



Towards the Arab Horizon 2030:

Enhancing Integrated National Development Planning in the Arab Region



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OiC, Economic Governance and Planning Section, EDID
 Thursday, 13 September 2018, at UNESCWA, Beirut

Welcome & tour de table

- Please present yourself briefly and your role in your country's national development planning
- Mention the current progress/stage of your country's national development plan (in place, in process of formulating, etc.)

(three minutes each)



Update - UNESCWA's DA Project "Towards the Arab Horizon 2030: Enhancing Integrated National Development Planning in the Arab Region"

Reminder: Project Mandate & objective

ESCWA's mandate is to support its member states to achieve their long-term development visions and strengthen the planning process to support more integrated, strategic and better-coordinated development planning, contribute to more sustainable and inclusive growth in the region, and towards the realization of the 2030 Agenda.

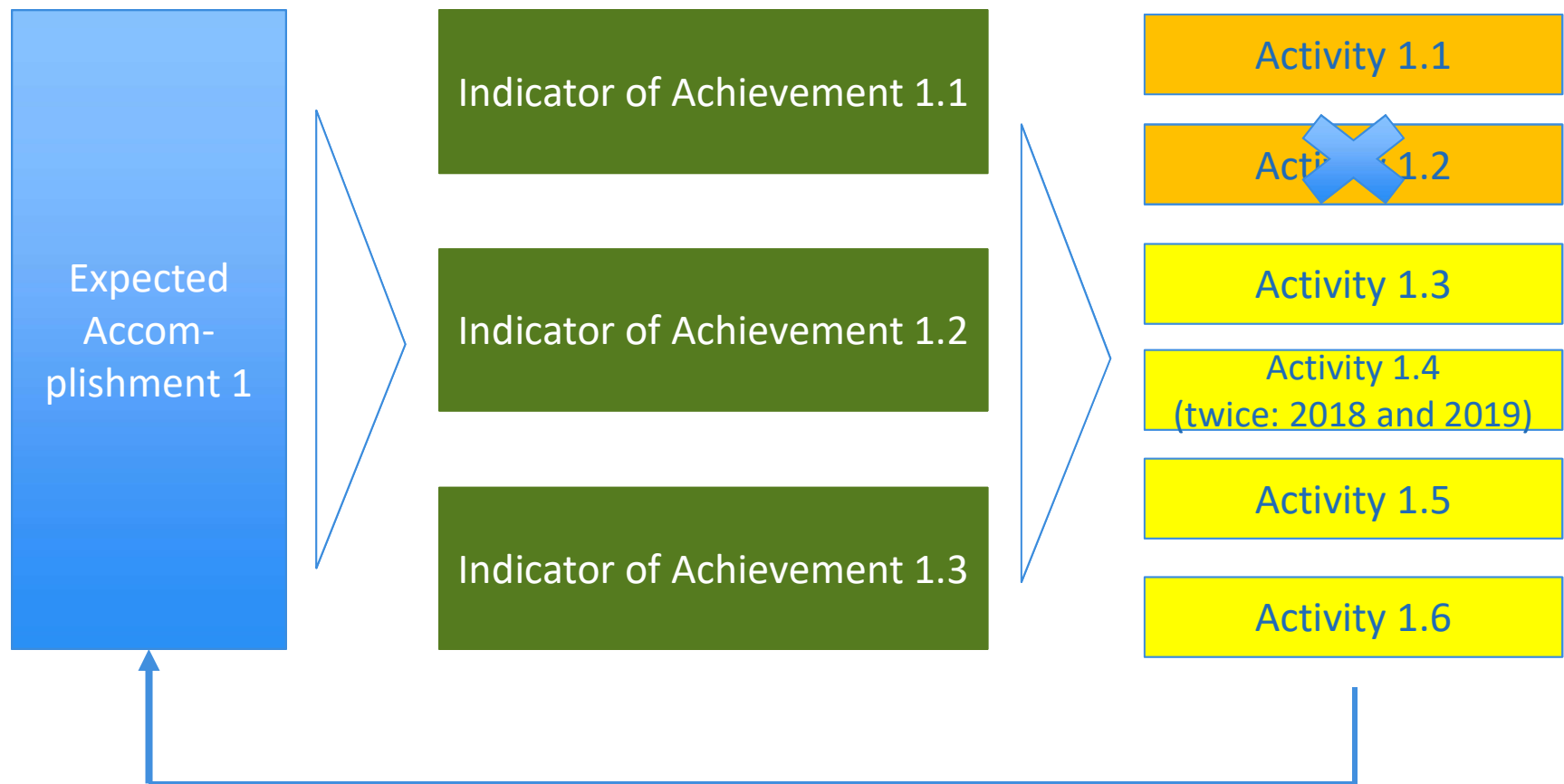
EA1: Enhanced awareness and engagement of policymakers with the integrated development planning approach.

