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On the Guidelines of Good Planning: The Case of the Arab Region*

Nathalie Grand and Ahmed Kamaly



United Nations
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Abstract:

The paper uses a structured database of national planning that ESCWA is compiling to identify the well-known and lesser-known features of development planning in the Arab region. The paper first explores international best practices and reflects on country-specific context to develop a typology of good planning criteria for the Arab region. Based on this typology, the paper offers preliminary stylized facts about planning and compares individual planning initiatives across the region. Above all, the findings indicate the region is suffering with the following difficulties: (1) a lack of structure among individual planning documents, (2) a weak relation to international frameworks, (3) the paucity of specific measurable indicators that would help to effectively monitor achievements, (4) many countries did not publish any planning documents targeting the long-term and medium-term development of their whole economy at all or (5) did not make them readily available on-line, which points towards insufficient transparency and impaired participation. Finally, the paper envisions a way forward for integrative planning in the Arab region while linking it to the 2030 Agenda.

Introduction

Arab countries are very diverse in terms of size, geography, level of income, natural resource endowments, economic structure, human capital quality, social structure and institutions but all are facing daunting challenges. Oil-exporting countries are suffering with the volatility of oil prices, lack of diversification and low employment of nationals in the private sector. Oil-importing and labor abundant countries are experiencing high unemployment rates, especially among youth, chronic fiscal deficit and external imbalances. All are directly or indirectly exposed to the negative impact of long-lasting conflicts. Although weakly integrated at the regional level through trade, Arab countries strongly depend from a common resource-base, providing rapid economic development for some, remittances and investment for others (AEIRI, 2017, Economic and social survey, 2017). None of them experienced a proper structural transformation despite attempts at diversification in several points in time. As a result, all are vulnerable to external shocks while none benefited much from previous globalization waves, the emergence of global value chains, or the rise of emerging economies.

Arab countries have also in common a state-led development model which policies geared towards redistribution have been strongly criticized as Arab countries were falling behind, recording poor economic and human outcomes over the last two decades which led to the Arab upheavals (Selim and Zaki, 2014, Mahdavi, 2017, Kumar and Ali, 2016, Nakhle, 2017). Nevertheless, in most Arab countries, there is a body responsible for setting national plans which capacities to design strategies and develop policy options to achieve planned targets have proved ineffective (UNDP, 2016b). It is thus imperative to take a closer look at the reasons for the existing gaps between stated targets and their realization so as to revisit the planning practices with a view to increase applicability and efficiency.

In order to get a better understanding of planning practices in the Arab region, the paper starts by identifying relevant criteria of good practice in development planning aligned with international best practices. The influence of Arab countries' socio-political specificities on good planning criteria is discussed. A topology of criteria for good planning is then established that differentiates between operational and strategic criteria, on one hand, internal and external criteria, on the other hand. The evaluation of Arab countries' performances provided in the paper focuses on the internal and operational good planning criteria that are core pre-requisites to planning effectiveness.

The paper uses a structured database newly compiled by ESCWA that offers information on Arab countries' planning practices. Information, from planning documents readily available on the internet, were gathered, classified and standardized so as to be comparable across countries. The database distinguishes between the different types of documents available, according to their coverage, content, overall architecture, and objectives-pillars-key-performance-indicators' linkages within and between planning documents. The paper (1) extracts stylized facts about planning in the Arab region, (2) carries detailed cross-country comparisons (Egypt and Saudi Arabia), and (3) identifies patterns after having grouped countries based on several of their structural features. The paper brings an original contribution to the literature on planning practices in the Arab region which were impossible to investigate in the absence of comprehensive and standardized information on the issue. Policy recommendations for effective development practices and achievement of the 2030 agenda are provided.

The first section of the paper offers a brief review of the history of economic planning since the 1950s and looks into its legacy before to argue in favor of a new type of planning, integrative and strategic. The second section presents the analytical framework and the methodology used to evaluate Arab countries' performances. The section also discusses the way the specific socio-political situation in Arab countries affects their approach to good planning, and whether it should be reflected when selecting criteria of good planning. The third section provides stylized-facts on planning for the Arab region before elaborating on the specific cases of Saudi Arabia and Egypt. The section also studies the influence of labor and natural resource endowment on Arab countries' planning practices.. The fourth section concludes.

I. The importance of planning for development

Economic planning refers to the deliberate actions by the state or the government¹ with a view to achieving specific outcomes at some future dates. The rationale for government actions originates in the theories of market failure which inhibit both efficient allocation of resources and the economic growth process. Two main sources of market failures were originally considered: the lack of competition and the existence of externalities, and increasing returns to scale. Later were added issues pertaining to information imperfection, innovation and adoption or adaptation of technologies, among others (Malinvaud, 2000).

Against this backdrop, many features of a society may influence the functions devoted to the state and shape planning practices and goals which may entail the place allotted to consensus building and information exchange within the government and with the civil society; the degree of reliance on governments' regulations; the size of the private sector; the intensity of economic and technical education; the economy's capacity to innovate; the society's values; the level of development and so forth (Sayigh, 1978a). However, 'few, if any, economies have succeeded without some role for government – and a fairly important role at that' upon Stiglitz (1997). On the other hand, economic circumstances as well as the analytical framework and ideas about development planning have evolved over time, shaping perspectives on the best ways to strike a balance between the respective roles of the state, and the market and to make their interaction effective for development.

Assessing Arab countries' performances at planning requires first to understand the evolution of the analytical underpinnings of Arab state's interventions and, thus, of the role of the state overtime and how it shaped planning practices. The section starts by briefly reviewing the planning approaches that were successively adopted by Arab countries since the end of World War II, the development models that supported them, the nature of the social contract and the role of the state. These evolutions were driven by several sets of changes at the international (economic, and technological evolution), regional (interdependence between Arab states through migration) and national levels (demographic evolution, informality, governance).

The lessons learnt from these experiences help draw the contours of a new social contract for the Arab region coherent with population's needs which implies a redefinition of the role of the state. On this basis, the type of planning required for the region to achieve its full development potential is in turn investigated in detail. The section concludes that there is a need for a new approach where the state's actions would aim at incentivizing the private sector, and would be informed and supported by an integrative form of planning.

1. A brief history of development planning in the Arab region

In the wake of the international order's collapse and the Great Depression of the 1930s, the state was generally considered as the main provider of welfare. An interventionist approach of planning was adopted in most developed and developing countries as well. After the second World War and until the 1970s, the emphasis was on a structuralist development approach, along the line of the neoclassical paradigm upon which market failures are prevalent, especially in developing countries. The role of the state as a key player in the economy was, thus, further reaffirmed.

In the Arab region, this interventionist trend was reinforced by the state-building process in which the newly independent Arab countries had recently embarked. The interventionist welfare state, sometimes militarist, was embodying the equilibrium reached among the political forces that had emerged and massively mobilized prior to the independence. It was also a reaction to the feeling that

¹ 'state' and 'government' are used interchangeably in this paper.

newly established Arab states had to protect themselves against numerous threats, from internal conflicts and coups to foreign military interventions (Beblawi, 1997). At the time, states' intervention in the economy was extensive, exerted through explicit planning with a view to keep a tight grip on the economy. Industrialization through imports substitution was the norm. The consequence was the development of ineffective industries, incapable to cope with international competition.

The Arab region gave birth to a specific type of interventionist state. The Arab region is endowed with large oil and natural resources wealth which resulted in the formation of rentier-states whereby citizens accept the state's authority in return of security, access to social services at a minimal price when not for free, and distribution of rent from oil income. However, in non-oil rich countries were established very similar social contract and authoritarian and military type of state due to the existence of conflicts and the perceived need by the rulers to control the masses that had brought the independence (Yousef, 2004, Sayigh, 1978b). In the Arab region, the state was thus responsible for providing to the population a wide range of public goods, from infrastructure to health and education services. Vast redistributive programs were carried through subsidization. The contribution of the private sector to economic growth and job creation was minimum. Finally, although not closely integrated through trade, Arab countries' economic fate was largely intertwined as non-oil rich countries were benefitting from oil-exporting countries' wealth through intra-regional flows of investment and remittances.

In the 1980s, a radical shift in development thinking occurred in the aftermath of the debt and development crisis that were seen as the consequences of the interventionist state model's failure. In the 1980s and until the 2000s, the Washington Consensus, strongly advocated by international organizations, influenced Arab countries' reform efforts that were re-gearred towards macroeconomic stability, fiscal discipline, trade and financial openness, and privatization. Embracing the market, and by extension the international market was not a panacea though. Arab countries generally resisted the global urge to globalize as they ended up being worse off in the short- and medium-term as past development policies had translated into poor competitiveness and inadequate industries incapable to face competition in international markets. The 1980s were also marked by declining oil prices, which affected directly oil-rich countries and indirectly the rest of the Arab region due to the interdependencies built through intense labor migration and foreign direct investment. The region went through a prolonged slowdown in economic growth.

Throughout the years, the rentier-state had led to extensive clientelism and comparatively weak governance and, in turn, to insufficient investment, incapacity to attract foreign direct investment, low productivity gains and reduced capacity to adjust to economic shocks, whether internal or external. Hesitant and uneven ability and will to introduce the necessary reforms further undermined economic performances (Adams and Page, 2001, Dahi and Demir, 2008, IMF, 2015). Governance quality² alone was so degraded in the MENA region that had it been raised to a level similar to Asia countries at the time (Indonesia, Malaysia, the Philippines, Singapore, and Thailand), the region would have recorded growth rates higher by about 1 percentage point a year, and the regions' average income would have been twice what it was at the end of the 1990s (World Bank, 2003).

In the 2000s, several studies showed that, contrary to previous findings, the state had had a crucial role in East Asia countries' economic take-off. Hence, the dominant development paradigm changed to refocus on the old developmental state concept. Upon this line of thoughts, development is possible mainly through markets which does not mean that the state's role is minimal, as advocated by the Washington Consensus. At the contrary, its role is key. In parallel, analytical work demonstrated

² Governance is measured using 2 indexes pertaining respectively to the quality of administration in the public sector and of public accountability. The former captures the efficiency of the bureaucracy, the rule of law, the protection of property rights, the level of corruption, the quality of regulations, and the mechanisms of internal accountability. The latter measures the openness of political institutions and participation, respect of civil liberties, transparency of government, and freedom of the press. The performances of Arab countries, in particular oil-rich ones, on the first index are close to those of countries with similar income level but a large gap shows on the second index.

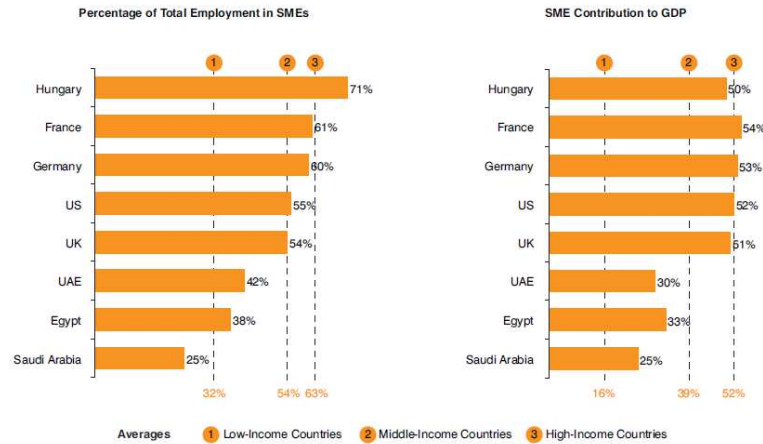
that economic growth crucially needs sound institutions and good economic governance. As a result, economic development thinking and planning practices' focus shifted towards understanding and harnessing the complementarities between institutions and markets, fostering institution building, and improving good governance and policy implementation. The government's responsibility was not any-longer to get the policies right but the 'rules of the game', that is the institutions, right.

