | Identify stakeholders | Engage stakeholders | **Objectives, goals & KPIs** | Implementation support | Monitoring, evaluating, communicating |

Institutional set-ups

Capacity-building

# Setting objectives, goals and KPIs: Overview
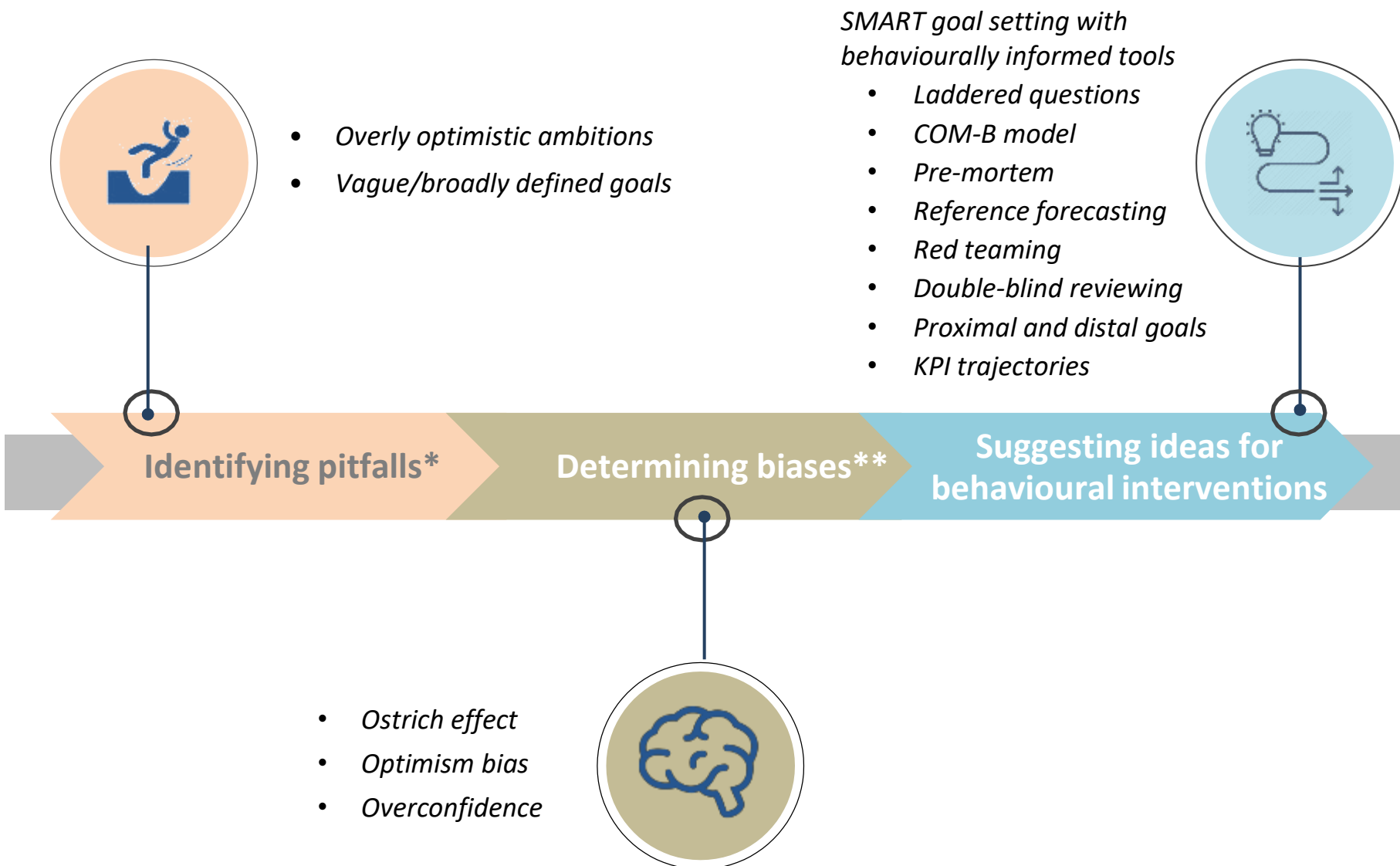
- Overly optimistic ambitions
- Vague/broadly defined goals

SMART goal setting with behaviourally informed tools
- Laddered questions
- COM-B model
- Pre-mortem
- Reference forecasting
- Red teaming
- Double-blind reviewing
- Proximal and distal goals
- KPI trajectories

**Identifying pitfalls\*** → **Determining biases\*\*** → **Suggesting ideas for behavioural interventions**

- Ostrich effect
- Optimism bias
- Overconfidence

\* The identified pitfalls are non-exhaustive.
\*\* The list of selected biases is non-exhaustive.

# Common pitfalls in setting objectives & goals

*Pitfalls*

NON-EXHAUSTIVE

## Common pitfalls

Selected pitfalls:

- Excessive optimism about what can be achieved in a particular amount of time and within a particular budget
- Broadly defined goals that are not specific, measurable, relevant or timebound

Other pitfalls Include:

- Low adaptation of the vision set by the government
- Prevalence of short-term goal setting based on the current contexts
- Low utilization of scientific evidence and research

Source: Nudge Team analysis.

# Biases and behavioural bottlenecks in this stage include, among others, the ostrich effect, optimism bias and overconfidence bias

*Biases*

## Ostrich effect

The tendency to avoid acquiring information that may be negative, even though this information may improve decision-making

In their commitment to longer-term national visions and building on previous strategic plans, strategic planners may give little attention to negative information about the progress of previously set strategic aims and priorities, when creating subsequent ones.

## Overconfidence/ Optimism

When confidence in expressed judgment far outweighs objective accuracy of the judgment

- **Optimism bias** is a kind of overconfidence that leads people to overestimate their abilities, the quality of their plans and the likelihood of future success. Planners in particular are at higher risk of this overconfidence due to their expertise.

- The optimism bias in planners may lead them to set unrealistic goals in terms of time, reach and cost, while underestimating and inadequately planning for risks associated with their strategies.

## Procurement review illustrates biases

A review of large public procurements in the United Kingdom over the last 20 years found that, on average, publicly procured projects were 17% overrun (work duration) and 47% overspent (capital and operating expenditures).

Sources: Niklas Karlsson, George Loewenstein and Duane Seppi, "The ostrich effect: selective attention to information", *Journal of Risk and Uncertainty,* vol. 38, No. 2 (April 2009); Behavioural Insights Team, "An exploration of potential behavioural biases in project delivery in the Department for Transport"; Nudge Team analysis.

# Examples of overconfidence relate to systematic misjudgments in estimating success rates, time requirements, and budgeting

*Biases*

| Type of Estimation Error | Examples |
|---|---|

**Success rates**
- One third of managers of new businesses perceive the odds of failure as zero
- However, the United States Bureau for Labor Statistics estimates that only 50% of all new business make it to their fifth year

**Time**
- A study on taxi drivers in Dhaka, Bangladesh, found that individuals systematically underestimate their travel time

**Project planning**
- More than 90% of rail projects undertaken worldwide between 1969 and 1998 overestimate the number of passengers who would use them
- On average, planners overestimated how many people would use the new rail projects by 106% and cost overruns were 45% on average
- Even though these cases were widely publicized, forecasts did not improve over the 30-year period

**Budgeting**
- A survey of American homeowners who had remodelled their kitchens found that, on average, they had expected the job to **cost $18,658** but ended up paying an **average of $38,769**

Sources: Vinayak Dixit and others, "Eliciting perceptions of travel time risk and exploring its impact on value of time", *Transport Policy*, vol. 82 (2018) pp. 36-45.; United States Department of Labor, "The role of younger and older business establishments in the US labor market", Issues in Labor Statistics, Summary 10-09, 10-09 (August 2010); Nudge Team analysis.

# Goals and objectives outlined during this stage of the planning process can be made more effective using the SMART framework

## Using SMART goal setting

SMART is a framework for designing goals that work and provides an easy-to-remember acronym. **SMART stands for Specific, Measurable, Achievable, Relevant and Time-bound**

**Goal setting** in itself is a behavioural tool in that it serves as an internal commitment device. Set goals become a reference point for assessing satisfaction and failure to achieve goals represents a loss of satisfaction. Since people tend to be loss averse, they are motivated to pursue goals

The **SMART** framework helps to enhance goal definition as much as possible and actively addresses the overconfidence and information avoidance biases that can render goal setting ineffective

Source: Nudge Team analysis – part of an unpublished report by Nudge Lebanon on the applications of behavioural insights.

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# The SMART framework enhances goal setting and added behavioural insights enhance the framework

| SMART goals | | Additional behavioural insights |
|---|---|---|
| | **SPECIFIC** <br> Strategic aims and goal priorities should be clear and specific | Specific goals outperform vague goals because by making what needs to be attained explicit, they enhance motivational mechanisms of goal setting |
| | **MEASURABLE** <br> Goals should have quantifiable outcome measures to track progress | The quality of the metrics set is just as important as having metrics. Metrics should be meaningful |
| | **ATTAINABLE** <br> Goals must be challenging but realistic given the time, resources, and authority to accomplish the objective | Many strategic decisions are prompted by excessive optimism about the future. By actively creating space to acknowledge uncertainty/risk, goals can be made challenging but realistic |
| | **RELEVANT** <br> Goals should be relevant to the needs/context of all stakeholders and vision of the nation/sector | Aligned goals and evidence –based goals increase goal commitment and enhance accountability |
| | **TIME-BOUND** <br> Goals should have a deadline | Periodic deadlines mediate against present bias that leads to procrastination on goal achievement |

Source: Nudge Team analysis – part of an unpublished report by Nudge Lebanon on the applications of behavioural insights.

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# Behavioural insights inform and justify the introduction of additional tools with which to address the components of the SMART framework

*Interventions*

| Specific | Measurable | Attainable | Relevant | Time-bound |
|---|---|---|---|---|
| Laddered questions | COM-B model | Pre-mortem | Double-blind reviewing | Proximal vs distal goals |
| | | Reference class forecasting | Red teaming | KPI trajectories |

Source: Nudge Team analysis – part of an unpublished report by Nudge Lebanon on the applications of behavioural insights.

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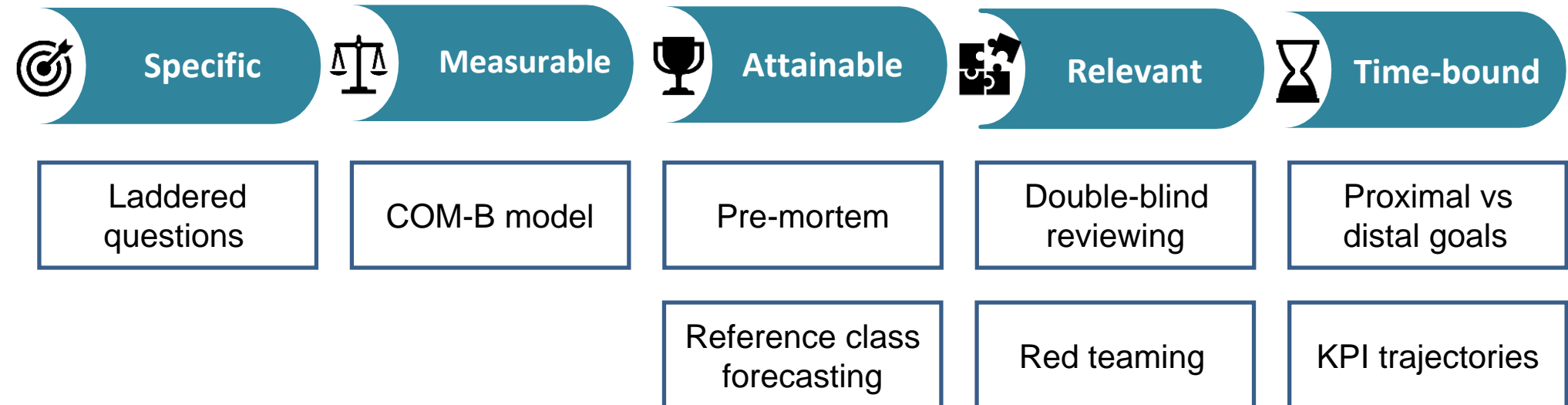
## How can goals be made more <u>specific</u>?

# Intervention 1: Laddered questions

**Laddered questions** are a tool to draw attention to (and create) linkages between different levels of strategy: strategic priorities and objectives. Using the metaphor of a ladder, strategic priorities and consequent objectives can be **hierarchically organized** with higher level strategic priorities at the top and strategic goals and strategies beneath it. And laddered questions ask, *"Why are we pursuing X?"* to understand the relevance of goals up the ladder, and the question *"How is X going to be carried out?"* to understand the relevance of goals down the ladder, and to make goals more specific.

## How do laddered questions make goals more specific?

- Laddering helps to align goals across all stakeholder levels, and it can be used during or after the planning process to ensure alignment and linkages from strategic priorities to objectives

- There may be numerous aims/objectives but those that are **salient, available or accessible** are more likely to be activated in working memory and thus be pursued more constantly

- The highest level goals, because they operate on slower time scales, are less likely to receive attention than lower level goals. Laddered questions (*why and how*) solves this problem by connecting all goals in an intuitive way and as a result make them more salient, available and accessible

Priorities

Goals

Objectives

Why are we working on completing X?

How will we complete X?

# Intervention 2: Linking metrics with goals using the COM-B model
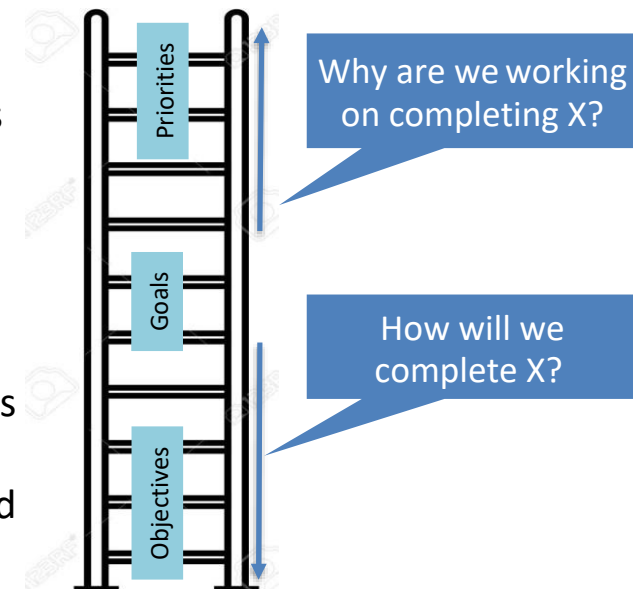
**How can goals be made more measurable?**

The use of metrics is most effective when it is reflective of the goal objective or desired impact. Many strategic objectives seek to promote or discourage particular actions by a certain population. As such, defining strategic objectives in behavioural terms makes it easier to define what should be measured, in order to illustrate the success of efforts towards strategic objectives. The **Capability, Opportunity, Motivation – Behaviour** (COM-B) model, by incorporating all the components of behaviour change, provides a systematic approach to identifying indicators of success.

