

LOOKING BEYOND THE HORIZON

Guidelines and Best Practices in Formulating National Visions

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For decades futurologists have been foreseeing the future, and advising us to prepare and plan for it. Why? What is the benefit of discerning long-term prospects? Apart from idle curiosity, is it worth worrying about the very distant future?

In fact, there are very real benefits, and it is fairly simple to understand them. If we accept that change is inevitable, then it is worth preparing society for this change, so that it can adapt to new challenges and conditions. Anticipating change requires forecasting in advance where state and society will be in the future, and on the this, planning should be done. Forecasting and planning for the future can thus help achieve planned outcomes while managing potential risks effectively.

In times of uncertainty and vulnerability to financial and economic crisis at the global level, the necessity for countries to formulate long-term development strategies and to (re) define their development challenges and goals has become increasingly clear. Countries which have proven innovative and prosperous are those that have been able to project their vision of the future, and plan for changes and mitigate risks.

Thinking in terms of the future without losing touch with the present makes it possible to shape a comprehensive vision of long-term development. Planning for the future, through a visioning exercise or the preparation of a long-term National Development Strategy (NDS) serves two purposes:

Through a visioning exercise, the strategy can become a beacon to guide future developments in the country and identify the role of the state and its institutions in the economy.

As a process, the preparation of a Vision or a NDS is an opportunity to build or improve social cohesion, by consulting and unifying the aspirations and contributions of active stakeholders of the nation – politicians, entrepreneurs, officials, civil society, etc.

But what does it take to prepare a strategy? How best to transform the Vision into action, and break-down the wish lists into tangible steps for intermediary actions and results? The answer to these questions forms the rationale of this Primer. Produced by the Center for Economic Research

(Tashkent) with the support of UNDP Uzbekistan, this guidebook has three purposes:

1) It provides a toolkit for the government and other stakeholders in society interested in embarking on a visioning exercise, by explaining;

- the rationale for the visioning exercise
- methodologies and tools
- implementation arrangements

2) It outlines the major stages in the formulation and implementation of Visions/NDS.

3) It provides examples from 24 countries in formulation of long-term development strategies.

The ultimate goal of this publication is to offer decision-makers and experts a comprehensive review of theories and international experience in strategic governance. The review considers all stages of formulation of long-term strategies – from setting the agenda, to monitoring and evaluation of the implementation of strategies and development programs.

Chapter 1 discusses the issues related to the nature of Vision and National Development Strategies (NDS).

If the Vision is the concept note setting out the desired future, the National Development Strategy is the roadmap to get there. It is a comprehensive roadmap with a clear set of goals and the path to their attainment, and a set of measures by which a country can judge its progress. While national strategies vary significantly in character, they embody a few key concepts: 1) the emphasis is on long-term, as a rule from 10 years on, and not medium-terms or short-term; 2) the word ‘strategy’ reflects the strategic, as opposed to operational, nature of the document; 3) national refers to the principle of national ownership: i.e. the strategy responds to the national context and is led by a country’s decision-makers.

National development strategies should not be confused with economic planning or specific national programs and projects. The idea is not to recreate a planned economy like the one in the Soviet Union and the Soviet-bloc countries, but to consolidate and allocate the country’s resources to carry out the most pressing tasks and achieve long-term, strategic

objectives, which allow policies and programs in various areas to be implemented in a coordinated fashion.

Chapter 2 reviews the significance of visions and national long-term strategies in the context of a nation’s adherence to common ideas, values, and development goals.

A Vision and NDS are needed at each stage of development in every country, to enable it to reach new benchmarks. They should systemically assess the journey made by the country, list success stories and lessons learned, identify current and future challenges (both internally and externally), identify goals and objectives as well as essential resources for achievement, and become the framework for the development of a complex set of policies and programs.

A vision is a strategy for the nation, formulated by the nation through its leaders: head of state, parliament, political parties, social organizations, government, media, etc. But ultimately – the vision must be implemented by the nation, otherwise, it will most likely be doomed to failure. Thus, the process of formulation and implementation of the vision is designed to mobilize national creative potential, and facilitate the process of achieving national consensus on long-term development priorities, ways and methods of implementation of these priorities. This will enable the nation to move effectively and in a targeted manner towards coordinated goals, without diverting efforts to overcome differences.

Chapter 3 focuses on key components of national vision documents and long-term development strategies of various countries, and outlines the main stages of the analytical work in formulating these documents. A long-term strategic document should set out: current status and assumed challenges and threats, desired future in quantitative and qualitative terms, and the way forward.

Once the ideological aspect of the assessment of the journey has been completed, the process of strategy formulation usually starts. This consists of a review of the past mistakes and lessons learned, highlights success stories and describes the logic of previous policies and programs, and identifies driving forces and success factors for the future.



The reverse side of the highlighting of success stories and achievements is the identification of prospective challenges and threats, as the success stories and future challenges are linked to the country's development model – its economic and political systems, governance system, social relations and the system of values in the society, economic, political, and cultural relations with the rest of the world. Ignoring these challenges in the process of strategic planning threatens, at a minimum, incomplete achievement of the goals set. In the worst case, this may lead to complete failure of the strategy.

The future offers many options, and those challenges and opportunities that the country sees before itself can transform under the impact of different factors. That is why developers of long-term strategies often opt for a scenario-based approach, which enables them to consider different versions of future development.

It is equally important to clearly state the timeframe of planning – will it be 10, 20 years or longer? The horizons of the strategic plan must be sufficient to address imminent problems related to the shift in governance patterns, technological solutions, changes in the trajectory of economic, environmental, and even spatial development trends in the country and around it. Achievement of long-term goals requires identification of shorter stages. Thus, long-term strategic plan is combined with medium-term ones, which enables countries to periodically move the planning horizons and make appropriate adjustments.

If the declared goal of the strategy indicates what exactly the country wants to achieve and what position it wants to occupy in the world, then the objectives should specify how the country intends to achieve this. What is to be done in a particular sector in order to move forward towards the goal set? Then objectives must be specified in detail in terms of specific tasks, and national/sectoral programs have to be developed in line with each other, facilitating progress of the country in its chosen course of development. A combination of strategic and long-term planning, and short-term planning implies a set of interconnected programs and action plans, which cover various time frames, (for example, long-term (10-15 years),

medium-term (3-5 years), and short-term (1-3 years)), and which also cover various sectors.

The methodological toolbox for long-term planning has been significantly expanded in the last decades. Today long-term strategies and development plans are the result of qualitative and quantitative methods of analysis and projections. The experience of various countries shows that there is a certain minimum methodological set of tools which can be employed for the formulation of long-term strategies. These include:

- **Foresight** – which literally mean “insight into the future”. This is a relatively new methodology, which encompasses traditional and new methods of expert work, and is focused on identification of possible scenarios for the future as an inherent component of long-term projections and strategic plans. Foresight today is most often used in designing the “portraits” of long-term technological, sector-specific, geographic, demographic, and other trends, which enable experts to identify the main driving forces of long-term development. Foresight is not a projection based on assumptions about the future, but a set of possible options for the future, each being the outcome of the combination and interaction of a set of factors operating in a certain context.
- **Time series and extrapolation** – this is perhaps the most conventional projection tool, and is based on the use of comprehensive data sets, consistently collected over a certain time period. Extrapolations provide an opportunity to analyze and formulate projections based on historical trends in a country's development, expressed in quantitative terms.
- **Scenario-based analysis** – is another quite widespread method of analysis and projection. Scenario-based analysis is the process of analysis of possible options for further developments leading to different outcomes in the future. It is an attempt to foresee the most likely scenarios. A scenario-based approach is not so much concerned with statistically precise projections, or specific quantitative indicators, but rather with formulating different options,

alternative versions of the future, each of which is possible depending on which combination of factors comes into play.

Furthermore, long-term planning in the process should follow the principles of iteration, the multiple linkage of resources, and the fine-tuning of the means to achieve the goals and estimate of the long-term strategy indicators with short-term and medium-term strategies, programs, and plans.

Chapter 4 is dedicated to the organization of the practical implementation of long-term strategies, taking into account that there is no universal or standard model of development planning, but that all models have certain common features and components.

Expanding the horizons of planning and implementation of comprehensive national development strategies often means that governments have to adopt new approaches and methods in its activities, as the decisions made have to take into account the links and mutual impact of economic, political, social, human, and cultural factors influencing the development of the country. In the implementation of the long-term development strategy, the mode of operation of, and the way in which the government, ministries, agencies, and civil servants interact, are transformed.

The process of formulation of long-term strategies, including methodological, institutional, and organizational aspects, division of responsibilities among participants in the process are reviewed in this chapter. The experience of various countries shows that the process of formulation and implementation of long-term strategy requires effective coordination. The activities of organizations and institutions involved in the process of formulation of the vision must be well coordinated, with clarity on the roles performed by each party, as well as on the desired the goals and results of their activities, and the mutual compatibility of these different goals and results.

The establishment of special coordinating institutions, such as councils, commissions, committees, etc., which include representatives from both the government sector and non-government institutions is common practice. This means



that the interests and perspectives of various groups can be represented at different stages of the formulation and implementation of long-term strategies. Another approach is also possible – whereby the coordinator of the vision formulation designates an interagency body, which includes responsible government officials, or from one of the ministries or government units which is designated as coordinator of the process. In both versions it is common to complement the work of these coordination structures through the establishment of thematic working groups.

In order to be truly nationally owned, a development strategy should not be formulated in an «office», but rather through consultations. Consultations at the national level are required to reach consensus on the priorities and dimensions of national development and constitute an inherent part of the process of formulating the overall vision and ensuring its implementation. Consultations in the course of monitoring and analysis of the implementation progress allow the public to be informed about the results obtained and mobilize additional resources, if required.

The intensity and coverage of these consultations depend on the context of each country. At the same time, one has to consider that long-term strategies constitute the framework for mobilization of resources and coordination of actions on national and international levels. Consultations domestically and abroad can contribute to:

- Identifying opinions, positions, and interests of various groups in society, the discussion of key issues, and identification of optimal solutions;
- The formulation of the specific expectations of the various parties involved in the dialogue; the conducting of explanatory (educational, if required) campaigns aimed at specific target groups, and thereby the promotion of the ideas and priorities of the national development strategy;
- Paving the way for mobilization of resources from non-government parties.

The private sector should be allocated a special role at all stages of formulation and implementation of a long-term strategy. On the one hand, the private sector is the object of policies aimed at achieving transformation; and on the

other hand – in the context of market economy, it is usually seen as an active participant in the programs and projects being implemented, and a sector which can act as a driver of innovation and economic development. It should be also noted that the private sector is not homogeneous, and includes individual entrepreneurs, micro and small businesses, large domestic companies and transnational corporations. The choice of modes of interaction with the different segments of the private sector will also have to be tailored accordingly.

Analytical centers constitute another important actor in the process of formulation and implementation of long-term strategies. Their main objective is to facilitate crystallization of the main ideas of the long-term strategy, and to engage in the formulation of political agenda through: (1) Assessment of the effectiveness of the implementation of government programs; (2) Wide dissemination of the findings of the study through publications, roundtables, etc. (3) Facilitation of exchange of opinions and information through the formation of expert networks.

Formulation and implementation of the long-term strategy based on wide scale engagement of government employees, academic and expert communities, private sector and non-government non-profit organizations, and the public in general can become a process of training and capacity-building in miscellaneous areas. It can contribute to deepening of the human, scientific, technical, organizational, institutional, and other capabilities of the country. The process of formulation of the Vision should facilitate capacity building of government, civil, and expert institutions.

The final Chapter 5 reviews issues related to the operationalization of Visions and NDS, with a particular focus on resource mobilization, communicating the development strategies and establishing comprehensive monitoring and evaluation mechanisms. It is important that the goals and objectives of a long-term strategy would be considered in formulation of the government budget and in the process of development of specific programs and projects. This implies that the country has a reasonably

effective treasury system, which can guarantee rational and transparent utilization of resources, and ideally, medium-term budgeting and results-based budgeting, which can facilitate the process of making linkages between various government plans, programs, and projects.

Development strategies are financed through a government's special programs, investment programs and fiscal policy tools, for example, state procurement, transfers to the regions, subsidies and benefits to certain sectors and projects, which are considered important for attaining strategic goals. At the same time, a financing strategy implies not only public funding: it also implies mobilization of all resources available in the country in order to achieve the common goal.

In the modern dynamic information world, the promotion of certain ideas, reinforcing them in the consciousness of the people has become a fundamental part of the successful implementation of any strategy. Information support to the strategy – shaping the attitudes of target audiences, forming a positive perception of the strategy, all require a consistent and clear communication campaign. Effective communication requires a combination of a top-down and bottom-up approach, as well as the clear formulation of specific key messages for each target audience.

An institutional platform – the coordination mechanism and network of partner organizations from government and non-government sectors – is required to ensure implementation of a sound and effective monitoring and evaluation system. Monitoring and evaluation can help facilitate (1) the coordination of actions within the government, as well as between the government, private sector, civil society, and international partners; (2) the assessment of progress in attaining national strategic goals, and where necessary draw attention to the need for adjustments in the mechanisms and policies tools used in implementing action plans, and programs; (3) ensure transparency and accountability of the actions of all involved in implementation and of decision-making process in general.

1. What is a Vision



If the Vision is the concept note explaining the desired future, the National Development Strategy is the roadmap to get there

1.1. What is a Vision

A Vision, simply put, is a picture of the future. The past provides experience but the future needs to be properly planned to increase the likelihood of success. The Vision builds on existing resources and future interests projected some 15-30 years ahead. It responds to an assessment not only of what is, but also what must be aimed for, what a nation wants for its future.

If the Vision is the concept note explaining the desired future, the National Development Strategy (NDS) is the roadmap to get there. It is a comprehensive roadmap with a clear set of goals and measures to achieve and by which a country can judge its progress. The NDS should not be confused with economic planning or specific national programs and projects. While national strategies vary significantly in terms of characteristics, they embody a few key concepts which deserve further emphasis.

First, the emphasis is on long-term, as a rule from 10 years on, and as such distinct from medium-term or short-term plans.

Second, the emphasis is on the strategic, as opposed to operational, nature of the document.

Third, the NDS relies on the principle of national ownership, meaning that the strategy is relevant to and responds to the national context and is led by the country's decision makers.

National Development Plans are the short and medium-term, technical sectoral and regional plans that map out the steps to achieve for the strategic goals outlined in the other two documents.

Visions, and the ensuing NDS, vary significantly in terms of characteristics. They are however not the duplication of the system of planned economy under the Soviet Union and the Soviet-bloc countries. They differ in a variety of ways:

1. Both the Vision and the NDS have a broader scope than the narrow sectoral approach of

DIAGRAM 1. TYPES OF DOCUMENTS FOR STRATEGIC DEVELOPMENT PLANNING

TYPE OF THE DOCUMENT	DESCRIPTION		TIMEFRAMES
Vision	A picture of the future we aspire towards	Based on where we are, where we want to go, challenges and opportunities	15-30 years
Long-term National Development Strategy	The strategic road-map to get there	With clear set of goals and their path to attainment and measures by which to judge progress	10-15 years
Medium/Short-Term Development Plans	Technical how-to plans that provide a more focused framework for economic, social and other policies	Sectoral, inter-sectoral, regional etc plans that map out the steps to achieve	3-5 years



The idea of development planning is to consolidate and allocate the country's resources towards achieving pressing tasks and long-term strategic objectives, and forging the implementation of policies and programs in a coordinated fashion

economic planning of yesteryears. In fact, they enable governments to broaden their focus beyond purely economic goals and indicators, and provide the space for an integrated approach and the formulation of mutually compatible goals to achieve economic, social and environmentally sustainable development;

2. They are long-term strategic exercises as opposed to medium or short-term ones;

3. They include not only targets to be met but also risks, challenges, counterfactuals and dependable variables stemming from the regional and global environment;

4. Planning in the manner of a planned economy involved directives which set production targets, defined the areas of deliveries of goods and services, etc. The planning process today is largely based on market forces and mechanisms, which – with appropriate regulation – can ensure efficient resource allocation and sustainable resource management.

5. Finally, broad consultation and opportunities for participation by a variety of stakeholders are what mostly set Visions and NDS apart from the former 5-year economic plans of the USSR, and allows them to contribute to social cohesion and sustainability.

The idea is to consolidate and allocate the country's resources towards achieving pressing tasks and long-term strategic objectives, and forging the implementation of policies and programs in a coordinated fashion.

Nonetheless designing and implementing a Vision is no simple task. There are considerable challenges of both conceptual and operational nature.

Table 1. Challenges in designing and implementing a Vision

Challenges	Possible ways to overcome them
Those in charge of developing the Vision would impose a future on others of their own aspirations and design.	A wide process of consultation is necessary in order to allow people collectively, with the help of those decision-makers who are responsible for implementation, to create their future.
The future is largely beyond our predictive abilities. It is easier to design reactive strategies, letting the market dictate the future than proactive ones that predict and control future developments.	Multiple tools are available, such as scenario planning and forecasting, that allow for proactive planning.
A too narrow understanding of development factors could turn the Vision and the NDS into economic planning exercises.	Understanding the true nature of Visions and NDS is to seek equilibrium between social, economic and political adjustments.
Fundamental reforms may be needed, but these need correlation with accurate long-term projection of global demands.	In-depth knowledge of global and regional trends is necessary to contextualizing a country's future vision within demands.
In the analysis of current shortcomings of society, the tendency is to focus on symptoms.	An in-depth analysis of root causes is necessary in order to understand the structural problems both in the present and the future.



It is no longer possible to restrict evaluation of the success of any future strategies in this way. Indicators of environmental impact, social inequality and inclusion should be reflected in the goals and in the methods used to monitor progress towards achieving them

1.2. Examples of successful visions and national development strategies

South Korea, China and Malaysia are often used as examples of the strong role of governments in planning and implementing economic reforms. Yet, it must be noted that these countries have managed to achieve significant progress in economic growth, which has become the basis for accelerating the rates of human development. These countries all share key ingredients for success, which include having a clear vision and a long-term national strategy based on well-thought out development planning and structural reforms. In these countries, the governments have also actively intervened in the development process in order to guide it on a chosen path.