Arab states, though interventionists, were reluctant to introduce governance related reforms. Arab countries' performances were and still are sizably below Singapore's on the World Bank indicators of governance and below Korea for the regulatory quality, voice and accountability, and rule of law indicators (annex 1 compare the indicators for 2000, 2010 and 2016). Arab countries are severely underperforming in comparison to a set of natural competitors from Asia (China, Indonesia, India, Korea, Philippines, Singapore, Thailand, Turkey and Vietnam) and Europe (Poland) having reached similar levels of development and which are thus in a better position to attract foreign investment. Expectedly, Arab least developed countries are very low in the rankings as well as conflict affected countries, that is Iraq, Libya and Syria. All Arab countries are sizably below the average on the voice and accountability front. Among the GCCs, Saudi Arabia followed by Kuwait are underperforming, as well as Algeria, among the Mashrek and Maghreb countries (Annex 1). Besides, Arab countries have been falling behind the countries recording the highest scores on several fronts in the doing business ranking which tracks the sentiment of the business community towards the conduciveness of the business environment. No noticeable improvement was observed since 2010, or in reaction to the Arab upheavals of 2011, while many aspects directly depend on the state's actions.

Throughout the 1990s and 2000s, Arab countries had managed to make sizable progresses in terms of economic growth, lower mortality rates and longer life expectancy, higher literacy and education levels of the population in general, enabling them to achieve their MDGs. But down the line, changing demographics, the rising contribution of the private sector to national wealth production, increasingly educated population, and mounting informality, to name only the main factors, paved the way to a deep questioning of the social-contract then in force.³ Indeed, the Arab 'youth bulge', a phenomenon that relates to the fact that a large part of the population is under the age of 25 in the Arab region, could have brought what is called a 'demographic dividend', by strongly sustaining economic development, if engaged in productive participation while moving into the workforce. However, this opportunity remained largely untapped and became a destabilizing force, as in Arab countries youth unemployment is the highest in the work, overshooting 25 percent. Besides, growing population lessen the link between the rulers and the ruled. In the same time, the rentier state model had translated into an inefficient bloated public sector impossible to sustain over the long-run, especially during episodes of volatile or diminishing fiscal resources. Further, starting from the 1980s, Arab governments had had no other choice than to encourage the expansion of the private sector which two decades later was calling for a renegotiation of the social contract as its contribution to financing infrastructures and fueling GDP had gone increasing. Finally, due to the welfare state model and the need of economies to have highly skilled human capital to thrive economically after the third industrial revolution, Arab population had grown increasingly educated and had developed strong claims for quality jobs, better economic prospects and greater involvement in the policymaking process (Yousef, 2004). In the end, the failure of the interventionist rentier state model and weak governance had translated into a poor contribution of the formal labor market to employment creation and mounting informality (figure 1). All these elements led to the Arab upheavals.

Figure 1: Contribution of the private sector to GDP and employment

³ Although we acknowledge that a distinction should be made between various groupings, such a detailed analysis is beyond the scope of this paper. Besides such in depth analysis has been undertaken by ESCWA throughout various documents (ESCWA, 2015, ESCWA, 2016, ESCWA, 2017a,b and c).



Source: World Economic Forum (2011) Note: data from European Commission SME Performance Review; US Department of Statistics; OECD; UNECE; World Bank; Zawya; Booz & Company, Selected Countries data for 2008

2. The need for a new type of planning: integrative planning

Based on the above developments, numerous studies call for the establishment of the new social contract between the state and the society in the Arab region. The Arab region needs to revisit its planning approach that should be market oriented, pragmatic, flexible and inclusive. This new form of planning in the same time indicative and integrative is meant to direct and incentivize the private sector, but also the society at large, which can be achieved if the state takes into account the quantitative and qualitative structure of the economy, and acknowledges the crucial contribution of the private sector. It also requires a sophisticated type of institutions and strategic communication policy, capable of influencing the private sector. As planning is not any more about controlling and commanding but about piloting the market-based economy, the state must convince economic agents to take on board the set targets, which would be its main way to impact economic outcomes at the sector level and all the way down to the production units, so as to reach the stated objectives.

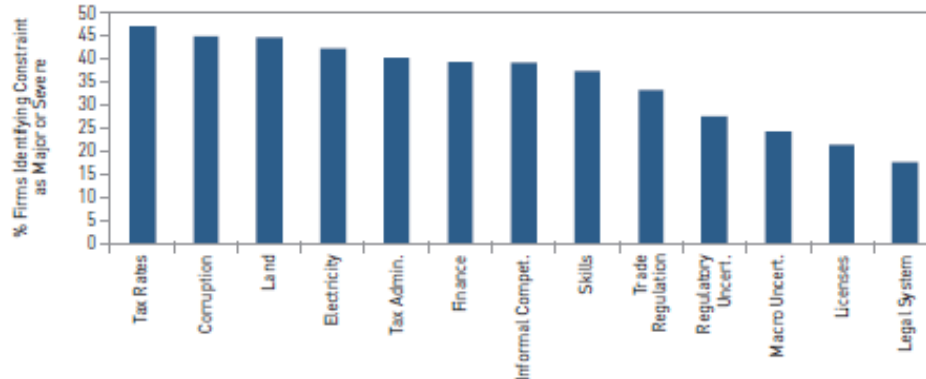
i. The role of governance in achieving economic development

Structural transformation coupled with effective allocation of resources are considered the main vehicle to accelerate the process of economic development. Trade and economic openness further fuel the process by pushing resources towards the most competitive sectors on the global level.

In such a context, a strong relation exists between institutions quality and transaction costs where better institutions reduce the uncertainties and risks of investment. Governance, defined by the World Development Report 2017 as the process through which state and non-state actors interact to design and implement policies within a given set of formal and informal rules that shape and are shaped by power, becomes a catalyst to structural transformation and development and the mean through which development plans work their way through the economy.

In the Arab region, economic governance's weak quality negatively impacts business environment's conduciveness. Regulatory opacity and ambiguity are the bedrock of unequal, discretionary and preferential implementation of announced policies and regulations which lead to unfairness, anticompetitive practices, and further political capture by agents seeking privileged access. Entrepreneur surveys carried in the Arab region show that corruption, informal and unfair competition, regulatory policy uncertainty, and tax administration have weighted on exporting-firms' productivity and competitiveness (Ianchovichina, 2011, figure 2a and b and 3).

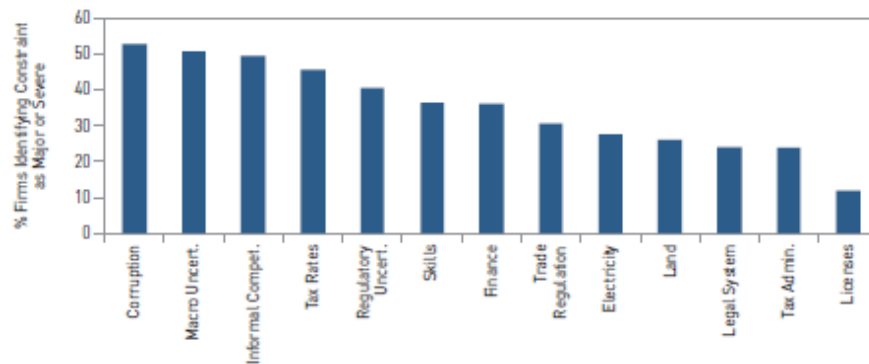
Figure 2a: Leading constraints to export-oriented firms in developing oil exporting countries (share of firms ranking a constraint as “major” or “severe”)



Source: Ianchovichina, (2011). Estimates based on enterprise survey data for Algeria, Yemen and Syria.

Note: Individual country outcomes were weighed with the relative sizes of countries' labor forces. Results do not change when population numbers are used as weights instead.

Figure 2b: Leading constraints to export-oriented firms in oil importing countries (share of firms ranking a constraint as “major” or “severe”)



Source: Ianchovichina, (2011). Estimates based on enterprise survey data for Egypt, Jordan, Lebanon, and Morocco.

Note: Individual country outcomes were weighed with the relative sizes of countries' labor forces. Results do not change when population numbers are used as weights instead.

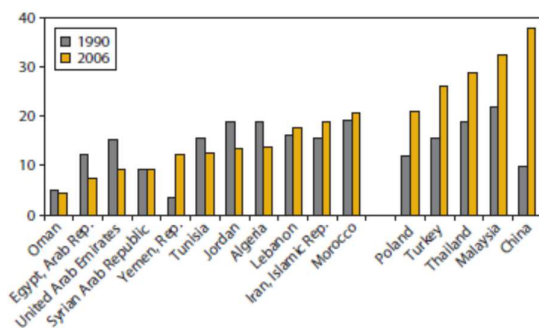
Figure 3: Global Competitiveness Index rank of oil importers and oil exporters in the Middle East and North Africa, 2016–2017 edition

Country/economy	Global Competitiveness Index	PILLARS										
		Institutions	Infrastructure	Macroeconomic environment	Health and primary education	Higher education and training	Goods market efficiency	Labor market efficiency	Financial market development	Technological readiness	Market size	Business sophistication
Oil-exporting economies	United Arab Emirates	16	7	4	38	40	34	3	11	28	18	27
	Qatar	18	10	18	2	27	30	7	17	21	33	50
	Israel	24	31	28	48	28	24	32	21	19	22	57
	Saudi Arabia	29	24	31	68	51	46	41	65	47	41	14
	Kuwait	38	59	52	6	76	94	85	115	65	60	51
	Bahrain	48	25	32	113	34	44	22	35	43	37	92
	Oman	66	28	38	81	69	85	51	82	55	57	68
Oil-importing economies	Israel	24	31	28	48	28	24	32	21	19	22	57
	Jordan	63	34	56	118	80	51	43	87	68	75	75
	Morocco	70	50	58	49	77	104	64	124	83	81	55
	Algeria	87	99	100	63	73	96	133	132	132	108	36
	Tunisia	95	78	83	99	59	93	113	133	119	80	69
	Lebanon	101	119	117	136	52	66	55	104	69	72	76
	Egypt	115	87	96	134	89	112	112	135	111	99	25
	Yemen	138	137	136	138	117	136	131	137	138	136	89

Source: Global Competitiveness Report 2016-2017

When investigating the reasons of the differences in economic growth rates achieved by Arab countries and China, Thailand, Malaysia, Poland and Turkey, it appears that the private sector's response to reforms has been dissatisfying and far below what was observed in the latter high-growth group of countries. Though few policy gaps remain, the weak response of the private sector to reforms in the Arab region was not due to a deficit of market-oriented measures, or to differences in reforms' orientation which, on paper, look very similar, but to policy uncertainty and arbitrariness, in policies implementation and rules enforcement (World Bank, 2009). The situation partly explains that, in the MENA region, the private formal sector provides only 10 percent of total employment in the private sector figure 1, WEF, 2011). Weak governance muted the response of private investment to reforms and Arab governments' attempts to improve economic growth through planning failed to incentivizing entrepreneurs and weakened the developmental impact of plans (figure 4).