## More on the COM-B model

The COM-B model provides a simple framework for understanding behaviour, in which "**capability**" (physical and psychological), "**opportunity**" (physical and social) and "**motivation**" (automatic and reflective) are conceptualized as three essential conditions for behaviour.

Ordinarily, COM-B is used to diagnose problems from the starting point of a theoretical analysis of the target behaviour, in order to design solutions. But in the case of metrics, it can be used retrospectively as a tool to ensure that the target behaviours relevant to the strategic outcome are being measured.

## What are the advantages of using COM-B model to establish metrics?

✓ By linking strategic objectives to outcomes/behavioural targets, it provides a systematic approach to establishing metrics

✓ It reduces the potential for availability bias to cause planners to base KPI's on those metrics that easily come to mind or easily quantifiable metrics, as opposed to (or in addition to) metrics that matter most

✓ COM-B makes it clear why each KPI is important and this could enhance ownership of and efforts towards objectives

# Intervention includes the use of the COM-B model to establish a comprehensive set of metrics

KPI's should demonstrate progress towards the achievement of the strategic key objective. By incorporating all necessary conditions for behaviour change, the COM-B model can be suitably applied throughout the strategy for each strategic goal or objective. The value of the COM-B method lies in its ability to systematically identify key drivers of successful outcomes and use this as a foundation to establish a comprehensive set of metrics to illustrate the success of these outcomes. This causal link helps to ensure that all relevant KPI's are identified.

| COM-B Component | Metrics |
|---|---|
| **Physical capability:** having the physical skills, strength or stamina to perform the behaviour | |
| **Psychological capability**: having the knowledge, psychological skills, strength or stamina to engage in the necessary mental processes/change behaviour | **Is this a key driver to the realization of this strategic objective? How does your strategy address this?** |
| **Physical opportunity:** what the environment allows or facilitates in terms of time, triggers, resources, locations, cues, physical barriers and physical affordance | **What metric can illustrate that this factor was in place?** |
| **Social opportunity:** including interpersonal influences, social cues and cultural norms that influence the way that we think about things | |
| **Reflective motivation:** self-conscious planning, intentions or processes involving plans and evaluations | |
| **Automatic motivation:** processes involving emotional reactions, wants and needs, desires, impulses, inhibitions, drive states and reflex responses | |

Source: Nudge Team analysis – part of an unpublished report by Nudge Lebanon on the applications of behavioural insights.

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# Intervention includes the use of the COM-B model to establish a comprehensive set of metrics

## Strategic objective: Accelerate reduction of maternal mortality by 75%

Example

| COM-B component | Strategy component | Metrics |
|---|---|---|
| **Physical Capability:** having the physical skills, strength or stamina to perform the behaviour | N/A | N/A |
| **Psychological Capability**: having the knowledge, psychological skills, strength or stamina to engage in the necessary mental processes/change behaviour | Increased information about family planning, pre- and postnatal care | Number of new communication distribution channels |
| **Physical Opportunity:** what the environment allows or facilitates in terms of time, triggers, resources, locations, cues, physical barriers, physical affordance | • Establish more maternal health facilities <br> • Redistribute obstetricians and nurses | • Ratio of doctor/patient at maternity clinics <br> • Number of additional maternal health facilities |
| **Social Opportunity:** including interpersonal influences, social cues and cultural norms that influence the way that we think about things | Counteracting social norms around homemade or local abortion practices | Number of reported deaths by abortion |
| **Reflective Motivation:** self-conscious planning or intentions, processes involving plans and evaluations | Mothers need to attend regular checkups before and after pregnancy | Numbers of mothers who complete the minimum requirement of pre- and post-natal visits. |
| **Automatic Motivation:** processes involving emotional reactions, wants and needs, desires, impulses, inhibitions, drive states and reflex responses | Hygienic habits after childbirth | Percentage of deaths after delivery (as opposed to during birth) |

Source: Nudge Team analysis – part of an unpublished report by Nudge Lebanon on the applications of behavioural insights.

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## How can goals be made more attainable?

# Intervention 3: Conducting a pre-mortem

**A pre-mortem prompts decision-makers to imagine that their plan has already failed, and guides them to work backwards to imagine what went wrong.**

- *Pre-mortem is the opposite of post-mortem; it allows project teams to identify risks at the outset*
- *Imagining that the event has already occurred can improve the team's ability to anticipate a wide range of possible outcomes*
- *During pre-mortems, people feel more confident/safer about raising potential risks that could lead to project failure because they are contemplating an imaginary past failure (before a plan is finalized/in motion) compared to when contemplating a possible future failure (when a plan is already in motion)*

### How do pre-mortems make goals more achievable?

- *Distant events cause people to be over-optimistic and vague in their plans. Pre-mortem helps to overcome consequent blind spots by making them visible.*

- *The identification of risks allows teams to plan mitigation strategies accordingly or to set more realistic goals, both of which would enhance the success of strategic objectives.*

- *Pre-mortems challenge the illusion of consensus because people feel less inclined to conform to a group view, and more accountable for surfacing potential problems.*

### 🇺🇸 Prospective hindsight study

Research in the United States found that prospective hindsight—imagining that an event has already occurred—increases the ability to correctly identify reasons for future outcomes by 30%.

Source: Gary Klein, "Performing a project premortem", *Harvard Business Review*, vol. 85, No. 9 (September 2007); Behavioural Insights Team, "An exploration of potential behavioural biases in project delivery in the Department for Transport Client"; Nudge Team analysis – part of an unpublished report by Nudge Lebanon on the applications of behavioural insights.

# Conducting a pre-mortem is a fairly simple exercise but requires a few enabling factors that can optimize the resulting output

*Interventions*

| Enabling factors | Details |
|---|---|
| Leadership support | Having the support of the leadership for the exercise can help legitimize reasonable dissent within organizations and encourage people to be imaginative in finding flaws in the current plan |
| Skilled facilitator | A facilitator with experience of working in situations with high organizational complexity is necessary because interests and values of various stakeholders may be in conflict and the egos or personalities of key decision makers may clash |
| Safe environment | A safe environment needs to be created to help people be comfortable about sharing ideas and opinions without fear of reprisal |
| Wide participation | Participation from a wide range of relevant stakeholders, particularly subject matter experts, is required to provide broad and in-depth insights |

Sources: Jonathan Haidt, "The emotional dog and its rational tail: a social intuitionist approach to moral judgment", *Psychological Review*, vol. 108, No. 4 (2001) p. 814; Carl Spetzler, Hannah Winter and Jennifer Meyer, *Decision Quality: Value Creation from Better Business Decisions* (New York, John Wiley & Sons, 2016); Nudge Team analysis – part of an unpublished report by Nudge Lebanon on the applications of behavioural insights.

# A pre-mortem can be conducted through 6 key steps, throughout which a capable facilitator is required to guide the discussion

**1** Gather a group of 8-12 team members and subject matter experts related to the project

**2** Have the project champions create a scenario in which a project has hypothetically failed

**3** Have the facilitator invite participants to add vivid and compelling details to the hypothetical failed future state of the project

**4** The team takes an outsider perspective of the disaster and works to trace back to all the possible reasons for the failure of the project in an hour-long uninterrupted workshop

**5** Concerns raised are documented and communicated with the relevant parties

**6** Solutions are brainstormed and an action plan is put in place to ensure that risks and challenges are addressed

## Role of facilitator

- With the understanding of human biases, the facilitator will guide the discussion to avoid negative group dynamics that are typical of meetings (such as groupthink)

- The facilitator will safeguard inclusivity during the exercise, ensuring that the conversation is not dominated by a few stakeholders and solicit opinions of people who bring different skills or who challenge prevailing assumptions

- The facilitator will work on getting participants to think of innovative and creative ideas, avoiding any discussion that gets the group bogged down in reality – *it is supposed to be an innovative exercise and not a risk assessment*

Source: Nudge Team analysis – part of an unpublished report by Nudge Lebanon on the applications of behavioural insights.

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**How can goals be made more <u>attainable</u>?**

# Intervention 4: Using reference class forecasting

Reference class forecasting uses empirical evidence from previous projects and plans to inform new projects/plans. It involves adjusting the estimates of the current plan in line with those of past similar projects.

- *Reference forecasting method analyses similar past projects, with a focus on factors that can influence progress and cause delays, and projects these as possible factors that can hinder the progress of the new projects*

- *It allows for bias reduction in project estimations (such as time and cost), which are traditionally based on expert memory, rather than the historical evidence*

- *Reference forecasting makes goals more achievable by confronting the overconfidence that leads to setting unrealistic goals*

## Defaulting strategic planners into using reference forecasting

- Planning documents can include default estimates for particular stages. Using defaults would reduce some of the burden on planners and streamline their processes, as well as nudge them to avoid making overly optimistic estimates. The defaults can be tailored to specific project types (such as procurement).

- To change default estimates, stakeholders could be required to include justifications for why they believe that their estimates would fall below (or less likely, over) the average estimates.

- Documents can include pre-filled prompts using personalized information about previous estimates (for example, *"Your last three estimates for X ran overtime, consider including additional time"*) in order to make them reconsider estimates.

B4Development, formerly known as the Qatar Behavioural Insights Unit (QBIU), utilized defaulting to decrease average amount of food waste per person (and thus overconfidence about consumption ability) 30**%** by decreasing the plate diameter at a food buffet by 2 cm.

Source: Bent Flyvbjerg, "From Nobel Prize to project management: getting risks right", *Project Management Journal*, vol. 37, No. 3 (August 2006) pp. 5-15; Behavioural Insights Team, "An Exploration of Potential Behavioural Biases in Project Delivery in the Department for Transport Client"; Nudge Team analysis – part of an unpublished report by Nudge Lebanon on the applications of behavioural insights.

# In reference class forecasting, similar projects are identified and a probability distribution is established to modify the project

*Interventions*

## Identifying similar projects

This step includes identifying a relevant reference class of past projects similar to the project in question. The identification and formation of the reference class can be based on a range of criteria such as cost, factors of production, timing, etc.
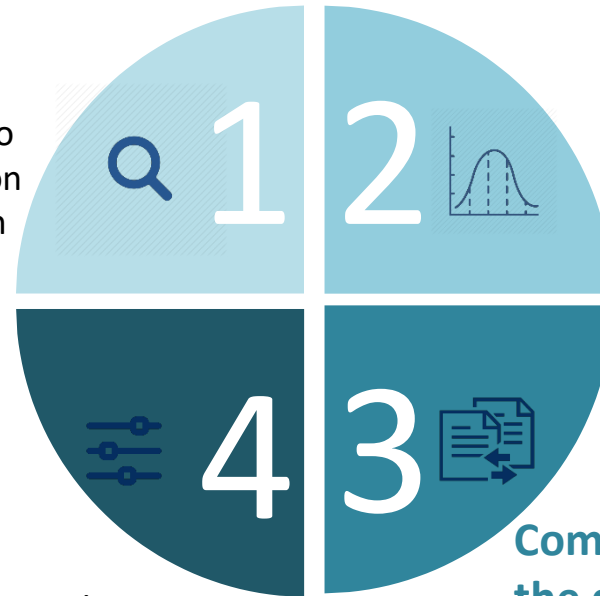
## Establishing probability distribution

This step includes the formation of a probability distribution that can be based on the duration or the cost of the projects within the reference class. It will provide more insights on the reference class in terms of the average value and the deviation between the projects. This will give an impression of the potential accuracy of the reference class

## Adjusting the project

This step involves adjusting the project accordingly depending on the new estimates. It would also include updating the project, continuously, at every milestone

## Comparing the project with the distribution

This step includes comparing the project in question with the reference class distribution in order to establish the most likely outcome for the project in question

## Use a standard optimism correction

If reference forecasting is not possible, use an evidence-based rule of thumb. For example, based on experience, a good rule of thumb could be adding 25-30% to all cost or time projections

# Case study on the use of reference forecasting to overcome optimism bias in the projects within the transport sector

## Using forecasting to determine estimates for Edinburgh Tram system

A database of infrastructure projects was developed by Flyvbjerg and found that the average overestimation of costs for rail projects was 44.7%.