While strategies in the past have had more of a focus on achieving further development in purely economic terms, more recently countries have recognized their potential to achieve a better balance of economic, environmental and social goals. This is particularly relevant and indeed necessary given the rate at which the world as a whole, and individual countries, are approaching planetary boundaries. Here the example of China is relevant. It has used its latest long-term strategy to introduce “corrections” into its economic growth model in recognition of the huge environmental and social costs of the model, which it has used until now. See for example, the third key message of its Strategy 2030: “seizing the opportunity to go green”; and the fourth key message with its emphasis on more inclusive growth.

Although the examples listed below highlight the successes of various national development strategies in terms of economic indicators (particularly growth in GDP), it is important to emphasize that it is no longer

Box 1. From «The World We Want: a Million Voices»

“The need to review existing economic growth models was identified as a critical issue in this consultation, as well as the consultations on Addressing Inequalities consultation, Growth and Employment, and Health. The current economic growth model has to transform so as to decouple economic productivity from the use of natural resources. Changing how economic growth is measured was also identified as a key driver for transformation: the way we measure progress that has to go beyond solely GDP indicators, and also take related environmental and social implications into consideration. The core problem is that natural capital is traditionally unaccounted for and thus not incorporated into economic decision-making. As a result, natural capital is greatly undervalued and consequently used unsustainably. A stronger focus on valuing environmental externalities was called for. Respondents noted that methods, tools and examples already exist to consider environmental externalities and integrate the environment more fully into decision-making, such as through natural capital accounting, green accounting, and payments for ecosystem services (PES). Governments have a vital role to play in steering this change in the right direction through taxes, incentives, quotas and more, but needs to be able to count on the private sector and the consumers fully taking up their roles and responsibilities so that consumption and production patterns can change fundamentally.»

*Source: The World We Want: a Million Voices (2013).
<http://www.undp.org/content/undp/en/home/librarypage/mdg/a-million-voices--the-world-we-want/>*

1. What is a Vision



In South Korea economic growth consequently contributed vastly to improvements in the social and political spheres

possible to restrict evaluation of the success of any future in this way. Indicators of environmental impact, social inequality and inclusion should be reflected in the goals and in the methods used to monitor progress towards achieving them.

South Korea. Economic growth in South Korea in the second half of the 20th century following the military coup in 1961 was, without a doubt, a phenomenal achievement. During the implementation of five-year plans (1962-1986), the GDP of the country increased by 40.5 times (at current prices), while the GDP per capita increased by 26.5 times. At comparable prices, the increase in GDP over this period was about 6.6 times, and the GDP per capita by 4.3 times.

Government regulation of the economy was not the only factor accountable for the success of reforms. In the early 1960s, based on recommendations from the International Monetary Fund (IMF), experts from the US Agency for International Development (USAID) drafted a long-term (20 years) program for developing the South Korean economy with a focus to further develop industries and integrate them with the markets of industrialized countries. In this case, government regulation combined the planned approach and market methods of management, making the best use of the opportunities and resources that were available in the country.

The different five-year plans of the Government of South Korea had the following objectives:

- First Five-Year Plan (1962 - 1966): Development of key import substitution industries, with priority given to light industry.
- Second Five-Year Plan (1967 - 1971): Development of export-oriented industries and the promotion of heavy industry.

¹ Here and for the rest of the diagrams in this chapter: Calculated on the basis of data from World Development Indicators, World Bank. GDP calculated in constant prices in USD, 2000 = 100%.

DIAGRAM 2. SOUTH KOREA – GDP AND GDP PER CAPITA GROWTH¹

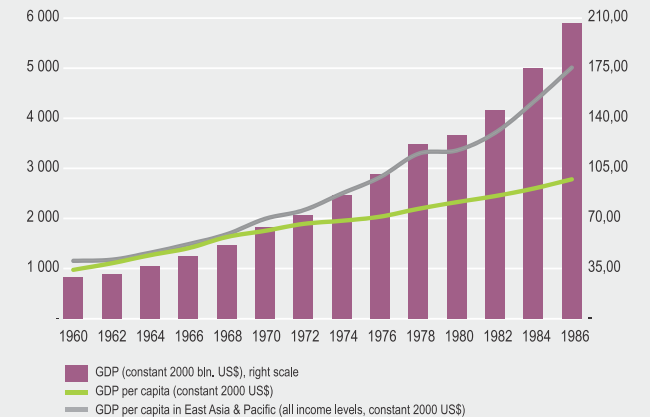
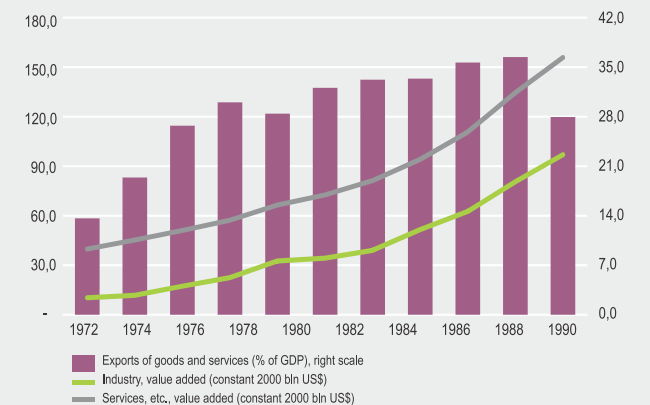


DIAGRAM 3. SOUTH KOREA – VALUE ADDED AND EXPORT OF MANUFACTURED GOODS AND SERVICES



1. What is a Vision



While living standards in China may not be the highest in Asia, the country's GDP started growing by 6 times at comparable prices since 1970, and at current prices, by 80 times

- Third Five-Year Plan (1972 - 1976): Accelerated development of export-oriented heavy industries and the promotion of capital intensive and high-tech industries, resulting in rising demand for high skilled labor.
- Fourth Five-Year Plan (1977 - 1981): Development of Research and Development (R & D), technological modernization, as well as increasing the country's self-sufficiency in the production of consumer goods.
- Fifth five-year Plan (1982- 1986): Increase in exports of high-tech products with high added value.

Economic growth consequently contributed vastly to improvements in the social and political spheres. Since the mid of 1980s, the South Korean government began significantly reducing direct intervention in the economy so as to encourage the growth of private capital. At the same time, the political system became increasingly adherent to liberal democratic principles and civil society started expanding rapidly.

China. Another stark example of skillful strategic thinking of a country's leaders and effective state regulation is manifested in the dynamic economic development of China. Under the leadership of Mao Zedong and Deng Xiaoping, China implemented various reforms, some overly ambitious, but as the result of which China was able to make a considerable modernization breakthrough.

While living standards in China may not be the highest in Asia, the country's GDP started growing by 6 times at comparable prices since 1970, and at current prices, by 80 times, reaching 7.3 trillion Yuans by 2011. For the same period, the GDP per capita increased by almost 49 times (from 111 to 5,444 US Dollars in current prices), and by 21.5 times at comparable prices.

DIAGRAM 4. CHINA – GDP AND GDP PER CAPITA GROWTH

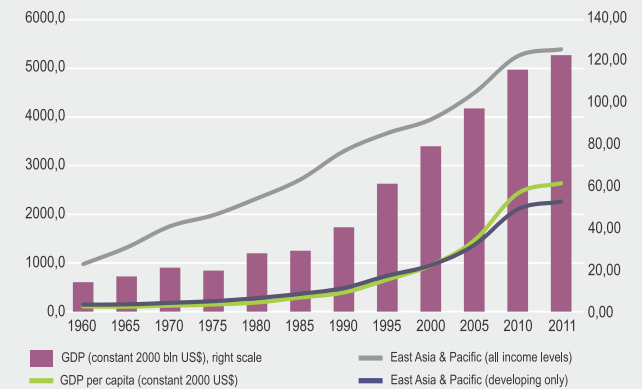


DIAGRAM 5. CHINA – VALUE ADDED AND EXPORT OF MANUFACTURED GOODS AND SERVICES





China, like most other countries that use the planning method as guiding tool, has been basing its development process on five-year plans, the first of which was adopted in 1953

In 1996-1997, a group of Chinese economists developed a Vision for the country, entitled «Forecast 2050»¹, which charted in details the breakthrough strategy of China to the level of industrialized countries and its transformation into a global financial, scientific and technological center. According to the calculations of Chinese experts, by the middle of the 2030s, the Chinese GDP would reach that of the United States, and by 2050, it will exceed the latter by 2 times in absolute terms. The estimated GDP would reach 153 trillion Yuans, or an average of 100 thousand Yuans per person. The Forecast also speaks to one of the main ambitions of China, to develop a “well-off society” by 2030, which not only requires adequate levels of household income, but also improvements in other dimensions of human development, such as for example, the number of graduates of secondary schools, the number of households with domestic appliances, etc.

The «Forecast-2050» Vision put the following objectives on the agenda in China:

Between 1995 and 2050, the annual growth rate of the GDP should be at the level of 6.3 % in order to ensure a 27-28 times GDP growth by the target year of 2050;

- The structure of the economy must undergo drastic changes: In 1995 the primary sector constituted 20.6 % of the total output production. By 2050, its share will be 6% only. The share of outputs in the secondary sector will decrease from 48.3% in 1995 to an estimated 34% in 2050, while the tertiary sector will grow to 60 % from the 1995 proportion of 41.8%.

- Changes will take place in the structure of employment: in 1995, employment in the primary, secondary and tertiary sectors accounted for respectively 52.2 : 23.0 : 24.8. By 2050 this proportion would have to be 10: 30: 60.
- The share of the urban population will increase from 29% in 1995 to 72% in 2050.
- The density of the urban population will increase from 29% in 1995 to 72% in 2050.
- The annual growth rate in real consumption will be 5% per year, and estimated to reach by 2050 the same level of living standards as that of moderately industrialized countries.
- The volume of foreign trade will increase by an average of 7.8% per annum, from 280.9 billion US Dollars in 1995 to 1.8 trillion USD in 2050.

China, like most other countries that use the planning method as guiding tool, has been basing its development process on five-year plans, the first of which was adopted in 1953. Eleven five year plans have been implemented since then. The twelfth Five-Year Plan (2011-2015) envisages the following objectives:

- To continue building market-based mechanisms to strengthen economic growth;
- To improve mechanisms for the equitable distribution of income;
- To increase the share of urban population to above 50% levels;
- To strengthen control over the growth of government revenues.

Based on lessons learned from the global financial crisis, China's leadership seeks to reorient economic development from exports to the

¹ Muratshina, K. G. (2010). “China – 2050: specificity of formulation of the strategy”. Izvestia of Ural State University, Social science series, #3 (80) pp. 85-92. <http://elar.ufu.ru/bitstream/10995/18331/1/iuro-2010-80-14.pdf>

1. What is a Vision



Leaders of Malaysia see as their long-term goal the formation of knowledge economy and an enhanced information society in order to accelerate development to the stage of advanced industrial societies

domestic market in the short term. At the same time, it seeks to improve the living standards of individuals, including by improving the situation of housing, communal and medical service.

Malaysia. Malaysia gained independence in 1957 and remained a predominantly agricultural country with a relatively well-developed mining industry until 1970. The country's main exports were rubber and tin. Although the present government set itself the goal of developing high-tech industries, it has practically not interfered in the economy.

The mechanism for centralized strategic planning in Malaysia emerged with the adoption of the New Economic Strategy (NES) in 1971. The NES (1971-1990) was aimed at ensuring the abolition of relations based on ethnicity, and at more equitable redistribution of wealth. The Strategy relied on increasing economic growth so as to enable a more equitable distribution of the state budget among all ethnic groups of Malaysia. During the implementation of the NES, Malaysia's GDP grew by 3.6 times in comparable prices, and the GDP per capita by 2.2 times. At current prices, GDP grew by more than 10 times.

In 1990, the then Prime Minister Mahathir Mohamad launched the "Vision 2020" strategy, according to which, Malaysia had to become a highly developed and competitive country within 30 years. The NES was replaced with the National Development Policy (NDP, 1991-2000), the objective of which was to achieve balanced development of all sectors of the economy. Present leaders of Malaysia see as their long-term goal the formation of knowledge economy and an enhanced information society in order to accelerate development to the stage of advanced industrial societies. They

DIAGRAM 6. MALAYSIA – GDP AND GDP PER CAPITA GROWTH

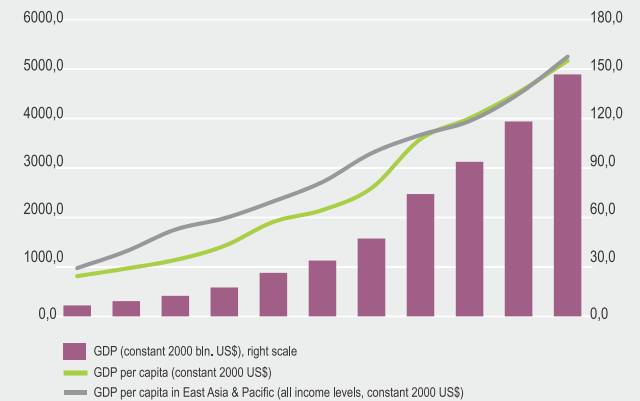
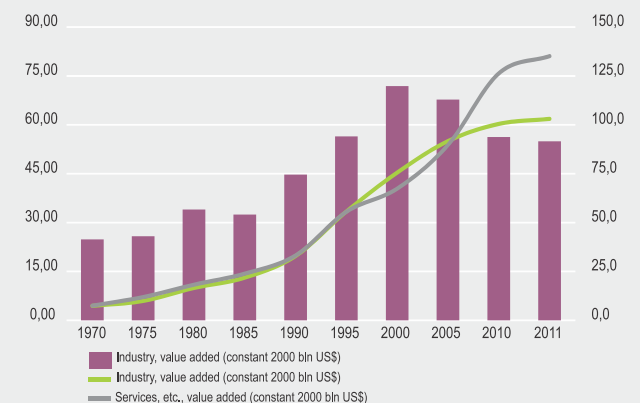


DIAGRAM 7. MALAYSIA – VALUE ADDED AND EXPORT OF MANUFACTURED GOODS AND SERVICES





make use of the current economy based mainly on the extraction and processing of natural resources to aim at a knowledge-based society.

Nine five year plans were implemented in Malaysia for more than 40 years, with the current tenth one covering the years 2011-2015. The latest Plan is directed towards priorities such as increasing the added value of goods produced, boosting knowledge and skills for innovation, further eliminating socio-economic inequalities, improving the quality of life for people and strengthening institutions.

* * *

Success stories of government planning are also available in other countries. It is worth mentioning here the experiences of Germany implementing the Marshall Plan in the first years following the Second World War, Japan which properly planned for jumpstarting its post-war economy, and Singapore, which today holds a leading position in numerous global rankings.

Lessons learned from these countries leads to conclude that the acceleration of the economic transformation and human development is the result of a set of well-thought out and well-focused actions. Within a framework of a strategic planning, economic policy takes shape as a result of past lessons learned as well as new realities that have come about as a result of implementation of the previous steps.

Box 2. Malaysia's New Economic Model

As part of the Vision 2020 put forward by Mahathir Mohamad in 1991, the Malaysian government developed a so-called New Economic Model (NEP) which concentrates on four priority areas for transforming Malay society:

1. Implementation of the Economic Transformation Program (ETP), a comprehensive plan of reforms aimed at turning Malaysia into a high-income country. Particular attention should be paid to ensuring an economic growth rate at no less than 6% by 2020.

2. Implementation of the concept of "1Malaysia" (One Malaysia), a programme introduced in 2010 with emphasis on ethnic harmony, national unity, and efficient governance. 1Malaysia stresses national unity and ethnic tolerance based on values of perseverance, a culture of excellence, acceptance, loyalty, education, humility, integrity, and meritocracy

3. Implementation of the program of reforms in the system of management, which is aimed at improving the quality of public services in key areas.

4. Further implementation of the 10th National Development Plan (2011 – 2015) which defines specific targets in terms of macroeconomic indicators and resource allocation.

Source: New Economic Model for Malaysia. National Economic Advisory Council, 2010. http://www.pmo.gov.my/dokumenattached/NEM_Report_1.pdf

2. The Value of Visions and National Long-term Strategies



Vision success is measured against the confidence it generates in mobilizing trust, resources and investments

Visions and NDS are tools for building a nation's future. They are needed in order to stimulate continuous and purposeful sustainable development. Although development strategies vary from country to country and change over time, they provide a definition of the goals and priorities in the long term, as well as the paths, resources and time frames for their implementation.

The strength of a nation and its political leaders lies in their ability to realistically and sensibly assess major threats and challenges. A strong nation sets its aspiration for the future through a Vision and breaks it down into desirable and realistic objectives. The NDS thus sets specific goals, defines the means for achieving them and makes it possible to mobilize resources—not only financial but also organizational, institutional as well as such resources as people's own aspirations and contributions.

Although countries have different approaches for developing their Visions and their NDS, these exercises share certain common features. A good Vision exercise is both a product and a process.

What is the value of Visioning? The optimal process of preparation of the Vision is based on the following principles.

2.1. Ensuring that the nation is committed to the ideas of the Vision

A Vision for the future responds to local challenges and opportunities. It is a set of national and community-derived objectives. Ultimately, the Vision reflects the views of the people who respond through public consultation exercises. Its success is measured against the confidence it generates in mobilizing trust, resources and investments.

One of the main conditions for a long-term development strategy to succeed is that it should be genuinely nationally owned. What does national ownership entail?

First, that the government, as the chief architect of public policy responsible for guiding the country's future, is committed at its

Box 3. Consensus among whom?

- Government decision makers who consolidate the nation around a set of common goals and objectives;
- People who respond through public consultations process and who commit their trust, resources and capabilities to reach the goals;
- Academic/expert which presents ideas for alternatives and resources;
- The development community which promotes internationally shared values and policies;
- The private sector that contributes energy, resources, research, solutions, etc.

2. The Value of Visions and National Long-term Strategies



National consensus in regard to long-term development priorities and ways to implement them, enables the nation to move efficiently toward coordinated goals

The consultation process itself is an important element in building consensus in society around the content of the strategy as well as the tools to implement its components

highest echelons and guides the process of formulating and implementing the national strategy. This is why teams are formed, supported and coordinated by the government, in most cases by the head of state himself.