Figure 4
Private Investment's Response to More than a Decade of Reforms Has Been Relatively Weak, 1990 and 2006
(Private investment rates 2006 versus 1990 percent of GDP)



Source: World Bank, 2009

Long-lasting distortions from weak governance to excessive business regulations hampered the mechanisms through which the state can enhance private sector development, leading to low investment rates, slow economic growth, and rising informal employment. The reason is that distortions prevent the expansion of the formal competitive sectors while stiffer competition from abroad reduces the contribution of the other sectors to economic growth and job creation, especially in the formal sector. Over the long run, persistent poor economic governance performances undermined Arab states' credibility and further deteriorated the state's control over the economy by loosening the link between reforms and economic growth, on one side, development, on the other. Paradoxically, some Arab planning documents incorporate key

performance indicators pertaining to investment at the regional and sectoral levels, and sometimes foreign direct investment, which are in fact out of reach. The role of the private sector in Arab planning must be revisited.

ii. The centrality of economic agents in planning

Although Arab states have been heavily involved in the economy even when the scope and means of intervention changed, most Arab countries, especially non-oil-rich countries, were, to some extent, market-driven economies. However, planning practices are traditionally oblivious of the role of the market forces and prices in the allocation of resources between competing projects. These approaches leave thus little room of maneuver for the private sector to help the economy find and reach the optimal equilibrium through their optimization behaviors. Over the long term, the lack of an open dialogue and debate resulted in a crisis of trust between the government and the private sector. Today, in the Arab region, a common belief inherited from old development approaches and the poor outcomes of Arab planning attempts is that the economy does not need the state to function properly and ensure the effective allocation of scarce resource, and that, at best, the government's actions will distort the functioning of the markets.

Adopting a market system approach, where planning builds not only on prices but also on fully developed markets' signals and incentives as mechanisms for economic and social coordination is now necessary to improve the region's economic prospects. Markets can provide much more quick, flexible, precise and non-ideological measurements and evaluations than any governmental body. In such a context, private sector's reactions to the stimuli provided by the government determine the outcome and success of the plan. The role of the state is here to control the outcomes of the market by incentivizing economic agents. NGOs participation is also key to a plan's success through the momentum they can bring to achieving the expected goals through rising awareness about the plan, foster public ownership, and creating a consensus within the society. NGOs can also offer their technical expertise and financial resources.

All currently in-force plans are considering the private sector as a key driver of the economy which weight will be increased over time, including in the heavily state-led development of the GCC (Hvidt, 2012). The success of these plans relies on the capacity of Arab governments to break with their routine planning practices to adopt an integrative approach of planning. At the core of the integrative planning framework lays new Keynesian models upon which an optimal equilibrium can be reached if the state reduces market failures, and lower uncertainties and risks attached to economic decision-making. The state acknowledging the centrality of the private sector, which many Arab planning bodies do, is only a very preliminary step. A new integrative planning ideology must be developed that 1) recognizes the importance of planning to achieve goals, 2) factors in resources scarcity, 3) builds on existing complementarities between the government and the private sector, 4) aims at piloting market forces and influencing the private sector, which is the main driving force of the structural transformation process, 5) and recognizes the importance of economic agents' expectations in determining the outcomes, 6) understands the need to build strong, transparent, and accountable institutions, and 7) makes use of the most up-to-date advances in economic theory to upgrade its economic frame of reference. Such a move towards integrative planning necessitates to restore the dialogue and build a strong credibility for the state as a policymaker and a provider of information on economic prospects.

iii. Building credibility

Influencing and piloting the private sector and the civil society expectation is not an easy task. The state must be credible to be able to anchor economic agents' expectations. Failing to anchor expectations will result in missing the stated goals but may increase extrinsic uncertainties and encourage herding behavior, namely a situation where economic agents 'mimic each other's behavior'

instead of studying market fundamentals. The consequences are typically crisis not always justified by economic fundamentals, and fast and global contagion. Resident and non-residents investors are especially prone to adopting such type of irrational behavior (Bekaert and alii, 2011).

Arab governments are suffering with low credibility level and policy inconsistency problems (Commander, 2017). Indeed, Arab countries haven't been able to reform effectively. Attempts to liberalize have been at best partial and mainly benefitted parties or cronies. Arab countries have shown a persistent weakness in developing policies for sustainable long-term development that would be at the same time strongly endorsed by the population. Instead, policymakers have repeatedly privileged the preservation of inefficient welfare policies nurturing unproductivity and rent-seeking.

In a context of poor credibility of the state and distrust from the private sector, a development plan setting only broad targets is counter-productive as 1) it does not contribute to educate people on the impact that the plan will have on their lives, so it weakens the emergence of a sound debate, and undermines public ownership, 2) it further fuels the civil society and private sector's distrust as broad targets are not binding enough, and does not show a good understanding of the functioning of the economy, nor a strong will to pilot it or an effective capacity to control it, 3) the weak involvement of the parliaments, the civil society and stakeholders in the planning process prevents the government to change its image, improve its credibility or build a national consensus, 4) it prevents precise monitoring and allows discretionary changes of targets and policies which further harm the state's credibility, and 5) finally, it allows escaping accountability and, down the road, undermines future achievements. On the other side, in the current context, the relationship between the society and the government is so degraded that detailed and comprehensive plans could be seen with suspicion by the private sector that might fear a return of a dirigist-authoritative state. This belief will lead to a similarly poor engagement of the private sector.

As a result, Arab governments should align their NDP with international agendas, chiefly the SDGs. Achieving the SDGs implies a good understanding of the trade-offs and synergies between the goals and targets which an integrative approach of planning will inform by helping gather stakeholders' knowledge and experience. Furthermore, development planning being meant to bring changes to the underlying economic structures that may be costly for the population in the short- to medium-term, these changes must be monitored and reflected in the plan. Effective weathering of these changes will require flexibility in the planning process.

The State further builds its credibility by making all planning documents and data pertaining to national plans and targets publicly available, closely monitoring progresses, making planning authorities' assessment transparent, displaying transparent and clear information about regular revisions of expected accomplishments, and holding government officials accountable. In such a context, if the authorities release wrong or misleading information about the achievements, or the difficulties encountered and that are impeding the achievement of the stated goals, their credibility will not be permanently damaged, or planning capacities undermined over the long-run. The greater the socio-economic instability, the harder it will be to stop and reverse damages to the authorities' credibility and restore trust between the authorities and the society.

It is important to recognize that uncertainty can't be totally eliminated. Strategic communication and good planning practices can contribute to bridge the gap between achievable results and stakeholders' expectations, bringing legitimacy to the plan and the state. Another option to reconcile the stakeholder's goals and expectations with those of the government is by developing a consultative and inclusive process involving all the stakeholders on top of being merely the recipients of economic information.

The need for strategic and effective communication policy is thus all the more crucial. Restoring and strengthening credibility may entail 1) recognizing past failures and mistakes, 2) presenting accurate and timely facts and figures, 3) provide clear and strongly structured plans and milestones, 4) monitoring closely and being transparent about potential deviations, their origins and contingency

plans, 5) explaining effective deviations from expected accomplishments and adjustment in policies as well as expected outcomes, 6) avoiding contradiction among ruling elites, 7) and developing a culture of accountability.

In a globalized world characterized by looser control on the economy and greater space for market economy, the capacity of Arab governments to influence economic agents' decision making process is more than ever necessary. The need to convince, that is the need to establish strong credibility for the government, has become compelling to ensure effective achievements of the stated goals which in turn will contribute to strengthened credibility. Over time, Arab states might be able initiate a virtuous circle where stronger reputation to stick to their commitment will translate into higher responsiveness of the private sector and support from the population, which will facilitate reaching the stated goals. In turn, credibility will be reinforced. At the core of this virtuous process lays good planning which is the foundation of effective communication between the society and the state.

II. The guidelines of “good planning”: The methodology

This section aims to shed some light on what constitutes ‘good planning’. The existence of several projects led by different United Nations bodies aiming to strengthen and harmonize national development planning practices in Latin America (UN-ECLAC, 2016), Africa (UNESCO, UNECA and AUC, 2011), and South-East Asia (AP-DEF, 2016) suggests that there is 1) a set of common issues that individual developing countries need to deal with, 2) that similar planning processes can be used, and that 3) adopting a regional and/or a cross-regional lens will allow good practices identification and lessons to be learnt from each other's experience. The section aims at uncovering the components of and develop the guidelines for ‘good planning’ that are relevant across Arab countries in light of the need to adopt a new planning approach advocated in the first section. It provides a typology of ‘good planning’ criteria based on which the analyses presented in the third section are carried.

1. Good practices in drafting planning documents based on international standards

According to the literature on good planning, it is first necessary to establish several guiding principles for the planning process to be **comprehensive, implementable and accountable**. Firstly, in the context of the development of the 2030 Agenda that implies the necessity for long-term planning, a new concept of planning, called ‘backcasting’, has been strongly recommended by development agencies. This planning approach is seen as the most suitable problem-solving framework to employ, in order to envision ‘how development should progress, with intermediate actions based on long-term quantitative targets’ (UN-SDSN, 2015). This technique departs from the traditional approach consisting of estimating potential outcomes using expected trends to develop a plan. Backcasting requires starting by developing a vision of the future of the economy, before to moving backward all the way down to the present to identify required actions that must be carried. The selected actions are in turn used to design a strategy and a plan (Vergragt and Quist, 2011, UN-SDSN, 2015, UNDP, 2009). Upon this new stream in ‘good planning’ practice, SDGs indicators can be used for planning purpose, as the framework was built considering the underlying interactions between and within the goals. Each country is supposed to develop a good understanding of the nature and strength of these interactions, which can be positive, that is mutually-reinforcing and allowing for achieving several goals simultaneously, or negative, whereby trade-offs exist. The planning approach's effectiveness is strongly contingent to the definition of clear, specific and workable key performance indicators (KPI), if the country does not use the SDGs indicators *per se*.

Secondly, when it comes to designing national planning documents, several essential technical features are prescribed (UNDP, 2009, Tinbergen, 1964, Heal, 1973). To begin with, every nation should establish a comprehensive long-term vision that will guide the identification of the specific steps

necessary to its achievement. These steps can be short- and medium-term milestones, comprising objectives, programs and actions that must be ordered in a hierarchical way. Linkages between a broader goal and all the specific prerequisites necessary for its completion must be clearly and systematically identified. Importantly, each of these steps should be grounded in sound data and evidence-based analysis with measurable indicators of achievement that allow effective monitoring of the progress. Such a framework will ensure that, *ceteris paribus*, having reached all the KPIs means that all the actions have been carried, the programs completed, the objectives achieved and the vision implemented.

Thirdly, the sector-based approach to development has been sentenced inadequate as too narrow and replaced by a multi- and cross-sectoral planning line of thoughts. This ideology does not rule out the need for sector-, topic- or area-specific planning that address a specific difficulty or focus on enhancing a particular strength of a given economy. However, it advises to adopt a multidimensional view of development problems, that integrates the economic, social and environmental dimensions of development in all planning documents that should also cover the whole economy. As an example, the Rio+20 Outcome Document calls for an 'holistic and integrated approaches to sustainable development'. The corollary implication is that the planning process and its implementation must be coherently organized across all institutions and sectors, so that it addresses the interconnectedness of individual domains, and the relevant implementing authorities have their roles, responsibilities and coordination mechanisms clearly set out.

2. A topology of good planning criteria

A comprehensive analysis of good planning necessitates to incorporate elements pertaining to the context and means of implementation of the plan, that are instrumental to effective development planning. A topology of criteria for good planning was derived from the history of planning in the Arab region and the new concept of planning that should be developed for the region provided in the first section, and the above selective literature review on international standards for good planning. This topology is meant to identify the elements of good planning. It shows that these 'internal and operational' elements are the foundations and minimum requirements for good planning on which all the other elements rest.

Firstly, in order to give a typology of good planning, we group internal and external criteria for good planning in two categories. The internal elements are under the direct influence of planning authorities while the external ones track the various bargaining processes that have to be undertaken between the planning authorities and the stakeholders in the context of the planning exercise.

Secondly, each of these two categories is subdivided into the operational and strategic aspects of planning. The operational aspects of planning simply refer to the design of planning documents, that is completely under the control of planning authorities. It also covers the means of an effective implementation of the plan.