In Scotland this database was used to de-bias cost estimates for the Edinburgh Tram System project. Though the budget was first set at £375 million, when reference class forecasting was used, the cost estimate was raised by 57%. By the end of the project, the final cost was £776 million indicating a cost much closer to reality, and less biased, than the original estimate.
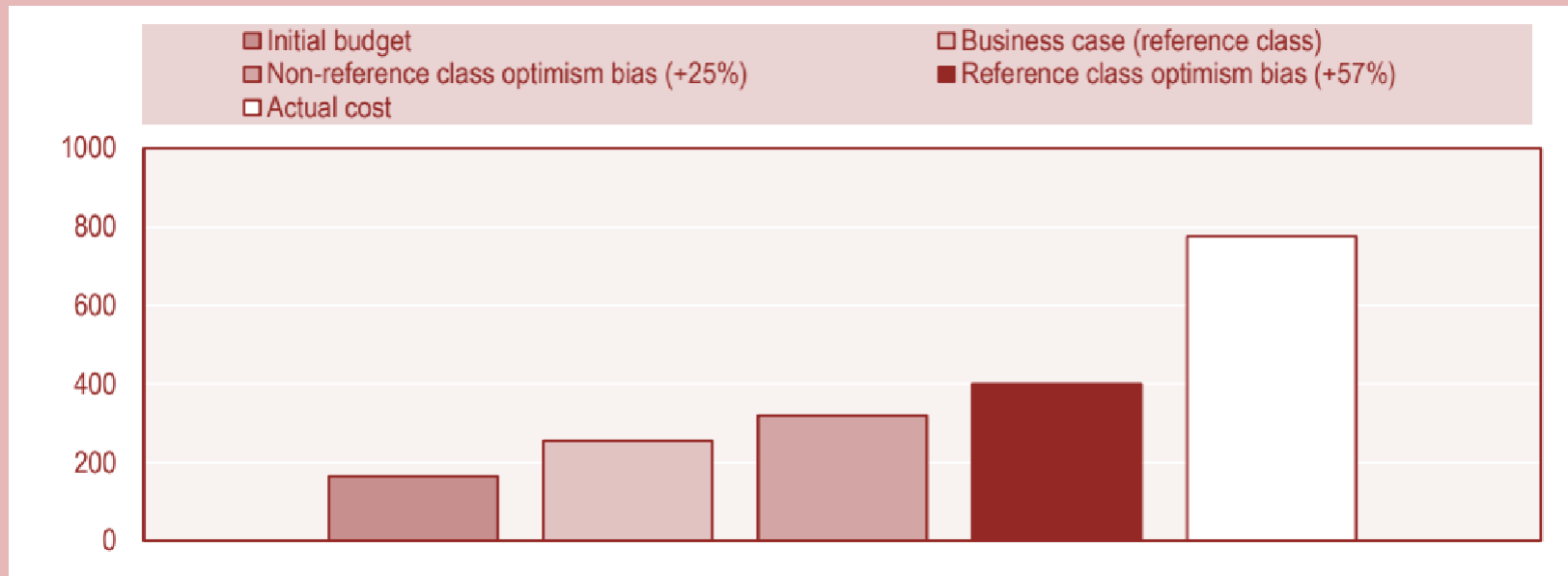


**Legend:**
- Initial budget
- Business case (reference class)
- Non-reference class optimism bias (+25%)
- Reference class optimism bias (+57%)
- Actual cost

# Intervention 5: Introducing double-blind reviewing

**Double-blind reviewing anonymizes the review process and thus provides an opportunity for dissenting viewpoints and amplifies the need for a transparent evidence base for any proposals/suggestions**

- _Since neither the reviewer nor the one being reviewed are aware of each other's identity, it ensures that the effects of social pressure on the review is diminished, particularly when proposals are coming from vocal/higher ranking individuals._
- _By choosing reviewers at random, there's a lower possibility of choosing like-minded reviewers and, as such, a higher chance of obtaining rigorous critique to enhance strategic direction and plans._
- _The fact that proposals will be reviewed by others enhances transparency and with that comes the need to provide strong empirical evidence and a clear theory of change to support theorized impacts of any proposed interventions/plans._
- _Double-blind reviewing helps to counter "silo thinking" and interest bias in which organizational units defend their own interests. It does so by reducing the likelihood that one set of interests dominates strategic thinking. And the emphasis on evidence provides a clear criterion by which to evaluate decisions as opposed to reliance on personal preferences._

## Key steps to introduce double-blind reviewing:

❑ Randomly assign reviewers to each deliverable

At least one reviewer of each person's work should be randomly selected from a knowledgeable pool of people who would anonymously review the proposal and provide feedback.

❑ Ensure a transparent evidence base

Along with double-blind reviewing, this process should require the person/team who comes up with the proposal to provide the evidence base (preferably, scholarly findings) to support their proposal.

## Public review of impact assessments

In the United States, the government requires that the data, sources and evidence used in a Regulatory Impact Assessment be provided publicly (online) so that it is open for scrutiny and external assessment.

**How can goals be made more <u>relevant</u>?**

# Intervention 6: Creating "red teams"

**"Red teaming" is the practice of properly assessing alternative options and limitations of potential decisions by adopting an adversarial approach. In this exercise, teams are assigned to challenge the views and assumptions of the others. Red teaming is being increasingly used in governments to improve decisions and strategies.**

- *The process encourages divergent views as those in the "red team" are insulated from the social disapproval that comes with rejecting the dominant position*
- *The process validates divergent views, as those outside of the "red team" are forced to consider the perspective of the "red team" since it is less easy to dismiss the opinion of a group than an individual*
- *Red teaming helps to make goals more relevant as it challenges group conformity, introduces contrasting opinions and produces effective debates which can lead to a happy medium for contrasting/varying interests*

## Outsourcing the process of "red teaming"

- The exercise of *"red teaming"* can be outsourced to individuals outside the planning committee whose external perspective may insulate them more from subjective biases underpinning the planning assumptions

- In the industrial domain, some firms offer red teaming services to other companies as in the case of "white-hat hackers" who are paid to attempt to subvert software security systems. The same can be applied to strategic planning where ministerial planning agencies can be assigned to the red team in strategic planning meetings

## How to use?

- **Assign "red teams" or members to oppose ideas and find alternatives**: the planning council can assign groups of individuals in each subcommittee the task of critiquing strategy proposals
- **Use participatory forums to deliberate proposals** (refer to the '*Engage stakeholders*' section).

## Example

- Red teaming was used by Theresa May, former UK Prime Minister, whereby she divided her Cabinet into two teams to either critique or support potential policies for leaving the European Union.

**How can goals be made more effectively time-bound?**

# Intervention 7: Setting proximal and distal goals

**Strategic objectives should be broken down into proximal and distal goals with deadlines**

- *Proximal goals are objectives that are attainable in a fairly short time while distal goals are objectives that take longer to attain*
- *The instant gratification gained from achieving proximal goals can help to address present bias which could otherwise fuel procrastination and negatively impact timely achievement of strategic outcomes (distal goals)*

## MOTIVATION = EXPECTANCY x VALUE

**MOTIVATION** is largest when both expectancy and value are high

**EXPECTANCY** is *the probability that outcome is achieved through the behaviour or action*

**VALUE** is *how much the individual values the desired outcome*

Proximal goals have HIGHER expectancy, but lower value.
Distal goals have LOWER expectancy, but higher value.

- Motivation is highest when there are both proximal and distal goals that are connected.

- People are motivated to pursue less challenging proximal goals if they see the accomplishment of these goals as a necessary step to pursue more challenging distal goals.

### CASE STUDY

**Summary**

An experiment conducted on 89 public sector employees showed that the addition of intermediate goals to final goals improved performance within working groups.

**Solution**

The study focused on training transfer from a customized executive training programme. Participants were either asked to set proximal plus distal goals or they were instructed to "do their best".

**Behavioural Tools**

Salience, framing, feedback, ego

Sources: Sunstein and Hastie, *Wiser: Getting Beyond Groupthink to Make Groups Smarter*; Gerard Seijts and Gary Latham, "The effects of proximal and distal goals on performance on a moderately complex task", *Journal of Organizational Behaviour,* vol. 20, No. 4. (August 1999); Nudge Team analysis – part of an unpublished report by Nudge Lebanon on the applications of behavioural insights.

**How can goals be made more effectively time-bound?**

# Intervention 8: KPI trajectories

*Interventions*

KPI's can be more effectively timebound through the use of KPI trajectories. Trajectories are an evidence-based projection of the performance levels the system will achieve as it pursues the target. These enhance the motivational mechanism of a deadline and consequent goal pursuit because:

- *The visual efficacy of trajectories can communicate the gap between performance and expectation at any point in time which provides early warning signs that objectives are not being achieved*
- *Being able to track progress over time provides information with which measures can be taken to bring programmes that have veered off track, back on track or to implement pre-planned actions in case of underperformance*
- *Trajectories provide short- or medium- term targets for implementing bodies to reach on the way to fulfilling long-term goals and this can help counter present bias that fuels procrastination in goal pursuit*

Trajectories can show the progress a system should have made at various points in time until the final strategic goal deadline. These projections can be made using the following sources:

**Historical comparisons:** What has been the rate of change in the target metric in the past?

**Internal peer comparisons:** How does the performance of different groups within the same system compare?

**External peer comparisons:** How does the systems performance compare to those in other countries? Or how do different systems in the same country compare with each other?

### 🇬🇧 Using projections to alter long-term targets

In 2013, the Department of Energy in the United Kingdom implemented the Energy Company Obligation (ECO) which required the largest energy suppliers to install energy efficient measures in one million homes to reduce $CO_2$ emissions. The Department stipulated that suppliers should meet most of their ECO target by improving the energy efficiency of "harder-to-treat" properties. However, the Government projections of installations allowed them to realize that given the current outcomes, companies would not be able to reach their obligations by 2015 nor do so cost effectively. The projections informed decision-making leading to having the ECO to be amended in 2014 such that companies were allowed to meet their target using cheaper methods which meant a reduction in the focus on harder to treat properties from 37% to 9%.

Sources: Michael Barber, Paul Kihn and Andy Moffit, "Deliverology: from idea to implementation", McKinsey on Government (February 2011); United Kingdom, Comptroller and Auditor General, "Green Deal and Energy Company Obligations", Department of Energy and Climate Change and National Audit Office, 14 April 2016; Nudge Team analysis – part of an unpublished report by Nudge Lebanon on the applications of behavioural insights.

# Implementation and support

# Implementation and support: Overview

**Identifying pitfalls***

- *Weak compliance of governmental agencies with the strategic plan*
- *Weak implementation of strategies and plans*
- *Corruption in procurement and recruitment processes*

**Determining biases****

- *Interest bias*
- *Present bias*

**Suggesting ideas for behavioural interventions**

- *Ministerial goal setting*
- *Behaviourally informed strategy for communicating the plan*
- *Moral reminders and civil society oversight*
- *Experimentation in policymaking*

\* The identified pitfalls are non-exhaustive.
\*\* The list of selected biases is non-exhaustive.

# Common pitfalls in implementation and support

NON-EXHAUSTIVE

**Common pitfalls**

Selected pitfalls:

- Failure to align goals at the ministerial level with the overall national strategy
- Weak implementation of strategies and plans at the different levels (i.e. national, ministerial, sectoral, municipal)
- Prevalence of corruption in public procurement and public recruitment processes can cause inefficiencies in implementation or cause weak implementation

Other pitfalls include:

- Absence of clear implementation plans and instructions
- Prevalence of complications during the procurement process
- Scarcity of governmental resources during the project execution

Source: Nudge Team analysis.

# Biases and behavioural bottlenecks in this stage include, among others, interest and present bias

## Interest bias

Interest bias refers to the situation whereby individuals in organizations adopt views or seek outcomes favourable to their unit at the expense of the broader interests of the organization

Such a bias towards certain interests can cause stakeholders to see strategic priorities and goals from a very different perspective. And the defence of these interests can lead to disagreement and thus non-compliance with the overall strategic plan.

## Present bias

Present bias refers to the human tendency to give stronger weight to payoffs that are closer to the present time when considering trade-offs between two future moments

Strategic plans require long-term commitment and stakeholders may be particularly prone to delaying the integration and implementation of strategic plans because of the long gap between the present cost of implementation and the future reward from implementation.

# Intervention 1: Goal setting at the ministerial level

**The planning institution (such as a ministry or council) can invite each ministry to set their own goals and tangible outputs at a ministerial level, intended to meet higher-level strategic goals and outcomes**

- *Ministerial goal setting can result in the "Ikea effect", which describes the increase in the value a person would place on a certain issue because they exerted personal effort on it. As such, ministries may place a higher value over the goals they set themselves, than goals that were handed to them by the planning committee*
- *As ministerial goal setting is intended to fulfill strategic outcomes, the sense of ownership over ministerial goals will lead to a sense of ownership over strategic priorities and objectives and reduce the hassle of integrating sectoral strategies within ministerial plans or frameworks*
- *The increased alignment of ministerial level goals and tasks with an overall strategy leads to shared responsibility among public agencies, and thus increased accountability because each agency would be responsible for the success and failure of a certain part of an overall strategy*

## Effects of goal ownership on implementation:

- Goals have an **energizing function**. When people feel proximity to goals, they are more likely to view goal failure as a loss and as such will make goal-relevant investments and adopt goal relevant behaviours in order to achieve their goals. This aversion to loss could counter the present bias that prevents integration and implementation of strategic plans at the ministerial level.
- Goals also **affect persistence**. When participants are allowed to control the time they spend on a task, the effort exerted is prolonged.

### CASE STUDY

**Summary**
An experiment was conducted in the United States on Kayak renters, to measure the impact of increasing renters' control over public resources. It resulted in 41% of the renters picking up the trash from the lake compared to 7% in the control group.

**Solution**
Participants were asked to **think of a nickname** for the lake, write it down, and say it publicly.

**Behavioural Tools**
Endowment effect, affect, Ikea effect

Sources: Eric Barends, Barbara Janssen and Cedric Velghe, "Rapid evidence assessment of the research literature on the effect of goal setting on workplace performance", Technical Report, Centre for Evidence-based Management, December 2016; Victor Strecher and others, "Goal setting as a strategy for health behaviour change", *Health Education Quarterly*, vol. 22, No. 2 (July 1995); Nudge Team analysis.

# Ministerial goal setting can be enhanced by having the relevant parties make a public pledge to fulfill the desired goal

**Implementing agencies can be encouraged to make their goals public in order to enhance goal pursuit**

- Individuals are less likely to fall back on a promise that they have made publicly because the cost of inaction is higher due to the threat of reputational damage

- Individuals tend to increase effort to "save face" and avoid appearing hypocritical or dishonest in the sight of their social group and to gain public approval

## CASE STUDY

**Summary**

A small study in the Netherlands found that, compared to farmers who only received feedback, farmers who also made a public commitment reported a stronger desire to adopt sustainable farming methods.

**Solution**

Farmers were divided into three different groups of which one received tailored feedback on conservation practices, one received feedback and were asked to make a public commitment stating which recommendations from the feedback they would follow up on and the third served as a control group.

**Behavioural Tools**

Public commitment, feedback

Sources: Suzanne Shu and Joanne Peck, "From tragedy to benefit of the commons: increasing psychological ownership to increase stewardship", University of California, Los Angeles, and University of Wisconsin; Rare and the Behavioural Insights Team, *Behaviour Change for Nature: A Behavioural Science Toolkit for Practitioners*. (Arlington, Virginia, Rare, 2019); Nudge Team analysis.

# Additionally, ministerial goal setting can be further enhanced through the provision of timely and specific feedback

**Implementing agencies can be provided with periodic feedback from the planning unit to help them track and validate their progress, which can boost motivation and help to redirect efforts.**

*Ministries can also be encouraged to celebrate "small wins" (incremental progress points) internally, to increase the rate at which people experience a sense of progress*

**Feedback can also be combined with incentives such as lotteries and prize draws. Implementing agencies can be eligible for lottery entry if they meet certain criteria and other agencies can be informed about winners.**

*Automatic enrollment in lotteries can induce an element of regret avoidance, a term used to describe individuals' fear that their decision will turn out to be wrong in hindsight, resulting in motivating future adherence to the desired behaviour.*

## CASE STUDY

**Summary**

A study in the Netherlands compared two lottery schemes, one of which was a regular lottery and the other was a "regret lottery". The study concluded that regret lotteries increase participation rates.

