

METHODOLOGY OF THE NINTH DEVELOPMENT PLAN

36.1 INTRODUCTION

Over the successive five-year plans, development planning in the Kingdom has been based on a cogent methodology that balances economic, social and organizational dimensions, while adapting to the conditions of each plan. This methodology deals efficiently and flexibly with local variables and regional and international developments; enhances the role of the private sector through indicative planning, by integrating its initiatives with those of the government sector that are based on directive planning; and forms comprehensive long-term visions for economic and social development through strategic planning.

The Ninth Development Plan continues to improve planning methodology and methods in the light of accumulated experience and lessons learned from successful regional and international experiences.

This chapter reviews the planning methodology followed by the Kingdom; the components of the development plan, its preparation, implementation and follow-up mechanisms; its key methodological themes, and the future vision for planning methodology.

36.2 PLANNING METHODOLOGY

The Kingdom adopts a comprehensive approach to planning, which covers strategic and medium term planning with both directive and indicative components, as well as regional level planning. Strategic planning is concerned with formulating a long-term development perspective that determines development priorities, potential challenges, and possible future growth paths in the light of expected developments in the internal and external environments.

Directive planning relates to the operational programmes and projects of various government agencies that are adopted and financed by the

state for achieving development goals both at the macroeconomic and the sectoral levels.

For its part, indicative planning seeks to enhance the developmental role of the private sector, through preparing an enabling environment, which attracts private investment and provides incentives and investment opportunities that contribute to the overall objectives of the economic and social development plans. Policy planning, which is an important stage of indicative planning, seeks to achieve private sector economic efficiency in investment, production and organization. Such planning was adopted by the Eighth Development Plan, and the Ninth Development Plan will continue to rely on it.

The regional dimension of planning aims at achieving regionally balanced development, through balanced distribution of government services among the various regions, ensuring optimum utilization of the available economic resources in each region, in order to secure balanced spatial and social distribution of the benefits of economic development. The regional law of 1992 reinforced this dimension of development. The Ninth Development Plan emphasises regional development and seeks greater harmonisation between the sectoral and the geographic dimensions of projects included in the operational plans of government agencies.

The system of planning in the Kingdom encompasses the following key tasks: preparing a long-term vision for development; coordinating development efforts in both the public and the private sectors; directing government resources in accordance with economic and social planning priorities; and conducting periodic reviews and evaluating results of development plans, programmes and projects.

36.3 COMPONENTS OF DEVELOPMENT PLAN

The components of the Ninth Development Plan are:

- The Plan Document: a comprehensive report that includes: a review and evaluation of the Eighth Development Plan; major development issues at the macroeconomic and sectoral levels;

and the future vision, objectives and policies of the Ninth Development Plan.

- Operational plan: a detailed plan for individual government agencies that defines for each the objectives, policies, targets, key issues, financial and human resources requirements, programmes, and projects.
- Regional Plans: a detailed plan for each individual region that includes: an evaluation of the economic and social conditions; and the objectives, policies, programmes and projects of the sectoral operational plans for the region concerned.
- Monitoring report: an annual report prepared by the Ministry of Economy and Planning, in cooperation with all government agencies, which: assesses the performance of the Plan, monitors implementation of programmes and projects, ascertains whether the achievements are in line with the planned objectives, and addresses core issues and barriers to implementation.

36.4 PREPARATION OF DEVELOPMENT PLAN

Preparation of the plan includes: evaluating the methodology to be followed; conducting studies to support the plan; providing the required statistical databases and information for monitoring and analysis, at the macro, sectoral and regional levels; preparing manuals to assist ministries and government agencies in the preparation of operational plans; conducting field visits to various regions; providing economic models which are necessary planning tools; and intensifying consultation and coordination with ministries, government agencies, and the private sector throughout the entire plan preparation period.