The strategic aspects reflect on the political economy of planning and the vested interests of individual institutions, groups and agents, as well as their approaches to the suggested development path (table 1). In this sense, every plan, firstly, points out the long-term commitments of planning institutions to pursue sustainable and achievable paths of development; and, secondly, provides an agenda aiming at incentivizing economic agents and compensating the vulnerable groups. The importance of the latter comes from the need to modify the social contract, adopt an integrative planning approach and build a credibility for the state was explained in great details in the first section of the paper. The former captures the fact that the most severe difficulties are usually encountered while attempting to 'reform the reformers' (OECD, 2010). Therefore, significant effort by the planning institution should be exerted in order to enhance the perception about the nature of the planning initiative by the implementing as well as the affected authorities. Furthermore, planning authorities can appeal to

international and regional organizations for effective means of evaluations and guidelines for good planning.

Table 1: Topology of criteria for good planning

<p>Internal</p> <p>Under the direct control of planning institutions and related to the design of the planning documents</p>	<p>Operational: first phase of the planning activity pertaining to designing the planning documents that encompasses</p> <ul style="list-style-type: none"> – a comprehensive long-term vision, – a medium-term national development plan, – a specific development strategy that aims for accomplishment of the vision over the medium-term, – a broad strategy, namely an explanation of the content (past, present, and future) of each individual plan, clearly defining its significance and place within the overall planning hierarchy, – pragmatic milestones (objectives, programs and actions) based on scientific research, – measurable key performance indicators (KPIs), – clear identification of the specific responsibilities for each implementing authority, – an integrated approach reflecting the variety and connectedness of economic sectors, – a clear reference to global frameworks (SDGs/MDGs). – etc... <p>Strategic: pertaining to the strategic features of the project the Nation sets for itself among which</p> <ul style="list-style-type: none"> – Perception of the binding nature of the planning documents by the authorities responsible for their implementation and planning authorities as well, – Will to take on board various international agendas as guides, – Desire to mainstream specific issues and to develop and use the necessary tools and trade-offs between transparency, credibility, and flexibility of planning, – etc...
<p>External</p> <p>Are influenced by the actions of the state but not by the means of planning itself, and track the various bargaining processes that have to be undertaken between the state and the stakeholders in the context of the planning exercise</p>	<p>Operational: second phase of the planning activity pertaining to its implementation which is contingent to the availability of various, what we call, ‘supporting’ elements such as</p> <ul style="list-style-type: none"> – financing and budgeting and capacity building as means of implementation; – production of statistical information in a timely and reliable manner so as to improve the quality of scientific-based policy-making, – development of various models and tools for decision-making and monitoring; – capacity-building at all stages of the planning process for effective implementation of the plan or high-quality monitoring and data production and analyses, – etc... <p>Strategic: elements relating to the degree of inclusiveness, institution building to ensure better coordination, and strategic communication with the public and the authorities’ ability to influence non-state actors through which the plan is carried among which:</p> <ul style="list-style-type: none"> – the public’s perceived credibility of the plan,

	<ul style="list-style-type: none"> – the society’s capability to process the information provided, whatever the source, and pertaining to the plan’s objectives, targets, means of implementation, – the perceived reliability of the released statistical information and monitoring process. – etc...,
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Source: authors’ compilation

The selected good planning criteria are relevant for all Arab countries including the fragile and conflict-affected ones which according to the OECD include almost half of the Arab countries: Comoros, Egypt, Iraq, Libya, Mauritania, The State of Palestine, Somalia, Sudan, Syria and Yemen (OECD, 2016). In particular, it appears that the socio-economic situation has no direct bearing on the selected set of internal good planning criteria on which this paper focuses (UN-ESCWA, 2016).⁴ However, analyses at the country level have to take into account the specific importance and meaning of the criteria when interpreting the findings (CIC, 2011).

III. Data and Results

In most Arab countries, it is possible to identify a body responsible for setting national plans, but with very little strategy or policy options to achieve stated targets. In order to improve the applicability of the concept of development planning advocated above and its chances of success in the Arab region, it is imperative to look closely at the planning documents’ content and their architecture along the lines of the internal and operational criteria developed in the methodology. This paper focuses intentionally on the internal operational criteria which constitute the very foundation of good planning. They also are low-hanging fruits in planning quality improvement as all are under the direct control Arab states and modifications would not imply costly, or time-consuming efforts. Evaluations of Arab countries’ performances on the other aspects of good planning, that is the internal strategic criteria and all external criteria, will be investigated in separate papers. The goal is thus to understand how ‘good’ and integrative planning concepts can be used effectively to achieve national objectives, as well as to integrate the SDGs into individual national plans.

The section provides information about the data used and present the result pertained to good planning practices in Arab countries under the format of a series of stylized facts. More detailed information is displayed for two countries: Egypt and Saudi Arabia to provide a more concrete application of the methodology. The contingencies due to planning in a region crippled by conflicts are finally illustrated.

1. Data

This first stylized fact-finding study was carried out using the database put together by UN-ESCWA.⁵ The database provides richly textured information on planning practices in the Arab region. In its current form, it compiles information from Arab countries planning documents currently in-use that were readily available online. The possibility that some documents destined to inform policymaking in the region might be missing is acknowledged, which is considered as an evidence of suboptimal communication effectiveness. Hypothesis is thus made that the collected documents are the only relevant ones. However, in the near future, Arab governments shall be consulted to ensure the set of

⁴ UN-ESCWA, “Implementation of the 2030 Agenda for Sustainable Development in the Arab States: Implementation Challenges at the National Level” (Doha: Economic and Social Commission for Western Asia, December 2016), https://www.unescwa.org/sites/www.unescwa.org/files/ministerial_sessions/docs/e_escwa_29_11_wp-1_e.pdf.

⁵ The database hasn’t yet been made publicly available

planning document is complete and relevant. It remains that the documents, additionally to their informative role, have a strategic bearing as they are the ones that inform and influence economic agents' decision making process, and, in turn, the planning authorities' credibility. The database cover all 18 Arab countries⁶ although no document was available for Syria.

In order to be able to work with the all the various documents coherently, the team within ESCWA has developed its own broad classification of development planning to distinguish between visions, national development plans (NDP), and documents with a topic-, sector-, or area-specific focus. According to the classification used, a vision represents a set of values, broad goals, and strategies that guide the direction of the long-term development of the country in the future. In this sense, a national development plan is a detailed periodic manual that describes the individual stages of the envisioned progress with specific measurable objectives for each part of the economy. By construction, a successful continuous achievement of these objectives should eventually lead to the accomplishment of the vision. Since a certain number of planning institutions decided to release a single leading plan that includes both vision and NDP instead of two separate ones, the database includes a category of 'mixed' documents. Finally, as its might become necessary to target some particular issues, the database includes 'other' documents categories which are released by ministries, or regions with a special plan. In addition, the database allows tracking linkages between individual planning documents. Together, national planning documents should form a clear hierarchy with the vision at the top as a leading document and the most recent NDP as well as other specific programs systematically located at the lower levels of the planning structure.

The database collects, monitors, standardizes and classifies qualitative and quantitative information and provides richly structured comparable indicators that cover all internal and operational aspects of good planning to assess Arab countries' performances. The database thus offers extensive comparable information about the content of planning documents. The information is classified using the architecture of documents for good planning promoted by various UN agencies. However, only factual and objective information about the linkages between planning documents, the availability of a broad strategy in visions and NDP, the internal architecture of NDPs and Visions, and the linkages between broad strategy-pillars-objectives-KPIs have been included. Finally, the database collected KPIs from Visions and NDPS. The database is a combination of string, numeric and Boolean variables that can eventually be combined together to construct synthetic indicators.

2. Stylized facts about development planning in the Arab region

In this section, stylized facts about planning in the Arab region are identified using the internal and operational criteria for 'good planning' presented in the section two of the paper, gathered into five categories tackling

- the overall content of planning documents;
- whether the approach is sectoral or not;
- the challenges of setting key performance indicators;
- the importance of clarifying the architecture of planning documents;
- the use of international agendas as guide to stating desirable achievements;

Avenues for improving the quality of planning and effectiveness of planning exercise are provided as well as insights about the possibilities to move towards a more integrative and inclusive planning approach.

⁶ Algeria, Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, the State of Palestine, Qatar, Saudi Arabia, Syria, Sudan, Tunisia, the United Arab Emirates, Yemen.

i. *Short-sighted planning and unclear hierarchization of planning documents*

Our calculations show that 95 percent of Arab planning documents provide information on the broad strategy and specific objectives. Such a document might be very effective informing and helping coordinate planning efforts throughout the administrative apparatus, anchoring the private sector information, fueling the political debate and fostering the emergence of a consensus among the civil society (figure 5a and 5b).

Figure 5a: Broad strategy

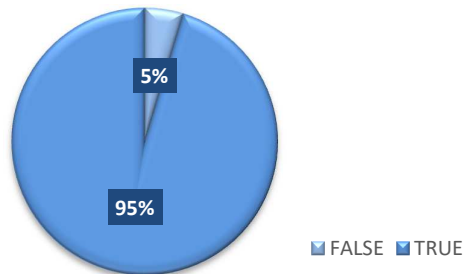
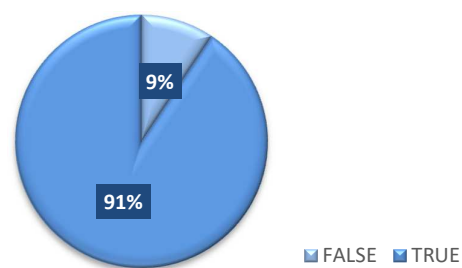


Figure 8b: specific objectives



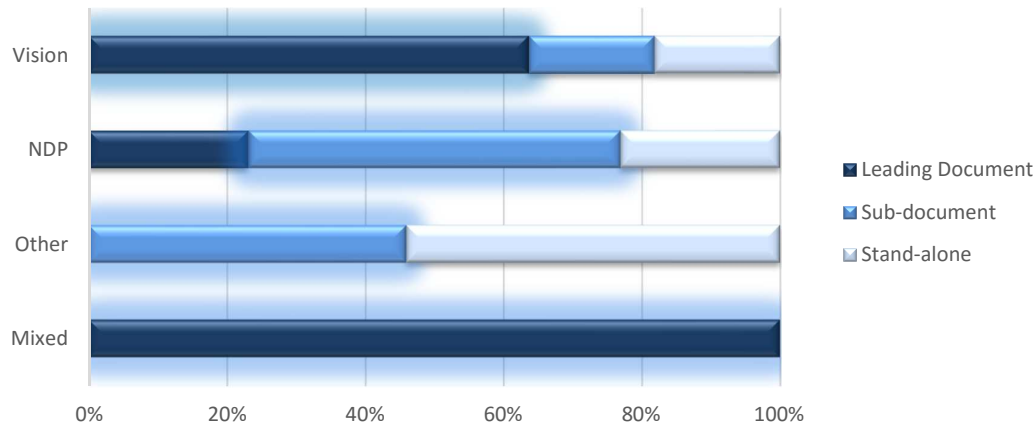
Sources: authors' calculations

However, the normative and informative power of planning documents as well as their effectiveness as a coordination tool is undermined as our findings show that there is a great amount of visions, NDPs, and documents with a specific focus that are not linked in any way to the rest of the planning hierarchy, when such a hierarchy exists, at all (figure 6). In this case, the whole architecture of planning documents lacks organization and structuration which might be interpreted as a lack of vision. Altogether missing planning documents, whether an NDP or a Vision, and failures articulating them together open the door to incoherence and generally undermines the workability of the whole development plan. Four main types of hierarchization of planning documents among the member states were identified (Annex 2).