Second, while the government must direct the process of formulating and implementing the country's development strategy, this does not mean that it has monopoly over its ownership. For it to be successful, the process of formulating, implementing and monitoring the Vision or the NDS should include broad participation by all stakeholders of a nation (including the head of state, the parliament, decentralized administrative bodies, elected bodies, non-governmental organizations, political parties and public organizations, the media, the private sector and even donors). Broad consultation is the only way to broaden political support imperative to success. Broad participation by these stakeholders should be ensured through the provision of adequate information and awareness of the process.

Third, national ownership means that the development strategy must focus on national priorities. Every country has its own development priorities, which take into account both the domestic and international environment as well as nation's political culture, potential, institutions and procedures. When a country's social, economic, environmental and other priorities are integrated into a national development strategy, and the assistance provided as part of the technical support from international development agencies is based on these national priorities, institutions and procedures, the strategy becomes nationally owned. On that basis, the government will better fulfill its responsibility in ensuring the adequate formulation, implementation and monitoring.

Finally, national ownership is achieved when the Vision is able to mobilize national creative capacity and

bestowing responsibility on people. A Vision's power lies in its ability to motivate and align efforts. Visions harness people's personal aspirations and provide a focus for collective activity. The process of preparing and implementing a Vision must rely on the human resources available in society while adding to the nation's creative potential. Society and its various groups—in terms of ethnic origin, age, place of residence, occupational and other characteristics—must rally around common goals and share a common understanding of these goals. Achieving national consensus in regard to long-term development priorities as well as paths and methods of implementing them, enables the nation to move efficiently and purposefully toward coordinated goals without diverting resources to overcome disagreements.

2.2. Building consensus around priorities

Both the Vision and the NDS are, as a rule, the result of an open dialogue and far-reaching consultations. As a result, the future is planned on a consensual basis, especially since prosperity depends on investments by people themselves. The Vision and the NDS become genuinely national when they are the fruit of consensus among all of the principal stakeholders in society, instead of becoming the Vision of one particular stratum, group or class only.

The consultation process itself is an important element in building consensus in society around the content of the strategy as well as the tools to implement its components, including mobilizing the necessary resources – not just financial, but administrative/organizational, institutional and even ideational /cultural. Consensus building around the Visioning exercise ensures that all stakeholders in

2. The Value of Visions and National Long-term Strategies



The Visioning exercise may become a process for educating, informing and building capacity for analysis, planning and evaluation

Increasing inter-dependence between the national and global economies makes it imperative to take into consideration regional and global trends while formulating and implementing effective Visions and NDS

society move in concert with a clear view of the long-term goals.

The involvement of various participants in addition to government entities in preparing the strategy, through, for example, collecting and analyzing information and discussing findings and goal setting, makes it possible to obtain various opinions and assessments of burning issues in society as well as to accumulate ideas regarding areas to develop further for a better future.

2.3. Capacity building and harnessing of analytical skills

The Visioning exercise builds capacity for new knowledge, data, new research methods, and new tools for monitoring and evaluation (M&E).

The formulation and implementation of a long-term strategy based on the broad inclusion of civil servants, academia and the experts' community, the private sector and non-governmental, nonprofit organizations, as well as the public at large, may become a process for educating, informing and building capacity for analysis, planning and evaluation. The process ultimately expands the country's human, scientific, technical, organizational, institutional and other capabilities.

In many developing or transition economies, international organizations play an important role in capacity development. They do so through facilitating the exchange of experiences, assisting in research, conducting pilot projects, organizing training courses, and facilitating a dialogue on development issues for the country. This resource can be used to maximum benefit if priorities, areas and instruments for building national capacity were clearly defined in the context of formulating and implementing the NDS.

Above all, analysis in the context of preparing a strategy should be aimed at a comprehensive assessment of the country's place and role in today's world. The process of working on the strategy makes it possible to better understand national, regional and global trends, problems and challenges, and subsequently to appraise the opportunities that open up in the area of development and, therefore, to construct a long-term vision for the country in a more systematic way.

2.4. Contextualizing national development within regional and international trends

Increasing inter-dependence between the national and global economies makes it imperative to take into consideration regional and global trends while formulating and implementing effective Visions and NDS.

In this age of globalization, greater inter-dependence means that economic booms and recessions at the national level have vast global implications. At the same time, inevitable cyclical fluctuations in the world economy and crises in specific commodity markets may bring about major upheavals and adverse consequences for the national economy. It is therefore essential to estimate in advance the timing of both the next global crisis and major fluctuations in specific commodity markets in order to assess their potential consequences for the national economy and build them into the Vision exercise and the NDS.

At the same time, taking stock of trends in regional developments is an equally important element of shaping and implementing an effective NDS. As a rule, countries have more extensive and intensive commercial, economic, political, cultural, and technical relations with their geographic neighbors, relations which are often reinforced by the

2. The Value of Visions and National Long-term Strategies



creation of regional integration groups. That is why the socio-economic and political situation in one country often influences that of neighboring states, directly or indirectly. For example, measures taken to develop certain sectors by a given country in the region can have a significant effect on exports, imports, employment and the sectoral distribution of investments in other countries. This leads to the need of deeper studies on developing trends in neighboring countries.

There are other reasons why contextualizing the future national developing within regional and global trends is necessary. For example, the most important ingredient for the successful implementation of a Vision usually involves deep structural reforms; yet, structural reforms are a lengthy process that can take decades to be implemented. It is imperative that the

reforms are planned in a way as to correlate with the future demands of the global economy, and to take into account growing environmental constraints, and developments associated, for example, with climate change. At the same time, however, rapid technological development makes it difficult to forecast trends in the structure of global demand. This means that an effective long-term Vision is one that includes a correlation between planned structure reforms and an accurate long-term projection of growing global demands.

In other words, a national strategy is essentially a strategy for reserving a winning seat for a country and its economy within the structure of the global economy, a seat that is under fierce competition. However, a country should not just judge its success and the success of other countries

Box 4. The UN Development Programme's approaches to capacity development

The UNDP defines "capacity development" as a process that takes place at the individual, institutional and social or "enabling environment" level. In the past the focus has been primarily on improving the technical capacities, skills, knowledge, and awareness of individuals. However, it is now accepted that concentrating on improving capacity at the level of the individual will not be effective, unless it is combined with systematic efforts to improve capacity at the institutional and societal levels. A well-qualified and well-informed individual cannot use his capabilities if he is working in the framework of ineffective organizations, or organizational structures which do not allow him to fully apply his skills and knowledge. And even well-organized institutions full of technically capable people cannot function well if there are laws and regulations which constrain their activities and performance.

In the process of developing capacity, individuals, organizations and institutions, as well as society as a whole, develop their abilities to perform specific functions, solve problems and set and accomplish goals and tasks.

- **Individual level** – capacity development at the individual level requires the creation of conditions that enable specific participants to acquire new knowledge, skills and experience,

and reinforce existing knowledge and skills. This also requires conditions that enable people to participate in a training process and adapt to change.

- **Institutional level** – capacity development at the institutional level includes providing assistance to already existing institutions in developing countries. This means not creating new institutions but modernizing existing ones and providing them with support in terms of improving its policies, procedures and frameworks, allowing it to operate efficiently and deliver on their mandates, while allowing the capacities of individuals within the organization to connect and contribute to achieving organizational goals. This involves inter alia work on improving administrative efficiency and financial oversight.
- **Social level** – capacity development at the level of society should support the creation of a more interactive system of government administration, through policies, legislation, social norms which allow for interaction between and among organizations. Capacity development at this level should also allow individual civil servants to respond to society's needs and to be accountable.

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The optimal Vision and NDS use an integrated approach that finds synergies between various policies and programs. It does not focus only on economic development but views the economic, social, environmental, political and other dimensions in an inter-connected manner

on the basis of economic performance alone. As such, the Vision and the NDS harness competitive capabilities and the potential of the country against existing peers and international benchmarks.

Finally, dissemination of knowledge on experiences of other countries among stakeholders taking part in the formulation of the strategy, enables them to expand their understanding of the development processes in the world while encouraging to devise new creative ways to solve the country's future challenges.

2.5. Convergence of various sectoral policies

The optimal NDS uses an integrated approach that finds synergies between various policies and

programs. It does not focus only on economic development but views the economic, social, environmental, political and other dimensions in an inter-connected manner.

It also identifies synergies among various sectoral and thematic policies and programs towards a unified and comprehensive goal. A good NDS thus identifies adequate and logical sequencing of objectives to be reached with due regard for the interconnection and reciprocal influence of different variables in society.

Visioning exercises help forge convergence between economic, social, political, spatial and environmental dimensions. They also help harmonization and synchronization between national goals and policy cycles

Box 5. Kenya: Organizing a course on long-term planning

The Ministry of State for Planning and National Development has organized an online course on Vision 2030 for Kenya. Vision 2030 is Kenya's first long-term development plan that is intended to guide the country to become a rapidly industrializing middle-income country, offering its citizens tranquility and security. The course is intended for public servants concerned with development issues, students and the interested public, regardless of their occupation.

The course consists of six modules:

1. Module 1 explains how the vision was developed and launched by the coalition government.
2. Module 2 discusses the country's capabilities and macro-trends which form the foundation for the national transformation envisaged in Vision 2030.
3. Module 3 is on the economic component of the vision, offering information on the main areas in which to ensure economic prosperity for Kenya's people.
4. Module 4 explains the social component of the vision; in particular, it focuses on the ideas of investing in people in Kenya by developing education, health care, water supply and sanitation and improving living conditions.
5. Module 5 deals with the political component, which focuses on questions of strengthening Kenyans as a nation, improving the system of governance and supporting the rule of law, as well as on the values of nation-building.

6. Module 6 discusses issues of providing synergy between the actions of the government and other stakeholders for the successful realization of Vision 2030.

The course is presented in interactive graphics, textual and audio-visual materials, which focus on the strategic aspects of Vision 2030 and, in aggregate, are intended to give the student an understanding of the country's long-term development strategy. Upon passing the course and test, a certificate of competence is issued.

By the end of the course the student is expected to:

- Have a deep understanding of the history behind Vision 2030, its contents and objectives and how they are expected to affect the people of Kenya and the East Africa region.
 - Know how to explain the political, economic and social policies in Kenya and the institutional framework in which they are being implemented.
 - Know the public institutions that are charged with implementing Vision 2030, and thereby increase the level of public awareness and accountability in the civil service as required by the new constitution.
 - Demonstrate enhanced management skills, particularly among civil servants who are involved in implementing the projects laid out in Vision 2030.
- On the whole, it is expected that a deeper understanding of the objectives and tasks of Vision 2030 will heighten public awareness and interest in the implementation of the policies set forth in Vision 2030.



The testing and further institutionalization of new formats of dialogue and interactions can subsequently help strengthen the governance system and enhance the efficacy of decisions

on the one hand, and international and regional trends and demands on the other. That is why multi-dimensional coordination of interests must be practiced both during the formulation of the country's Vision and NDS and during their implementation.

Another aspect that should be taken into account both in the formulation and implementation process is the integrated approach to development. While the trajectory of economic growth may depend above all on primary factors and constraints, such as demographic and social factors, natural and environmental, institutional and others, it is important to remember that the economy is not an end in itself but merely a means of providing a decent living standard, quality of life and security for the population. This is the supreme, ultimate goal of the existence and functioning of a state.

That is why the NDS should go beyond traditional economic indicators such as change in GDP and production of specific economic sectors, investment, exports and imports, inflation, employment, real personal income, disproportions in real income among various population groups, etc. It must also take into account the formal and informal sectors that help shape society: change in the political system based on the demands of the times, the development of science,

education, culture, ethics and ideology, etc., which can only be reflected indirectly in quantitative indicators and require instead a set of qualitative indicators and assessments.

2.6. Institutionalizing exchanges and coordination

Finally, another value of the Vision and NDS exercises is the strengthening of horizontal and vertical ties both inside the government and between the government and other partners in the development processes. Harmonious, long-term development requires the bolstering and invigoration of ties among decision-makers, the intellectual community, those who are responsible for implementing decisions, as well as specific social groups and society as a whole, which are the beneficiaries of the various policies and programs.

The testing and further institutionalization of new formats of dialogue and interactions can subsequently help strengthen the governance system and enhance the efficacy of decisions. The very framework of the NDS, its basic principles, proposed policies and instruments may become the basis of preparing training programs for experts in the public sector, representatives of civil society and all stakeholders.

2. The Value of Visions and National Long-term Strategies



Box 6. Rio+20: Toward Convergence of National Development Agendas



The Millennium Development Goals expire in 2015. After 2015, efforts to achieve a world of prosperity, equity, freedom, dignity and peace will continue unabated. The UN is working with governments, civil society and other partners to build on the momentum generated by the MDGs and carry on with an ambitious post-2015 development agenda. In July 2012, Secretary-General Ban Ki-moon announced the 27 members of a High-level Panel to advise on the global development framework beyond 2015.¹

The post-2015 agenda will reflect new development challenges and is linked to the outcome of «Rio+20» – the UN Conference on Sustainable Development – that took place in June 2012 in Rio de Janeiro, Brazil. One of the main outcomes of this conference was the agreement by Member States to launch a process to develop a set of sustainable development goals (SDGs). Rio+20 did not elaborate specific goals but stated that the SDGs should be limited in number, aspirational and easy to communicate.² The Rio+20 outcome document *The Future We Want* states that, at the outset, the Open Working Group (OWG) of the General Assembly will decide on its methods of work, including developing modalities to ensure the full involvement of relevant stakeholders and expertise from civil society, the scientific community and the United Nations system in its work, in order to provide a diversity of perspectives and experience.³

The Synthesis Report from Rio+20 conference, produced by UNDP and UN DESA on the basis of national reports highlights four closely-linked elements necessary for a transition to more sustainable forms of development – Integration, Inclusion, Coherence, and Implementation.

- **Integration.** It is necessary to build management institutes in such a way, so that they fully provide integration of three dimensions of a sustainable development – economic, social, and ecological – in the national agenda and plans of development. Thus responsibility for promoting sustainable development should lay not only on the agencies, which are responsible for ecology (as it occurs currently in many countries), but also on the institutions, playing the central roles in national systems of development planning.
- **Inclusion.** Inclusion refers to two related ideas: that stakeholders have a say in setting more effective, responsive development priorities and participate in the development planning and implementation process; and that people themselves equitably accrue the benefits of this process.
- **Coherence.** Institutional coherence, a core element of good governance, is a prerequisite for the implementation of sustainable development. Aligning different parts of government around shared objectives, bringing promising approaches to scale, and ensuring policy coherence across sectors to eliminate perverse incentives and policies that work at cross-purposes requires robust institutions, strong coordination mechanisms, and well-functioning accountability and transparency systems. Bringing substantive and administrative coherence to the work of the different sectoral ministries and agencies involved in sustainable development as well as promoting coordination and collaboration between different levels of government is vital for meaningful progress.
- **Implementation.** The major challenge common across all countries is implementation of the strategies and plans that they have formulated. In addition to national visions for sustainable development, which many countries already have, a complex of institutions and measures are required to move ahead with sustainable development agenda:
 - **Institutional framework** needs to be translated into practical mechanisms for allocation of resources, monitoring and enforcement that results in sectoral and core agencies working together and cooperating in implementation.
 - **Capacity development and institutional strengthening** to ensure cooperation and collaboration between different government institutions in implementation of national strategies and plans.
 - **Clear targets and goals at the national level** (similar to the MDG goals and targets) tailored to the country's needs and priorities, such as a set of globally agreed upon sustainable development goals.
 - **Harnessing the political commitment** already expressed by many governments in formulating their strategies and plans in order to ensure allocation of the requisite financial, human and technical resources for implementation.
 - **Availability of funds.** Development partners continue playing a key role in supporting national strategies and development plans.
 - **Regimes for monitoring and evaluating implementation are needed in all countries** to ensure that appropriate of sustainable development policy frameworks are designed and adopted.

¹ <http://www.un.org/millenniumgoals/beyond2015.shtml>

² <http://sustainabledevelopment.un.org/index.php?menu=1549>

³ <http://sustainabledevelopment.un.org/index.php?menu=1549>

Source: *Synthesis of National Reports for Rio +20. United Nations Department of Economic and Social Affairs and the United Nations Development Programme, 2012.*

3. Step-by-step Approach to Formulating Visions and Long-term National Development Strategies



The thorough and rigorous analysis of the status of current development enables the strategy to be based on facts and not on false assumptions

Long-term national development strategies have different shapes, processes and methods of elaboration, but they have a great deal in common in terms of their logical structure and the basic components they incorporate.

The logic underlying any long-term strategic document is based on the following step-by-step components:

- Assessing the current situation, and evaluating achievements and successes;
- Charting out potential future challenges and threats;
- Developing scenarios and sketching out the desired future in concrete quantitative and qualitative terms;
- Identifying timeframes and benchmarks;
- Formulating goals and tasks;
- Developing sectoral, thematic and territorial Development Plans.

Step 1: Assessing current achievements and successes

First, the current state of the economy needs to be ascertained through an analysis of macro- economic data and an exhaustive assessment of the key enablers for economic growth and human development in society. The thorough and rigorous analysis of the status of current development enables the strategy to be based on facts and not on false assumptions.

This assessment could include, for example, an analysis of:

- Which sectors and which types of enterprises are contributing most to economic output and growth;
- What deficits there are in empowering people to participate actively and meaningfully in society;
- In which regions most growth is taking place;

Box 7. Conceptualization

Conceptualization is the first step on the path of formulating any plan, since it helps to define the basic concepts that will be used in the planning process, including relations in society, the economy and the state, the mechanisms for managing social, political and economic processes, etc.

The planning process begins, above all, with a reconsideration of the past and present, since before moving forward it is essential to clearly understand:

- What stages, directions and trends have so far characterized the country's development, what produced them, what the factors were in successes and what the causes of failures were in the past and present;
- Where the country is today—relative to itself a few years ago and relative to other countries;
- What effect the country's past and present will have on its future.
- Such "conceptualization" forms the basis for debates about the future and for initiating planning processes, including:
- Formulating hypotheses about the country's future, which will become the basis for defining the challenges, goals and tasks of development;
- Defining a list of questions that must be answered in order to prepare and describe solutions to tasks in the chosen subject field;
- Planning possible trajectories for the country's progress toward its long-term goals.

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Assessment of achievements and successes has both technical and ideological dimensions

- Where various opportunities reside to bring about economic diversification, sustainability and distribution throughout the regions;
- Which sectors or structures that can be strengthened for their contribution to economic growth.