EA2: Strengthened capacity of policymakers in target countries to design integrated and implementable national development plans in their countries.

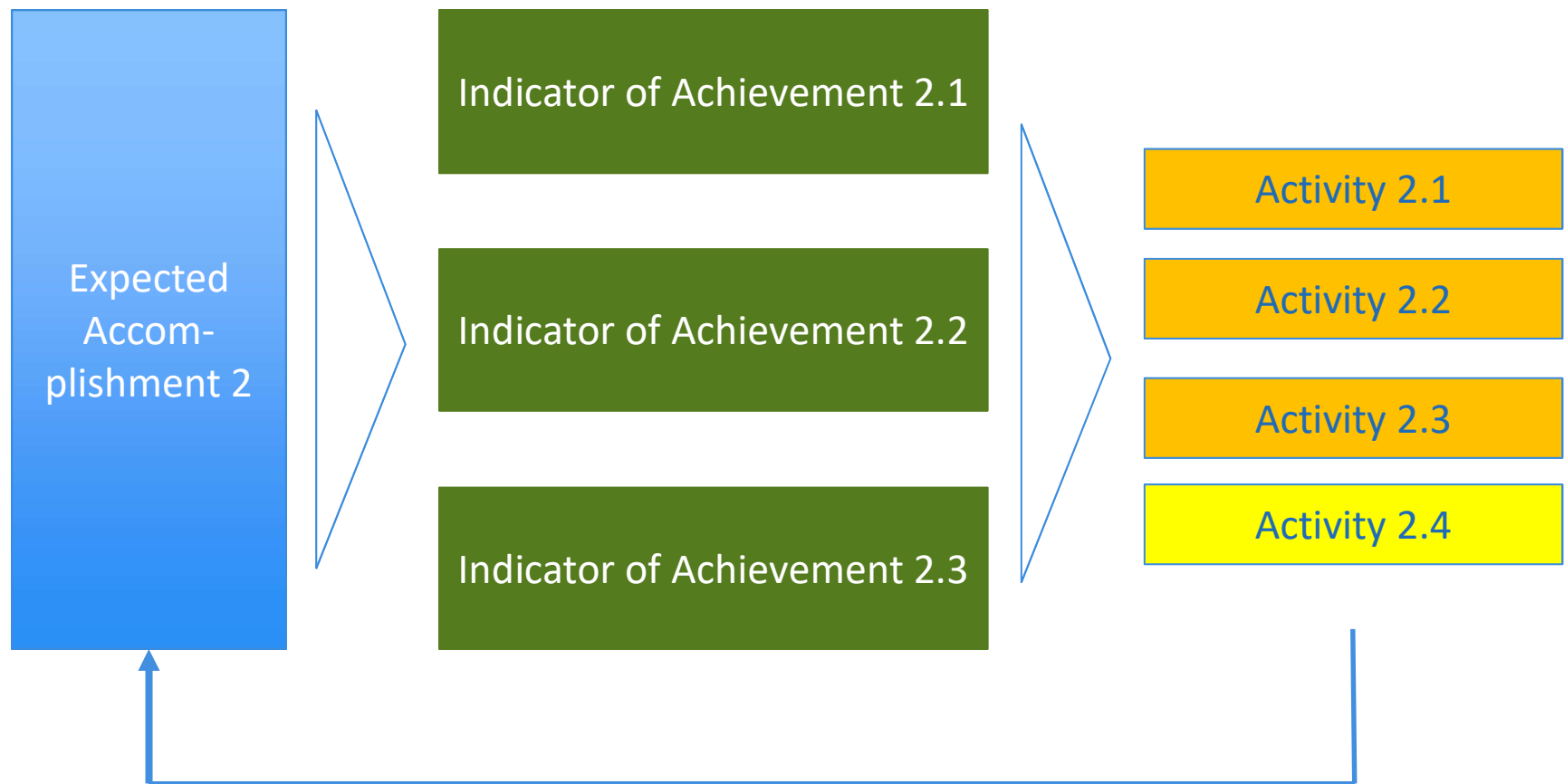
Project background: Rationale and history

- **Regional development challenges**
(economic, social and environmental; structural vs. emergent)
- **Institutional challenges**
(governance mechanisms in place, coordination)
- **‘Planning under Uncertainty’**
(relationships between separate policy concerns, decision-making and biases, systems dynamics both internal and external, forecasting & probabilities)