**Solution**

Participants either bought a regular lottery ticket or a regret lottery ticket where all postcodes are included in the draw. However, a negligible participation fee is required to claim a prize if your postcode is drawn. This mechanism induced regret because while every postcode stood a chance of winning, only those who paid a participation fee could claim a prize.

**Behavioural Tools**

Feedback, incentives

Sources: Anne Marike Lokhorst and others, "Using tailored information and public commitment to improve the environmental quality of farm lands: an example from the Netherlands", *Human Ecology*, vol. 38, No. 1 (February 2010); Rare and the Behavioural Insights Team, *Behaviour Change for Nature: A Behavioural Science Toolkit for Practitioners*. Nudge Team analysis.

# Intervention 2: Behaviourally informed communication of the plan

*Once a plan is approved by the State, communication is usually sent by an authoritative body to the ministries, informing them about the new plan, its goals and mandating them to execute it accordingly. This communication can incorporate several tools from behavioural science such as: **(re)framing** and **commitment devices** to improve its reception across governmental bodies. Other tools include simplification of language as well as the social norms that have been referred to in other sections.*

**FRAMING is the process of selecting and highlighting some aspects or features of a situation at the expense of others. There are also approaches to framing that do not just highlight parts of an issue but bind them together into a coherent and comprehensible pattern, such as through powerful imagery or metaphors.**

- The frame through which information is presented effects how people perceive the situation and consequently, their decision to act on that information or not.

- In some cases, certain framings can help different actors find common ground, eliminate perceived differences, and encourage critical action. This is particularly useful at this stage where different stakeholders may have misaligned interests.

**Using framing to generate policy support**

A study conducted in 2010 showed that Republicans in the United States were much more likely to accept an otherwise identical environmental policy when it was **framed** as a "carbon offset" rather than a "carbon tax" due to the association within their political base of taxation with the political right.

Sources: David Hardisty, Eric Johnson, Elke Weber, "A dirty word or a dirty world?: attribute framing, political affiliation, and query theory", *Psychological Science*, vol. 21, No. 1 (December 2009).

# The framing of communications about the plan is important as evidence from the literature shows, it impacts decision-making

The way priorities are framed to decision-makers or stakeholders can have powerful effects on how they perceive the priority and how they react to the information.

**How can the framing tool be applied to the communication of a strategic plan?**

- Insight into stakeholders' core values and how they would frame the same information can help improve appeal of plan proposal.
- People are more motivated by the prospect of loss than the prospect of gains (loss aversion). Adoption of the plan could be framed to highlight potential losses if it is not adopted.
- The communication medium could make use of powerful patriotic imagery or metaphors to influence how ministries respond to proposals.

## HARNESSING THE POWER OF PERSONALIZATION:

- Plan proposals could be framed differently (re-framing) for various ministries depending on what issues are a priority for them. This could also help reduce deadlock between different stakeholders (if any).
- Loss framing could highlight consequences that are relevant in the stakeholders' context.

## CASE STUDY

**Summary**
An experiment conducted in the United Kingdom to increase revenue collection using personalization resulted in increasing revenue collection from 19.2% to 36%.

**Solution**
The experiment used handwritten Post-it-notes on the official envelopes and the personal touch made people more likely to open the envelope.

**Behavioural Tools**
Ego, reciprocity

Source: Meghan Benton, Antonio Silva and Will Somerville, "Applying behavioural insights to support immigration integration and social cohesion", Migration Policy Institute and Behavioural Insights Team, October 2018; Nudge Team analysis.

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# Additionally, communications can be further enhanced by leveraging commitment devices to optimize uptake of new strategies

*Interventions*

**Commitment devices are a means with which to voluntarily lock oneself into a course of action by introducing/increasing penalties or consequences for failure to accomplish the action**

*Commitment devices help people to reduce procrastination and act on their intention because of the increased cost of inaction*

## How can it be applied to strategic planning?

The communication medium can prompt ministries to sign a legal document asking them to commit to implementation and reporting. Much like a typical contract, signing a legal document locks ministries into a course of action.

**The signed legal document can be publicly posted on the government entity's website** *(reputational damage increases cost of failure)*

*I_____hereby swear and affirm that I will commit to:*

✓ Faithfully implement the new strategic plan

✓ Report updates and progress on a quarterly basis

✓ Nominate 1 or 2 focal points …

*Signature:*

# In Rwanda, mayors were asked to make public pledges to achieve certain targets during a ceremony held by the president

## Public pledges to enhance development in Rwanda

In 2000, the Rwandan Government launched a 2020 Vision for the transformation of Rwanda by reducing the poverty rates and increasing the average life expectancy. However, in 2005 the Government realized that the strategy had progress very slowly as poverty rates only fell by 2.2% due to the weak monitoring and evaluation systems.

In 2006, the Government launched a programme called "Imihigo" to push the mayors to set development targets for their districts in alignment with the national 2020 Vision. **The programme asked mayors to make a public promise to achieve those results. Mayors signed their targets in a ceremony with the Rwandan President and all the reported targets were made public.** The public commitment worked in such a way that, if mayors failed to achieve those results, they were publicly embarrassed.

The programme resulted in increasing life expectancy from 57 years old in 2006 to 67 years in 2016 and decreasing poverty rates from 65% in 2005 to 39.1% in 2013. Moreover, over 75% of the districts' targets were achieved.

# Intervention 3: Promoting experimentation-based policies

Behavioural science encompasses a wide range of tools which include empirical testing of solutions to inform policy solutions. A strategic plan has the potential to institutionalize a behavioural approach to governance by integrating policy/project experimentation within it.

Experimentation is an approach to governance whereby, wherever possible, governments test new ideas – preferably on a relatively small scale – to measure impact, before deciding to roll out on a larger scale or change course altogether. By including rigorous experimental (evaluation) methods, the impacts of policies and programmes can be quantified. Knowing what works (and how much) can inform decisions on what to adapt or scale up in order to have larger impacts on people's lives.

**Experimentation can address weak implementation and ministerial resistance to adopting strategic frameworks in the following ways:**

- *The power of field experiments lies in its ability to determine naturalistic behaviour while preserving environmental validity resulting in creating more realistic/credible information about behaviours for policy purposes*

- *Experimentation helps to determine **whether an intervention works** before deciding **to scale up,** and to quantify **how large is the impact** in order to assess whether the **benefits of the intervention exceed its costs***

- *Experimentation includes conducting Randomized Control Trials (RCTs) which can quantify the outcomes that result from implementing a certain programme and these outcomes can be translated into Key Performance Indicators and can consequently be tracked*

- *Experimentation helps to produce quick wins to show some results which will help to counter present bias that deters ministries from integrating and implementing strategic plans. These quick wins also increase confidence and buy-in among implementing agencies to develop longer-term projects*

*More on experimentation in the capacity-building section*

Sources: Hallsworth, and others, "Behavioural government"; Nudge Team analysis.

# Intervention includes experimentation-based policymaking which governments are increasingly seeing the value of

## The value of experimentation in determining what works in different contexts

Scared Straight was an American crime reduction programme introduced in the late 1970s, which aimed to deter high school students from a life of crime by having them interact with prison inmates. Early studies concluded that the intervention was highly effective in reducing crime rates and similar programmes were trialled in at least six countries. It was only when a Randomized Control Trial was carried out, **25 years post-implementation**, that the intervention was found to have *increased crime rates* all those years.

**EXAMPLES OF EXPERIMENTATION IN GOVERMENTS**

Experimental Finland

Part of the Finnish Government's 2015 strategic 10-year vision was the introduction of a culture of experimentation. Experimental Finland is a team within the Prime Minister's Office that utilizes rapid, grassroots experiments and groups of pilot programmes/policy trials to find innovative ways to develop society and services, and to promote individual initiative and entrepreneurship.

Cabinet Office

The United Kingdom Cabinet Office "What Works" Team, set up in 2013, was the first time a government has taken a national approach to prioritizing the use of evidence in decision-making. The team works across the Government to continually runs tests and evaluations to improve the effectiveness of public spending.

Sources: Anthony Petrosino, Carolyn Turpin-Petrosino and John Buehler, "Scared Straight and other juvenile awareness programs for preventing juvenile delinquency: a systematic review of the randomized experimental evidence", *The Annals of the American Academy of Political and Social Science*, vol. 589, No. 1 (September 2003); Nudge Team analysis.

# Intervention 4: Curbing unethical behaviour and inefficiency in procurement processes

**Strengthening procurement and supply management processes is a key component of an integrated strategy to ensure access to quality public services and public goods in an efficient and ethical manner.**
- Behavioural science has proven to be effective at "nudging" people to be ethical and these measures can have great impact on the efficiency and fairness of the procurement processes, including lowering costs. Two methods are highlighted here: **moral reminders** and **civil society oversight.**

**Moral reminders** serve to remind public servants of the correct behaviour in a particular context:
- *These are effective because moral identity is a self-regulatory mechanism that motivates moral action.*
- *Since most people view themselves as moral individuals, reminders of moral standards help them to adjust their actions to reduce the gap between self-concept and behaviour.*

**Civil Society Oversight** is the active participation of civil society organizations in overseeing particular procurement processes, with the support of an authoritative governmental body.
- *Civil Society oversight is particularly effective because of the social pressure it leverages to inspire compliance*
- *Civil Society oversight supported by high-level management signals commitment at these levels, and sets the tone for how integrity is perceived across the public sector and society*
- *The "tone at the top" is a key driver to ethical behaviour as it cultivates like-minded intrinsic motivation*

Often, bureaucratic and oversimplified processes/ strategies are introduced to counter corruption, but they are often criticized for being costly, ineffective or even counterproductive.

For example, the desire to give public officials as little discretion as possible requires very specific criteria to be decided in advance and this can cause a burden of specifications. Herein, tender documents, even for small contracts, are often extremely detailed and the documents requested from bidders are easily more than 100 pages long. The detail and complexity act as a deterrent to bidders, generate inefficiencies and suffocate competition.

# Curbing unethical behaviour in procurement processes

## CASE STUDY

**Summary**

An experiment by the Qatar Nudge Unit, B4Development, **reduced the average tissue paper consumption by 49%** through behaviourally inspired posters and reminders to use one tissue paper when hand drying.

**Solution**

A tip sheet showing how you can dry your hands using one tissue paper was placed right behind the water faucets, to prime employees' behaviour while they washed their hands, and a reminder to use one tissue was placed by the paper dispenser.

**Behavioural Tools**

Priming low consumption, reminder

## CASE STUDY

**Summary**

An experiment in Peru tested the efficacy of civil society oversight in curbing corruption in public infrastructure. Districts that received anti-corruption monitoring spent 51.39% less in the execution of public works than comparable districts that were less scrutinized. That is equivalent to decreasing the cost by $75,000 per public work.

**Solution**

Randomly selected districts were sent letters informing them that specific public works under their charge were being monitored by a civil society organization with the support of the country's leading anti-corruption agency.

**Behavioural Tools**

Social pressure, social norms

## HOW TO USE: *MORAL REMINDERS*

Strategic planners could mandate implementing agencies to include a line in paperwork/online processes for major procurement decisions, that reminds public officials of the right behaviour and requires them to endorse it by signing or ticking a box.

For example, it could say:
"*I will take the following decision according to the highest professional and ethical standards*"

The statement reminds public officials of who they are and want to be. By endorsing the statement, they actively re-align their conduct with a moral identity at a timely moment.

## HOW TO USE: *CIVIL SOCIETY OVERSIGHT*

Relevant government bodies could publicly endorse or mobilize notable civil society organizations to oversee the execution of public works.

In 2018, a new committee formed of civil society organization such as the Lebanese Transparency Association, in cooperation with the Higher Council for Privatization was established. It would be involved in overseeing the expansion of the main airport, and in all projects implemented under the Public-Private Partnership law. The committee would monitor the transparency of tendering processes, in particular.

Source: OECD, *OECD Integrity Review of Mexico City*; Lagunes, "Guardians of accountability: a field experiment on corruption and inefficiency in local public works"; Lisa L. Shu and others, "Signing at the beginning makes ethics salient and decreases dishonest self-reports in comparison to signing at the end", *Proceedings of the National Academy of Sciences*, vol. 109, No. 38 (September 2012); Finbar Anderson, "Civil society involved in oversight of airport expansion", The Daily Star (Lebanon), 23 October 2018; Nudge Team analysis.
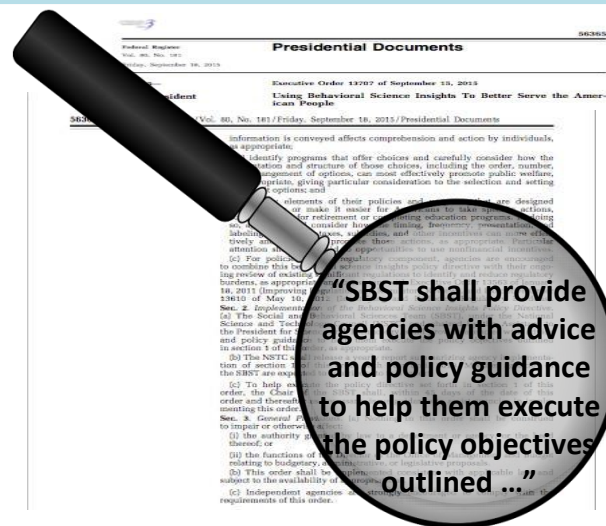
# Use of behavioural insights could be institutionalized across government bodies: example of President Obama's 2015 Executive Order

The application of behavioural insights on public policy has proven to be effective in influencing individual behaviour and decision-making across the world. As such, these insights should be institutionalized throughout government agencies' policy formation and implementation processes.

"SBST shall provide agencies with advice and policy guidance to help them execute the policy objectives outlined ..."

Though the SBST had existed for a year before the executive decree, projects taken on by the team since the decree more than doubled. This was largely due to the fact that the instruction to incorporate behavioural science came in the form of an executive order from the President.