Which sectors are contributing most to depletion of natural resources; which sectors can be relatively easily transformed in terms of energy efficiency or can most contribute to reduction in carbon emissions; which sectors will be less susceptible to impact of climate change.

In parallel to the internal assessment, external models can be used through the identification of countries whose successful path to comprehensive development and transformation a country seeks to emanate.

Interviews with key individuals within both the public and private sectors should be conducted to ascertaining the expectations and aspirations of stakeholders.

The assessment of achievements and successes has at least two aspects that deserve mention—the ideological aspect and what may be called the technical aspect:

The ideological aspect of any policy assessment lies in vividly displaying the achievements and, what is often most important, explaining the logic of previous policies and programs, determining the driving forces and factors of success and analyzing lessons learned and oversights.

The technical aspect, meanwhile, is based on the fact that any success can and should be expressed in quantitative terms. This makes it possible to objectively measure success and determine development trends.

Box 8. Data and Time Series

Forecasting on the basis of time series (dynamic series, chronological series, etc.) is one of the most widespread methods of forecasting. A time series describes the change in an indicator over time, which makes it possible to observe the past development of the object/phenomenon under study and on this basis to identify the directions of momentum and patterns and project the development of the object/phenomenon in the future.

When formulating comprehensive strategies, it is highly important to use extensive sets of data and time series for the following reasons:

- First, one is able to construct an analysis and forecasts on the basis of the documented history of the country's development, presented in the form of quantitative trends. It is important to note that far more detailed information is usually required for forecasting purposes than, for example, for monitoring in the context of implementing programs and policies. So while one or two "observations" a year are usually enough for monitoring purposes, in the case of forecasting, the more observation points, the better.
- Second, there is an ability to compare development trends by determining the relationships between various processes and phenomena that may provide a basis for a more detailed analysis and conclusions regarding the potential effects of the policy measures to be taken and the outlook for the country's development as a whole. At the same time, forecasting on the basis of time series is grounded in momentum, and the accuracy of such forecasts diminishes significantly as the forecast horizon becomes more distant: (1) the farther away the projected period is from the present, the greater the probability is that the current trend will change; (2) inertial forecasts usually do not factor in changes that may have a determinative effect on development trends.
- Third, there is the ability to make international comparisons by determining the country's position relative to other countries and groups of counties. Specifically, the country can substantially improve its social and economic indicators relative to the situation, 5, 10 and 15 years before. But other countries do not stand still, either, and international comparisons help in a more comprehensive way to assess achievements and define national development goals and tasks for the future.

3. Step-by-step Approach to Formulating Visions and Long-term National Development Strategies



Important role in assessing the success of a policy is played by the comprehensive ratings and comparisons that are done by international organizations, consulting agencies and analytical entities

In assessing achievements and successes, one can proceed in several ways.

One way would be to compare the country with itself—in other words, compare a country's current and past condition in a certain area. This method could use the target indicators used to track progress in sectoral and national policies and programs. For example, in regard to health care, it could be the increase in life expectancy, the decline in the incidence of certain diseases; In the social sphere, it would be the rise in employment, the increase in personal income, etc.

At the same time, such an assessment cannot provide a complete picture of the country's condition, since any indicator is relative. That is why wide use is made in strategic planning of international comparisons regarding major socio-economic indicators. The most popular tools for such comparisons are the data bases of international organizations—the U.N. and its specialized agencies, the World Bank and the International Finance Corporation, the International Monetary Fund (IMF) and others.

An important role in assessing the success of a policy is played by the comprehensive ratings and comparisons that are done by international organizations, consulting agencies and analytical entities. On the one hand, they allow governments to obtain a relatively independent and objective assessment of the results of a policy that is being pursued; on the other, to compare its accomplishments with other countries' successes. An equally important aspect is that other countries, major investors and international institutions rely on such international ratings in their decision-making process.

It is important to highlight that an effective Vision and NDS exercise requires reliable socio-economic and political data. In cases where there are data

shortcomings, it is important that the government improves the quality of national statistical systems in order to ensure the accuracy, completeness and timeliness of statistical data.

Step 2: Charting out potential future challenges and threats

On the basis of the analysis conducted in Step 1, it would be desirable to then assess and analyze the domestic and foreign factors that have affected the country's socio-economic indicators, making it possible to identify both the reasons for the successes as well as existing problems.

One element of this analysis should be a frank evaluation of previous development program, be they national, sectoral or territorial, the degree to which goals were achieved and the efficacy of government instruments in achieving the goals.

An understanding of where the country is in the hierarchy of development of the global and regional economies, what has been achieved to date and why, what potential exists and what factors determine the country's development in the future, all makes it possible to identify future challenges and areas of potential progress.

An in-depth analysis of results achieved and current challenges makes it possible to answer the main question as to how and with what policy measures can desired results be achieved? The answer to this question is at the heart of the development strategy and determines the choice, sequence and alignment of the government's measures.

Defining challenges is, to a large extent, the flipside of the assessment of successes and achievements.

3. Step-by-step Approach to Formulating Visions and Long-term National Development Strategies



Table 2. Selected International Ratings

Index	Organization	Description
Human Development Index (HDI)	UNDP	An aggregate indicator computed annually for international comparison and measurement of living standards, literacy, education and longevity as the principal characteristics of human potential.
Education Index	UNDP	This index is a component of the HDI and is measured by mean of years of schooling for adults aged 25 years and expected years of schooling for children of school entering age.
Quality of Life Index	The Economist Group	Nine quality-of-life factors are used to construct a country's aggregate rating—life expectancy, divorce rate, per capita GDP and purchasing power parity, political stability and security, unemployment rate and others.
Democracy Index	The Economist Group	Classification of 167 countries which takes into account 60 different indicators, grouped in five categories: elections and pluralism, civil liberties, the functioning of government; political participation and political culture.
Corruption Perceptions Index	Transparency International	Annual rating of world nations that reflects an evaluation of the perceived level of corruption by analysts and business people on a 10-point scale.
Index of Economic Freedom	Fraser Institute	The index measures to what extent policies and institutions in various countries support economic freedoms—personal choice, voluntary exchange, freedom to compete and security of private property. The index is based on 42 indicators and measures the level of economic freedom in five areas: 1. Size of government: expenditure, taxes and its share in enterprises 2. Legal structure and security of property rights 3. Access to financial resources 4. Freedom to trade internationally 5. Regulation of credit, labor and business.
Index of Economic Freedom	Wall Street Journal and Heritage Foundation	The experts at the Heritage Foundation define economic freedom as “the absence of government coercion or constraint on the production, distribution or consumption of goods and services beyond the extent necessary for citizens to protect and maintain liberty itself.” The Index of Economic Freedom is based on 10 indices, measured on a scale from 0 to 100, where 100 represents the maximum freedom and 0 the minimum.
Ease of Doing Business	World Bank	International comparisons assessing the ease of doing business. A high ranking in the index means that the regulatory climate is conducive to doing business. The index is the average of 10 indicators for a country.
Global Competitiveness Index	World Economic Forum	The competitiveness rating is based on 12 groups of components of competitiveness, such as the quality of public institutions, infrastructure, macroeconomic stability, health and primary education, higher education and vocational training, goods market efficiency, labor market efficiency, financial market development, technological readiness, market size, business sophistication and innovation.
Multidimensional Poverty Index	UNDP	Launched in 2010 in collaboration with Oxford Poverty & Human Development Initiative, MPI reveals a different pattern of poverty, which goes beyond just income-based estimates. It incorporates several factors that constitute poor people's experience of deprivation – such as poor health, lack of education, inadequate living standard, lack of income, disempowerment, poor quality of work and threat from violence.
The Environmental Performance Index	Yale Center for Environmental Law and Policy	Rank countries on 22 performance indicators in ten policy categories that reflect facets of Environmental Health and Ecosystem Vitality. It allows countries to track their environmental performance over the past decade.

3. Step-by-step Approach to Formulating Visions and Long-term National Development Strategies



Table 3. How countries formulate their development challenges

Countries	Principal challenges	Countries	Principal challenges
Canada	<ul style="list-style-type: none"> • Build up productivity and innovation—Without increasing productivity and innovation, economic prosperity is impossible. Inadequate productivity growth in the Canadian economy has been a cause of concern for decades. • Find a response to the challenge from Asia – The global center of economic power is shifting from West to East. This trend, which has been developing over the past 20 years, is peaking, including because of the economic problems that Europe and the U.S. have encountered. • Curb carbon emissions – Canada is one of the world's leaders in per capita emissions of greenhouse gases, which is attributable both to the specifics of the geographic situation and climate and to poor practices in conserving resources, inadequate policies and weak laws in this area. • Reduce income inequality and polarization in society – Since the early 1980s the real income of the lowest-income groups in Canadian society has been declining. • Support the stability of the health care system – The health care system will become financially unstable if Canada keeps the current tax and financial management system. 	Pakistan	<ul style="list-style-type: none"> • The state and the economy – By 2030 the world's economies will become, for all practical purposes, completely integrated after a period of dominance by regional blocs. The opening of markets and liberalization of trade will set off tougher competition both in the foreign and domestic markets. • State and government institutions – As economic activity increases, more effective institutions will become an absolute necessity. Reforms and restructuring cannot be carried out and the Vision cannot be realized as long as the competence and quality of civil servants remain the principal challenge. • Understanding and governance of Pakistani society in 2030; Questions of culture and identity—until social and political institutions are strengthened, the imbalances and frictions in the social sector will slow the country's development. • It is enormously important in this context to formulate and implement a strategy aimed at moving away from the ethno-tribal lifestyle in the less developed regions. • The state and security – Pakistan has the potential to become an important player in matters of global security instead of being an object. • In addition, inside the country Pakistan must not only provide security in terms of food and energy but also ensure equal distribution of all forms of prosperity, as well as opportunities for access to them and opportunities to create benefits. • Private sector – Increasing private-sector investment by means of deregulation, liberalization and privatization is the main element of Vision 2030. Despite the tax concessions and incentives granted to the private sector, it remains inconspicuous and unable to provide investment in the country's economy in the proper quality and amount.
Bahrain	<ul style="list-style-type: none"> • National level: The economy requires transformation—Bahrain is experiencing a shortage of opportunities for quality employment and a shortage of manpower with needed skills. In previous years the jobs created in the economy were mostly low-paying, which led to a decrease in the average wage in the private sector as a whole in the country. • Regional level: The opportunities in the region for growth require immediate action—in recent years the Persian Gulf region has had a high growth rate and is turning into a financial, industrial and tourist center. This is a good basis for growth, but Bahrain cannot allow itself to rest on its laurels. • Global level: Increased competition requires higher productivity and innovation—the country's future prosperity depends on whether we will be able to change in various dimensions and move in step with the rest of the world. It is essential to rapidly transform the economy, acquire needed skills and build up productivity and innovation. 	India	<ul style="list-style-type: none"> • The need to apply a targeted approach in order to bring millions of families out of poverty. • Create about 10 million new jobs a year, especially for members of low-income groups. • Eliminate illiteracy. • Increase the coverage of primary and secondary education and lower the dropout rate. • Improve the quality of health in order to reduce infant mortality and reduce malnutrition among children. • Invest on a massive scale in electricity generation, telecommunications and other infrastructure, including social infrastructure. • Accelerate the buildup of technological capacity in order to raise productivity in agriculture, industry, and the service sector. • Become a more important player in the world economy in terms of trade and investment.

3. Step-by-step Approach to Formulating Visions and Long-term National Development Strategies



Defining challenges is the flipside of the assessment of successes and achievements

Ignoring challenges in the process of strategic planning carries the risk, at the very least, of incomplete attainment of defined goals

Both successes and challenges are based on the country's development model at the current stage. The model in fact determines choices in political and administrative systems, social relations within society and relations with the rest of the world.

Countries have different priorities, but the common challenges they share are related to:

- Sustaining national unity;
- Providing adequate standards of living for all citizens;
- Ensuring efficient governance and expanding participation by society;
- Efficient use of natural resources, etc.

The global context must also be taken into account when analyzing future challenges. It may be conducive to the country's development, but may also pose obstacles. For example, external challenges that may be considered intensifying competition in international markets, climate change, regional and international conflicts, etc.

How such challenges, both internal and external, are perceived and understood largely determines the starting point when preparing long-term strategies. Challenges cannot be overcome instantaneously, since the state, the economy and society cannot be restructured overnight in order to produce an appropriate response. It takes time to formulate and carry out the necessary reforms, mobilize resources and overcome inertia.

For example, the medium-term National Development Strategy of Qatar, in addition to defining 20 key challenges, also spells out strategic responses by the Government to these challenges. These strategic orientations define the targeted programs and projects for practical implementation of the Strategy. This entails a clear understanding of the fact that, since the key challenges cannot all be overcome at once, it is

Box 9. Forecasting

An entire arsenal of methods and instruments has already been amassed that make it possible for those interested to "peer into the future" in the formulation of long-term strategies. To assess future challenges, for example, the tool of forecasting is widely used. The forecasting process cannot be based on intuition and political instinct or, for example, on ideological guidelines. Forecasting requires a skillful combination of qualitative and quantitative methods of analysis in order to lay the necessary scholarly, informational and analytic groundwork for the strategic decisions and subsequent action plans to be adopted.

3. Step-by-step Approach to Formulating Visions and Long-term National Development Strategies



The priority in the scenario approach is the variety of forecasts, each of which becomes possible under a certain combination of different factors

necessary to determine and prioritize the targeted projects that can be carried out with the maximum return.

Ignoring challenges in the process of strategic planning carries the risk, at the very least, of incomplete attainment of defined goals. At worst, it could lead to a failure of the Strategy and serious social, economic and political repercussions, since resources will have been wasted, the problems that already existed may worsen and, in addition, new ones may crop up.

An understanding of challenges, both internal and external, makes it possible to determine the constraints on development and, therefore, the measures that will help the country overcome these constraints. It allows strategic planners achieve the desired goals in the future by mobilizing the necessary resources (among them human, financial, political, technical and technological) and focusing them on carrying out specific tasks.

Step 3: Developing scenarios

The future is variable because it is influenced by a multitude of factors, both external and internal, and it is quite difficult to take them into account in the processing of forming a Vision. Therefore, when formulating long-term strategies, drafters often resort to a scenario approach, which makes it possible to view the future in different versions.

A scenario is a description of possible future situations, including the path that leads to a certain situation. Scenarios are not intended to provide a complete description of the future; they are more oriented toward defining the main elements of a possible future and focus on the key factors that will stimulate the further development of events. Many experts stress that a scenario is a hypothetical construct and will not necessarily represent reality.

Table 4. Quantitative and qualitative methods of formulating scenarios

	Quantitative	Qualitative
Implementation	When quantitative knowledge - is required - and present - and/or quantification is possible	When qualitative knowledge - is required - or quantitative knowledge is not present
Topic areas	e.g. demography, economic development	e.g. institutions, culture, politics
Impact on the degree of formalization	Tendency to a high degree of formalization	Tendency to a low degree of formalization
The ideal-typical scenario technique	Modeling methods	Narrative and/or literary techniques
Manner of selecting key factors	Firm definition of a narrowly limited number of factors	Intrinsically sensory observation of details and nuances, possible without a stringent selection of factors
Chronological projection space	Short- to medium-term	Medium- to long-term

Source: Hannah Kosow Robert GaBner, "Methods of Future and Scenario Analysis: Overview, Assessment, and Selection Criteria", German Development Institute

3. Step-by-step Approach to Formulating Visions and Long-term National Development Strategies



Box 10. Foresight

Foresight is a relatively new methodology that incorporates traditional and new methods of expert assessments aimed at defining possible versions of the future as a component of long-term forecasts and strategic planning. The foresight methodology has become most popular in regard to assessing the prospects for development of the scientific and technical field and certain sectors. For example, intensified competition in global markets for technological leadership has largely contributed to increases in analytical research, which would support the forecasting of trends in the area of technology. One of the first attempts to forecast the development of technology was made by the RAND Corporation back in 1950. In 1970 Japan started to conduct research on the long-term prospects of technology development, and later analytical research began in France, Australia, Canada, Sweden, Britain and other industrial countries.

Today foresight is essentially an outlining of long-term technological, sectoral, geographic and demographic trends that make it possible to identify the principal driving forces of long-term development. Foresight is not a forecast in the classical sense of divining the future; It is a set of possible versions of the future that may occur as a combination of many factors and if certain conditions are met. As a rule, foresights have a horizon of 30-50 years. 2050 has generally been defined as the horizon for most currently used foresights, and the following may serve as examples:

A series of reports titled "The World in 2050" by Price Waterhouse Coopers, which cover such global trends as:

- Prospects for increased competition between leading developing countries and the member countries of the Organization for Economic Cooperation and Development (OECD);
 - Development of a global banking sector that takes into account the growing potential of banks in the most dynamically developing countries;
 - Low-carbon development and the prospects for global climate change, in view of the economic growth of India and China.
 - Another series of foresights by Price Waterhouse Coopers on the pharmaceutical industry for the period to 2020, which address such issues as how well various models for organizing the pharmaceutical business meet the future needs of global markets, the

outlook for improving R&D mechanisms in the sector based on developing information technologies, constructing a regulatory system in the pharmaceutical sector in order to stimulate its dynamic development, etc.

Industry foresights prepared by the World Energy Council (United Kingdom):

- "Transport Technologies and Policy Scenarios to 2050," which analyzes challenges related to the growing burden on the global transport sector as a result of the planet's growing population, the urbanization processes in the world and the problems of limited energy resources and climate change.
- "Energy Policy Scenarios to 2050," which analyzes strategies to ensure energy security in various countries and regions and various possibilities for expanding global cooperation in these matters.
- A report by the Asian Development Bank, "Asia 2050: Realizing the Asian Century," which may be regarded as a kind of geographic foresight that describes the long-term prospects for the development of Asia as a single region that is capable of turning into a global community of nations by 2050.
- Foresights have several functions that have a bearing on political decision-making: (1) by providing systemic knowledge or forward-looking analysis, they offer information for political decision-makers; (2) they stimulates the elaboration of an overarching vision of public policy. In this way, by offering alternative policies in the present, they provide a basis for changing the future. In the final analysis, foresights have a long-term interdisciplinary and communicative content. They support strategic thinking and decision-making by formulating a series of possible scenarios of the future, using such methods as trend research and policy impact assessment, the forecasting and construction of scenarios for expected future events and the identification of optimal policy instruments for achieving preferred results. It is also important to note that institutional factors play an important role for the success and integration of foresights into the political process.