Project Logframe



Project background: Logframe logic



Your roles and responsibilities as focal points – Thank you

Liaison between UNESCWA's Economic Governance and Planning Section (the "Project Secretariat") and the national stakeholders involved in development planning



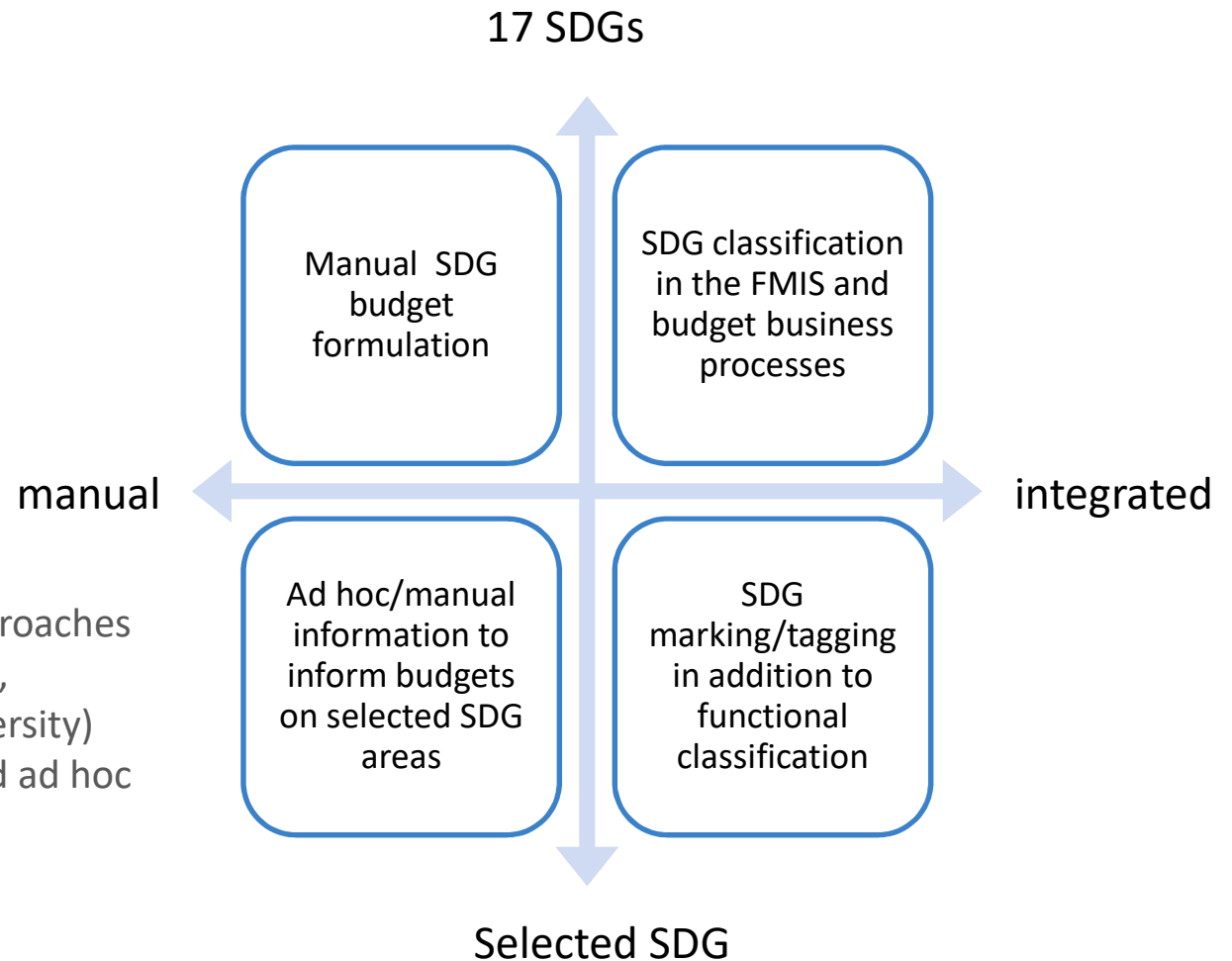
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Support



Effective Budgeting for National Development Planning

(A perspective from UNDESA, the International Budget Partnership, ILO and IMF)

Systems used to link budgets and SDGs



Most frequently adopted approaches are SDG-specific (for example, focusing on climate or biodiversity) rather than Agenda-wide; and ad hoc rather than systemic