## Mandate set-ups across government entities

- Some countries have behavioural insights applied through a national Nudge Unit. However, a growing trend is to have behavioural insights applied in a more decentralized approach (for example, in Australia, the United Kingdom and Canada).

- Former American President Obama issued an Executive Order in 2015 which helped set up the *Social and Behavioural Sciences Team (SBST)* and spread the adoption of behavioural insights.

- The decentralized approach helps by having each Nudge Unit focused on the policy challenges of the entity is it established within and having subject-matter experts taking part of its operations.

- Such decentralization can be initiated through a decree **instructing** government entities to review their programmes with a view to greater injection of behavioural sciences and experimentation.

- The set-ups within entities can be in two forms:

  – **Nudge Units**: special office/unit with a dedicated team to apply behavioural insights to the entity it is in

  – **Behavioural Science Teams**: a group of behavioural scientists and/or members of the organization responsible for carrying out few specific aspects of the work conducted by a fully-fledged Nudge Unit (such as reviewing programmes to inject behavioural insights, conducting behavioural experiments, etc.)

Source: Executive Order 13707, President Barack Obama, 15 September 2015; Nudge Team analysis.

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# Monitoring, evaluating and communicating



| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|
| Leadership aspiration | Challenges & baseline | Identify stakeholders | Engage stakeholders | Objectives, goals & KPIs | Implementation support | **Monitoring, evaluating, communicating** |

Institutional set-ups

Capacity-building

# Monitoring, evaluating and communicating: Overview
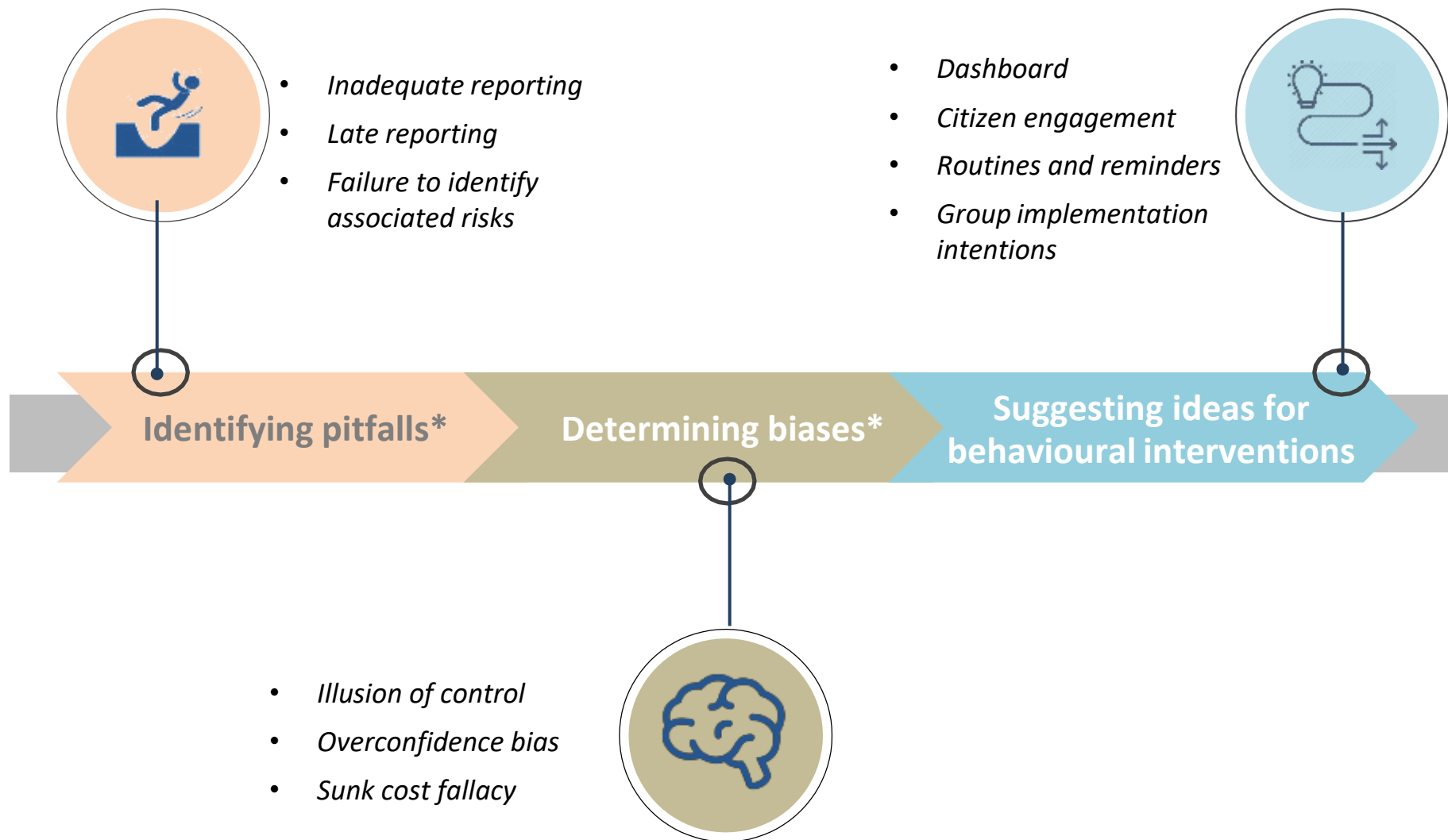
- Inadequate reporting
- Late reporting
- Failure to identify associated risks

- Dashboard
- Citizen engagement
- Routines and reminders
- Group implementation intentions

**Identifying pitfalls*** → **Determining biases*** → **Suggesting ideas for behavioural interventions**

- Illusion of control
- Overconfidence bias
- Sunk cost fallacy

\* The identified pitfalls are non-exhaustive.
\*\* The list of selected biases is non-exhaustive.

# Common pitfalls in monitoring, evaluation and communication

NON-EXHAUSTIVE

Common pitfalls

Selected pitfalls:

- Lack of adequate reporting on implementation
- Reports are usually not submitted on time
- Failure to identify and report key risks and issues associated with implementation

Other pitfalls include:

- Deficiency in data collection mechanisms
- Shortage in human capacity capable of monitoring and evaluating the projects
- Lack of existing mechanisms to measure citizens' satisfaction regarding a certain project
- Absence of KPIs

# Biases and behavioural bottlenecks in this stage include, among others, illusion of control, sunk cost fallacy and overconfidence bias

*Biases*

## Illusion of control

People perceive that they have more control than they actually do and misjudge the causal connection between actions they have taken and a specific outcome that they are motivated to achieve

Policy often deals with complex systems where the link between cause and effect is not direct or obvious and stakeholders can be limited in influence by the stage of the policy process they are involved in. Despite this, stakeholders may act as if they have more control than they actually do by:
- Overestimating how much influence a policy will have over individual actions or events and thus persisting in strategies that may be producing poor results
- Underestimating the level of risk involved in implementation because of inaccurate assumptions about their level of control
- Failing to factor in unintended consequences of policy actions

## Sunk cost fallacy

Sunk cost fallacy is the tendency to pay greater attention to historical costs (money, effort or time) that are not recoverable when considering future courses of action

Due to sunk cost bias, strategic planners or others who are in charge may be blind to signs of a failing project or may fear being perceived as wasting resources and, as such, continue to support a failing project despite evidence to suggest it would be beneficial to stop or reinvest those resources elsewhere.

## Overconfidence

When confidence in expressed judgment far outweighs objective accuracy of the judgment

Stakeholders may overestimate the quality of their plans and/or knowledge and thus the likelihood of future success. This may cause them to inadequately account for risks involved in successful implementation and failure to react to evidence of emerging problems.

# Intervention 1: Introducing a behaviourally informed monitoring dashboard

**A dashboard is a set of metric groups that display and analyse KPIs, metrics and data to monitor the progress of an organization, strategy or process. The dashboard aims to centralize the relevant performance data from all the ministries on one platform and utilize behavioural tools of *simplification, salience* and *social norms* to enhance its efficacy.**

- *Dashboards provide real time feedback on performance to stakeholders, which they can use to adjust their effort levels and behaviours accordingly.*
- *Dashboards can also provide information about cross-governmental pay-offs (which can also introduce foregone pay-offs or rewards that were sacrificed) which could impact efficiency as stakeholders draw from other's choices.*
- *A centralized dashboard could be designed to provide some insight into the unintended impacts of a particular policy action on other areas of policy. This could signal action and help to give different ministries a more accurate understanding of what level of control is realistic.*
- *Dashboards that can be viewed by the public will create added pressure to perform better because of the increased cost of failure as reputational damage increases cost of failure.*

## Dashboards and long-term evaluation/ compliance

- *Dashboards allow users to go into certain KPIs in depth*
- *Dashboards allow us to understand what works efficiently and what doesn't over a long period of time*
- *Dashboards will automate the reporting of implementation efforts. This may address late reporting due to real time updates and reduced manual effort involved in reporting*

## World Bank monitoring dashboard to improve results capture

In 2014, the World Bank created a monitoring dashboard for the State- and Peace-building Fund that aimed to provide information regarding the progress of the project across the spectrum of global stakeholders involved in the project. The dashboard resulted in addressing the gap in the Fund's ability to systematically capture results. This, in turn, enhanced donors' ability to set requirements for the implementing agencies regarding funds usage as well as impact.

Source: World Bank, Pilot Monitoring Dashboard: Tracking Results and Fund-Level Impact, 2014, World Bank Publications; Nudge Team analysis – part of an unpublished report by Nudge Lebanon on the applications of behavioural insights.

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# A monitoring dashboard could be made salient through presenting complex inputs in terms of easy-to-understand visualizations

One prominent example of summarizing complex information in a visual way is the **use of Traffic Light colour scheme to label the quality of the information displayed**

- The traffic light system uses colours throughout the dashboard to draw salience to specific areas of performance (KPIs) that ministries or implementing agencies need to focus on

    - *The colour codes provide quick and easy-to-understand information on how much progress has been made and how much more needs to be made*

    - *This information could lead to increased effort, motivation and engagement in relevant areas*

## Example of a ministry-level monitoring dashboard
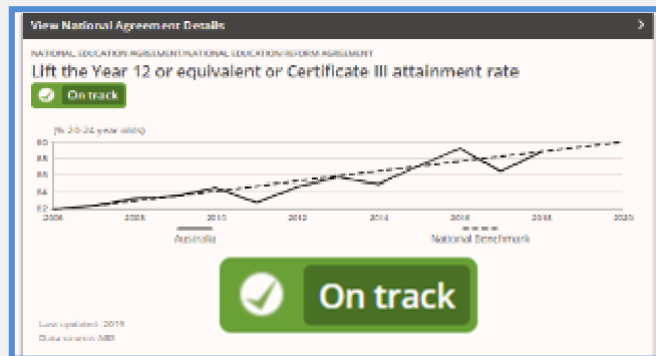


The traffic dashboard could have 3 different colors, as follows:

- **Green signal**: Indicates that the ministry is on track to meet or has met that KPI

- **Yellow signal**: Informs the ministries that they are not far from achieving the KPI but would require increased attention to reach desired outcomes

- **Red signal**: Indicates that the ministry is not meeting its KPIs and significantly more effort is required

Source: Nudge Team analysis – part of an unpublished report by Nudge Lebanon on the applications of behavioural insights.

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# Sample intervention includes introducing a behaviourally informed monitoring dashboard that uses salient language and graphics

*Interventions*



Australian students meeting National Minimum Standards for reading
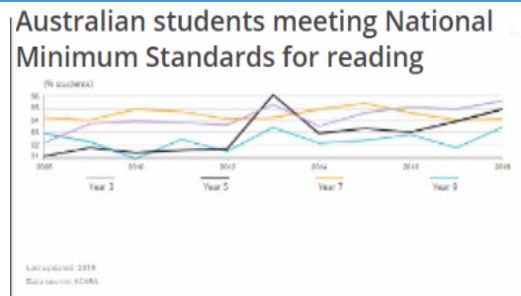


## Simplification of information and language

The use of salient language and graphics, especially in dashboards, can impact the understanding and implementation of governmental and organisational policies and programmes.

- The use of salient language that all relevant stakeholders understand and graphics like charts, tables and graphs, increases information comprehension. This, in turn, would increase the ease with which stakeholders can notice, read and respond to feedback from the dashboard.

- Simplified language and effective visuals enhance the effectiveness of the dashboard and thus the rate of compliance.

- Effectiveness of the dashboard will encourage more engagement with the dashboard by ministerial staff, which creates a self-reinforcing mechanism.

In 2018, the B4Development improved the quantity of workers' grievances reported to their Workers' Welfare Forum (WWF) representatives by **42.42%**, compared with the control, through **salient informative leaflets presented in 10 languages.**

### CASE STUDY

**Behavioural Solution Summary Tools**

An experiment conducted in the United States by the Social and Behavioural Sciences Team increased debt collection in the form of online payments by 45% through the use of salient language.

The new letter had simplified language, social norms and a personalized salutation.

Salience, social norms, ego, reciprocity

# Case study on the introduction of an information technology dashboard in the United States

**In 2009, an Information Technology (IT) Dashboard was launched in the United States to analyse and oversee the performance of federal IT investments**.

- The online platform provides federal agencies and the public with the ability to view details of federal information technology (IT) investments online and to track their progress over time. The IT Dashboard displays data collated from agency IT Portfolio and Business Case reports and detailed data for over 700 investments which the agencies consider "major".

- Each agency Chief Information Officer (CIO) is responsible for evaluating and updating select data on a regular basis, which they do through interfaces provided by the IT Dashboard.

- **High Risk**  6.2%
- **Medium Risk**  53.9%
- **Low Risk**  39.9%
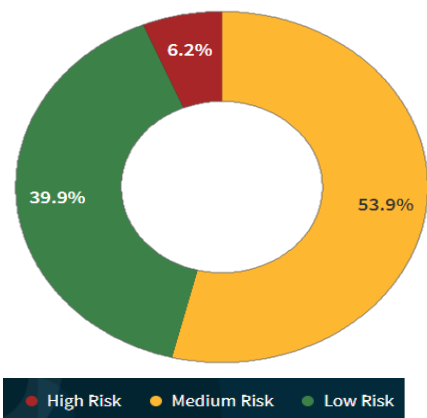
**The dashboard also provides an opportunity for government-wide analysis.** This graph shows risk ratings for IT investments government wide. CIOs rate each investment using a set of pre-established criteria and the ratings reflect the investment's ability to accomplish its goals within the current fiscal year. This graph gives a snapshot of the distribution of investment ratings.