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At the same time, scenarios have several important functions:

- First, scenarios may be used to produce knowledge about the present and the future as well as determine the limits of this knowledge.
- Second, a scenario-based analysis may perform a communication function, since it is often based on an exchange of ideas and opinions between people with different views. Scenarios may also be used as a public-relations tool to draw attention to specific issues.
- Third, scenarios may help decision-makers in formulating goals.
- Finally, scenarios may serve as a tool for studying the potential effectiveness of a country's development strategies.

Scenario analysis is the process of examining possible versions of the development of events that can lead to various future conditions. Scenarios are formulated on the basis of a study of trends in different areas and phenomena—the global, regional and national economies, science and technology, markets and sectors, changes in the political and economic environment, etc. The priority in the scenario approach is not so much the accuracy of forecasts and of specific quantitative indicators as the variety of forecasts, the alternative versions of the future, each of which becomes possible under a certain combination of different factors.

The construction of scenarios usually entails consideration (both retrospectively and prospectively) of a fairly large number of factors and indicators that are

Box 11. The Delphi Method

One of the modeling methods used by experts when formulating Visions and NDS is the Delphi forecasting method which involves the study of entities on a long-term basis (20-30 years). The Delphi method is based on an anonymous, multistage survey of experts (civil servants and representatives of science and business), whose conclusions and arguments are the principal source of information for a future forecast and formulation of a strategy. The experts use all available information in their work so as to find and identify the vectors of the country's future development. This method usually uses as many as 3,000-5,000 experts, which in itself is a unique way of obtaining a result through a sociological survey.

- In the first phase the experts are provided a questionnaire in which a problem is posed with a series of clarifying questions, including the urgency of the topic proposed for discussion, its role in the process of development and the potential for implementation. Experts are also encouraged to propose issues for consideration that they consider to be important to a further discussion of the topic but that were not proposed in the questionnaire.

- The second phase is based on the responses received, grouped together in order to identify similar views. What is important is that no expert opinion goes unnoticed. In this phase the experts are to give their conclusion regarding their colleagues' stated views. The experts' opinion regarding the matter under discussion often changes as a result of this discussion. Generalized conclusions are then used as a basis for formulating recommendations on the topic under discussion.

The results are regularly (once every few years) reviewed with a view to incorporating new knowledge into the development of scenarios.

What makes the Delphi method particularly valuable is the anonymous nature of the survey, allowing participants to be as objective as possible and not influenced by the authority of any of their colleagues. It is also important that, in contrast to forecasting, the Delphi method offers several vectors at once of potential development given the available resources and constructs a forecast that factors in the totality of conditions for socio-economic development.

Among the method's shortcomings is that it is highly labor-intensive and the process is quite lengthy.

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The construction of scenarios usually entails consideration of a large number of factors and indicators that are capable of driving development, exerting a corrective influence or impeding development

capable of driving development, exerting a corrective influence or impeding development– such as for example the country's demographic and geographic characteristics, the availability of natural resources, the situation in the economy, the social and political spheres, etc.

Quantitative and qualitative forecasts are used as a basis for projecting the most likely results of long-term development trends. For trends where the result cannot be predicted more or less definitively (uncertainties), multiple potential results are usually taken into account. Key trends are consolidated in various combinations, and these combinations become the basis for the formulation of scenarios. Each such combination must have its own logic, which is what will make each scenario a unique alternative.

There are many different methods of scenario-based analysis, but they principally follow a common sequencing:

- In the first phase, the scenario field is defined by creating precise questions.
- In the second phase, factors that will influence the future are determined.
- Then the potential consequences that the effect of each factor tends to lead to are analyzed.
- This phase is continued with the determination and selection of key factors that make it possible in combination and through their mutual influence to create a relatively small number of scenarios.
- In the final stage a “scenario transfer” takes place, implying the use of finished scenarios for the formulation of development scenarios.
- On the whole, scenario analysis amounts to simulations during which the authors try to determine the potential pivotal moments and turning points that may alter the future.

Table 5. How countries formulate key development goals

Country	Goals Formulated
Malaysia	By 2020 Malaysia can become a unified nation with a self-confident society that is imbued with strong moral and ethical values, a democratic, liberal and tolerant society, caring, economically fair, progressive and prosperous, with an economy that is competitive, dynamic, reliable and stable.
Malaysia	Make Malaysia by 2020 a country with a developed and competitive economy in which people are assured a high quality of life and high income as a result of economic growth that is inclusive and sustainable.
India	By 2020 India's population will be larger, better educated, healthier and more prosperous than ever before in the country's history
Russia	Russia should reach a level of economic and social development that befits its status as a leading world power of the 21st century, which is one of the leaders in global economic competition and reliably maintains national security and the exercise of constitutional civil rights. Between 2015 and 2020 Russia should become one of the top five countries in GDP.
Turkey	To become one of the top 10 most economically developed countries in the world by the 100th anniversary of the founding of the Republic (2023).
China	To build a modern, harmonious and creative society with high income
Poland	To reduce the lag behind developed countries and achieve a standard of living comparable to the average standard in the EU

3. Step-by-step Approach to Formulating Visions and Long-term National Development Strategies



No economic model, regardless of how complex it is, can precisely describe reality and the versions of development of observed phenomena in the future

Scenarios are often augmented or are constructed at the outset on the basis of the results of economic modeling. Models have always been very popular among economists as an instrument for describing and analyzing various processes. A model is usually supported by statistical and empirical data, and the results of calculations within the framework of a model using mathematical, statistical and econometric methods make it possible to construct forecasts.

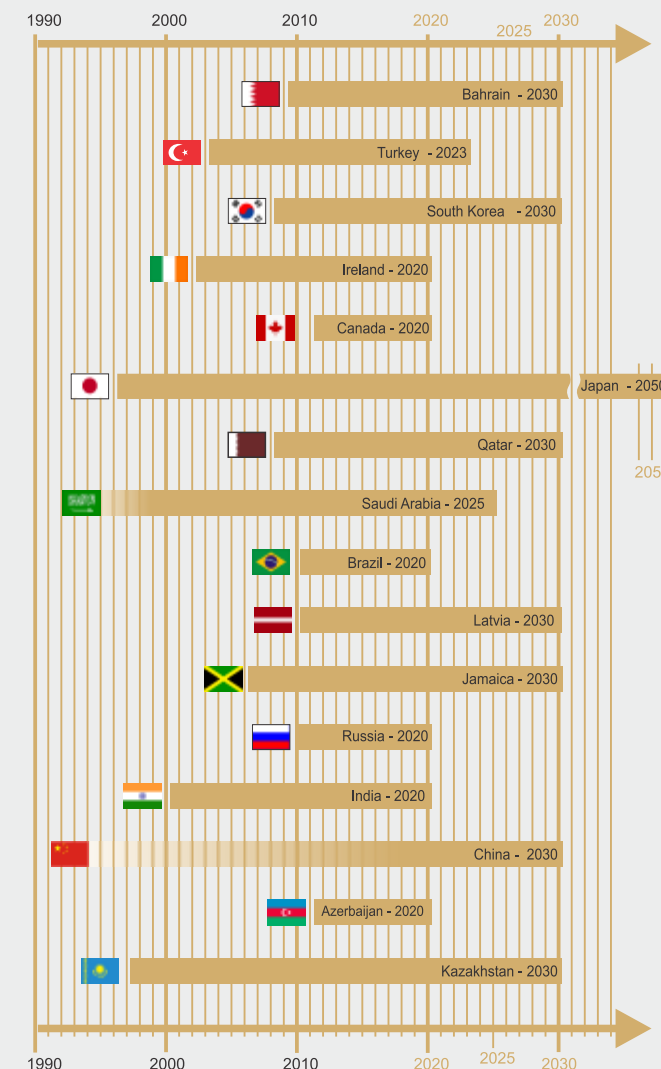
There are two broad classes of economic models— theoretical and empirical.

The purpose of theoretical models is to derive verifiable conclusions about economic behavior subject to constraints defined by the model. They provide qualitative answers to specific questions, such as the implications of asymmetrical information (when one side to a transaction knows more than the other) or how best to handle the imperfection of the market.

Empirical models, in turn, aim to verify theoretical models and convert their predictions to precise, numerical outcomes. For example, a theoretical model of an agent's consumption behavior would generally suggest a positive relationship between expenditure and income. The empirical model can quantify how expenditure increases when income increases.

No economic model, regardless of how complex it is, can precisely describe reality and the versions of development of observed phenomena in the future. It is therefore necessary when using models for forecasting purposes to take into consideration the nature and quality of the baseline data that it seeks to explain/forecast and the soundness of the theories used to derive its equations. It is equally important to complement the modeling results with analysis by other methods, which make it possible to incorporate aspects into the forecast that were not factored in by the model. Furthermore, the very process of constructing, testing and

DIAGRAM 8. TIMEFRAMES OF DEVELOPMENT STRATEGIES OF SELECTED COUNTRIES



3. Step-by-step Approach to Formulating Visions and Long-term National Development Strategies



The formulation of a goal must not be amorphous: it should be sufficiently clear to set a specific direction and focus attention on what is most important

revising models contributes to a deeper understanding of how the economy works, which is extremely important for forecasting, planning and policy implementation.

Step 4: Identifying timeframes and benchmarks

The timeframe that the strategic plan covers must be sufficient to successfully solve major problems, taking into account such long-term factors as changes in generations, manufacturing processes, economic, environmental and territorial trends, etc.

Hence, a timeframe for a Vision of 20-30 years is optimal. Strategies for a period of more than 30 years are hard to formulate and implement because of the difficulties involved in assessing target parameters and

indicators. The timeframe does not depend on the level of development of a country. For example, The NDS for Sweden covers a period of 25 years, those of Denmark and Germany a period of 20 years. In Malaysia, the Vision presented by the President Mahathir Mohamad in 1991 covered the period up to 2020. The Government of South Korea formulated a Vision for the period 2006-2030. In most African countries that have formulated long-term visions, the planning horizon is about 20 years.

At the same time, it is obvious that the attainment of long-term goals requires specific, shorter stages that have their own particular features (e.g. in various phases of economic cycles). Therefore the long-term Vision and NDS are combined with medium-term plans, which make it possible periodically to push back the planning

Box 12. Malaysia – Policy Planning Horizons

PLANNING HORIZON

Long-term planning

- Vision 2020, 1991-2020
- First Outline Perspective Plan (OPP1), 1971-1990
- Second Outline Perspective Plan (OPP2), 1991-2000
- Third Outline Perspective Plan (OPP3), 2001-2010

Medium-term planning

- Five-year development plans, such as the Eighth Malaysia Plan (2001-2005)
- Mid-term review (MTR) of the five-year Plans

Short-term planning

Annual Budget

Development planning in Malaysia is a three-tier procedure, consisting of long-, medium- and short-term programs.

- Vision 2020 was announced in 1991 and covered a 30-year period. It sets forth long-term expectations regarding prospects for national development, which makes it possible to focus efforts on specific areas.
- A system of long-term plans, each of which covers a 10-year period, defines the broad areas and necessary long-term development strategies.
- The next tier is medium-term planning: five-year plans are formulated for the implementation of the 10-year long-term plans. They set forth macroeconomic targets and areas for implementation of public-sector development programs. In addition, they define areas of development of priority sectors of the economy, thereby setting benchmarks for the private sector when planning and making investments.
- During the implementation of the five-year plans, interim reviews are called for. The task of these reviews is not only to determine how much progress has been made in implementing the plan and comparing the results achieved with the declared goals and timetables but also to analyze the macroeconomic and sectoral policies and programs and make the necessary adjustments.
- The last tier is short-term planning in the context of the budget cycle and the annually approved national budget.

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Attainment of long-term goals requires specific, shorter stages that have their own particular features. Therefore the long term Vision and NDS are combined with medium-term plans

horizon and, if necessary, to adjust the set of priorities. Consequently, strategic planning should have two tiers, combining a more overarching long-range perspective with a more detailed, medium-term view. In this sense strategic planning is continuous and wavelike – just like life itself.

Step 5: Formulating goals and tasks

Besides a good understanding of the current situation, the formulation of the Vision and the NDS needs to also rely on clearly defined key goals and tasks in order to reach desired outcomes.

The NDS is the basis for drawing up plans for the government's work and for improving the administrative

system in regard to bolstering the planning mechanisms at the national level so as to ensure better coordination in the work of the government itself and its cooperation with the private sector and international partners. The transition from defining strategic directions directly to the implementation of measures requires careful planning by the central government and executing bodies. The concepts and goals defined in the national development strategy must be converted to detailed plans in the form of programs and projects aimed at attainable results that reflect the strategic directions.

Once the Vision of the future is laid out, work should start in charting the way to the desired goals can be achieved through a strategic roadmap. On the basis of the assessments described above, and taking into

Box 13. Coordination of Strategies and Programs

When formulating the strategic priorities and development programs, one must keep the following points in mind:

- The system of priorities must be an interconnected system rather than a set of preferences and wishes that are correct individually but contradict one another when taken as a whole;
- When defining strategic priorities, all external and internal factors and constraints for the long term must be taken into account in their totality;
- The trajectory of the future progress of all priorities and development programs must be optimized so as to avoid either cutting back goals or wishful thinking;
- It is important to strike a balance in the implementation of the system of priorities, so that they are amply supported with financial, labor, intellectual, natural, material and other resources.

Considering that an NDS includes various aspects and development priorities and consists of many programs requiring funding, the key to their success is rank these programs in order

and choose the most efficient government policy measures for implementing them among all possible alternatives.

The ranking of strategic priorities and specific programs in order must be based on a logical sequence, balance, interconnection and alignment of these priorities and programs.

It is important to remember that an NDS is not only and not simply a plan drawn up in advance; it is also a type (model) of people's behavior. Social life is too complex and multifaceted to fit into a permanent and predefined framework. Therefore a detailed formulation of the country's strategy from the first step to the last is pointless unless the priorities and programs are continuously made specific and the government measures to implement them are properly adjusted based on the domestic and foreign situations.

Consequently, an NDS should be carried out gradually, step by step. As intermediate goals are reached and the potential of participants in this process increases, implementation of the next task should begin. In the process, ideas that have not worked out are dropped and the appropriate adjustments are made to the NDS.

3. Step-by-step Approach to Formulating Visions and Long-term National Development Strategies



The formulation of a goal must not be amorphous: it should be sufficiently clear to set a specific direction and focus attention on what is most important

If the goal indicates what a country wants to achieve, the tasks should indicate exactly how the country intends to achieve the goal

account the country's resources and the current economic environment, key areas for improvement are identified in order to achieve the goals of the Vision and key areas which require investments to become key enablers of development in the long term identified for future investment. The NDS then identifies the steps that need to be taken to ensure these can accommodate future development, including human capital, infrastructure, energy, transport and ICT

On the basis of the analysis above a comprehensive long-term development strategy can be created, with explicit targets, to guide the evolution of a country's socio-economic and human development.

The formulation of a goal is perhaps one of the most important phases through which the country defines its current position economically, socially, politically, etc. and what place it intends to occupy in the future. In ideological terms, the formulation of goals should essentially be a slogan that will rally the country and serve as a "motto" for the entire period in which the Vision is implemented.

The formulation of a goal must not be amorphous: it should be sufficiently clear to set a specific direction and focus attention on what is most important. The goal should be formulated concisely enough and on a sufficient scale to encompass and reflect the interests of various groups in society, mobilize society and become the platform for systemic reforms in various areas. It is equally important that the formulation of the goal be understandable to a broad audience.

In technical terms, it is important when formulating a goal to define the quantitative and, at a minimum, qualitative characteristics of the long-term goal, which ultimately should convey a kind of image that the country intends to strive for. In addition, quantitative targets are the basis for organizing the systematic monitoring of progress in implementing the

Table 6. Linkage among the strategic goal, the tasks and the policy instruments (Example of Latvia)

Goal	Tasks	Instruments
In 2030 Latvia will be a prosperous country of active and responsible citizens. Everyone will be able to feel safe and a part of Latvia; everyone will have an opportunity for self-realization. The nation's strength will lie in inherited and newly created cultural and spiritual values, in the richness of the language and knowledge of other languages.	Task 1.
	Task 2. Long-term investments in human capital—to preserve existing human potential and raise productivity to the average level for the EU and to develop skills that promote creativity, flexibility and active participation in the labor market.	<p>An employment program to increase the labor force's participation in the labor market:</p> <ul style="list-style-type: none"> • promotion of worker flexibility in the labor market, work safety; • programs to prevent age discrimination; • ... <p>Raising the productivity of human capital:</p> <ul style="list-style-type: none"> • support for employers whose strategies are oriented toward developing human capital; • creation of national certification entities; • ... <p>Quality and accessibility of health care and social services:</p> <ul style="list-style-type: none"> • determination of stability criteria for funding programs from the national budget; • ...

	Task 3.

3. Step-by-step Approach to Formulating Visions and Long-term National Development Strategies



The combination of strategic, long-term and short-term planning implies a package of coordinated programs and action plans that cover various time spans, different sectors and industries

Strategy. By comparing these targets with practical results, one can judge the efficacy of implementation.

In methodological terms, the formulation of the goal should reflect a combination of approaches used. It is important to show the horizons covered by strategic planning, the scale of the tasks facing the country and the necessity of aligning all policies. The key goal of a long-term strategy is not to develop any single sector or area, it is the goal toward which economic, political, social, cultural and other programs, policies and reforms will be directed.

If the goal indicates what a country wants to achieve, the tasks should indicate exactly how the country intends to achieve the goal, and what must be done in a certain area to move towards the goal. The instruments for carrying out the tasks and achieving the strategic goal are concrete sectoral, thematic and territorial policies, programs, projects and activities whose implementation would ideally lead to the programmed results.