- Firstly, some countries do not have any hierarchy at all. This might be either the case for countries that only possess a vision (Libya, Yemen); do not have any leading document (Lebanon, Morocco); or, as in the case of Mauritania, do not provide any clear linkage between their documents.
- Secondly, there are three countries (Kuwait, Qatar, UAE) that have presented a long-term vision on the top of a clear planning hierarchy but do not currently have any NDP. In contrary to the previous example, this approach is farsighted and requires an extraordinary effort focused on developing such a medium-term plan.
- Thirdly, there are seven countries (Bahrain, Egypt, Jordan, Oman, Sudan, Palestine, Saudi Arabia) that are characterized by a planning hierarchy that includes either both a vision and a clearly subordinate NDP, or a mixed document that presents both the long-term and medium-term planning together in one place.
- Finally, there are three countries (Algeria, Iraq, and Tunisia) that distinguish themselves by the lack of a vision that is instead replaced by a NDP in the position of a leading document (23 percent of the cases). Besides, all planning documents haven't been included in the planning architecture. These countries are planning too short and a lack of coherence will undermine the state capacity to properly accompany the structural transformation of the economy which is a long-term process.⁷

Figure 6: Planning documents' architecture

⁷ A special case that was removed from further analysis is the case of Syria, which currently does not have any plans.



Note Dark shade: the document is a leading document, medium shade: the document is a sub-document, light shade: the document is a stand-alone document. In the ideal situation, the vision is the leading document, the NDP is a clearly identified as a sub-document that serves the implementation of the vision, and the stand-alone document identifies a specific difficulty that may prevent the implementation of the vision and thus should explicitly refer to the vision.

Source: authors

One should note that, in a context of complex political transitions and tensed socio-economic situations, governments may be tempted to adopt short-sighted strategy. It might be that they have been discouraged to undertake reforms that are not viable politically, although they bring sizable benefits in the long run. As an example, Arab governments have been reluctant, and many still are, to embark in subsidy reforms, exchange rate depreciation or progressive taxation implementation which would hurt large groups of people in the short run, although necessary to ensure long-term economic growth and fiscal balance (Boersma and Griffiths, 2016, World Bank, 2014). Governments may also be unwilling to announce a long-term strategy because of the difficulty and potentially high political cost of committing to achieve long-term goals while the future is uncertain and the present environment is largely unstable and unpredictable due to the ongoing conflicts and their spillover effects. This applies firstly to conflict-affected and fragile Arab countries which upheld some degree of planning and will to intervene to maintain macroeconomic stability such as Libya (Rother and alii, 2016). The country developed a three phases short-sighted vision which entails, the first one aiming at ending the conflict and unite stakeholders, the second at rebuilding the institutions and create a good environment for business, the third at restarting economic growth.

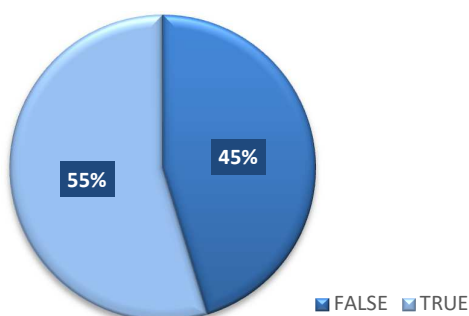
Whatever the origin of deliberately short-sighted plans, a long-term strategy is recommended.⁸ Firstly, it allows for a smoother management of the economy by the state. As an example, when facing tight fiscal resources, including in the GCCs, a long-term strategy would permit the state to gradually reduce large fiscal deficits, thereby limiting depressing influence on economic-growth and employment, in the long-run. Secondly, some programs have long gestation and payoffs periods and therefore need state backing, especially in conflict-affected and fragile states. Adopting a long-term strategy is especially important to producing public goods, such as infrastructure or higher-quality educational and health systems, which requires time. Such endeavors are among the main responsibility of any government and is crucial to ensure equal opportunities for all, economic and human development. One typical example here is climate change mitigation, a problem particularly acute in Arab countries, which necessitates long-term commitments while negative short-term effects might not be strongly felt which do not encourage unwilling to pay population to commit. Upon the Arab Sustainable Development Report 'the path to sustainable development necessarily passes through integrated, long-term and evidence-based planning and investments that take into account the risks and consequences posed by the turmoil in the region' (ESCWA, 2015).

⁸ Long-term refers to 6 years and above timespan documents in UN-ESCWA database.

ii. *Insufficient sectoral emphasis*

Economic planning should concentrate on sectors in which the country has comparative advantages or experiences great difficulties. In both cases, it is important to understand the specific needs of the sector and create an environment propitious to its growth or organize its 'productive destruction' and the reallocation of freed resources which will pull the economy forward. Throughout the 1990s and along the lines of the big push development ideology, a first type of sectoral approach of development planning in great use was proposing to concentrate the actions of the state on those specific sectors that can make the country 'take-off' (Rodan, 1943). After this approach failed to bring the expected outcomes, an unbalanced growth theory of development emerged upon which planning authorities were encouraged to adopt a multi-sectoral approach but in the context of designing its broad strategy. The typical final planning document would thus clearly state and address specific sectoral needs individually but from the perspective of the ways each of them serves the development process of the whole economy. A third sectoral approach doesn't use a vertical divide of the economy but a horizontal one where planning authorities are mindful of the cross-sectoral levers to structural transformation. These overarching needs may pertain to education, research and development, or infrastructure projects that influence the performances of all the sectors of the economy at once.

Figure 7: Multi-sectoral approach



Sources: authors' calculations

Sectoral data from the UN-ESCWA database refers to the multi-lateral theory of development dimension but also comprises information that can help track the use of a horizontal approach by Arab planning authorities. Relevant targeted sectors obviously vary from one country to the other as well as their number and reflect the underlying structure of the observed economy, but also the country's human and financial capacities or the degree of planning sophistication. 55 percent of Arab countries' planning documents adopt a multi-sectoral approach (figure 7). This is inadequate given the region's economic challenges and the importance of identifying areas for harnessing cross-sectoral synergies and spillover effects to hasten development in a context of insufficient fiscal resources and social pressure. However, this underpinning to development thinking is not consensual (see Nordberg and Steurer, 2015 for instance). Besides, many Arab countries are moving towards creating a knowledge-based economy, for example, which will require detailed information about cross-sectoral elements

of planning, starting with education quality and availability of certain skills. For now, the database does not allow to differentiate precisely between the vertical and horizontal sectoral components of the plans. This is an avenue for further research.

iii. Inadequate key performance indicators' coverage

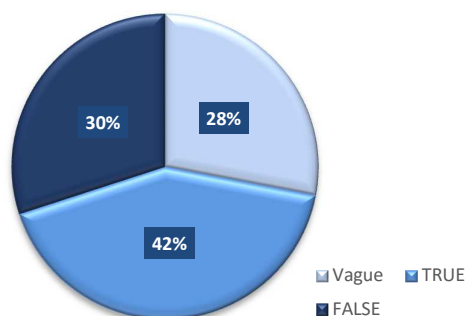
As said above, Arab states lack credibility, in particular with the private sector which undermines their capacity to pilot the economy by anchoring expectations. The central piece to remedy this problem is by introducing key performance indicators (KPIs) in planning documents. This operation is less straightforward than it seems as it entails trade-offs.

On one side, asymmetric information is one of the market failure the state is supposed to address to ensure the effective allocation of scarce available resources (Stiglitz, 2002). The state can provide implicitly, through setting short-, medium, and long-term policy instruments, or explicitly, by setting detailed targets, information that will facilitate reaching a consensus among economic agents about the economic prospects, thereby influencing their decision-making process and the emergence of an equilibrium in line with the state's vision. As a result, it might seem that the less precise the key performance indicators (KPIs), the less likely the convergence of the economy towards the vision.

On the other hand, all the elements of planning documents are based on the opinion of the experts who were involved in their conception. In an uncertain environment, experts' opinion about the final impact, trade-offs and potential shocks may differ and may be undermined by unexpected economic surprises. In this case, full transparency is not the optimal communication strategy. A few imprecise KPIs may reflect the state's strategy to preserve its credibility as a policymaker by not disclosing an information precise enough to be held accountable when uncertainty reaches a certain level (Jensen, 2001, Weber, 2008).

KPIs are thus central to the trade-offs states have to face as they are key components of an effective and strategic communication policy, on one side, and determine the degree of workability of the strategy, on the other. Fully identified KPIs comprise four elements: 1) specific baseline, 2) target, 3) year of accomplishment and responsible authority, 4) which stands for an accountable checklist of the plan. Only KPIs displaying all those four pieces of information allow for close monitoring the progress of its implementation.

Figure 8: Fully identified specific KPIs



Sources: authors' calculations

Only 42 percent of the KPIs included in Arab countries' visions and NDPs are fully identified, 28 percent are missing one information among the four that are necessary to be fully identified. 30 percent of the KPIs are vague which practically implies that the policymakers would have difficulties in reaching them (figure 8). Several factors may explain this finding. For instance, when the total number of KPIs included in a document is very large, many of them might not be fully identified as more detailed plans entail higher risks to miss out on some targets. Hence, having "fuzzy" KPIs may give authorities some

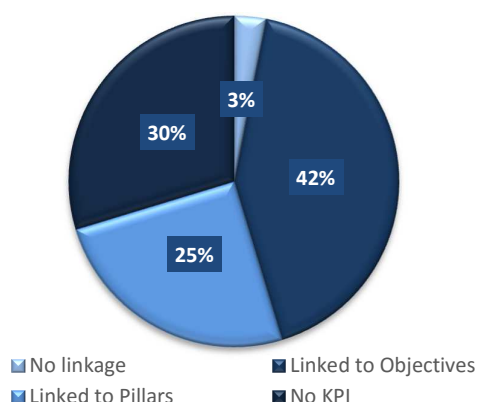
additional degrees of freedom. The country's level of development may also have an impact as it determines the skill level of human resources responsible for formulating the planning documents.⁹

iv. Imprecise articulation of the goals

Another strategic aspect of introducing key performance indicators in planning document relates to their linkage to objectives, or more loosely to pillars, as explained previously in the methodological section. Practically it means that, in the former case, if all the KPIS are met then it should be the case that the planned objectives have been reached and the pillars have been completed and the vision is implemented. In the later, achieving all the KPIs does not necessarily translate into the fulfilment of all the objectives and pillars, which results in a looser implementation of the vision.

Even if the degree of identification of KPIs is debatable based on strategic reasons, the linkage of the KPIs to specific objectives should always be straightforward. However, direct linkages to pillars are considered as conflicting with good planning (Grand and alii, forthcoming). From this point of view, Arab countries' performances are rather poor. 30 percent of planning documents have no KPIs. When KPIS have been included, 25 percent of them are inaccurately linked to broad programs, instead of to objectives (figure 9). Such an inadequate structuration of the planning documents' internal content undermines the state's credibility as it may be interpreted as a lack of understanding of the overall functioning of the economy, little confidence in its capacity to pilot the economy, or a weak commitment to the specified vision. Whatever the origin, an imprecise linkage of the KPIs to the goals undermines the potential success of Arab countries' plans.

Figure 9: Articulation of KPIs to other components of planning documents



Sources: authors' calculations

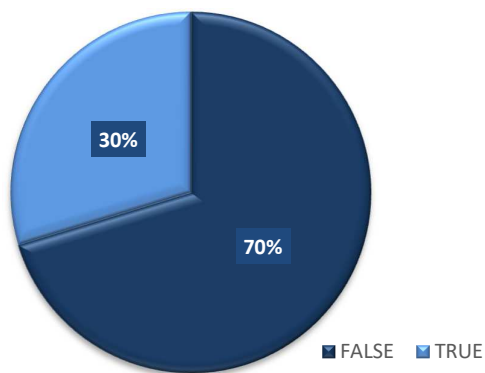
v. The SDGs agenda not used as a guidance towards development

Arab countries have committed to meet the SDGs. Doing so necessitates to incorporate the SDGs into their planning documents, which may further help them properly identify KPIs as mention above. The benefits of using SDGs as KPIs in their vision, NDP or specific plans may bring strength to Arab countries' commitment by substantiating their commitment to this development framework. ESCWA's database allows to track whether clear reference to MDGs (before 2015) or SDGs (post-2015) was made in Arab planning documents which represents the first step on the way to map the degree to which a development plan incorporates international frameworks of sustainable development. Our calculations show that the integration of such a reference in Arab countries development planning practices is rather weak which might explain the poor compliance with the 2030 agenda the region is

⁹ Availability of human resources have been previously classified as external supporting elements of good planning that if investigated would inform this question.