## Data displayed by the dashboard:

**1** Details on the level of spending on IT investments

Let's begin by looking at the breakdown of IT Spending over the past few years.

**Total IT Spending by Fiscal Year**

- Total IT Spending on Non-Major Investments
- Total IT Spending on Major Investments
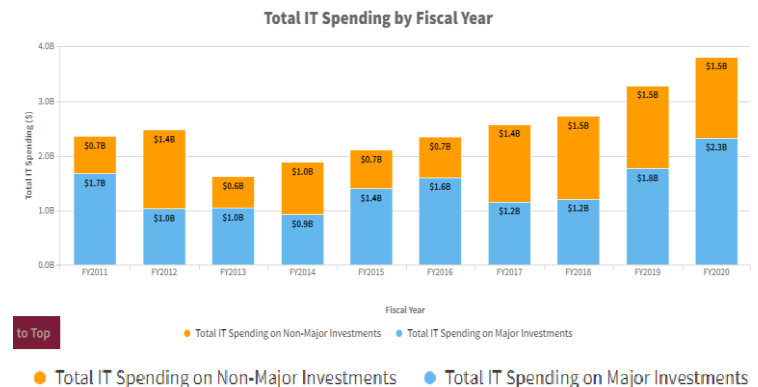
**2** Projects timelines as well as budgets

## Investment Highlights

| | |
|---|---|
| Total FY2019 Spending | **$732M** |
| Projects on Schedule | **80%** |
| Projects on Budget | **84%** |
| Major Investments | **20** |
| FY2019 Spending on Majors | **57%** |

# The monitoring dashboard can be further utilized to boost the performance of underachievers through dynamic social norms

Social norms can be used as a behavioural tool to influence people's choices by informing them how many other people are doing an activity (if there are many). Doing so can create social pressure that causes people to conform to the norm and/or update misplaced assumptions about what others might or might not be doing.

**Dynamic social norms** utilize information about how behaviour is <u>changing</u>. This can cause people to "pre-conform" with behaviours that contradict the status quo and gradually those behaviours can become mainstream.
Dynamic social norms make it clear that everyone's habits can change, rather than reinforcing the misconception that only certain types of people can perform the desired behaviours.

## *How can (dynamic) social norms be used through the monitoring dashboard to enhance compliance?*

- The architecture of the dashboard can allow users to gauge their performance on different KPIs/metrics against the norm/average of other implementing authorities. This comparison can serve as a powerful motivation in cases of underperformance.

- Dynamic social norms can be used periodically through the dashboard or other form of communication to show how compliance/reporting behaviours are changing and the trend of behaviour. For example, stating that "*ministries are now starting to update their KPIs on a monthly basis*" could influence reporting behaviour.

### CASE STUDY

**Summary**

An experiment in Saudi Arabia assessed the impact of information about changing social norms, specifically the willingness of men to let their wives work. Wives of men who received this information were nearly 180% more likely to apply for jobs outside the home.

**Solution**

Half of the participants in a survey were randomly assigned to receive information on the other participants' responses to statements about female labour participation, and this allowed them to update their views.

**Behavioural Tools**

Dynamic social norms

Source: Gregg Sparkman and Gregory Walton, "Dynamic norms promote sustainable behaviour, even if it is counternormative" *Psychological Science*, vol. 28 (September); Leonardo Bursztyn, Alessandra L. Gonzalez and David Yanagizawa-Drott, "Misperceived social norms: female labour force participation in Saudi Arabia", NBER Working Paper No. 24736, June 2018. Nudge Team analysis – part of an unpublished report by Nudge Lebanon on the applications of behavioural insights.

# Overall, the monitoring dashboard can utilize multiple behavioural tools simultaneously to optimize effectiveness

**Sample dashboard integrating multiple behavioural tools**

Social norm is highlighted to show that most people are either within or below their budget

**Congratulations Ministry H**

**You have used 37% of your allocated budget to achieve your target KPI.**

**Ministries are now allocating less budget to achieve their targets. On average, 60% of the ministries used 40% of their budget to achieve 60% of their target KPIs.**

The norm of staying within or below budget is further legitimated and encouraged through public recognition of those who were below budget

**The example illustrates the use of dynamic social norms, simplified information and language and traffic light system**

Ministry H
Ministry G
Ministry  F
Ministry E
Ministry D
Ministry C
Ministry B
Ministry A

0    20    40    60    80    100
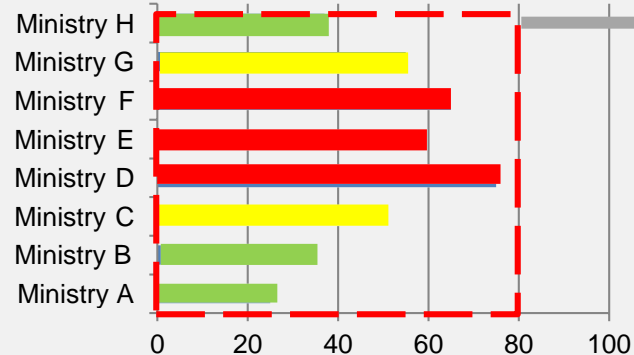
Traffic Light colour coding system makes it instantly clear which ministry is on budget, exceeding budget or saving money (using less budget)

# The provision of salient and easy-to-use tools and dashboards that are open to public can enhance bottom-up accountability

*Interventions*

**Usually, accountability mechanisms are utilized by those at the top of the organizational hierarchy for those at the bottom. Bottom-up accountability redirects the current of accountability by providing "the people" with tools to hold public servants accountable.**

- *Monitoring by members of the local community can leverage the fear of social disapproval to ensure compliance and performance*

- *A general culture of bottom-up accountability sufficiently primes public servants so that, even in private or with less visible acts, they become more conscious about doing the right thing*

- *Citizens may have stronger incentives to monitor corruption in service delivery as they suffer the costs of corruption most directly*

The strength of accountability mechanisms lies in its combined approach. Combining bottom-up accountability and top-down auditing provides varying avenues and accompanying sanctions which inspires performance and compliance amongst public officials.

## Combined auditing to curb corruption

A lab experiment was conducted amongst 180 individuals to monitor the prevalence of bribery under different types of auditing mechanisms. Participants were assigned to either a condition of no monitoring, a top-down auditing treatment or a combined accountability treatment where individuals could report cases of bribery in addition to traditional top-down auditing.

As a result of the experiment, 30% of the officials decided to abstain from corruption in the combined accountability treatment, compared to only 5% in the no monitoring treatment. By contrast, top down auditing on its own did not significantly reduce officials' tendency to demand bribes. This also illustrated that non-monetary costs play a significant role in the individuals' decision to engage or abstain from bribery, otherwise we would have observed same or higher abstinence rates from top down auditing than from combined accountability.

Source: Nehama Lewis, "Priming effects of perceived norms on behavioural intention through observability", *Journal of Applied Social Psychology*, vol. 43, No. S1 (April 2013); Danila Serra, "Combining top-down and bottom-up accountability: evidence from a bribery from a bribery experiment", *The Journal of Law, Economics, and Organization*, vol. 28, No. 3 (August 2012); Nudge Team analysis – part of an unpublished report by Nudge Lebanon on the applications of behavioural insights.

# Intervention 2: Bottom-up accountability and citizen budget

A citizen budget is a simplified summary of the annual budget created by the government and disseminated to the public in order to enable citizens to learn and engage with public dialogue around public expenditures which promotes accountability and reduce corruption.

- The ability of citizens to hold governments accountable (for public financial management) depends on their ability to easily access and understand information and a citizen budget addresses both issues

- Increased citizen awareness about the allocation of money across sectors and projects, the extent to which it is spent as planned and the sources from which it is obtained, can serve as an evidence basis on which citizens can question officials and demand better service delivery

- Increased transparency can expose corruption through increased scrutiny of officials and serve to discourage the practice

- A citizen budget will strengthen bottom-up accountability as it contributes to the creation of a general culture of dialogue, feedback, and citizen oversight of civil servants and public institutions

In 2019, Lebanon published its citizen budget, which reflected the 2019 national budget. It served to strengthen communication channels with citizens and allow them to hold the government accountable. The budget was composed of different sections but most importantly, using a set of six questions and answers, it introduced citizens to the concept and process of a public budget.

While budget transparency alone can boost accountability and curb corruption, actively soliciting citizen **feedback throughout the fiscal period will help reprioritize spending to better align it with citizens' needs and avoid resource waste** (*see Participatory forums section)*

# The power of a citizen budget to enhance bottom-up accountability depends on the extent citizens can use and engage with information

*Interventions*

In-depth research on budget transparency, participation and accountability shows four dimensions along which to measure the effectiveness of budgetary disclosure.
**Use this checklist and accompanying behavioural tools to ensure effective dissemination of citizen budget:**

**Scope:** The budget should disclose information comprehensive enough to provide useful insights

**Accessibility:** Information should be easily accessible and easily understood by citizens

- *Ensure that the citizen budget provides **salient language** that can be understood by the general population with minimal fiscal terms and jargon*
- *Make **information salient through** the use of imagery, colours, large and bold fonts or symbols as well and bullet points*
- *Present information in a way that makes it understandable and easily relatable to what citizens are familiar with – **provide a reference point***
- *If budget information is displayed online, navigation of the website should be intuitive and interactive*
- *Utilize a wide variety of channels that citizens regularly engage with, like radio, social media and educational entertainment, to disseminate and encourage engagement with the citizen budget*

**Reliability:** Information should be disseminated in a way that facilitates trust and confidence in the information disclosed

- *This can be enhanced by carefully considering and highlighting the source of the citizen budget information*
- *Data sources should be clearly displayed*
- *If the budget is displayed online, any changes should be highlighted*

**Feedback:** There should be mechanisms in place to allow users to respond to the information presented

# Intervention 3: Routines and reminders

**Monitoring and evaluation can be enhanced by establishing and maintaining a routine for monitoring and evaluation processes. This means regularly scheduled and structured opportunities for stakeholders to review performance and adjust accordingly.**

- *Routines are effective because they create deadlines, which in turn create a sense of urgency*

- *While reviews may be done annually, more frequent reviews will provide an opportunity to identify problems earlier and act faster to address them*

- *To avoid increasing the hassle of frequent reporting, routines can differ in frequency, audience, format and the type and depth of the information they provide*

## Routines can be enhanced by reminders

The Hawthorne Effect is a phenomenon whereby subjects alter their behaviour as a result of being observed and is often described as a limitation to the accuracy of audits. However, routines (overt monitoring) and reminders that these monitoring processes will be taking place can leverage the power of Hawthorne Effect to improve reporting practices and implementation efforts.

Reminders can take the form of e-mails or text messages to relevant stakeholders, sent in advance of each routine

## Hawthorne Effect on hand hygiene compliance in Saudi Arabia

A cross-sectional study on hand hygiene (HH) compliance and monitoring was conducted in 28 units at King Abdulaziz Medical City, Riyadh, between October 2012 and July 2013. Overt observation was done by infection preventionists who were doing their routine HH observation. Covert observation was done by unrecognized, temporarily hired professionally trained observers. A total of 15,883 opportunities were observed using overt observation and 7,040 opportunities were observed using covert observation. **Overall HH compliance was 87.1% versus 44.9% using overt/covert observations, respectively.**

Source: E. G. Mcdonald and others, "Hand hygiene "hall monitors": leveraging the Hawthorne effect", *American Journal of Infection Control*, vol. 46, No. 6 (February 2018); Barber, Kihn and Moffit, "Deliverology: from idea to implementation"; Aiman El-Saed and others, "Quantifying the Hawthorne effect using overt and covert observation of hand hygiene at a tertiary care hospital in Saudi Arabia", *American Journal of Infection Control*, vol. 46, No. 8 (August 2018); Nudge Team analysis – part of an unpublished report by Nudge Lebanon on the applications of behavioural insights.

# Intervention 4: Group implementation intentions

**Implementation intentions are "if, then" plans taken as a commitment in advance of a behaviour, intended to bridge the gap between intention to act and action. They are often structured as "If something happens, then I will do some action".**

- An implementation intention plan is effective because it automates the initiation of a goal-directed response once the critical situation is encountered. This will make It easier for planners or ministers to act on their intention to make difficult (but rational) choices.

- Evidence shows that people are much more likely to take a behaviour if they have made a plan to do so in advance, as it reduces the impact of distraction and conserves the energy needed to decide in the moment.

- Additionally, studies have shown that groups who make collective plans perform better than individuals within a group making individual implementation intentions towards the same aim.

## HOW CAN IMPLEMENTATION INTENTION BE USEFUL IN MONITORING AND EVALUATION?

When individuals or groups receive failure feedback on a chosen course of action, they often prefer to escalate commitment rather than disengage. Implementation agencies are especially prone to this because of the high stakes of failure.

**Implementation Intentions can help facilitate de-escalation of commitment by implementing agencies/ministries particularly in sunk cost situations, by requiring them to plan in advance when, where, and how they want to act in order to avoid escalation of commitment.**

- This advance plan resists the main motivation of the sunk cost effect which is; judgment that cutting off a dying project will be deemed a waste of resources

- With an advance plan, implementing agencies and individuals can justify cutting off a project because criteria for doing so were clear and agreed upon in advance

Sources: Frank Wieber, J. Lukas Thürmer amd Peter Gollwitzer, "Attenuating the escalation of commitment to a faltering project in decision-making groups", *Social Psychological and Personality Science*, vol. 6, No. 5 (January 2015); Gabriele Oettingen, Timur Sevincer, and Peter Gollwitzer, *The Psychology of Thinking About the Future* (New York, Guilford Press, 2018); Nudge Team analysis – part of an unpublished report by Nudge Lebanon on the applications of behavioural insights.

# The group implementation intentions can further help in countering the sunk cost effect

## CASE STUDY

**Summary**

Two related studies sought to test whether implementation intentions attenuate the escalation of commitment in various decision contexts.

Three groups in both studies were assigned the role of a city council committee in charge of a kindergarten building investment. One group formed implementation intentions using if-then format, to adopt a neutral observer strategy for their goal of making optimal decisions. Another group formed a mere goal intention to use a neutral observer strategy for their goal of making optimal decisions (without if-then format). A third group simply sought to make an optimal decision (study 1) or made no prior intention (study 2). In each study, groups received information on the actual state of the building project, discussed it, and had to make a unanimous investment decision.