Step 6: Developing sectoral, thematic and territorial development plans

Sectoral, thematic and territorial Development Plans define the aligned policies and programmes that support the attainment of the goals of the NDS by implementing specific tasks in various areas in the medium and short terms. These can pertain to a sectoral or a cross-sectoral, thematic area, ranging from the economy, health care, education to the development of human capital, domestic and foreign policy, environmental policy, poverty eradication etc. The formulation of Development Plans is based on the following basic principles:

- Plans are effective if they are based on target benchmarks specified in the NDS, which are themselves based on the principles outlined in the Vision. Development Plans should show what must be done in each sector or thematic area to achieve the global goals of the NDS.
- Development Plans should provide for the attainment of goals in different sectors taking into account cross-fertilization, synergies and integrated approaches in order to avoid duplication of efforts.
- In order to determine the optimal opportunities for financing, it is important that Development Plans are formulated in accordance with the long-term benchmarks of fiscal policy.
- Sectoral, thematic and territorial Plans should base their priorities and sequencing on the basis of an analysis of the current situation, including an assessment of strengths and weaknesses, internal and external challenges, projected trends and risks, etc.
- They should be a logical continuation of previous strategies, programs and results in order to build on them and align planning adequately and taking into account inter-connections.
- These Development Plans should be formulated with the broad participation of all involved parties, much like the Vision exercise and the NDS formulation.

There is no universal model for development planning, but all models have common features and components. The combination of strategic, long-term planning and short-term planning implies a package of coordinated programs and action plans that cover various time spans, different sectors and industries.

3. Step-by-step Approach to Formulating Visions and Long-term National Development Strategies



Long-term planning should follow the principles of iteration, which call for repeated coordination of resources, methods of achieving goals and calculation of the long-term strategy's indicators with short-term and medium-term strategies, programs and plans

The planning process, in turn, includes the following principal phases/stages:

An analysis of the situation, including the external environment, to identify challenges and opportunities, strengths and weaknesses.

- Prioritization of the key problems and issues or identification of the principal long-term objectives and results.
- Identification of the specific tasks designed to ensure that goals/results are achieved.
- Formulation of Action plans, programs and projects, including specific, measurable indicators.
- Assessment of potential risks in the implementation of action plans, programs and projects, identification of instruments for preventing/minimizing the negative effects of such risks.
- If necessary, the formation of new institutional structures, or improvement of existing ones, to implement action plans, programs and projects.
- Budgeting for implementation of the planned activities in the context of the plans, programs and projects.

Step 7. Iterative nature of visioning exercise

Preparation of the Vision requires not only political will and inspiration but is also a rather labor-intensive and, if one may put it this way, technologically complex process. "Technologically" speaking, we are referring to several dimensions that affect both the process and the end product.

Methodologies of modeling and analysis of various processes, preparing forecasts, approaches to the formulation of strategies and plans, etc., cannot always work perfectly the first time. It takes time, especially if methods and approaches that were not previously used are being employed, both to become familiar with, and adapt, new methodologies. The experience that is accumulated and work on errors make it possible to "improve" the product by adding more depth, new facets, new details, etc., to the strategy documents.

Long-term planning should follow the principles of iteration, which call for repeated coordination of resources, methods of achieving goals and calculation of the long-term strategy's indicators with short-term and medium-term strategies, programs and plans.

National strategies cover a planned period of 20-30 years. The long-term strategy is used as a basis for medium-term planning for four to seven years. The latter provides an economic justification and refinement of the aims of the long-term strategy by taking into account the trends in the development of the economic situation for the next four to seven years. These plans serve as the basis for short-term planning. Its concrete expression consists of development plans for up to three years.

There is also the aspect of the natural evolution of views of various processes and phenomena both among the country's leaders and in society. The process of preparing the Vision may stimulate (in most cases this is what happened in various countries) a restructuring of the system of government administration in the interests of strengthening long-term planning institutions.

3. Step-by-step Approach to Formulating Visions and Long-term National Development Strategies



Box 14. Big Data

Big Data – popular term, generalizing approaches for processing and analysis of the structured and not structured data of huge volumes, obtained/collected from the mass of various sources of an electronic network. Gartner Inc. uses «three V» as defining characteristics of Big Data:

- Volume – in terms of huge size of physical volume
- Velocity – in terms of speed of a growth, and necessity of high-speed processing and obtaining of results
- Variety – in terms of possibility of simultaneous processing of various types of the structured and semi structured data.

In 2011 Gartner Inc. highlighted Big Data as the second trend by its importance in an information-technological infrastructure development after virtualization. It is predicted, that an introduction of Big Data technologies will render the greatest influence on how information technologies are used in production, public health, trade, public administration as well as in the spheres where individual movements of resources are registered. In particular, Gartner Inc. highlights, that Big data forces to wrestle with three key strategic and operational challenges¹:

- **Information Strategy:** Big data is causing enterprises to find new ways to leverage information sources to drive growth.
- **Data Analytics:** You need to draw more insight from your big data analytics or large and complex datasets to predict future customer behaviors, trends and outcomes.
- **Enterprise Information Management:** Information is everywhere – volume, variety, velocity – and it keeps growing. You need to manage access to growing extreme information management requirements and drive innovation in rapid information processing.

Any devices, united within the general network, including the Internet, data from which are flown, collected and stored in one data storage can practically be considered as a sources. The considerable quantity of devices, the data from which are updated/received with high frequency, generate together such flow of the information that huge computing capacities are required only for their servicing/accumulation. Accordingly, the analysis of this flow of information demands, at first, the development of a separate technique and the approaches, taking into account the objectives and focus of the analysis, as well as composition, structure, features of databases, secondly, additional computing capacities, as a rule, belonging to the class of supercomputers.

The objectives of the analysis can also strongly vary depending on the interests of the customer, starting from a deep understanding of the behavioral stereotypes of consumers of that or other product / service, or on searching and identifying regularities in the histories of diseases of people living in certain geographic areas, covering several states before conducting investigation activities by monitoring and analyzing user activity on the Internet by using special software and computer systems. Processing large amounts of data gives many advantages over traditional methods of statistical analysis just due to the possibility of involving unstructured and non-system data that could not be analyzed by statistical methods.

Adoption of Big Data methods provides almost unlimited opportunities for understanding processes, occurring in any area of study. Accordingly, the countries, most advanced in the areas of Big Data can use these advantages to increase their competitiveness in the various fields: economics, politics and geopolitics, social engineering, etc.

¹<http://www.gartner.com/technology/topics/big-data.jsp>

WHAT IS BIG DATA?

VOLUME
Large amounts of data.

VELOCITY
Needs to be analyzed quickly.

VARIETY
Different types of structured and unstructured data.

Key questions enterprises are asking about Big Data:

How to store and protect big data?

How to backup and restore big data?

How to organize and catalog the data that you have backed up?

How to keep costs low while ensuring that all the critical data is available when you need it?

WHAT ARE THE VOLUMES OF DATA THAT WE ARE SEEING TODAY?



30 billion pieces of content were added to Face book this past month by 600 million plus users.



Zynga processes 1 petabyte of content for players every day; a volume of data that is unmatched in the social game industry.



More than 2 billion videos were watched on YouTube... yesterday.

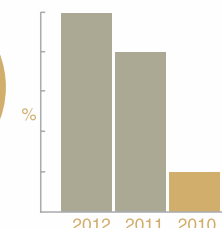


The average teenager sends 4,762 text messages per month.



32 billion searches were performed last month... on Twitter.

Everyday business and consumer life creates 2.5 quintillion bytes of data per day.



90% of the data in the world today has been created in the last two years alone.

WHAT DOES THE FUTURE LOOK LIKE?

Worldwide IP traffic will quadruple by 2015.



By 2015, nearly 3 billion people



will be online, pushing the data created and shared to nearly 8 zettabytes.

HOW IS THE MARKET FOR BIG DATA SOLUTIONS EVOLVING?

A new IDC study says the market for big technology and services will grow from \$3.2 billion in 2010 to \$16.9 billion in 2015. That's a growth of 40% CAGR.

\$3.2 billion

58% of respondents expect their companies to increase spending on server backup solutions and other big data-related initiatives within the next three years.

2/3rds of surveyed businesses in North America said big data will become a concern for them within the next five years.

Asigra

Source: <http://visual.ly/what-big-data>. Published by Asigra Inc, <http://www.asigra.com/>



The government can and must, based on the goals of the long-term strategy and stated priorities and policies, revise and optimize the system of governance

In order to implement an NDS, the format of the work of the government and of specific ministries and agencies is transformed, as are civil servants

4.1. Governance for planning

The broadening of planning horizons and the implementation of comprehensive national development strategies often implies that the state apparatus should incorporate new approaches and methods into its activities, since the decisions that are made must take account of the interconnections and mutual influence between the country's economic, political, social, human and cultural development.

The government can and must, based on the goals of the long-term strategy and stated priorities and policies, revise and optimize the system of governance in order to:

- Eliminate excessive redundancy and focus the government's work on accomplishing strategic tasks without hands-on operation and micromanagement;
- Redistribute, if necessary, functions among different levels of government, delegating more functions to line ministries and agencies, as well as local government bodies;
- Strengthen goal-setting machinery that is supposed to facilitate coordination of national, sectoral and territorial plans and programs.
- Certain ministries and agencies that are responsible for implementing specific components of the long-term strategy, programs and projects, in turn, may need not only additional powers and resources but also a new quality of personnel. Since the goals and tasks of long-term strategies are multifaceted, the activities of ministries and agencies must cross sectors, including coordination of the formulation of policies and programs, planning and budgeting with other agencies.

In other words, in order to implement an NDS, the format of the work of the government and of specific ministries and agencies is transformed, as are civil servants. And such changes in the system of governance may be of a massive scale and require substantial investment by the government. On the other hand, despite the potentially high transformational costs, when the long-term strategy is unified and the system of governance is built to implement it, the entire work of the government becomes more purposeful.

4.2. Institutional arrangements and coordinating mechanisms

Efficient coordination among institutions involved in the process of preparing the Vision and the NDS is extremely important for defining priorities, organizing an exchange of information and knowledge, ensuring debates and reaching a consensus, and integrating different measures and policies into a single package.

The preparation of the Vision and the NDS requires efficient coordination among institutions involved. This can be done through the following methods.

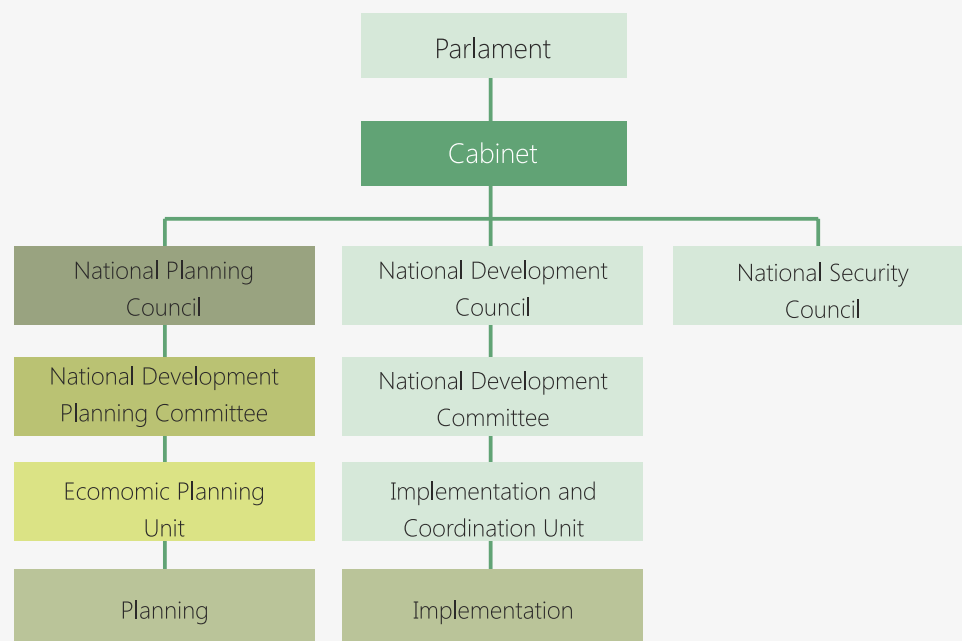
- Creating a dedicated Inter-agency unit (Vision Secretariat) in the government to oversee the process and ensure coordination and abiding by principles
- Appointing Technical Group(s) responsible for consolidation of studies/results, design etc.
- Political leadership to ensuring participatory approach at all stages of Vision formulation – designing, implementation and M&E.

The experiences of different countries that have prepared and implemented a Vision has showed two different possible mechanisms for soliciting ideas:

4. Institutional Arrangements, Roles and Responsibilities



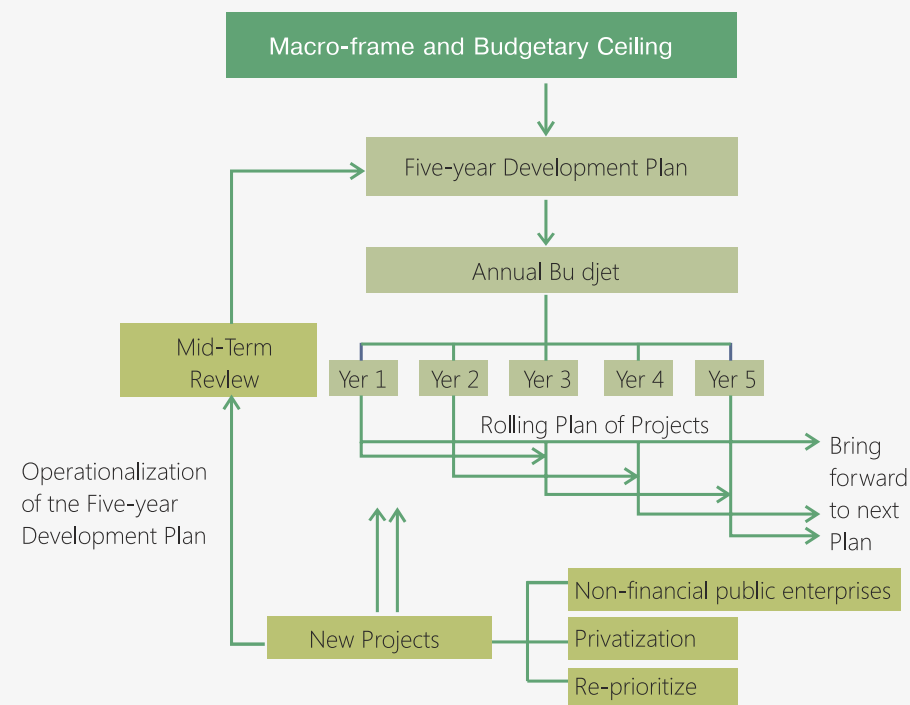
Box 15. Malaysia – Mechanisms for planning, coordination and assessment



The highest decision-making position in Malaysia for economic and socio-economic issues is held by the National Planning Council. The membership of the NPC consists of leaders of the Ministry of Finance, international trade and industry, national trade, business development and others.

In addition to the NPC, there are two other ministry councils—the National Action Council, which deals with the execution of development programs and projects, and the National Security Council, which, accordingly, handles security issues. The Prime Minister is the chairman of all three councils.

Although the planning machinery and processes seem to suggest rigidity in the system, in reality the actual process is more flexible and pragmatic. This is base planning is done at all



planning horizons, namely, long-, medium- and short-term, and they present opportunities for revisions and incorporation of new priorities to respond promptly to new challenges as they arise. In Malaysia the Economic Planning Unit (EPU) continuously monitors the economic situation in collaboration with the Treasury, the Central Bank and other economic-based ministries as well as interacts with multilateral institutions.

Shortfalls between planned targets and actual results as well as potential problems that arise from control variables, such as the current account deficit, public sector financial deficit or inflation, are noted by the EPU. Should the situation warrant an immediate response, policy papers for the National Development Planning committee and/or the Cabinet are prepared for quick action.

4. Institutional Arrangements, Roles and Responsibilities



Vision is above all a strategic basis for mobilizing resources and coordinating action at the national level. But it is no less important to engage in consultations with the country's partners abroad

1. Creating a special interagency entity in the government that includes various representatives of the non-governmental sector and acts as an Advisory Board. The bodies could be councils, commissions, committees or the like that operate in various formats. They usually include representatives of both government entities and academic bodies, research organizations and businesses. The results of their work are more in the form of recommendations, which the national government subsequently adopts as a guide to action.

2. Vesting special powers in entities inside the government, that could be either government planning entities (departments, ministries, committees, commissions) or even separate agencies whose mandate is to organize and carry out long-term planning activities. This kind of coordinating mechanism implies that the long-term planning mechanisms are integrated into the system of government administration and hence are institutionally more stable. Such mechanisms can be made even more stable and efficient by integrating into the planning process institutions that involve society in the process of planning and implementing policies and programs.

In both variants, the work of the coordinating entities is also augmented by the creation of thematic working groups, which study sectoral or thematic (inter-sectoral) issues. The thematic groups include representatives of as a broad a range of stakeholders as possible, which promotes a comprehensive study of opinions in the process of preparing the Vision.

For the period covering the design and realization of the Vision, the NDS and the Development Plans, an active role is played by ministries and agencies that are responsible for implementing specific policies and programs. It is for this reason that the best formula involves the creation of a secretariat that can handle coordination of the relevant

Table 7. Consultations on the National and International level

	Consultations at the National Level	External Consultations
Target group	Political parties, social groups, interest groups, research community, business entities and mass media.	International organizations, other national governments, major international companies and international experts.
Modalities	Policy dialogue, round tables, conferences, publications, trainings	Special publications, bilateral meetings or international conferences and seminars
Purpose	<ul style="list-style-type: none"> • Consensus: Opinions, positions and interests of various groups in society are ascertained via rational policy dialogue • Popularization the ideas embedded in the Vision • Mobilizing resources on the part of non-governmental participants. • Capacity building 	<ul style="list-style-type: none"> • Communicating to external partners the state of affairs and goals of the nation • Access to new knowledge and experiences via South-South sharing • Mobilizing investments • Bolstering mutual trust in the region: boosting new formats for cooperation – new markets, regional & sub regional integration.



Consultations are an integral part both of the process of formulating an overarching Vision and of its realization

The preparation of the Vision and the NDS requires effective coordination among institutions involved

programmatic documents (business plans, action plans, etc.), which makes it possible to bridge the actions of various parties in involved towards a unified goal.

4.3. Consultation mechanisms

Broad Consultations at the National Level. A highly important element of the preparation and realization of the Vision is broad consultations with various stakeholders at the national level—political forces, ethnic and social groups, academia and business entities. Equally important are consultations within the government itself and the system of government and administrative bodies, both at the national and regional level.