36.4.1 Methodology Evaluation

Before proceeding with the preparation of the five-year development plans, the proposed methodology to be followed in the preparation of each plan is reviewed; and the required development aspects are

defined, on the basis of accumulated experience, guided by successful regional and international development planning experiences, and employing distinguished national and international expertise. During the preparatory phases of the plan, there were numerous domestic and international economic and social developments, including accelerated globalization, global trends towards further trade liberalisation and privatisation, and heightened competition. These developments required using more sophisticated methods for each phase. More advanced methodologies were used for each plan, and there was a shift from project planning to programme planning. The scope of the planning methods was expanded to include, in addition to directive planning, indicative planning and strategic planning, as well as emphasis on regionally balanced development.

36.4.2 Supporting Studies

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For the preparation of five-year development plans, studies of core issues are conducted. Such studies play an important role in enriching the plans and developing their components.

The next phase envisaged by the Ninth Development Plan involves numerous issues and challenges that need to be addressed from a comprehensive strategic perspective. Hence, in-depth studies were prepared on the issues that are vital to the orientation and future policies of the Plan.

36.4.3 Databases and Statistical Information

The Central Department of Statistics and Information provides up-to-date key data and information that are essential for macro and sectoral economic analysis, such as demographic statistics, economic indicators, and national accounts, in addition to the data for the economic models used for forecasting and developing alternative economic scenarios.

Moreover, databases and information are enhanced and updated continuously. Such data are an essential component in evaluating the

performance of the Plan, preparation of sectoral and macro policy papers, and various economic reports that contribute to setting future directions. The Ministry of Economy and Planning is linked electronically with various ministries and government agencies, which ensures that up-to-date electronic databases are provided to enhance the preparation of the Plan and monitor its implementation.

36.4.4 Plan Preparation Manual

The Ministry of Economy and Planning prepares a plan preparation manual, which offers technical planning guidelines to all ministries and government agencies on how to prepare operational plans that include programmes and projects spread across various regions, cities and centres.

To facilitate plan preparation, an electronic system was established on the website of the Ministry, so that government agencies can directly enter the data from their plans, programmes and projects electronically into the draft plan.

36.4.5 Field visits

The Ministry of Economy and Planning organizes field visits to various regions of the Kingdom to observe closely the economic and social conditions. This helps in the preparation of the chapters of the plan, as well as the operational and regional plans.

36.4.6 Economic Models

The Ministry of Economy and Planning uses economic models in the preparation of development plans, as well as in forecasting and developing alternative economic scenarios for each plan, and formulating economic policies and evaluating their effectiveness. These economic models are continuously updated and upgraded.

The economic models used are five: the century model, the selection model, the implementation model, the oil model, and the regional

model. These are used to determine the projected trajectory of growth, during the development plan, at the macro and sectoral levels, ensuing from the current conditions of the national economy. Projected economic and social developments during the years of the plan are then estimated, in the light of the overall objectives of the development plan and the best alternatives available for optimising exploitation of economic resources.

36.4.7 Strengthening of Participation of Government Agencies and the Private Sector

The Ministry of Economy and Planning consults and coordinates with other ministries and various government agencies and elicits the opinion of the private sector in all plan preparation stages. Ministries and government agencies participate through sectoral working teams made up of representatives of government agencies, which prepare operational plans in coordination with the Ministry of Economy and Planning. The agencies also contribute to setting objectives by providing their initial perceptions of the objectives and policies that would achieve development for each sector in the medium and long terms.

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36.5 ADVANCES IN PREPARATION OF DEVELOPMENT PLAN

36.5.1 Strategic Dimension of the Plan

To establish the strategic dimension of the planning process and concurrently with the preparation of the Ninth Development Plan, the Long-Term Strategy of the National Economy Until 2024 was reviewed, in the light of the local and international economic development and the forecasts for some economic variables, including the shift towards a knowledge-based economy. The review covered updating the databases that underpin the components of the quality-of-life indicator and the regional development indicator. In addition, use was made of adopted sectoral strategies, including: the National

Industrial Strategy, the National Spatial Strategy, the National Policy for Science and Technology, the Privatisation Strategy, the National Communication and Information Technology Plan, the National Employment Strategy, and the Strategy for Talent, Creativity and Innovation.