**Solution**

In the first study, both intention groups started with high levels of investment, the challenge being to reduce these high levels in response to negative feedback. Only implementation intention groups reduced their investments in response to negative feedback, whilst goal intention groups invested more. In the second study, all groups started with moderate levels of investment, the challenge being to maintain these moderate levels in response to negative feedback. Again, the implementation intention group responded to negative feedback by maintaining moderate investments, whilst the mere goal intention groups increased their investments to as much as control groups without even a goal intention.

### This study highlights:

- The effectiveness of the automation of action control that is attained by planning with implementation intentions using the if-then format

- The effectiveness of implementation intentions in bridging the intention-action gap (*note the difference between the actions of the mere goal intention group versus those of the implementation intentions group*)

- The effectiveness of group implementation intentions

## How to use Group Implementation Intentions in strategic evaluation

**1** Establish a list of potential and realistic scenarios whereby the team may succumb to sunk cost fallacy

**2** Form a collective implementation intention outlining the point at which you would abandon an unsuccessful strategy or project/means to goal pursuit

For example: **If** *(insert potential project/expenditure)* does not yield *(insert expected outcome)* within this period, **then** we will *(insert action to be taken upon realisation of sunk cost)*

Source: Wieber, Thürmer and Gollwitzer, "Attenuating the escalation of commitment to a faltering project in decision-making groups": Nudge Team analysis – part of an unpublished report by Nudge Lebanon on the applications of behavioural insights.

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# Institutional set-ups



| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|
| Leadership aspiration | Challenges & baseline | Identify stakeholders | Engage stakeholders | Objectives, goals & KPIs | Implementation support | Monitoring, evaluating, communicating |

**Institutional set-ups**
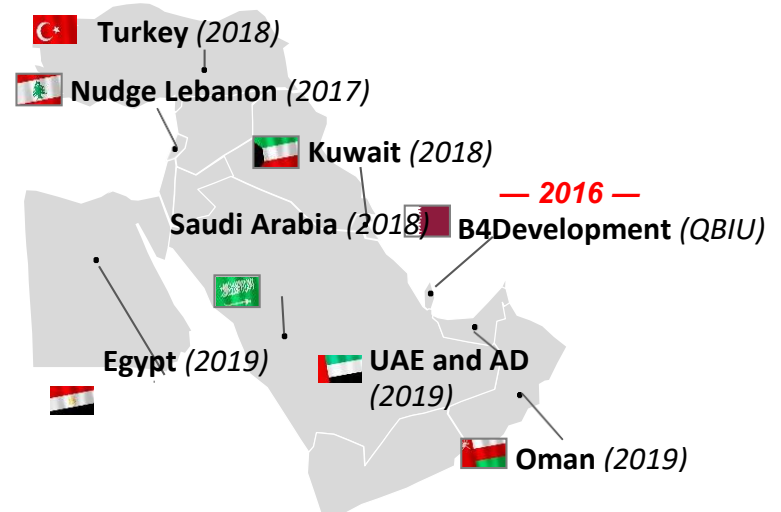
Capacity-building

# Aside from specific behavioural interventions & experiments outlined in this handbook, further experimentation can be supported by dedicated teams

- In 2010, Behavioural Insights Team (BIT) was the only Nudge Unit in operation as it was set up for testing in the United Kingdom under the Prime Minister's Office

- BIT's mandate was to apply behavioural insights to public policy challenges and aid in achieving quick wins during the time the country faced austerity measures following the 2008 financial crisis

- BIT demonstrated significant success in making the UK Government more effective and generating government savings (around 22 times its cost in the first two years of operation)

- Following the success of BIT, the number of Nudge Units quickly increased around the world, setting the trend for dedicated nudge units and today there are more than 220 on record

- In 2016, the first nudge unit in the Arab region, B4Development (formerly Qatar behavioural Insights Unit – QBIU) was set up in Doha

- The trend continues today with the set-up of nudge units in Lebanon, Kuwait, United Arab Emirates, Saudi Arabia, Oman, Egypt, …

**Nudge Units around the world**



institutions inside government    institutions outside government    Multi-national organisations

**Nudge Units in the region**



- Turkey *(2018)*
- Nudge Lebanon *(2017)*
- Kuwait *(2018)*
- *— 2016 —*
- Saudi Arabia *(2018)*  B4Development *(QBIU)*
- Egypt *(2019)*
- UAE and AD *(2019)*
- Oman *(2019)*

# The lessons learned from the regional and international set-ups of Nudge Units and Behavioural Sciences Teams are ...

**1**    Make a choice on the type of behavioural sciences unit/team

**2**    Decide on the approach to set up the unit

**3**    Seek a senior champion for the initiative at the government level

**4**    Seek beneficiaries' buy-in for the design and implementation of nudges

**5**    Set up a Communities of Practice and inter agency cooperation on behavioural economics and nudges

**6**    Make commitment to publish regularly on their projects and initiatives

**7**    Create an ethical review process

**8**    Establish a strong link with academia

**9**    Recruit in the unit diverse profiles in behavioural sciences, data analysis, experimentation design, public policy

**10**    Seek cross-border collaboration

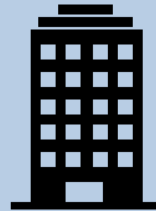# 1. There are four types of institutional set-ups

**1** **Governmental & semi-governmental**

**2** **Non-governmental & non-university-based**

**3** **University-based**

**4** **Social purpose companies**

Governmental Nudge Units, set up as part of strategy units, typically work on policy experimentation using behavioural insights. In few cases, Nudge Units such as the BIT, are semi-governmental.

Non-governmental and nonacademic behavioural insights initiatives are becoming common and undertake behavioural experiments and policy research.

Non-governmental behavioural insights initiatives that are positioned in academic institutions are also involved in nudge experiments but are primarily focused on research and publications.

A last type involves social purpose companies whose work pivots around projects that leverage insights from behavioural science to add value to society and community.

Source: Nudge Team analysis – part of an unpublished report by Nudge Lebanon on set-up of Nudge Units.

# 2. The set-up of a unit could follow one of two approaches

## Launching the unit followed by policy experimentation

### Key implications

- High expectations from the unit and pressure to produce results

- High visibility among stakeholders. Locally and internationally

- Not enough time to create awareness around behavioural insights

## Launching policy experiments followed by launch of the unit

### Key implications

- More time to plan and implement one or more experiments before the announcement

- More time to raise awareness around behavioural insights and nudges

- More time to get buy-in from key stakeholders for positioning

3. Having a senior figure to champion the initiative at the government level is key to ensuring support and stakeholder buy-in

**Success factors: influential individuals championing the Nudge Units**

- Whatever the model is (head and/or chair), strong support is key for the successful launch of Nudge Units

- Having an influential individual as the head of unit allows the unit to benefit from far-reaching political support, connections, exposure and visibility, thus impact

- In the United Kingdome and the United States, Prime Minister Cameron and President Obama were true champions of the national Nudge Units and provided unequivocal support

Source: Nudge Team analysis – part of an unpublished report by Nudge Lebanon on set-up of Nudge Units.

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# 4. Beneficiary buy-in and ownership of the experiment is key in all stages of designing and piloting behavioural interventions

Collaboration with "**operational champions**" within directly affected institutions or beneficiaries is critical to the process of designing effective interventions.

## Co-creation of nudges

Co-creating nudges with recipients is more effective because the process can help provide an understanding of the operational side of practices and exposure to onsite challenges and bottlenecks, which enables the nudge unit to identify intervention opportunities and design specific targeted nudges

Even if policy themes are suggested by the top leadership, the close operational involvement of the partner entity in RCT design and experimentation is key for the success of the intervention

## 5. Setting up Communities of Practice and inter-agency cooperation is key to broadening the scope of adoption for behavioural insights and nudges



- The Community of Practice would **leverage local talent around behavioural sciences and public policy in a network for exchange and collaboration**

- The aim of the Community of Practice is to:

    - Share information and knowledge of behavioural science in various fields

    - Keep abreast with the latest findings in behavioural insights

    - Discuss new experiments and applications of behavioural sciences to public policy

    - Organize events and conduct training sessions

- The community could be open to civil servants, researchers and practitioners who are involved in policymaking, as well as the development, implementation of behavioural insights initiatives

Source: Nudge Team analysis – part of an unpublished report by Nudge Lebanon on set-up of Nudge Units.

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# 6. Regularly publishing the progress to share results of work and experiments, and more recently, on failed experiments too

Nudge Units have websites and **regularly publish reports** and other publications to share the results of their work, to ensure full transparency, build credibility and rapport, gain support ... and **_celebrate failures_**

- These reports typically include an executive summary of the previous period, overview of the different teams and most importantly, the experiments they have conducted throughout the period ...

- Most experiment summaries highlight the policy challenge, related biases, used methodologies, results and next steps for roll-out and/or key insights

- Publications **share both successful AND unsuccessful** experiments for further transparency

7. Following a rigorous ethical review process is important to assess risk and ensure experiment participants are not subject to more than minimal risk

- **At a minimum, Nudge Units should do their own ethical review to assess risk:**
    1. Zero to insignificant risk for participants, requiring internal review
    2. Above insignificant risk for participants, requiring Advisory Board or external review

- Ideally, units should additionally use university-based ethical review – **Institutional Review Board (IRB)**

- If a university-based IRB is not available, units should seek other third-party ethical review as a last recourse

⚖️ **Ethical considerations for nudges are:**

- Preserving individuals' freedom of choice/autonomy
- transparent disclosure of nudges and
- individual (pro-self) and societal (pro-social) goal-oriented justification of nudging

# 8. Establishing a strong link with academic institutions is highly rewarding as a form of capacity-building and also to advance academic research

**1**

**Initiating university courses on behavioural sciences and public policy**

- Introduce students to the growing field of behavioural economics (BE) along with key concepts and tools of policy experimentation, psychology and econometrics
- Provide students with real life exposure to public policy by formulating insights from psychology and BE and using them to design and test policies
- Explore the theoretical and practical application of behavioural insights in response to public policy challenges

**2**

**Fusing academic research and applied work**

- Reduce the time lag between ideas to publication, to showcase new evidence generation and facilitate evidence adoption
- Allow practitioners and policymakers to use the cutting-edge research on behavioural science

**3**

- With the trend of digitization across governments, public institutions are sitting on a growing wealth of information and data
- Providing access for academia to these untapped sources of data broadens prospects of research and stimulates research relevant to the country's key policy challenges

**Opening access for academia to national data sources**

# 9. Recruiting for the unit requires a diverse set of profiles including behavioural sciences, data analysis, experimentation design and public policy

## General requirements for candidates

**1** Degree in social or behavioural science field, such as economics, psychology, political science, statistics, sociology, public policy, etc.

**2** Proven experience in designing and implementing rigorous evaluation methodology, including randomized controlled trials, difference evaluation, etc.

**3** Extensive experience with (big) data collection, analysis, interpretation and reporting

**4** Statistical analysis and research skills with statistical competency in at least one programming language (R, Stata, MATLAB, SAS)

**5** **Advanced project management and organizational skills** and effective supervision, guidance and leadership to diverse project teams

**6** Solid interpersonal, collaboration, and communication skills to develop effective working relationships with clients, partners and stakeholders

## Key Roles & Responsibilities

- Manage experimentation projects by working with multiple stakeholders on the design, implementation and evaluation (often through RCTs) of policy interventions informed by behavioural economics
- Liaise with counterparts and beneficiaries in different projects to understand their objectives and priorities, and identify key challenges they face in order to translate applicable findings into concrete recommendations
- Develop a policy agenda of challenges that lend themselves to behavioural experimentation
- Communicate regularly with agency partners and any outside collaborators to ensure: the intervention and study designs meet agency goals; evaluations are implemented as planned; timely and accurate data analyses and interpretation; and findings are distilled into policy briefs for academic and public audiences
- Develop tools and resources to ensure successful implementation and sustainment of the behavioural sciences framework across the unit and Kuwait Public Policy Centre.
- Monitor trends and developments related to the use of behavioural science in public policy, in order to derive lessons to inform policy and programme development
- Provide team leadership and develop work plans for multiple projects
- Attend weekly team meetings, provide updates on project status, and contribute to internal team tasks
- Conduct miscellaneous research support in the growing field of behavioural economics
- Prepare reports and policy briefs as well as communication material

# 10. Seeking cross-border collaborations for knowledge-sharing and exchange and between practitioners and academics

## Behavioural Exchange (BX)

## Other exchanges

**Summary**

- BX, started in 2014, is the world's first public policy behavioural insights conference with more than 1,000 attendees annually

- The BX brings experts from the academic, public, and private sectors in the field of behavioural insights from around the world

**Areas of discussion**

- The impact and prospects of behavioural innovations in shaping the policy landscape and improving policies
- The future frontiers of behavioural science and policy
- New and innovative developments in academic research
- Collaboration and integration of government policy and academic research
- Critiques of behavioural science as a field and responses

- Many other organizations are holding similar exchanges to BX

- OECD regularly runs such events bringing together governments, NGOs and academia



- Nudge Lebanon and B4Development have been hosting the local version of the event, BXArabia, for the past two years with high rates of attendance and a wide variety of international speakers
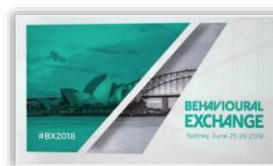
| Australia | UK | USA | Singapore | Australia | UK | Canada |
|-----------|-----|------|-----------|-----------|-----|--------|
| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |

Source: Behavioural Exchange 2014, 2015.2016 and 2017; Nudge Team analysis – part of an unpublished report by Nudge Lebanon on set-up of Nudge Units.