Drivers of SDG integration into budget processes

- Both political and technical drivers:
 - Implementing SDG budgeting requires not only technical, but also legal and institutional changes, as well as political will
 - Reforms to implement SDG budgeting should be part of broader reflections on how to best integrate the SDGs into national governance systems
- Key political factors:
 - How to mobilize interest for the SDGs in the ministry of finance
 - Engaging all the relevant parts of the national institutional system around budget reforms
 - Building institutional capacity around SDG budgeting in key institutions
- Risk: business as usual, with results on already existing programmes being re-cast ex-post in terms of the SDGs, without fundamental changes in resource planning, allocation and spending
 - Cf. recent study done for the European Parliament: so far, SDGs have so far not been systematically used as a way to reorient public spending

Options for adopting SDG Budgeting

- “Ad hoc” actions that most of the countries can take without significant transformations in their budget processes and within human, financial and technical resources
 - E.g. presentation of SDG-related goals and targets in budget statements
 - E.g. simple reporting on SDG performance
- More structural reforms of their budget processes require:
 - adjustments in business processes and standards of operations
 - institutionalization of SDG target accountability for performance
 - adoption of monitoring and reporting systems on outcomes, including linking budget expenditures to specific performance targets
- Such reforms may take many years to fully implement
- Importance of giving attention to
 - state of the national PFM system and the relevant capacity in public administration
 - “demand” for SDG budgeting information by line ministries and external stakeholders

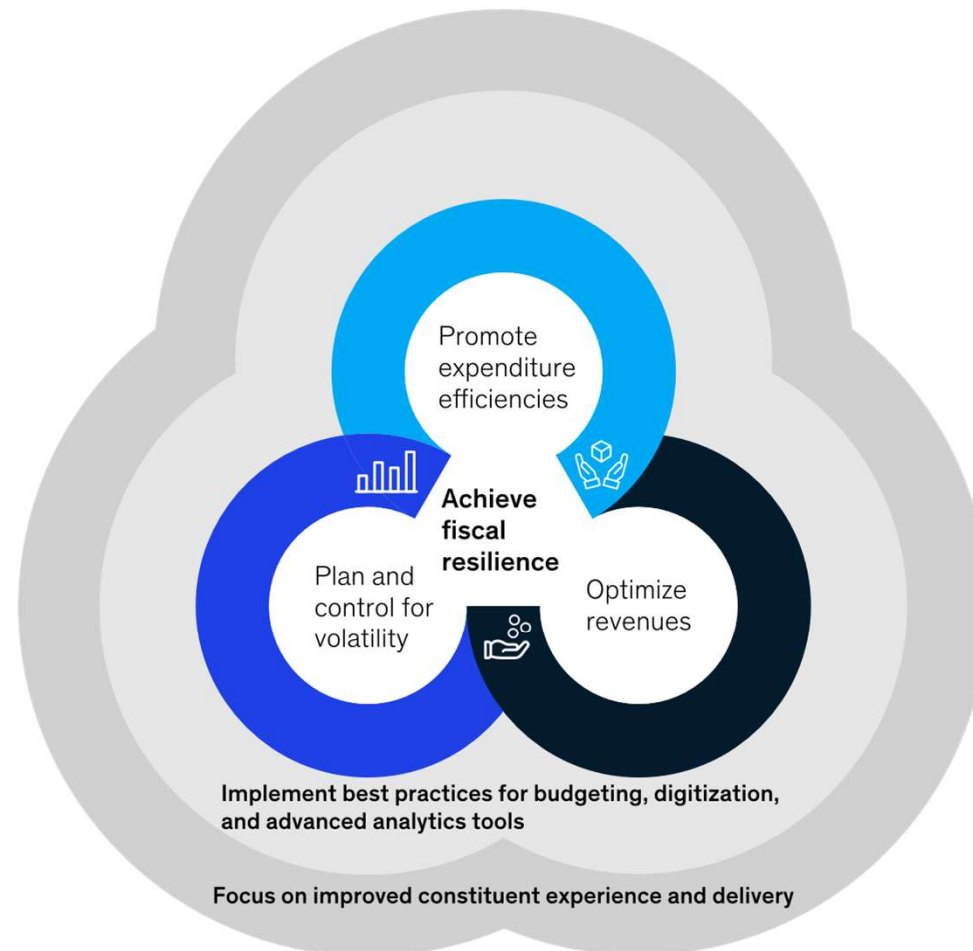
International Lessons Learned so far

- High awareness of the importance of establishing solid linkages between national budget processes and visions, strategies and plans, and development outcomes
- Still limited information on ongoing efforts to link budgets and SDGs, including for MENA
- All countries cannot be expected to adopt the most ambitious versions of SDG budgeting in the medium term
- Capacity of national governments to track how public spending contributes to the realization of the SDGs will only increase progressively and will depend on national circumstances
- Key factor: how can ongoing PFM reforms can be used to support SDG implementation and inform SDG monitoring?

A possible approach...

A framework for building fiscal resilience.

