DRAFT LAW ON DEVELOPMENT POLICY AND PLANNING

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LEARNING FROM INTERNATIONAL EXPERIENCES

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CHANGES IN APPROACH TO PLANNING
A. BACKGROUND

Planning, in one form or another, widely applied internationally by organisations (public, private sector, army, etc.) – to achieve certain goals and objectives

Centralised planning → Strategic planning

Sound development planning and budgeting still required, though with a changed approach and focus, when market unable to provide basic services to all.

Problems of lack of opportunity, inequality, and environmental degradation need to be addressed.

Setting development priorities and allocating resources remain crucial
B. CHANGES IN PLANNING APPROACH

Change in approach → in how to achieve the desired outcomes

Planning process in most countries now

• More participatory and consultative in setting priorities
• Less prescriptive
• Not limited to productive sectors
• Enhanced role of the private sector
SOME INTERNATIONAL EXAMPLES
Case Studies

India – transformed from a centralized planning approach to indicative planning [*continues with Five Year Plans; but with changed approach*]

Vietnam – launched *Doi Moi* reforms to move from centrally-planned economy to a “socialist-oriented market economy” combining economic planning with free-market incentives [*5-year SEDPs, prepared by MPI, elaborate the medium-term development strategy, set out targets, and identify policies to achieve these targets.*]

Indonesia – National Development Planning Agency (BAPPENNAS) responsible for *overall macroeconomic planning, development planning (through the 5-year development plans)*, poverty reduction, and dealing with economic crises.

Uganda – National Planning Authority (NPA) responsible for *coordination of national and decentralized development planning and production of integrated National Development Plans (NDPs)* drawing from the perspective Vision, and long and medium-term plans.
DEVELOPMENT POLICY PLANNING:

How do other countries do it?
1. VISION DOCUMENT

Lays out the broader vision of the country over the long-term, usually 20-25 years

- Vision 2020, Malaysia
- Vision 2030, Korea
- Mahinda Chintana, Sri Lanka
- Tanzania Development Vision, 2025
- Comprehensive National Development Strategy (CNDS, 2007-21), Mongolia
2. LEAD AGENCY

Choice of agency crucial for smooth inter-ministerial coordination (statutory set up with clear responsibilities helpful)

- Planning Commission, **India**, **Bangladesh**
- BAPPENAS, **Indonesia**
- National Planning Authority, **Uganda**
- Economic Planning Unit (EPU), Prime Minister’s Office, **Malaysia**
- Ministry of Finance, **South Africa**
- Ministry of Planning and Investment (MPI), **Viet Nam**
- Ministry of Economic Development, **Mongolia**
3. PLANNING HORIZON

The **Vision** document is long-term (20-25 years)

Plan documents cover the medium-term (usually 5 years)

The **Medium Term Plan:**

- gives effect to the long-term Vision
- sets out a policy framework for sector objectives and strategies
- links sector policies, programmes and strategies
- articulates roles and responsibilities of different sectors
- identifies priority areas
3. PLANNING HORIZON

Sectoral Plans

Long-term plan and the medium-term plan provide guidance on cross-cutting issues

Sector policies and strategies provide guidance on sector-specific issues.

Sector policies and strategies usually linked to the national frameworks and show how to achieve the national goals and objectives by identifying sector interventions. E.g. Health Sector Master Plan.

These are almost always costed.
4. IDENTIFICATION OF STRATEGIC OR PRIORITY SECTORS

Sectoral priorities set through consultations including all stakeholders (civil society, private sector, etc.) at national and sub-national levels (India)

+ agree on how will the plan be implemented
5. DATA

Necessary to have access to reliable, country-wide data to set targets

Strong statistical capacity a key requirement

Robust M&E system
6. RESOURCE ALLOCATION

Allocate resources, including development aid, to program priorities while keeping aggregate expenditure in line with macroeconomic policy - MTEF, cash budgeting (Uganda); Performance-based budgeting (Thailand, Mauritius); participatory budgeting (Brazil)

Link with tax revenue – both tax collection and expenditure decentralised. In addition, block grants to provinces (Vietnam)

[Financial resources almost always allocated only by Ministry of Finance; India an exception as Planning Commission also allocates resources for some plan expenditures]
7. LINKING PLANNING AND BUDGETING

Diagram illustrating the linkage between planning and budgeting. The diagram includes annual plans and annual budgets with connections indicating the planning and budgeting process. The diagram also highlights the Medium-term Expenditure Framework (MTEF) with a 3-year horizon.
8. IMPLEMENTATION

- What is the extent of decentralisation – in India clear division of subjects between the Centre and the states (provinces)

- Lao PDR one of the most decentralised countries – revenue centralised; expenditure decentralised – a challenge to ensure alignment of expenditure with plan priorities
9. MONITORING AND EVALUATION

Strong links with the national statistical agency necessary

Clear M&E plan – identification of indicators, baselines and targets

Allocation of responsibilities across agencies (national/sub-national level) to monitor progress;

Data collection/analyses mechanisms in place; periodic reviews/evaluations

Use non-govt data sources (Poverty Observatory – Morocco; independent institutes, academia, etc.)

Mid-term evaluations for mid-course correction