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# Capacity-building



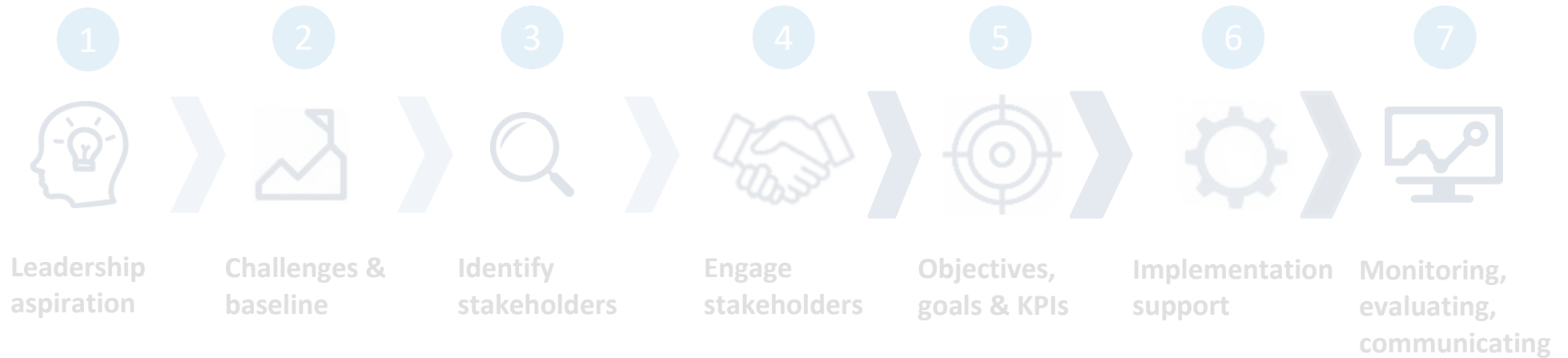| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|
| Leadership aspiration | Challenges & baseline | Identify stakeholders | Engage stakeholders | Objectives, goals & KPIs | Implementation support | Monitoring, evaluating, communicating |
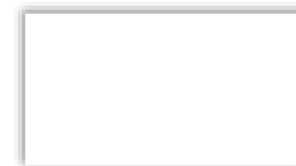
Institutional set-ups

Capacity-building

# The Nudge Unit can play a key role in building capacity in behavioural Science by conducting workshops, delivering courses & hosting secondees

## *Nudge Unit capacity-building approach*

**1** — **Behavioural economics & public policy courses**

**2** — **Workshops & lecture series**

**3** — **Secondments, internships and fellowships**

**4** — **Methodology**
*Experimentation approach*

# 1. The Nudge Unit can design and co-deliver a behavioural economics and public policy course in universities, offering students real-life exposure to policy experimentation

| Course objectives | • Introduce students to the growing field of behavioural economics (BE) along with key concepts and tools of policy experimentation, psychology and econometrics<br>• Provide students with real life exposure to public policy experimentation by formulating insights from psychology and BE and using them to design and test policies<br>• Explore the theoretical and practical application of behavioural insights in response to key public policy challenges |
|---|---|
| Course operating model | • Partner with prominent universities<br>• Collaborate with the university's economics, public policy, law or psychology departments to co-deliver the course with one or more of the departments' professors<br>• Divide the course between condensed theoretical lectures by the professors and/or one of Nudge Unit's experts and practical group work including field studies and experiments with the unit's support and coaching |
| Course material | • **THEORY**: Present a general introduction on the history of behavioural economics, key concepts of behavioural sciences (dual processing model, biases and heuristics, etc.), nudges and their growth, RCTs, experimentation frameworks and methods, as well as main examples from around the world, using academic papers, databases and reports<br>• **EXPERIMENTS**: Provide full support and coaching to the different groups in class on behavioural mapping, experiment design, data collection, statistical analysis and policy brief formulation using best practices and the team's knowledge on policy experimentation |
| Course benefits | • Disseminate knowledge on the rise of behavioural economics and the importance of policy experimentation<br>• Engage upcoming generations in the field of public policy and behavioural insights<br>• Foster the roll-out of similar courses and extend potential collaboration with other institutions<br>• Further advance the team's skills and capabilities and promote the Nudge Unit's leadership in capacity-building |

# 2. The unit can also conduct 1-3 days workshops to introduce local stakeholders to behavioural science

The courses introduce behavioural economics, nudging, and applications of behavioural insights in public policy through experimentation. The courses also *improve recipients' capabilities and abilities to better design experiments* by introducing the methodology for conducting a behavioural experiment and potential frameworks for designing nudges.

| | |
|---|---|
| **Duration** | • 1 day<br>• 2-3 days |
| **Structure** | • The programme will cover 5 topics:<br>   - Introduction to behavioural science<br>   - Cognitive biases and heuristics<br>   - Tools to design behavioural Interventions (SHAPE DIFFERENCE)<br>   - Designing behavioural interventions using Nudge Lebanon's I.D.I.A.S. approach<br>   - Designing and running randomized controlled trials (RCTs)<br>• The programme would use a combination of lectures, case studies, participant presentations, small-group discussions to deliver the above topics |
| **Entry requirements** | • This programme would be ideal for NGOs, policymakers and other executives looking to apply behavioural insights to better influence policy change and consumer behaviour, as well as employee decision-making within their own organizations |

# 3. In addition, the unit can organize quarterly lectures for staff and partner entities, featuring renowned experts in the field of behavioural science

## Lecture series

- Quarterly lectures will be held with renowned – experts and practitioners in the field of behavioural economics as keynote speakers

- Lectures will help enlighten and inform the unit's staff and/or partner organizations about:

    - Newest trends in nudging and cross cutting issues dealing with behavioural insights

    - Application of behavioural science in public policy areas including education, health and healthy lifestyle, inclusion, energy, community engagement, public finance management, utilities and the environment, etc.

    - Adoption of behavioural insights to inform policy design and create behaviourally informed regulations

- Potential keynote speakers can include prominent figures in behavioural science such as

    - Cass Sunstein, Richard Thaler, Ben Castleman, Angela Duckworth, Brigitte Madrian, Pelle Hansen, Paul Dolan, Abhijit Banerjee ...

### The Qatari Experience



- The Nudge Unit in Qatar, B4Development has pioneered these types of meetings

- Each meeting is hosted by a renowned figure in behavioural science, such as Cass Sunstein and Lori Foster

- The attendees are usually key stakeholders in the country who are relevant to the topic of discussion in each meeting, with representatives typically from academia, government, NGOs and the private sector

- Some of these meetings are held on a larger scale and held abroad in collaboration with universities and other partners, such as a Symposium on Behavioural Economics in Policymaking in Pakistan in collaboration with Lahore School of Economics

Source: Nudge Team analysis – part of an unpublished report by Nudge Lebanon on set-up of Nudge Units.

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# 4. Secondment of senior Government staff with the unit for the purpose of capacity with view of having them develop their own behavioural insights teams

## *Building capacity within ministries*

- Ministries and other governmental entities working with the Unit could be represented in the Inter-agency Coordination Team

- Representatives should be senior individuals who have authority and can build a team around themselves (Under-secretary level)

- Working with the unit, representatives will have exposure to behavioural economics, identification of policy challenges with behavioural roots, running experiments to address challenges, etc.

- Once ready, representatives will build the nucleus of the behavioural teams within ministries from ministry staff who were seconded at the unit and/or took part of behavioural science capacity-building programmes

- As they gain experience, behavioural teams will gradually become less reliant on the Nudge Unit, as they will acquire the capacity to run the full experimental cycle with minimal involvement from unit

## Role of secondees

*Seconded individuals will:*

- *Coordinate with the Nudge Unit and their ministry/agency*
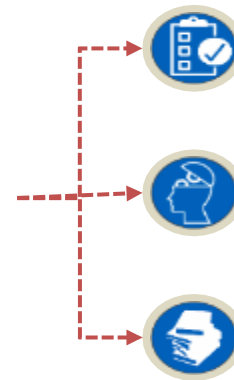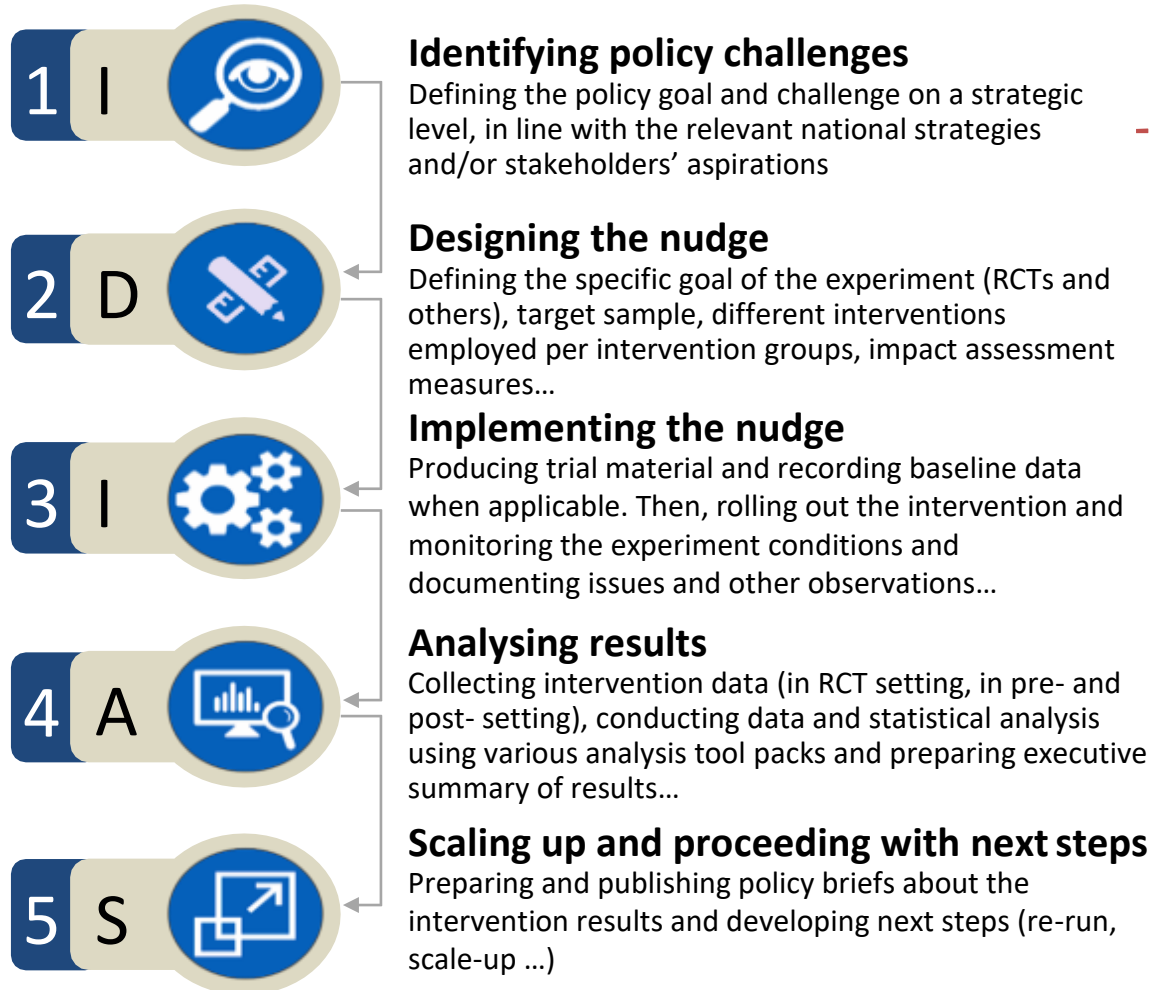
- *Work with the Nudge Unit to build capacity in the field of behavioural science within their ministry/agency*

- *Recommend challenges to be considered by the Nudge Unit*

- *Arrange for other ministry staff to be seconded at the nudge unit for specific projects*

Source: Nudge Team analysis – part of an unpublished report by Nudge Lebanon on set-up of Nudge Units.

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# The capacity-building efforts aim to introduce participants to the I.D.I.A.S. methodology: allowing to define a problem & designing & testing behavioural solutions

## 1 I — Identifying policy challenges
Defining the policy goal and challenge on a strategic level, in line with the relevant national strategies and/or stakeholders' aspirations

## 2 D — Designing the nudge
Defining the specific goal of the experiment (RCTs and others), target sample, different interventions employed per intervention groups, impact assessment measures…

## 3 I — Implementing the nudge
Producing trial material and recording baseline data when applicable. Then, rolling out the intervention and monitoring the experiment conditions and documenting issues and other observations…

## 4 A — Analysing results
Collecting intervention data (in RCT setting, in pre- and post- setting), conducting data and statistical analysis using various analysis tool packs and preparing executive summary of results…

## 5 S — Scaling up and proceeding with next steps
Preparing and publishing policy briefs about the intervention results and developing next steps (re-run, scale-up …)

### Understanding context
Understanding the general context (process roadmap…) and identifying the possible behavioural bottleneck(s)

### Analysing relevant biases
Listing relevant psychological biases and heuristics that explain the behavioural aspect of the challenge at hand

### Reviewing similar RCT interventions
Drawing lessons from relevant successful interventions to guide the design process – while keeping in mind that CONTEXT MATTERS

We use our own **I.D.I.A.S. methodology** for projects, from defining the policy problem through to evaluating the success of our intervention.

The five steps are:
1. I.dentifying policy challenges
2. D.esigning the nudge and experiment blueprint
3. I.mplementing the nudge
4. A.nalyzing the results, and
5. S.caling up before proceeding with the next steps

# Appendix

Glossary terms for behavioural biases

| Behavioural bias | Definition |
|---|---|
| **Status quo bias** | Status quo bias leads us to prefer the path of least resistance and maintain the way things/the way things are currently done |
| **Present bias** | Present bias refers to the human tendency to give stronger weight to pay-offs that are closer to the present time when considering trade-offs between two future moments |
| **Availability bias** | The tendency of people to people to judge the importance of events in the world, by the ease with which examples come to mind |
| **Groupthink** | Groupthink refers to the dynamic that causes people to self-censor and conform to the group majority view regardless of its merits and demerits |
| **Overconfidence/ Optimism bias** | When confidence is expressed, judgment far outweighs objective accuracy |
| **Sunk cost fallacy** | Sunk cost fallacy is the tendency to pay greater attention to historical costs (money, effort or time) that are not recoverable when considering future courses of action |
| **Ostrich effect** | The tendency to avoid acquiring information that may be negative, even though this information may improve decision-making |
| **Illusion of control** | People perceive that they have more control than they actually do, and misjudge the causal connection between actions they have taken and a specific outcome that they are motivated to achieve |
| **Contextual misapprehension** | The tendency to often make certain assumptions about a certain target group that may be inaccurate |
| **Interest bias** | Interest bias refers to the situation whereby individuals in organizations adopt views or seek outcomes favourable to their unit at the expense of the broader interests of the organization |
| **Confirmation Bias** | The overweighting of evidence consistent with a favoured belief, underweighting of evidence against a favoured belief, or a failure to search impartially for evidence |