A multi-pronged approach



What is budget credibility?

- Budget credibility is defined as the degree to which governments implement their budgets.
- Why does this matter?
 - A budget is a promise — if rarely implemented as planned, it loses its significance, and the public may lose faith
 - Without a credible budget, citizens are limited in ability to have robust, evidence-based conversations with government
- Budget credibility is recognized by the SDGs and critical to their achievement
- To be sure, deviations from budget can be a good thing, and reflect smart public financial management



How do justifications relate to credibility?

- At the core of budgets are choices
- These choices deserve justifications:
 - Prospectively (when the budget is formulated): why will money be collected and spent this way?
 - Retrospectively (after the budget is executed): why did actual revenues or expenditures deviate from the budget?
- Good practice in public finances calls on governments to publish reasons — IMF, PEFA, OBS
- Many governments around the world already provide some explanation in budget documents
- Budget credibility is concerned with retrospective reasoning.

Assessing reasons: IBP's approach

Retrospective: reasons for past actions	Prospective: reasons for proposed actions
1. Identify a causal link between (A) a set of facts and (B) deviations from the budget	1. Identify a causal link between (A) a proposed budget policy and (B) an outcome
2. Explain the mechanism by which (A) a set of facts has caused (B) deviations and, where possible, (C) the factors that caused (A) in the first place	2. Explain the mechanism by which (A) policy will lead to (B) outcome
3. Provide sufficient detail to explain any variation in outcomes	3. Acknowledge and argue against alternatives
4. Show how explanations are consistent with past experience or why conditions have changed	4. Show how explanations are consistent with past experience or why conditions have changed
5. Explain the most important deviations	5. Explain the most important proposals

Budget credibility

www.Internationalbudget.org



Institutional and Structural Risks

Institutional risks

Inadequate PFM law

Dual budgeting

No medium term fiscal framework

Ineffective fiscal coordination arrangements

Lack of data

Lack of capacity to monitor and manage risks

Structural risks

Revenues dominated by one or two (volatile) sources

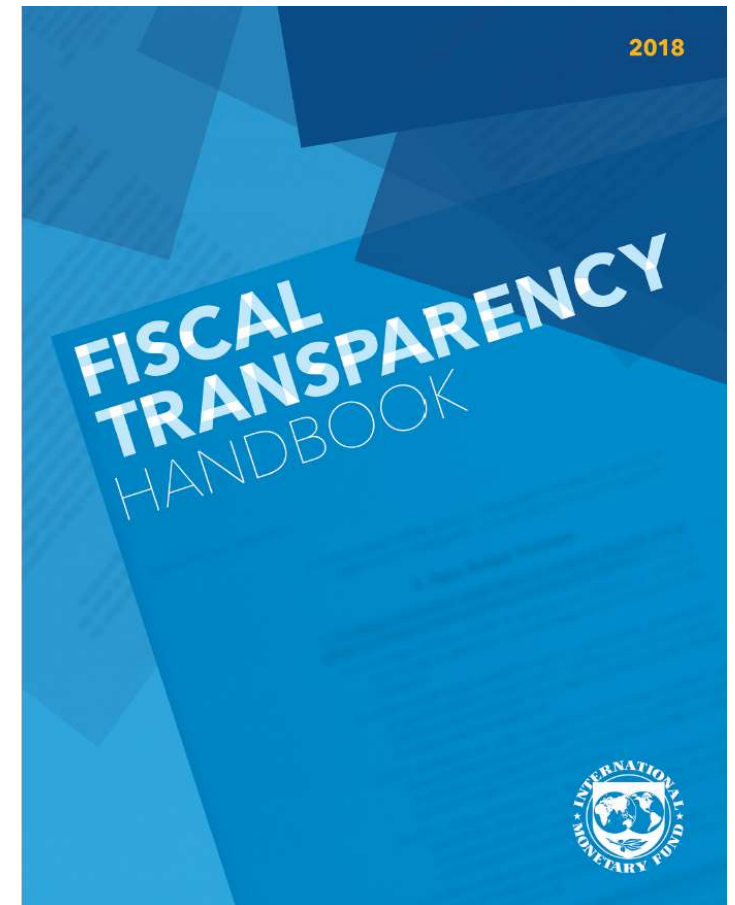
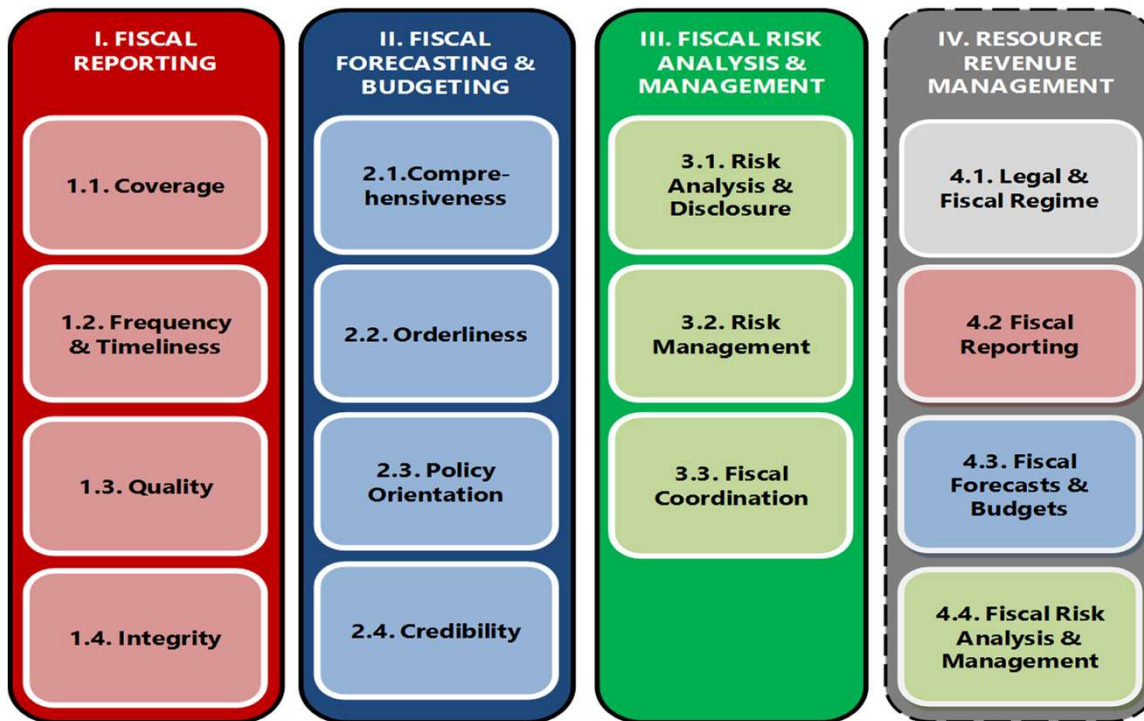
High ratio of non-discretionary spending to total spending