36.5.2 Operational Plan

The operational plan is an essential tool for achieving the objectives of the development plan. Hence, and in line with the policy of applying electronic transactions, the Ministry of Economy and Planning, in cooperation with the other government agencies, developed an electronic system that facilitates preparation of operational plans and allows monitoring implementation via the internet. The Manual for the preparation of the Ninth Development Plan describes the required procedures to be followed for entering data, including procedures of defining objectives, programmes for achieving objectives and implementation mechanisms. Guidelines focus on the need for identifying priorities among objectives and among programmes, through giving them specific weightings, as well as for identifying success indicators for objectives, policies and programmes.

36. 5.3 Regional Plans

Significant advances have been made in regional plans, with continued implementation of the developmental themes methodology adopted by the National Spatial Strategy and the master plans set by the relevant government agencies. These themes provide a basis for extending development from urban centres to the less developed communities; identifying promising investment opportunities offered by each region and their potential and comparative advantages; formulating urban development strategic alternatives for each region; and developing programmes aimed at raising the capacity of local institutions and improving their efficiency.

Moreover, the Ninth Development Plan adopts giving local authorities in the regions more administrative powers, and supporting them with

technical and human resources to help set up development programmes and projects and monitor their implementation.

36.5.4 Monitoring Plan Implementation

Council of Ministers Resolution No. 1368 of 1976 specifies the rules of monitoring implementation of development plans. Pursuant to this Resolution, the Ministry, in collaboration with other agencies, prepares at the end of each year a monitoring report. This report monitors implementation of the objectives of the plan at both the macro and the sectoral levels; provides detailed follow-up of the implementation of programmes and projects; cites the most fundamental issues affecting implementation; and summarises the performance of the national economy and its major sectors during the year.

Development of monitoring mechanisms is a continuous process that relies on developments in ICT. For example, the projects of the Plan were entered into a common electronic database for use by the Ministry of Economy and Planning and implementing agencies. This database includes detailed data on the progress of implementation, thereby allowing a continuous monitoring. In addition, under the e-government applications programme, an automated link between the ministry and other government agencies was established on the website of the Ministry, which allows short-cycle monitoring of performance.

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36.6 FUTURE VISION OF PLANNING METHODOLOGY

Developing indicative-planning mechanisms commensurate with the growing role of the private sector, increasing reliance on policy planning, promoting decentralization by delegating more powers to local administrations, and completing the process of formulating sectoral strategies.

36.6.1 Geographical Dimension

Efforts will continue to enhance the geographical dimension of the planning process, through developing the analytical and statistical aspects of regional development. This will include further modification and development of models of operational plans to cover the geographical dimension in the activities of government agencies in a more effective and detailed manner, as well as continuing to develop regional development model to include a larger number of indicators. This model is intended to provide an advanced analytical framework, through which distribution of investments and production and services activities among the region would be optimised; thereby accelerating the achievement of balanced development and reduction of regional development disparities.

36.6.2 Linkage between Plan and Strategy

Efforts to strengthen the linkage between the development plan and the Long-Term Strategy of the National Economy until 2024 will continue, with each government agency preparing or developing its own long-term strategy in line with the long-term strategy of the national economy. Furthermore, strengthening the planning capacity of government agencies will continue, through periodic workshops and meetings.

36.6.3 Monitoring Mechanisms

To achieve effective management of development plans, the system of monitoring implementation should, alongside follow-up of projects and performance evaluation, include monitoring implementation of macroeconomic and sectoral policies. Monitoring implementation of economic policies should increase the effectiveness of the indicative role of the development plan. However, plan preparation should include identifying suitable indicators for economic policies and implementation mechanisms and effective methods for assessing policy implementation.

The Ninth Development Plan included in its operational plans more measurable indicators and targets for monitoring implementation. These indicators will support performance evaluation, and strengthen the indicative role of the Plan. To develop measurement and evaluation methods for assessing performance of the Saudi economy, the Ministry will continue, through cooperation and coordination with other government agencies, to develop indicators for the productive and services sectors and activities, to enable measuring performance against commonly accepted standards.

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