Consultations are an integral part both of the process of formulating an overarching Vision and of its realization. Consultations during the monitoring and analysis of progress in achieving the goals of the Vision make it possible to inform the public and mobilize additional resources when necessary.

Broad national consultations have several objectives.

1. The opinions, positions and interests of various groups in society are ascertained, and an opportunity arises to discuss key problems, goals and tasks of development, policy instruments and to determine optimal solutions.

2. Certain expectations take shape on the part of the involved parties, and explanatory work (and if necessary, educational work) is done with target groups, which helps to popularize the ideas embedded in the Vision.

3. The groundwork is prepared for mobilizing resources on the part of non-governmental participants.

The most common mechanism of consultations is the inclusion of stakeholders' representatives in the work of thematic working groups as permanent participants and through broad discussions in various formats (experts' meetings, round tables, forums, discussions through the mass

Box 16. South – South Knowledge Sharing

An example of consultations among like-minded countries is the cooperation format known as South-South Knowledge Sharing, which has been actively supported in recent years by international organizations. Over the past two decades the world economy has undergone a fundamental transformation caused by the accelerating rate of economic growth of such developing countries as China, India, Brazil and South Africa.

The economic center of gravity is now shifting toward the developing South. The experience of successfully developing countries in stimulating economic growth and development is certainly of interest and benefit to other developing countries, which are dealing with similar challenges.

For example, China's experience has been studied for many years already by experts from various countries, and lately the PRC government itself is supporting programs aimed at disseminating and popularizing the Chinese experience in social and economic reform.



Dialogue with international community may contribute to improvement of the country's international image, promote economic exchange and cooperation

media, the Internet, etc.). In addition, such instruments as the following are used:

- The involvement of local associations and various interested groups in gathering the necessary data, opinions, assessments and the like, as well as the preparation of reports on project implementation and monitoring of specific indicators.
- Information and educational campaigns in the context of programs to realize the Vision, plans and development programs.

The mobilization of resources and coordination of their use must be based on integrated management of development resources, which often does not fit into the framework of government development programs and national and local budgets. Non-governmental entities (private, NGOs and local associations) providers of resources, both material and non-material, are best managed in a legal framework that is established not so much through regulatory interaction as through a political dialogue between the state, the private sector and civil society.

In addition, various non-governmental organizations are enlisted to carry out monitoring activities, which is intended to guarantee the independence of assessments and is simultaneously a part of the mechanism of structuring communications around the process of formulating and implementing long-term programs.

An important role in this process can and should be played by the mass media, which are able to inform society and mold public opinion, stimulate an exchange of ideas and knowledge and bring a broader audience into the political dialogue.

External Consultations. A Vision is above all a strategic basis for mobilizing resources and coordination action at a national level. But it is no less important to engage in consultations with the country's partners abroad—international

Box 17. Abu Dhabi – Foreign cooperation for national development goals

In Abu Dhabi, the preparation of the Economic Vision 2030 involved consultants and experts on economic development from Norway, Ireland and New Zealand. Among those recruited to work on the Vision were experts from such institutes as Innovation Norway International Development Ireland and New Zealand Trade and Enterprise. The criterion for choosing those countries was their success in creating economic development models. Those countries were also chosen for a comparative analysis in terms of key development indicators that were relevant to Abu Dhabi. Specifically, as the authors of the vision point out:

- Norway, which produces comparable amounts of oil, was of interest in regard to using oil revenue for the development of the economy and its diversification and maintaining discipline in tax and budget policy.
- Ireland, whose success in development stems from the creation of a diversified economy based on knowledge and experience in attracting investment, is a good example for Abu Dhabi in regard to diversifying the economy.
- New Zealand, whose success is attributable to its relatively large exports, is also of interest to Abu Dhabi.



Box 18. Post-2015 Agenda: National Consultations

In the lead up to Rio+20 considerable efforts were made in countries around the world to help governments, civil society organizations and individuals prepare for the event held in Rio de Janeiro in June 2012. These included an initiative led by the United Nations Department of Economic and Social Affairs (UN DESA) in collaboration with the United Nations Development Programme (UNDP), which provided support to 72 countries across all regions to build a consensus on national views around the themes and objectives of the Rio+20 Conference¹.

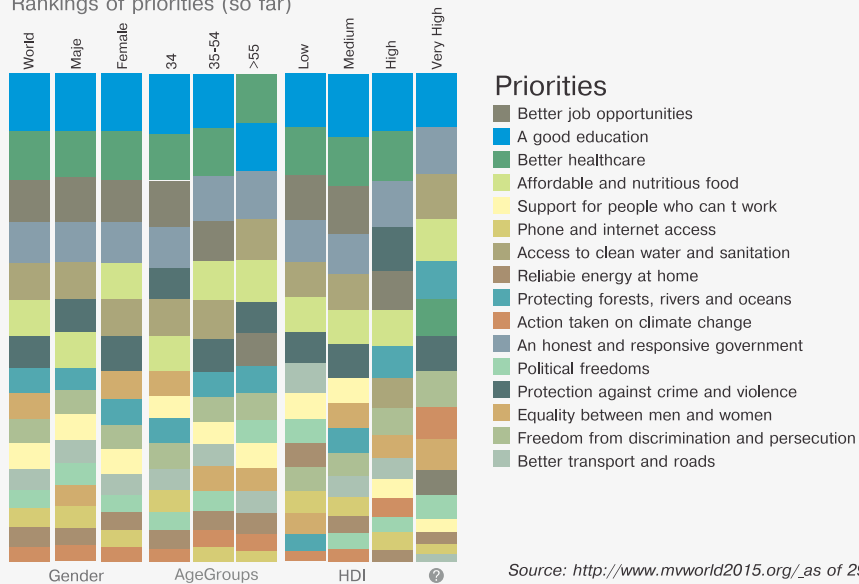
Economic growth was still the chief priority for most governments, and although they increasingly integrate poverty alleviation and other social concerns into development planning, the integration of environmental considerations has lagged. The review of national reports revealed little evidence that countries see environmental sustainability as contributing to growth; at best, governments see sustainability as compatible, or at least not interfering, with growth, but there is little indication that countries see environmental sustainability as necessary for long-term growth.

The synthesis report documents the wide variety of different approaches countries from all regions are taking to sustainable development. Most importantly, it identifies concrete challenges and bottlenecks related

Which of these are most important for you and your family?

How the World Voted

Rankings of priorities (so far)



Source: <http://www.mvworld2015.org/as> of 29-10-2013

¹ <http://sustainabledevelopment.un.org/rio20nationalreports.html>

to government capacity for implementing policies and programs that integrate the social, environmental and economic aspects of development – challenges and bottlenecks that require the concerted attention and action of national and international development actors. These challenges can be summarized as follows:

- **Integration.** Incorporating environmental issues into economic planning remains a challenge. Clear, time-bound, and nationally tailored targets and agreed upon indicators for Sustainable Development Goals are needed.
- **Inclusion.** Processes that bring government actors, the private sector and civil society together to pool knowledge, participate in the decisions that affect them, and collectively craft a national Vision for the future is critical for development that meets people's needs and whose benefits are both widely shared and enduring.
- **Coherence.** The Rio+20 national preparations underscored the need for more coherent planning and decision-making at and between the national, subnational, and local levels of government as well as across thematic sectors. The evidence shows that few countries boast a well-functioning coordination mechanism with the capacity to align efforts around key, often multi-sectoral, national objectives.
- **Implementation.** The evidence is overwhelming that a gap exists everywhere between stated commitments to sustainable development and the reality of sustainable development implementation².

Since Rio+20 consultations on the post-2015, global development agenda have continued and broadened. The High Level Panel, a group of 27 eminent statesmen and women, were appointed by the Secretary General in 2012, and asked to develop their recommendations. They submitted their report and recommendations in May 2013 (<http://www.post2015hlp.org/the-report/>).

The Open Working Group, a group of 30 country representatives from the General Assembly, has held a total of 8 thematic sessions to discuss and deliberate on different aspects of the post-2015 agenda (<http://sustainabledevelopment.un.org/index.php?menu=1549>). This group is tasked with coming up with concrete proposals for a set of sustainable development goals.

Finally, the United Nations Development Group (UNDG) has coordinated national consultations in 88 countries, working in close cooperation with UN country teams. These have focused in particular on reaching out to those sections of the population which are not usually involved in consultations: the poor, marginalized, People with Disabilities, youth – but have also included a broad spectrum of stakeholders, including national and local decision makers, representatives of the private sector, and – to give just a few examples – members of the military armed forces (in Ecuador), journalists and academic research institutes (in Iraq). Many of the consultations were facilitated by local CSOs, and some were carried out with sub-national governments.

The UNDG also facilitated 11 thematic consultations – through online debate, and organization of dedicated workshops and conferences. The results of both the national and the thematic consultations can be found on the following site: <http://www.worldwewant2015.org/>, where the summary report ('A Million Voices: The World We Want', presented during the General Assembly in September 2013) can also be found. This site also provides access to the My World Global Survey, a joint initiative between the UN and Civil Society Organizations, where over one million people worldwide have taken to opportunity to vote on their priorities for the post-2015 agenda.

² Synthesis of National Reports for Rio +20. United Nations Department of Economic and Social Affairs and the United Nations Development Programme, 2012.



The inclusion of the international expert community in consultations on long-term strategies makes it possible to enrich the process of preparing the strategy with the experience of other countries, as well as to popularize the national development model

organizations, other national governments, major national and international companies and the international expert community. The formats for such consultations may be special publications, bilateral meetings or international conferences and seminars.

Developing countries, for example, often involve international organizations directly in the process of formulating long-term strategies and specific programs and policies. International development organizations may provide support in building an effective strategy in developing countries by:

- Enabling a broader audience to understand the state of affairs in development matters, which helps to accelerate the process of shaping public awareness;
- Supporting research that demonstrates a connection between the direction of the strategy, expected results and political goals;
- Increasing the capacity of civil servants by providing them with instruction and training and involving them directly in research activities.

International organizations can speed up the process of expanding ties and cooperation between the mass media, the expert community, the private sector and politicians by creating and maintaining platforms for holding discussion forums, joint training courses and research, during which new ideas, concepts and approaches could be tested.

Consultations with other countries are important from the standpoint of bolstering mutual trust and the formats of inter-governmental cooperation. This helps open markets, accelerate the processes of regional and sub-regional integration and establish contacts with institutions and organizations in neighboring countries

that have common interests in bilateral relations on a regional scale and on a global scale.

Support from large companies acting as international partners is essential, above all, to mobilize the necessary investment and, not least of all, to test the effectiveness of the proposed development models in terms of their viability and attractiveness for business.

The inclusion of the international expert community in consultations and in the practical formulation of long-term strategies makes it possible, above all, to enrich the process of preparing the strategy with the experience of other countries and, in addition, to popularize the national development model.

Just as much benefit can be derived from the experience of industrialized countries that have already built up regulatory institutions in a free-market economy and are having a decisive influence on the development of the world economy and to a large extent serve as models for democratic governance. In addition, industrialized countries act as potential sources of investment and technology and profitable markets. They also hold dominant positions in global governance institutions, sometimes exerting a decisive influence on the decision-making process in such entities. Therefore, a constructive dialogue with the political, business and experts' circles of these countries may promote an improvement in the country's international image and an expansion of economic exchange and cooperation.

4.4. Roles and responsibilities of actors involved

The Role of Political Leadership. Political leadership is one of the key factors that can ensure



When society is relatively stable, the political leader remains as an innovator, promoting new ideas, goals and tasks in the development of society

success both in the formulation of long-term strategies and in their subsequent implementation. Carrying out systemic reforms always requires a strong political will to overcome inertia, objective constraints and, frequently, resistance to reform among specific groups of institutions.

The general trends of leadership in developed and developing countries have been characterized for a long time, first, by the establishment and initiation of a process of choosing an economic model and implementing it and, second, by making modifications aimed either at providing growth or at averting threats to growth. The initiation may be regarded as a period during which the leader or leaders choose the optimal model while simultaneously seeking a political consensus in support of the model.

The choice of the correct economic model is only one part of achieving sustainable economic growth. The creation of conditions to support these economic decisions requires, as an indispensable condition, sufficient political stability for the implementation of economic plans.

A country's initial situation may be in crisis or stable. In times of crisis, political leaders need to carry out the following three functions in order to stabilize the country and its economy:

An analytical function, or diagnostic function, i.e. an in-depth and comprehensive analysis of the causes of the current situation; a study of objective and subjective factors and realities;

- Administrative functions to draw up a program of action. The political leader's personal traits play a big role in performing this function: his or her

decisiveness, energy, intellect, intuition, boldness and ability to take on a great responsibility;

- The function of mobilizing the country to fulfill the strategic program adopted. A great deal depends here on the political leader's skill and ability to establish contact with all levels of society, to persuade and win over those who vacillate and to achieve consensus.

When society is relatively stable, the political leader remains as an innovator, promoting new ideas, goals and tasks in the development of society. Here the range of functions that he or she performs expands to assume the following:

- Innovator function, meaning that the political leader proposes constructive ideas for the social organization of society. To this end, new political programs and strategic plans for social development are formulated, and political entities are reorganized;
- Communicative function is tied to the fact that the main thrust of all of the leaders' political activity is to serve people by expressing the interests of society as a whole and of various social groups. Therefore the political leader must constantly keep track of changing social attitudes and opinions;
- Organizational function which derives from the previous ones. It refers to the mobilization of the people to carry out the new political programs and decisions;
- Coordinating function aimed at aligning the actions of all the agents of political reform—government institutions and agencies; and finally,
- Integrative function aimed at maintaining the integrity and stability of society, civil peace and social concord—the leader must provide national unity on the scale



The possibilities of mobilizing various segments of the private sector in the context of formulating and realizing the Vision and NDS also vary. Hence there must also be different approaches to organizing cooperation with various segments of the private sector

Research programs on a wide range of areas covering both domestic and international issues should be made of use in the preparation, M&E of the Vision and the NDS

of the large community that he or she leads or of the state as a whole.

Any long-term strategy takes a certain amount of time to mature. It does not have an instantaneous effect and visible evidence of success is achieved over time. In essence, history and future generations are the chief arbiters and recipients of the results that the long-term Vision and NDS strive for. An important condition for the implementation of long-term strategies is therefore that there be continuity in the political leadership and hence in the country's development policy.

The Role of the Private Sector. The private sector takes part in the formulation and implementation of the Vision and the NDS in two capacities. On the one hand, the private sector is the target of policies and reforms being carried out, and on the other, it can be a decision making actor itself, an active participant in the programs and projects that are implemented.

The private sector, however, is not homogeneous. It consists of individual entrepreneurs, micro-enterprises and small businesses, large domestic companies and trans-national corporations. The possibilities of mobilizing various segments of the private sector in the context of formulating and realizing the Vision and NDS also vary. Hence, there must also be different approaches to organizing cooperation with various segments of the private sector.

Organizing a dialogue with major players usually does not entail significant administrative costs. A large business traditionally has both formal and informal channels for an exchange of information with the government. However, this introduces the idea of bias. It is easier for large companies to express their interests. Small- and medium-size enterprises (SMEs) are much more numerous and uncoordinated, which

poses a certain challenge in terms of involving them in the process of consultations, studying their interests and creating incentives and mechanisms for SMEs to participate in specific programs and projects.

In general, however, the private sector can be brought into the process of formulating and realizing a Vision and the NDS in the following areas:

Mobilization of resources through financial markets to implement projects that develop new production lines, create jobs that expand the tax base, etc.;

- Contribution of financial and material resources through philanthropic arrangements;
- The supply of goods and services to fill local markets, expand the country's export capacity, etc.;
- Project implementation under PPPs in priority areas, which implies joint investment and risk-sharing between the government and the private sector and improved efficiency of administration;
- Organization of cooperative arrangements between large companies and small and medium businesses;
- Ultimately, in a market economy the private sector must act as the driver of innovation and economic development.

The Role of Think Tanks. Think tanks are important assets to involve in the formulation of Visions and NDS for their analytical expertise, ability to gather expert opinions, their evaluation skills that can help assess the effectiveness of the implementation of government programs, organizational ability to tap into experts' networks for an exchange of opinions and information and their dissemination opportunities of the results through publications, round tables, etc. In addition, think tanks perform such functions as:

- Acting as informational and analytical intermediaries between the government and society, which helps to bolster mutual understanding and trust;



- Offering an independent opinion and assessments during political debates;
 - Identifying pressing problems and drawing the attention of government and society to them;
 - Transforming ideas into concrete political proposals and recommendations;
 - Interpreting events and data, conducting explanatory and educational work through the mass media on issues of domestic and foreign policy;
 - Establishing and developing platforms for dialogue between stakeholders during the policy formulation process;
 - Training cadres for work in the legislative and executive branches of government.
- In addition to all these possibilities, the research programs of think tanks around a wide range of areas covering both domestic and international issues should be made of use in the preparation, monitoring and assessment of the realization of the Vision and the NDS.

Box 19. Japan – The Private Sector’s Contribution to Defining the Country’s Development Strategy

Nippon Keidanren, the Japanese Business Federation, was established in 2002 through the merger of two business associations—Keidanren (the Japanese Federation of Economic Organizations) and Nikkeiren (the Japanese Federation of Employers). Its membership consists of 1,281 companies, 127 industrial associations and 45 regional/territorial economic organizations. Nippon Keidanren formulates its mission as follows—to accelerate the economic growth of Japan and the world at large, and also, by encouraging the ideas of individuals and local communities, to help strengthen corporations in creating the capacity to transform the Japanese economy into one that is sustainable and driven by the private sector.

As part of carrying out its mission, Nippon Keidanren formulated two long-term development strategies for Japan, which reflected the private sector’s vision of the outlook for the country’s development. The first strategy was issued in 1996 and covered the period to 2020, while the second one, which factored in the altered situation in the Japanese economy and the world at large, was presented to the public in 2003 and extended to 2025.

The 2003–2025 Vision was prepared jointly with the Japanese Institute of Social and Economic Relations, which is an independent nonprofit organization supported by Japanese business. The institute was established in 1978 and its mission is to improve Japanese business’s communications with the public in Japan and abroad.