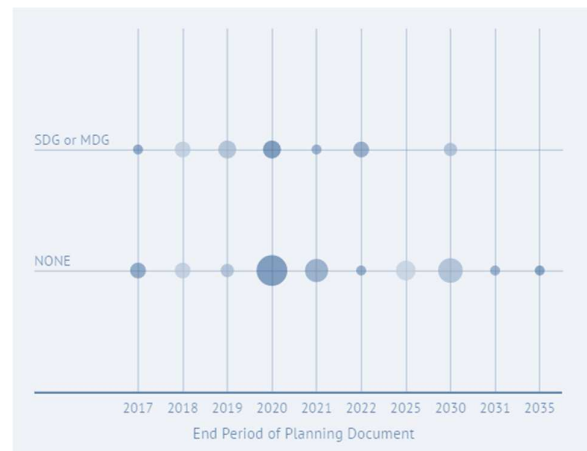
currently recording. Only one third of the planning documents at hand mention the MDGs or SDGs. After controlling for the released date of the document, it appears that 8 documents out of 42 mention the MDGs while 10 documents out of 22 mention the SDGs (figure 10). This finding points towards a certain improvement in the mainstreaming of these agendas into national planning in the Arab region, provided that the trend will persist in the years to come.¹⁰ Among the many medium-term NDPs that will soon be replaced by their successors (a great deal of them ends in 2020), almost none mentions SDGs (figure 11). A closer analysis reveals that most of the documents do not mention SDGs, while many of them aim for 2030.

Figure 10: Reference made to MDGs and SDGs as development framework for the region



Sources: authors' calculations

Figure 11: Going global



3. The specific cases of Egypt and Saudi Arabia

Currently, the database of national planning covers in greater details planning documents in two countries, Egypt and Saudi Arabia, for which all objectives and KPIs were identified and listed. Both countries have been selected for the preliminary case study as they represent some of the best examples of national planning in the region. Furthermore, the planning initiatives of both countries aim for 2030 and are highly sophisticated, whereby they include phases with medium-term objectives, as well as high amount of specific KPIs.

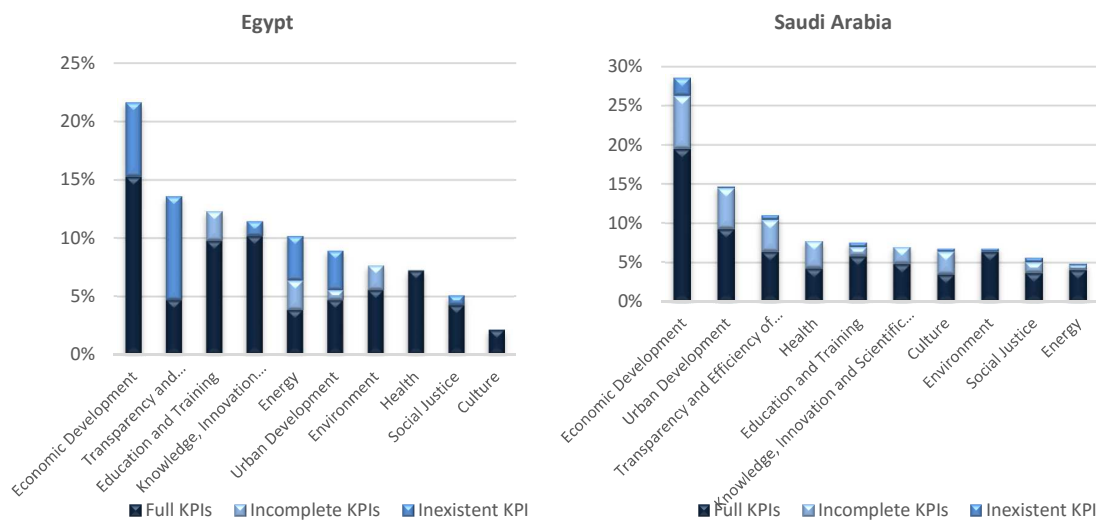
At first sight, the planning structure of both countries is quite sophisticated compared to the majority of Arab states (Annex 2). Saudi Arabia has a planning hierarchy encompassing a vision, two NDPs and one specific document. Similarly, Egypt has a mixed document that perfectly substitutes for a separate

¹⁰ So far more numerous documents were released during the MDGs era than the SDGs'. Hence only when the total number of documents released after the SDGs came into force at least equals the number of documents release while the MDGs were applying it will be possible to reach a definitive regarding an improvement of the trend.

long-term vision and medium-term NDP, as well as two additional specific documents. Closer examination shows that, while the Saudi NDP has its KPIs clearly linked to specific objectives in a hierarchical way, through the whole main Egyptian document this clear linkage is missing. Indeed, in the case of Egypt, the KPIs are loosely accumulated at the end of the individual chapters of the document and, therefore, do not provide any clear mechanism for an easy monitoring towards the achievement of each chapter's objectives. On the other hand, in the case of Saudi Arabia, a second NDP exists that was released only one year apart from the previous one by a different planning institution. This document is not affiliated with the rest of the hierarchy in any way. Finally, contrary to Egypt, none of the Saudi documents mention MDGs or SDGs.

Digging deeper, individual KPIs have been grouped based on their focus into categories of our own. The choice of these categories is quite straightforward as it is based on the main areas of potential intervention of the state (figure 12).¹¹ This exercise enables a better understanding of each country's priority areas, main limitations and room for potential improvement when setting KPIs.

Figure 12: Setting priorities straight



Sources: authors' calculations

While economic development represents the main category in both cases, Saudi Arabia has 10 more per cent of KPIs allocated to it than Egypt. Furthermore, while Egypt puts greater stress on education and training as well as knowledge, innovation, and technology, Saudi Arabia prioritizes urban development, infrastructure and state's transparency and efficiency.

Regarding the implanting authorities, the size of the implementing authorities' in figure 13 name reflects the number of KPIs in its portfolio. The findings show that the responsibility for the majority of KPIs is significantly more decentralized in Egypt than in Saudi Arabia. On the other hand, Egypt has several unidentifiable authorities named 'private sector' or 'civil society' that are, according to the plan, directly responsible for many specific KPIs. The implementation of such is then highly questionable, since a particular, and thus accountable implementing authority is basically missing.

¹¹ The selected categories are as follow: Economic development, Transparency and efficiency of government institutions, Education and training, Knowledge, innovation and scientific research, Energy, Urban development, Environment, Health, Social justice, Culture.

Egypt

Ministry of Communications and Information Technology
Ministry of Planning, Monitoring & Administrative Reforms
Ministry of Social Solidarity
Ministry of Petroleum and Mineral Wealth
Ministry of Transport
Ministry of Finance
Ministry of Housing, Utilities and Urban Communities
Ministry of Culture
Ministry of Environment
Ministry of Education & Technical Education
Ministry of Health and Population
Ministry of Higher Education & Scientific Research
Ministry of Electricity and Renewable Energy
Ministry of Tourism
Ministry of Water Resources and Irrigation
Holding Company for Electricity
National Authority for Education Quality Assurance and Accreditation
Presidency of the Council of Ministers
Ministry of ICT
Ministry of Agriculture
Ministry of Industry and Mineral Resources
Ministry of Environment, Water and Agriculture
Sports Authority
Fund of national endowments development
National Coordinating committee for combating Corruption
Central Bank
General Economic Council
Ministry of Investment
Ministry of Justice
Ministry of Planning
Ministry of Finance
Ministry of Culture and Information
Ministry of Haj and Umrah
King Abdulaziz City for Science and Technology
Board of Economic and Financial Administration
Ministry of Municipal and Rural Affairs
Ministry of Justice
Ministry of Health
Ministry of Education
Ministry of Haj and Umrah
King Abdulaziz City for Science and Technology
Board of Economic and Financial Administration

Saudi Arabia

King Abdulaziz City for Science and Technology (CICAT)
Ministry of Commerce and Investment
Royal Commission for Jubail and Yanbu
Saudi Commission for Tourism and National Heritage
Saudi Post and Telecommunications Authority
Civil Service
General Investment Authority
Ministry of Communications and Information Technology
Ministry of Energy, Industry and Mineral Resources
Ministry of Environment, Water and Agriculture
Sports Authority
Council of Economic and Development Affairs
The Ministry of Labor and Social Development
Ministry of Municipal and Rural Affairs
Ministry of Planning
Ministry of Finance
Ministry of Culture and Information
Ministry of Education
Ministry of Haj and Umrah
King Abdulaziz City for Science and Technology
Board of Economic and Financial Administration

Despite both countries having a great number of full KPIs, many of them are still incomplete, as in the case of Saudi Arabia, or even non-existent, as in the case of Egypt. This finding is especially important as it highlights areas of improvement with the greatest potential impact.

4. The bearing of the socio-economic context on planning practices

With a planning timespan of 7.6 years on average, an average of 4.1 planning documents, 2.3 of them providing quantitative targets on average, resource-poor labor-abundant countries planning practice is rather short-sighted and dynamic. This planning behavior may reflect the need for flexibility in planning as these economies, whose main source of economic growth is their labor-force, have to swiftly adjust to changes in the global and regional contexts to seize evolving growth opportunities.

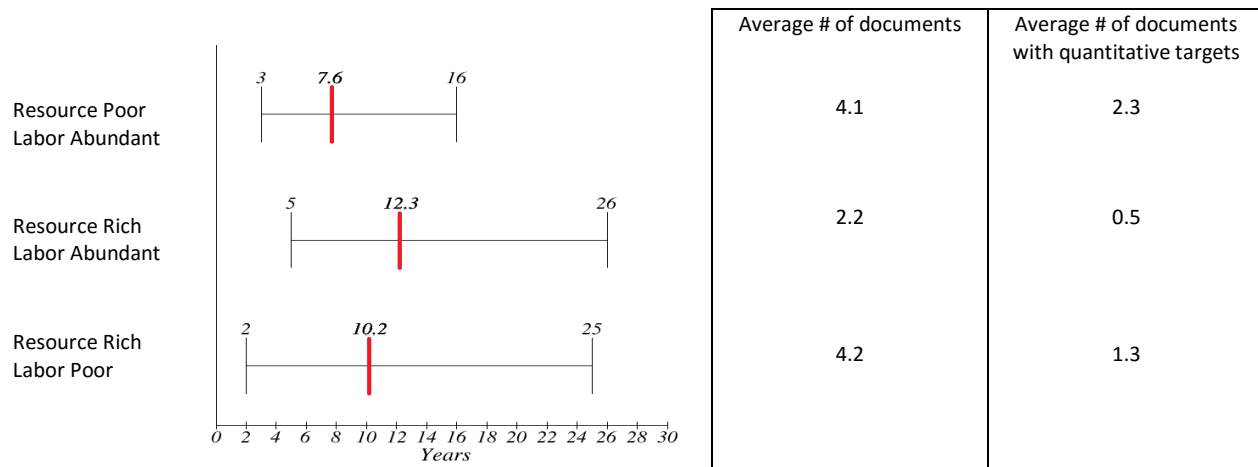
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Resource-rich labor-poor countries, mostly the GCC, expectedly plan long-term, based on many documents and still provide quite a lot of details regarding quantitative targets. This might originate in the stability of the government, the availability of large funding, the absence of a sense of urge to foster structural change in the short-term, a will to tackle the difficulties the country is facing but also lesser appetite for transparency. These findings are consistent with Hivdt's (2012).