Excessive earmarking of revenues

Constrain effectiveness of risk management and increase the probability of negative event occurring, or the cost if it does occur.

The IMF's 2014 Fiscal Transparency Code under revision

Four Pillars of the Code



Risk Management for Effective Budgeting

The ILO's country programming experience

- Developing risk register – identification, assessment, response planning, management planning, monitoring and control
- Periodic spending review
- Performance, evaluation and value for money are integral to the budget process – financial and programmatic audit

Tools

- Risk-based programmatic and budgetary planning
- Financial and programmatic audit
- HR strategy to develop a culture of accountability for financial, programmatic and operational results





Regulatory Reform Training Programme

(developed by ESCWA in cooperation with Triangle and OECD)

What Is Better Regulation?

- Better regulation was developed in EU Commission and OECD
- Better Regulation in EU refers to programme launched in 2002 to achieve the following objectives:
 - ✓ Streamline and enhance regulatory environment
 - ✓ Reduce bureaucracy and improve quality of regulations
 - ✓ Develop better laws for both consumers and investors



Develop better policies and regulations that:

- Achieve desired objectives
- At minimum cost
- Ensure transparent and open decision making
- Evidence based
- Engage all concerned stakeholders

Importance of Better Regulation

- It is no longer sufficient for government actions to be legal
- Other elements are required in government actions:
 - Efficiency
 - Transparency
 - Accountability
- Increased awareness that enhancing quality of regulations could lead to economic and social improvement

Better Regulation Tools

Accessibility of regulations

Review of the stock of regulations

Consultation

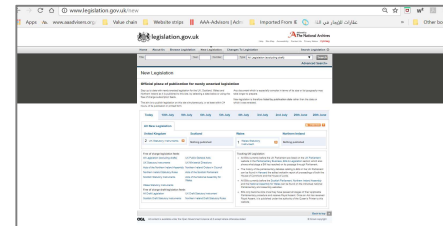
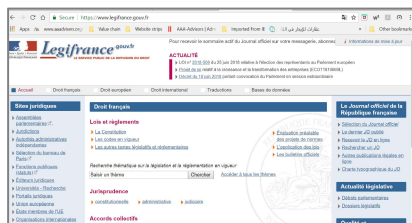
RIA