The goal of the development strategy to 2025 proposed by the Japanese business community is to transform Japan into “a vibrant, attractive nation in the 21st century” and covers three major areas:

- Economic policy—reforms of the social security and systems will spark sustained growth led by the private sector.
 - Implementation of the principle “Made by Japan,” meaning that the use of domestic innovations and technologies will expand.
 - A focus on the environment and wide use of recycling technologies.
 - Improvement of living conditions through development of urban infrastructure.
- Social structures—a new focus on the primacy of the individual will create a nation that relies on the power of its people.
 - Development of a system of corporate governance that stimulates individual talent.
 - Creation of a decentralized system of government administration, in which the regions have a chance to realize their full potential.
 - Broadening people’s ability to choose their lifestyle.
- Acceptance of diversity, formation of a society in which foreigners can live in comfort and participate in society.
 - International ties—stimulate integration between Japan and its East Asian neighbors will stimulate a wave of regional development.
 - Japan will open itself to the world, providing broad access to its markets and stimulating competition and economic growth.
 - Development of free trade with East Asia, which will become one of the centers of the global economy in the long term
 - Stimulate integration in East Asia by ensuring the free movement of goods, people, services, capital and information and by boosting economic growth and solving global problems.

5. From Formulation to the Implementation: Resource Mobilization, Communication and M&E



It is essential that the goals and tasks of the NDS be factored into the preparation of the national budget and that of specific programs and projects

5.1. Budgeting and resource mobilization

It is essential that the goals and tasks of the NDS be factored into the preparation of the national budget and that of specific programs and projects.

The efficient implementation of an NDS requires the concentration of society's resources and efforts to carry out strategic priorities. Two aspects that directly affect the success of the NDS should be highlighted: 1) a realistic estimate of needed resources to carry out strategic priorities and 2) the conformity of these resources with the country's capabilities and the structure of the macro-economy.

The possibilities of concentrating society's resources and efforts to carry out strategic priorities depend largely on how realistic development programs are and the degree of readiness of the state, the private sector, national and international development partners to coordinate their own strategies in accordance with the national development strategy. It is especially important in this regard to create conditions for the private sector such that its participation in implementing the country's development strategy will become economically the most beneficial method of using its resources among all the alternatives.

The cost base and financing of each priority and program must be calculated on the basis of accurate projections of the inflow of both internal resources (which in turn depend on economic growth and financial receipts as a part of GDP) and expected funding from foreign sources. In addition, however, the national development strategy may place primary emphasis on alternative scenarios, in which the level of foreign assistance in achieving results is higher or lower. In any case, the NDS must envisage a method of redistributing resources to achieve ultimate goals that does not bring about disproportions and distortions in the economy.

Box 20. Sovereign Funds

Sovereign wealth funds are the relatively new name of government assets that are kept primarily in foreign currency (specifically in dollars and euros), securities and precious metals.

Sovereign funds have existed at least since the 1950s, but over the past 10-15 years their worldwide volume has grown sharply, as has the number of countries that have them. In 1990, for example, sovereign funds totaled an estimated USD 500 billion, whereas before the world financial and economic crisis that broke out in 2008, they were at a level of USD 2-3 trillion. As of today more than 25 countries have set up their own sovereign funds. Among the countries belong to the CIS, Russia, Kazakhstan and Azerbaijan have sovereign funds.

For example, the Abu Dhabi Investment Authority (ADIA) is the world's largest sovereign fund, which belongs to the emirate of Abu Dhabi (United Arab Emirates) and was founded for investment purposes by the Abu Dhabi government. The ADIA has never published the value of its assets, but experts estimate them at between USD 650 billion and 875 billion. The Sovereign Wealth Fund Institute puts them at USD 627 billion.

Norway's sovereign fund is the government pension fund, whose size is estimated at more than USD 500 billion. The PRC has four such funds (SAFE Investment Company, China Investment Corporation, Hong Kong Monetary Authority Investment Portfolio, National Social Security Fund), whose aggregate assets amount to about USD 1 trillion.

Sovereign funds may be registered as investment companies, government pension funds, sovereign oil funds, etc. They may invest in foreign deposit accounts, gold, SDRs, a reserve position in the IMF or in such reserve currencies as the dollar, euro or yen, or they may invest in various companies to obtain an investment return.

Sovereign funds are regarded, not least of all, as a source for capital accumulation and growth for the implementation of strategically important projects and initiatives. It should be noted that most countries that have sovereign funds have already formulated long-term development strategies.

5. From Formulation to the Implementation: Resource Mobilization, Communication and M&E



The financing of the NDS does not only call for funding from the national budget. It requires mobilization of all of the country's available resources to achieve a common goal

It is essential that the goals and tasks of the NDS be factored into the preparation of the national budget and that of specific programs and projects

There are important connections between the annual budget cycle and the iterative process of formulating and implementing policies and programs, when the previous year's results are provided to the planners for analysis and course adjustment, as well as for annual reporting.

A properly budgeted NDS implies that the country has established a smoothly running treasury system that guarantees efficient and transparent utilization of resources and, ideally, a results-based budgeting system that ensures alignment of various plans, programs and projects.

The cost of each direction of the strategy is assessed, and possible sources required for their implementation are analyzed. More detailed, targeted programs are formulated for priority areas, coordinating task fulfillment with financial sources and defining performance periods and the responsible entities.

Development strategies are usually financed through the following sources:

- Budget-policy instruments;
- Targeted state program;
- Investment programs; and
- Subsidies and concessions for industries and projects that are important to achieving strategic goals.

The financing of the NDS, however, does not only call for funding from the national budget; it requires mobilization of all of the country's available resources to achieve a common goal.

Budgeting for the NDS and the Development Plans involves a mechanism that must ensure:

- Proper coordination of efforts by all parties involved in implementing the NDS in order to pool resources efficiently.
 - The identification of gaps (shortfalls) in financing and formulation of a strategic approach to mobilizing the resources of the private sector, civil society and international partners;
 - In addition to the national budget and special-purpose funds created by the government, there are many other instruments—sovereign wealth funds, private investment funds, private philanthropic foundations, etc. Even the banking system can offer products (e.g. savings plans and lines of credit) that are capable of supporting a long-term NDS.
- The key criteria for selecting an institution, instrument or format are:
- be acceptable to the public, business and the government; and
 - be consistent with the goals of the programs and projects for which the mobilized funds are to be allocated.

5.2. Communicating the vision and outreach

Support for the Vision and the NDS requires an efficient communications campaign that is consistently implemented. Communications support is essential, above all, to manage the attitudes of target audiences to the strategy and to shape a positive response among different target audiences. Effectively designed communications mobilize and support involvement by institutions, a network of communities, social groups

5. From Formulation to the Implementation: Resource Mobilization, Communication and M&E



Communications support is essential to manage the attitudes of target audiences to the strategy and to shape a positive response among different target audiences

and other participants in the process of preparing and implementing development strategies.

When used skillfully, the instruments of communication technologies make it possible to convey certain principles to a wide audience and to set forth various views and ideas in comprehensible language, which affords a deeper understanding of the essence of the development strategy.

In designing communication channels, it is essential to provide for two-way communications, both top-down and bottom-up. Why is this important?

The “top-down” approach to the management of change in behavioral principles and reaction to the Vision and NDS means that the initiative comes from the top. As a result, the process of recruitment is centralized and emanates from a higher level, which precludes active involvement by the broad public and local communities in the process of change, even if such change depends directly on them. Moreover, one of the undesirable aspects is that downward communications force people to adapt to change and run into resistance.

- Therefore, in order to provide more harmonious communications support, it is necessary to use “bottom-up” communication channels. An upward communication channel is most effective when innovative approaches based on broad participation must be implemented. By enabling each member of the community to participate in the process of change, the leadership responsible for implementing the NDS receives invaluable firsthand information on the efficacy of a certain channel and the probability of the goals being attained.
- The establishment of effective communications can be achieved only by combining both approaches. The top-down approach creates conditions, an environment, for realizing goals. The bottom-up approach ensures

Table 8. Target audiences and communication channels

Audience	Communications channels	Expected results
Government	1. Speech by the national leadership 2. Annual meetings of the government 3. Round-table discussions 4. Local press (TV, radio) 5. International seminars	Publicity in support of political will and commitment to the goals of the development of society, reinforcement of a sense of involvement by the public at large in the process of formulating the strategy (top-down)
The experts' community and the scientific community	1. Round tables, consultations 2. Seminars 3. Training courses	Idea generation, refinement of new methodologies, approaches, assessment of achievements
Civil society	1. Round tables 2. Sociological surveys	Sampling of attitudes of the public and its behavioral reaction to the strategy.
International organizations	1. International seminars and knowledge exchange visits 2. Blogging 3. Mass mailings 4. Training courses 5. Open lectures on current development issues	Mobilization of financial and intellectual resources, access to new knowledge and technologies (including international consultants involved in the formulation of the strategy and experts from neighboring countries)
Private sector	1. Business forums 2. Publications	Mobilization of private-sector resources, testing/trials of new ideas, development of infrastructure
News media, journalists	1. Press conferences 2. Briefings 3. Mass mailings	Publicity in support of the goals of the strategy, creation of an atmosphere of trust, feedback

5. From Formulation to the Implementation: Resource Mobilization, Communication and M&E



For each target audience the most suitable communications channels for efficient interaction should be used

broad participation and involvement in the process of formulating and implementing the strategy, thereby achieving a change in behavior, attitude and approaches to the solution of problems and the attainment of goals.

What are the different steps to designing an effective communication strategy?

1. Identification of stakeholders/target audiences.

The target audiences of the Vision and/or NDS being prepared may be divided into external and internal. The following list of target audiences that must be involved in the process and informed on the progress of the formulation of the strategy can serve as a “roadmap” to ensure the broadest possible participation of all stakeholders.

2. Communications channels. For each target audience the most suitable communications channels for efficient interaction should be used. They may include electronic mass mailings, online resources, blogging, conferences, seminars, round table-discussions, presentations, flyers, press releases or broad methods such as media briefings.

- There are pluses and minuses to all of these channels, which yet again will change depending on the target audience and the resources, as well as the framework of the outgoing communication (message). For example, the broadcast of a speech by the head of the government is also one of the communications channels and reflects a key message. This channel and the text of the communication, however, cannot be universal and cannot be used by other individuals for another target audience.
- The combination of both interactive and online tools works well. Usually when a strategy is formulated

a new Internet platform is opened, where all the information on the progress of the formulation of the strategy, action plans and profiles of the experts involved are posted. This page offers an opportunity to post necessary materials of the strategy, and open discussion and feedback are included there. The instrument of blogging and forums is widely used to obtain experts’ opinions or public assessments.

3. Formulation of communications. The communications strategy must accurately reflect the general principles and ideology underlying the formulation and realization of the vision. Therefore one must clearly understand how communications can help to achieve these goals. Key messages and communications must be formulated with an eye to the specific characteristics, social status and age category of a certain target audience. In other words, a key communication for pensioners cannot be the same as for businessmen or, for example, young people.

- When formulating communications/messages one must have in mind the transmission channel that is most effective for the specific situation and the specific audience. In other words, the same communication may be transmitted by the head of state, conveyed by authoritative experts and aired through the news media.
- Key communications are an integral part of the formulation and implementation of the strategy. In the process, communications must be adjusted over time based on the phase of implementation of the strategy.

4. Formulation of a communications strategy and plans for implementing it. After the main communications

5. From Formulation to the Implementation: Resource Mobilization, Communication and M&E



A periodic assessment of productivity is indispensable for a timely adjustment of communications policy

channels with each target audience are determined, the next step is to draw up a communications strategy (as a rule, for a period of not more than five years) and plans for implementing it (1 to 3 years).

A communications strategy usually defines the goals and tasks of communications support for the national development strategy. The communications plans, in turn, reflect the principal types of communications activities (measures), time frames and sequence of their implementation, required resources, administrative mechanisms and other details needed to implement the communications plan.

5. Assessment of the productivity of communications activities. A periodic assessment of productivity is indispensable for a timely adjustment of communications policy. For example, what principal challenges have emerged during the implementation of the strategy and what channels have not proven their effectiveness? How often have the basic ideas been mentioned in the news media and have they helped bring about a shift in public opinion regarding the issues that were heavily publicized?

- Monitoring of the news media is not the only instrument but is one of the most important used in the formulation of communications strategies and before the start of any information campaign. It includes not only the systematic collection and processing of information but also an instrument that is conducive to decision-making and to receiving feedback while formulating the strategy.
- There are also other instruments for assessing various communication channels. For example, they may be such quantitative indicators as statistics on

web resources; the number of items published in the press; the monitoring of legislative acts; and the amount of financial resources allocated for implementation of the strategy.

5.3. Monitoring and evaluation

Monitoring and Evaluation (M&E) makes it possible to coordinate actions within the government and between the government, the private sector, civil society and international partners, as well as to assess progress in achieving the NDS goals and to adjust mechanisms and instruments in the process of implementing policies and Development Plans.

The efficient administration of M&E must take into account the following features of this process:

- The decisive role of participation by civil society and the public at large in the M&E process. This requires setting up a process of providing information about the obligations that the state takes on, their cost, when and how they will be carried out and what institutions/groups are responsible for their implementation.
- A higher level of transparency and accountability of the implementation process, which implies wide dissemination of the results of the M&E through mechanisms widely accessible to policy makers, decision takers, donors and investors, the public at large, the news media and the experts community.
- Every year the government must present a report on the results of fulfillment of the Vision, which must cite the tasks that have been accomplished and explain the reasons for discrepancies between actual and planned results.

5. From Formulation to the Implementation: Resource Mobilization, Communication and M&E



M&E requires a sustainable institutional basis involving proper coordination between responsible units and the network of partner organizations

- The M&E of the implementation results must be complemented by an assessment of their effect on the macro-economic situation. This will help determine the degree to which the results depend on specific actions taken by the state.
- The monitoring of macro-economic indicators must be supported by indicators gauging improvements in the quality of institutions and in the management of expenditures so as to raise the level of transparency and accountability, as well as the efficiency of government expenditures.
The M&E plan must include the following measures:
 - Preparation of detailed plans for the implementation of strategic programs;
 - A mix of quantitative and qualitative indicators for measuring progress toward objectives;
 - Robust methods and mechanisms for the collection, processing, analysis and use of data for monitoring and assessment purposes;
 - Setting clear-cut requirements for reports, including formats, deadlines, frequency and mechanisms for distribution;
- Financial support for the measures implemented in regard to monitoring and evaluation.
Regular monitoring and evaluation requires a sustainable institutional basis involving proper coordination between responsible units and the network of partner organizations from the government and non-government sector. Experiences worldwide point to three different models/patterns of organizing the M&E process:
 - Delegating the M&E functions to already existing institutions set up for this purpose within the government.
 - Establishing a new institution in the form of an administrative or consultative body specifically devoted to monitoring the implementation of the NDS and the Development Plans.
 - The third model, widely used, involves the outsourcing of M&E functions to an independent institution, i.e. think tank, consulting company, NGO or international agency.

6. Checklist for the preparation of Vision



Phase/Activity	Responsible parties and partners	Note/Status
1. Preparatory phase		
1.1. Organizational support		
1.1.1. Adoption of formal decision for launching the long-term strategy preparation process		
1.1.2. Identification/establishment of agencies responsible for the preparation of long-term strategy		
1.1.3. Consultations and communication support activities		
1.2. Conceptualization		
1.2.1. Evaluation of achieved progress based on global, regional and national contexts		
1.2.2. Identification of the key strategic objective including positioning the country in economic, social, political and other dimensions		
1.2.3. Determination of timeframe for strategy		
2. Formulation of the main document on long-term strategy		
2.1. Organizational support		
2.1.1. Formation of thematic working groups (TWG) depending on priorities and sectors		
2.1.2. Preparation of work plans for TWG, including consultations and communication support activities		
2.2. Situational Analysis		
2.2.1. Formulation of national strategic development priorities (at hypotheses level)		
2.2.2. Identification of a set of methodological tools and their testing <ul style="list-style-type: none"> • Mathematical modeling • Polling methods • Sectoral foresights • Scenarios • ... and others 		
2.2.3. Analysis of internal and external environment, identification of: <ul style="list-style-type: none"> • Challenges • Opportunities • Strengths and weaknesses 		
2.2.4. Elaboration of development scenarios, evaluation of alternatives		
2.2.5. Clarification (if needed) of the key objective in quantitative and qualitative indicators		
2.2.6. Adjustment (if needed) of national development priorities		
2.3. Formulation of strategy		
2.3.1. Development of slogan ("motto") for strategy		
2.3.2. Ensuring involvement of stakeholders in the Vision formulation process		

Phase/Activity	Responsible parties and partners	Note/Status
2.3.3. Setting of priorities, identification of main goals and objectives, expected results and indicators		
2.3.4. Linking the strategy with the results of previous and ongoing development programs, ensuring the logical consistency		
2.3.5. Ensuring contingency and logical consistency of reforms and programs aimed at economic, social, political (institutional) and dimensional transformation		
2.3.6. Assessment of resources needed to implement the strategy		
2.3.7. Conformity assessment of resource needs and capabilities of the country (structure of the economy, quality of institutions, etc.)		
2.3.8. Evaluation of potential risks, identification of tools to mitigate them		
2.3.9. Determination of medium-term (4-7 years) and short-term (1-3 years) phases		
3. Implementation of the strategy and organization of progress monitoring and evaluation processes		
3.1. Organizational support		
3.1.1. Determination of coordinating bodies responsible for planning, implementation, monitoring and evaluation		
3.1.2. Identification of tools for achieving the established objectives with indication of measurable success indicators <ul style="list-style-type: none"> • Sectoral strategies • National programs • Priority projects 		
3.1.3. Determination of budgets within agreed plans, programs and projects		
3.1.4. Creation of conditions for mobilizing public and non-public resources		
3.2. Organization of monitoring and evaluation of strategy		
3.2.1. Determination of a coordinating body responsible for monitoring and evaluation		
3.2.2. Preparation of detailed plans for implementation of intended strategic programs		
3.2.3. Determination of quantitative and qualitative indicators for progress measurement		
3.2.4. Determination of methods and tools for data collection, processing, analysis and use		
3.2.5. Establishment of clear reporting requirements including: <ul style="list-style-type: none"> • Prescribed formats • Timing and frequency • Sharing mechanisms 		
3.2.6. Determination of responsible persons and organizations and their rights and obligations with regard to monitoring and evaluation		
3.2.7. Determination of the budget and financial support for monitoring and evaluation activities		