Detailed analyses of planning practices at the country level and over time may help better understand the role of the underlying socio-economic context on Arab countries' planning practices. In particular, a careful and detailed mapping of key performance indicators included in planning documents and additional information about KPIs that are fully identified or not will inform the main focus of the planning process in each country. Patterns in planning practices may then emerge at the regional level.

Figure 14: Planning under constraints

Resource Poor / Labor Abundant (RPLA)	Resource Rich / Labor Abundant (RRLA)	Resource Rich / Labor Poor (RRLP)
Morocco	Yemen	Oman
Egypt	Sudan	Qatar
Lebanon	Algeria	UAE
Jordan	Iraq	Bahrain
Mauritania	Libya	Kuwait
Palestine	Syria	Saudi Arabia
Tunisia		



Sources: authors' calculations, countries classification from the World Bank (2014)

IV. Conclusion and way forward

This paper investigates the issue of good planning in the Arab region. The need for a developmental state, largely involved in the economy, but less as an actor, than as an information providers and a facilitator of the transformational process through economic agents' incentivization. The political aspects of displaying information should be acknowledged and information considered as a mean to educate Arab people, foster the debate, facilitate the convergence of people claims towards doable achievements. In this framework, the interaction of the state with the private sector is crucial to reach the envisioned development goals as the private sector is the primary catalyst for economic growth and human progress through its investment decisions. However, providing accurate and objective information the private sector is not a passive endeavor as the state must actively pursue the establishment of its strong credibility if it were to influence economic agents.

Based on a brief survey of the changes in development thinking and the role of the state, on one side, the experiences and outcomes of Arab countries in the realm of development planning, on the other, the paper establishes a basic typology of criteria for good planning. This classification differentiates between the internal and external and the operational and strategic criteria. At the very core of good planning practices and sound interaction between the state and the civil society, lays the internal and operational components of good planning. If these are not met, improving on the other criteria for good planning included in the topology will not help improving significantly the effectiveness of planning over the long run. The paper thus focuses essentially on the former.

Good planning starts by developing a broad vision that should be reaffirmed in all planning documents to ensure stakeholders can easily and clearly identify their respective contribution. Coordinating and harnessing efforts towards the achievement of the stated vision will be facilitated. All documents should further set steps, from objectives to programs, actions and goals or KPIs. The KPIs must be fully identified that is state what is the situation as of today, where the economy should be, when the implementation period starts and ends, what is the magnitude of expected change. The articulation between and within planning documents should be rigorous so as to ensure that meeting the KPIS implies that all actions have been taken, programs completed and objectives fulfilling, and *ceteris paribus* the vision has been fully implemented. Such a transparent, well-documented and properly structured planning approach, if used as a monitoring and evaluation tool, will signal the state's degree of commitment and strengthen its credibility as a policymaker which would reflect positively on anchoring people's expectations.

Against this background, Arab countries' planning performances are assessed using a database developed by UN-ESCWA. The database contains comparable information about planning documents' content and organization. This paper focuses on the trends in Arab countries planning practices, treating the region as a group. Further research can use this rich database to make cross country comparisons and country specific case studies.

The paper establishes first that, the vast majority of planning documents display a broad strategy (95 per cent) assorted to specific objectives (91 per cent). Second, almost half of the collected planning documents lack a multi-sectoral approach. Third, only two out of five have specific and complete KPIs. Fourth, KPIs are often not clearly linked to specific objectives (almost 60 per cent of KPIs). Fifth, none of the documents meet all identified internal operational criteria for good planning, all of them meet at least the first one (specification of a broad strategy) and more than half of them meet the first third one listed, which are common-sense. These outcomes provide Arab countries with clear insights about the specific areas that need attention as the greatest part of the problem lies in the absence of measurable KPIs, insufficient linkage to objectives, and poor affiliation of the plans to global frameworks (Annex 3).

The paper then investigates in greater details Saudi Arabia and Egypt's planning approaches. Both countries have quite sophisticated planning procedures that differ quite a lot. Saudi Arabia's planning approach is more centralized and relies on a relatively large share of not fully identified KPIs than Egypt. Its strategy mostly suffers from the absence of reference to the SDGs that could help inform the population's preferred developmental goals. Given the high quality and degree of sophistication of planning in the country, this lack of transparency might be a strategy to preserve room for flexibility in times of volatile environment and mounting uncertainties. In Egypt, the planning architecture is comparatively disorganized. Many KPIs are not fully identified which doesn't facilitate monitoring and evaluation, and doesn't contribute to solving the problem of planning time inconsistency. Only limited credibility gains can be expected from such a planning approach. As a result, the capacity of the state to pilot the economy by incentivizing the private sector and the civil society is deficient although they are explicitly mentioned as key stakeholders to the planning process and crucial contributors to the achievement of stated goals.

Further research should start by carrying detail analysis for each Arab country along the line of what has been done for Egypt and Saudi Arabia. This would help identifying patterns and specificities in development approaches that may be used to understand differences in development achievements. Arab states are interventionists but a move, away from a state-led development, and towards a developmental approach where the private sector is central to the process seems to be in favor in the region (Hvidt, 2012). The ways sectoral considerations have been introduced in the plans seems to be borrowing from different approaches. Detailed information about the specification of short-term phases and a full mapping of the SDGs are all interesting avenues for further research.

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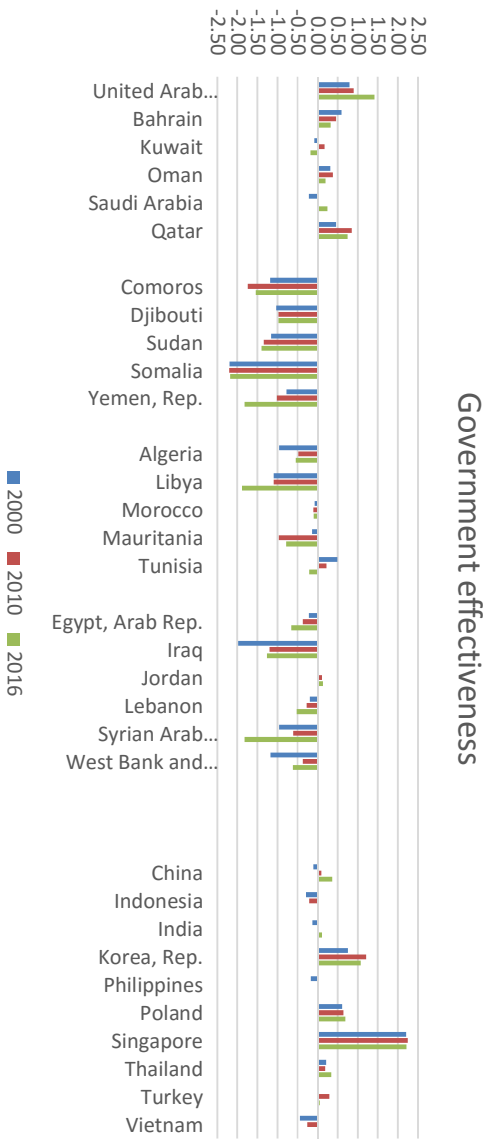
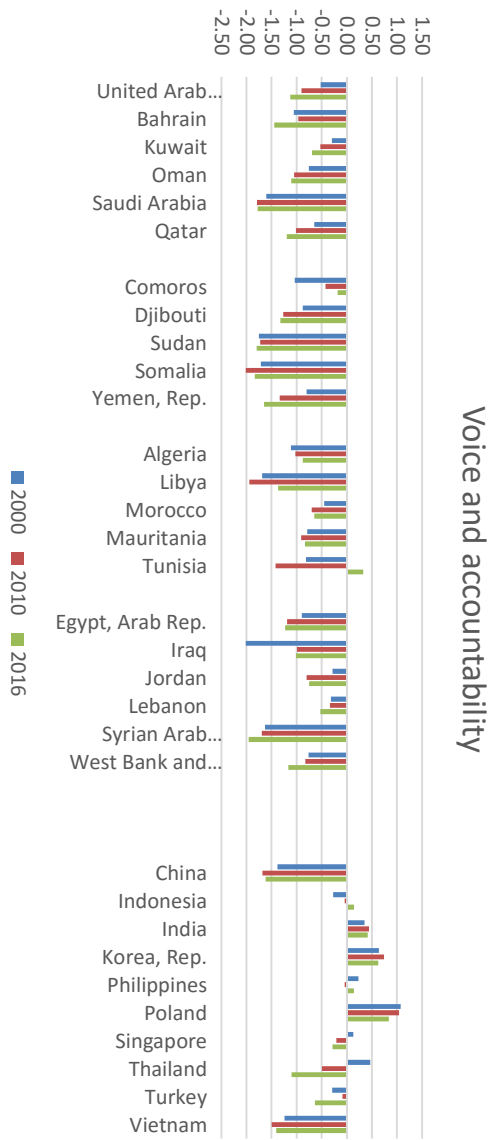
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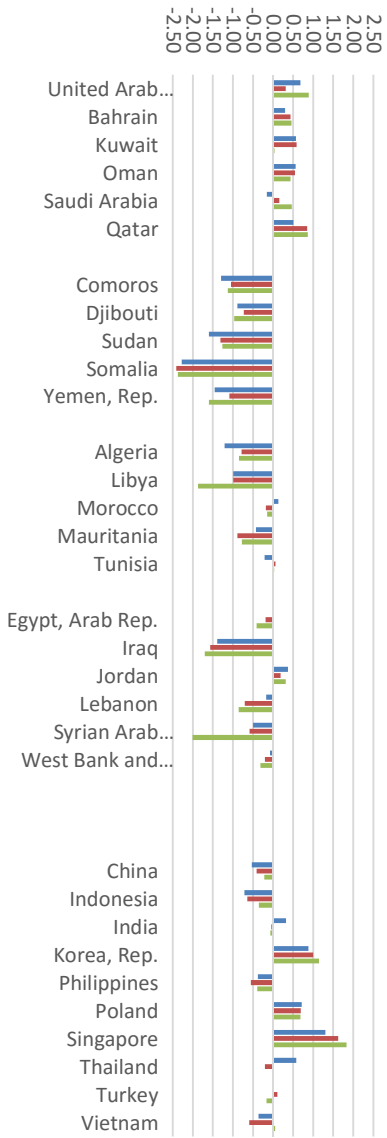
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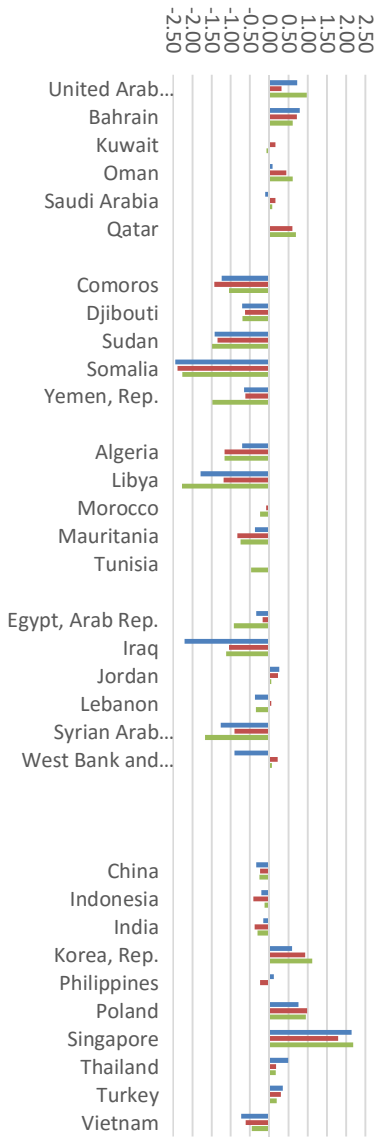
Annex 1: Arab countries' performance on the World Bank governance indicators