Admin simplification

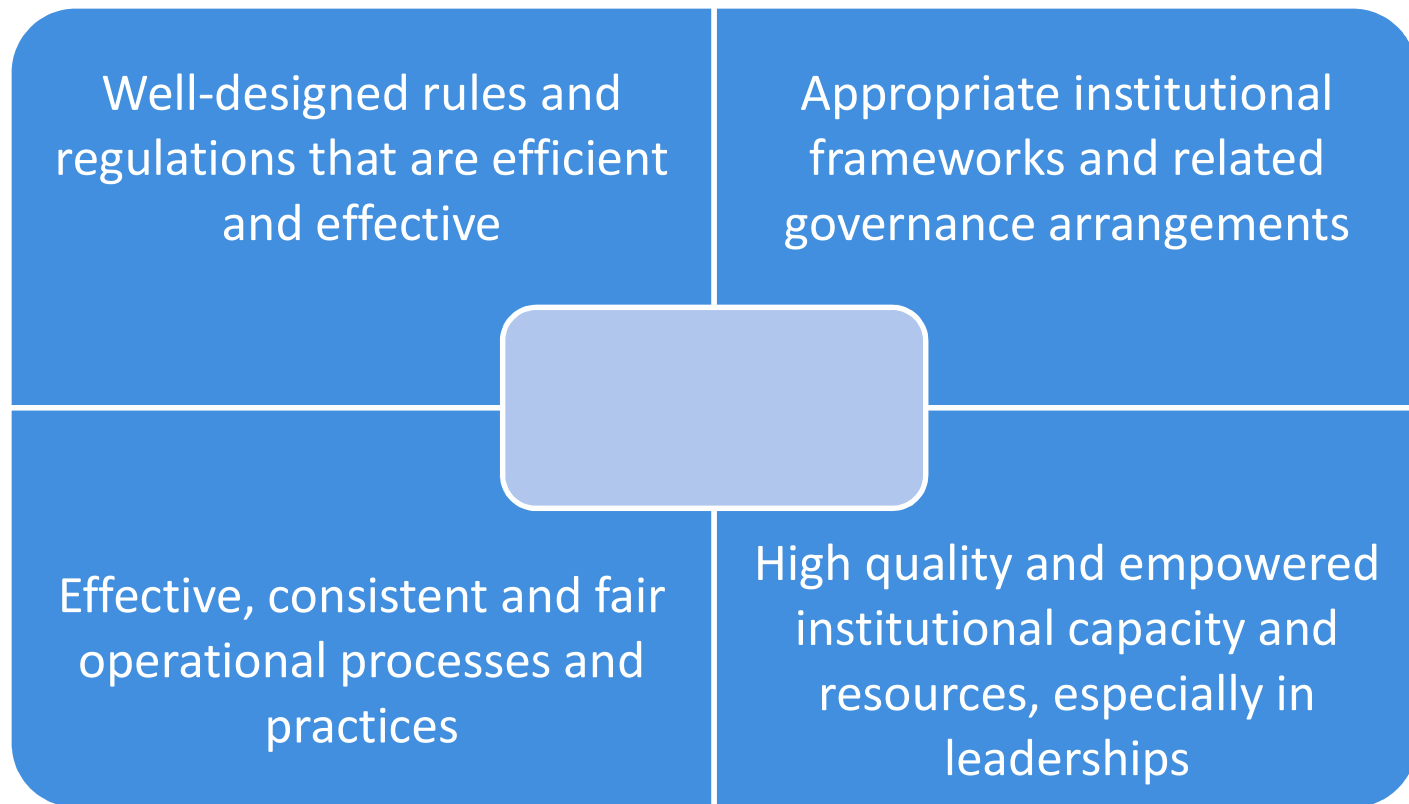
Inspection reform

Example: Accessibility of Regulations

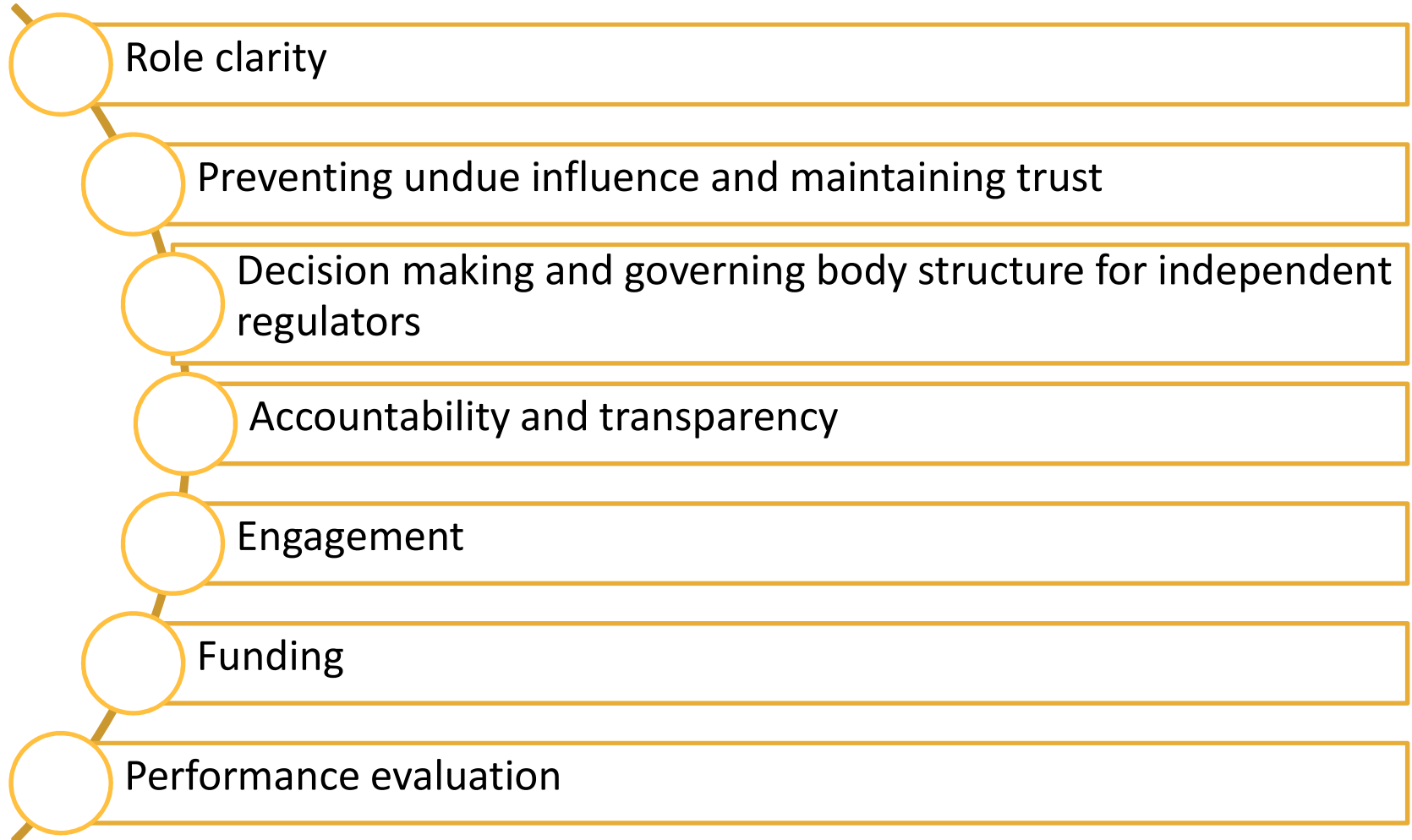
- Citizens have a right to know regulations governing their life and work
- It is important to have a comprehensive registry of all regulations in force updated regularly
- E-registry providing access to regulations for free



Necessary Elements of Better Outcomes



Criteria of Sound Regulatory Bodies





Our two days ahead...



Questions?

Sources of information: voluntary national reviews

	2016	2017	2018	2019
Bahrain				
Egypt				
Iraq				
Jordan				
Kuwait				
Lebanon				
Libya				
Mauritania				
Morocco				
Oman				
Palestine				
Qatar				
Saudi Arabia				
The Sudan				
The Syrian Arab Republic				
Tunisia				
The United Arab Emirates				
Yemen				



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Working Group 1



UNITED NATIONS
الأمم المتحدة
ESCWA

Working Group 1: Current national development planning approaches – Opportunities and challenges

- What is the status of national planning in your country?
- Did your country reflect the Sustainable Development Goals in its national development plan? If so, how?
- Based on your experience, what are key indicators for good national development planning?
- What challenges did you face in the conception phase of the national development plan and how did you address them?
- What challenges did you face in the implementation phase of the national development plan and how did you address them?
- What institutional framework do you have in place to drive national development planning efforts (e.g. human and financial resources)?
- *Other considerations you would like to share...*



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Working Group 2

Working Group 2: Stakeholder engagement

- Can you describe the process of your national development process and how priorities are identified? And by whom?
- Who do you consider as main stakeholders for national development planning and how are they identified, communicated with and involved?
- What consultation, communication and review mechanism do you have in place to inform the conception, formulation and implementation of your national plan (e.g. tools, frequency, depth of engagement)?
- Do you complement national development planning efforts by capacity building for implementing partners?
- How do you measure effective stakeholder engagement?
- *Other considerations you would like to share...*

Your roles and responsibilities as focal points

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