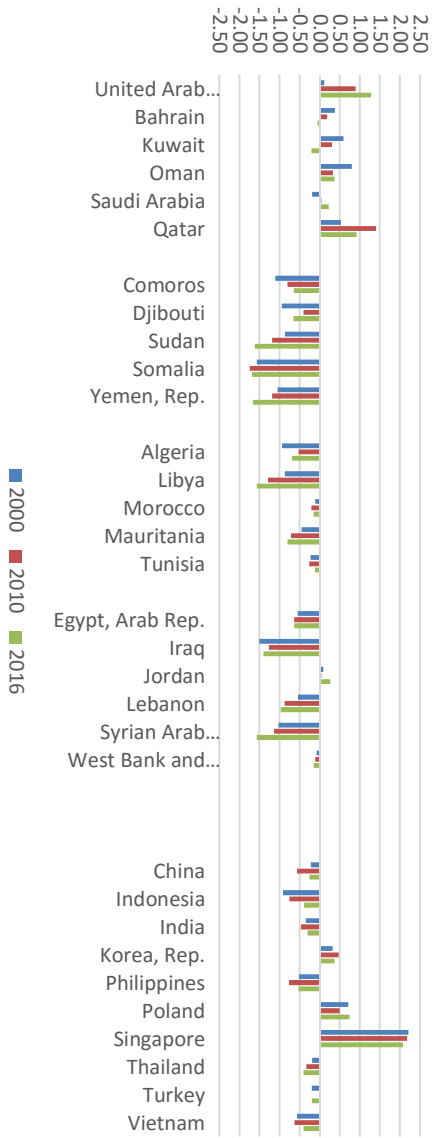
Rule of Law



Regulatory quality

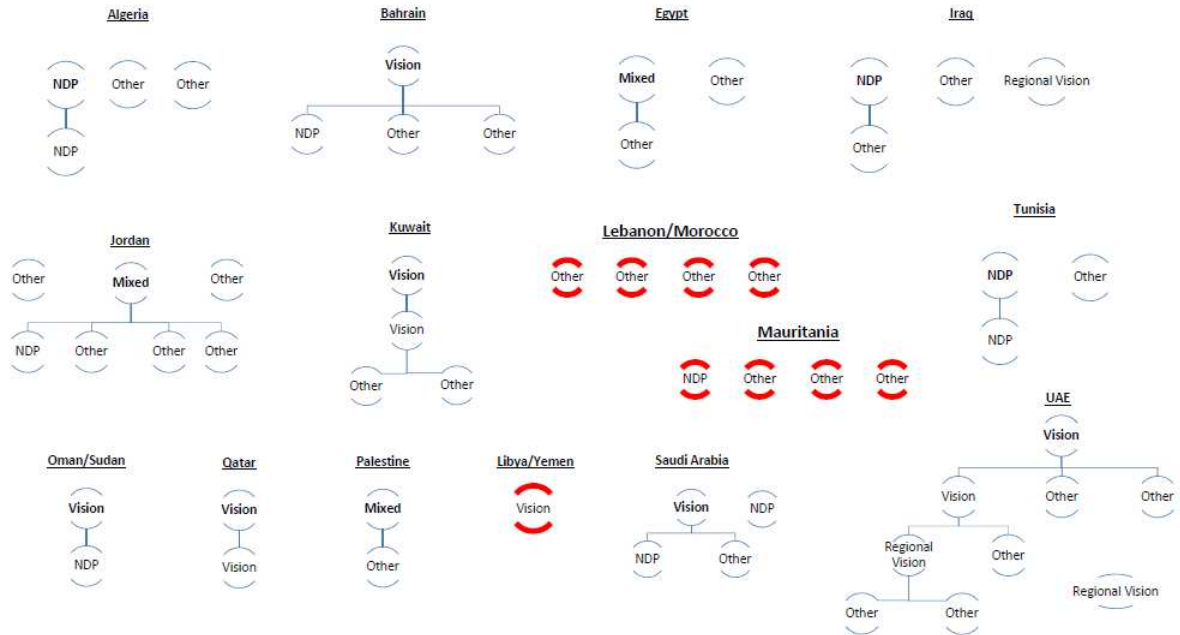


Control of corruption

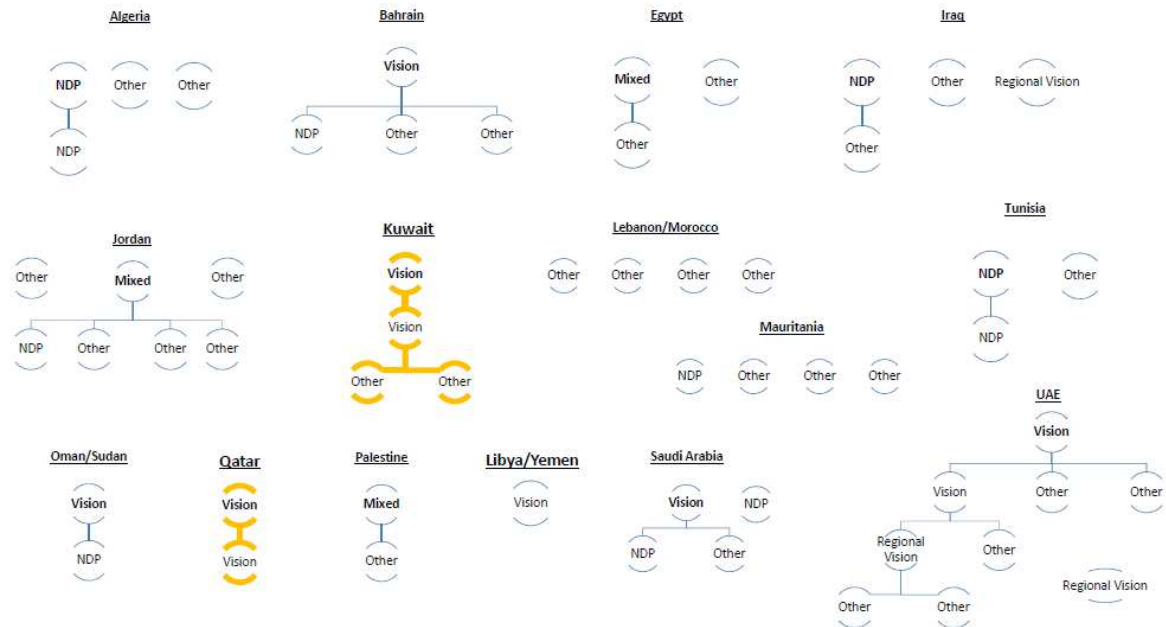


Annex 2: Hierarchy of planning documents

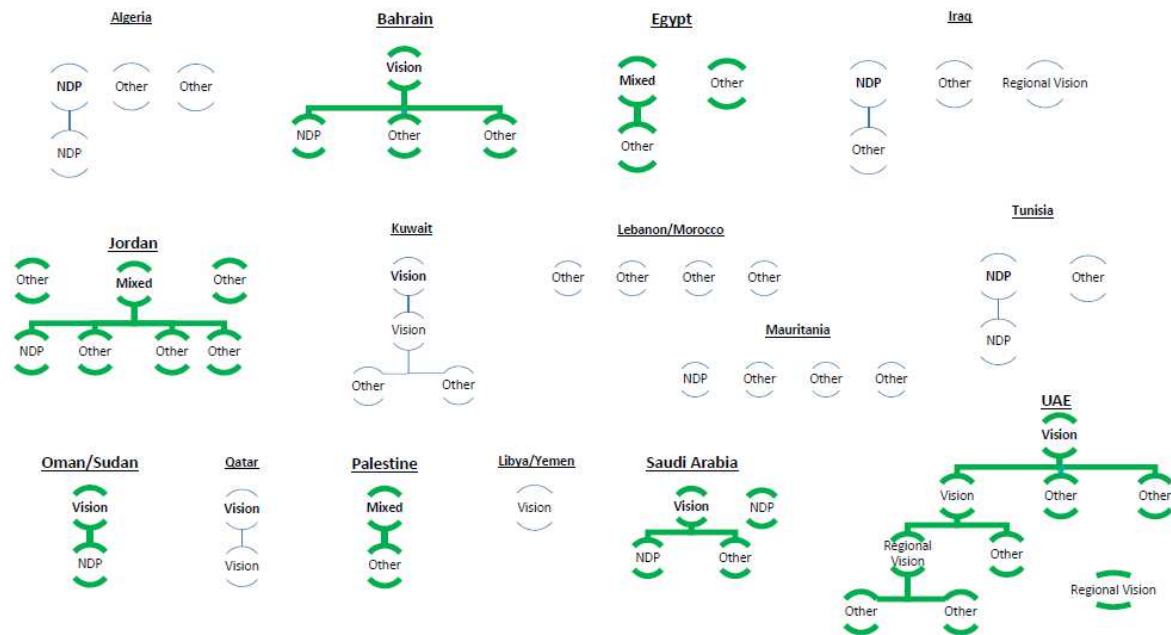
Cases where no hierarchy among documents - countries with standalone documents only



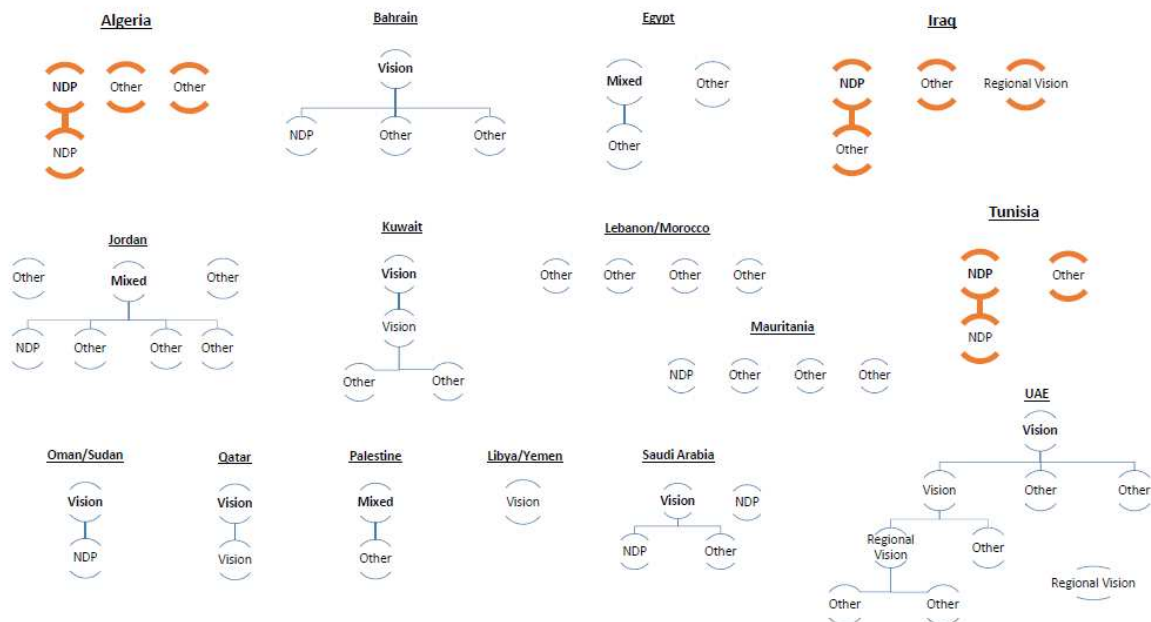
Cases where some hierarchy can be found, but no concrete plan about how to achieve the vision in the medium-term – countries without an NDP, mostly far-sighted



Cases of good planning that includes both long-term and medium-term documents and link them in a clear hierarchy



Cases where some hierarchy can be found, but lack of a vision – countries with NDP as their leading document, mostly short-sighted



Annex 3: Summary of stylized facts

