

The background of the slide features a light blue, semi-transparent image of classical architectural columns, likely from a government building or institution. The columns are arranged in a row, receding into the distance. The entire slide is framed by a thin brown border.

# Integrating Long-Term Planning into the Budget

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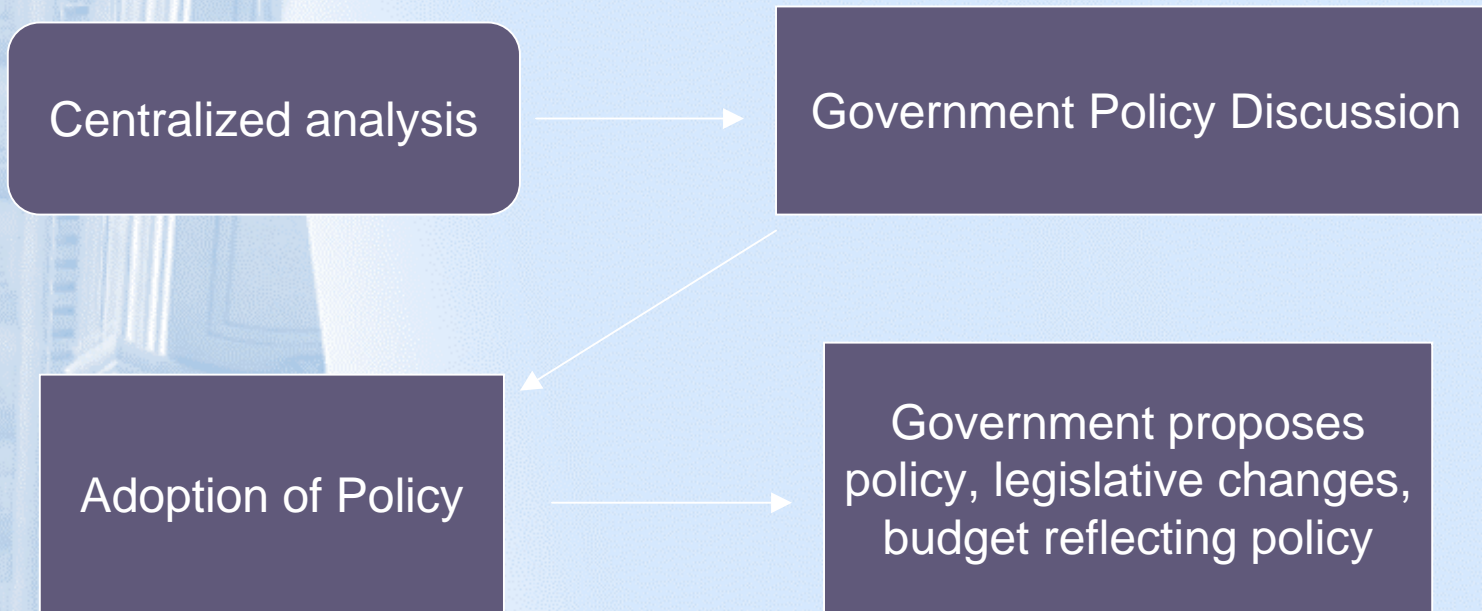
# Operationalizing

- Integrating plans into budgets is about operationalizing the plan
  - Moving from broad objectives and ideals to concrete actions, programs, measures, policies
    - What is currently being done that needs to change
    - What new things need to be done, and by whom
- Some operational implications likely emerge from the exercise itself

# Types of Planning

- National vision
  - comprehensive
- Cross-cutting
  - demographic
  - economic growth, employment
- Sectoral
  - Pensions
  - Health
  - Environmental

# Internal Model



Common for cross-cutting or sectoral issues

Broader public discussion likely only where major social changes entailed or to overcome resistance (France public sector wages)

# External Model

Centralized analysis  
as seed, or  
consultative process  
initiated

Government-society-  
stakeholder discussions

Consensus on  
Vision, Issues

Government costing of  
policy, legislative changes,  
integration of vision into  
budget

Common for PRSP

Broader public discussion essential feature, harmonize and mobilize multiple stakeholders

# MT and LT Integration

<b>MTEF Component</b>	<b>Long-Term Plan Integration</b>
Macro Framework	Scope for higher public spending while maintaining macro stability?
Fiscal Policy/High-level policies	Scope for more spending without endangering solvency? Which long-term objectives to address? Which sectors most relevant, and how much to adjust sector ceilings with additional resources?
Sectoral Strategy	Is sector relevant to LT objective? How can it contribute? Reform? New policy? Program?
Programs	What activities can be added to achieve LT objective? Current programs enhanced?

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## Common Operational Challenges

- Weak sector ministries
  - Weak programs/project proposals
  - Weak costing
- Weak monitoring and evaluation
- Irregular monitoring of performance
- No MTEF
  - Vision not affordable
  - No sector strategies for integrating larger policy directions

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## Lessons from African LT Perspective Studies

- The process of developing broadly shared, long-term visions and translating them into specific policies and investment programs is likely to be long and demanding.
- Long-term strategies must address the changing global environment, uncertainties and vulnerabilities to external shocks, and the creation of dynamic comparative advantage.
- Tools should be developed to engage stakeholders, to scan systematically for opportunities and threats, to assess the country's strengths and weaknesses, to explore fundamentally different future scenarios, and in general to enhance the rigor and realism of long-term visions.
- Poverty reduction strategies should be anchored in poverty diagnosis and a framework for constant monitoring and evaluation of results to ensure timely adaptation and learning from experience.
- Strategies should also be linked to institutional change and implementation processes.

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## Challenges Financing Visions

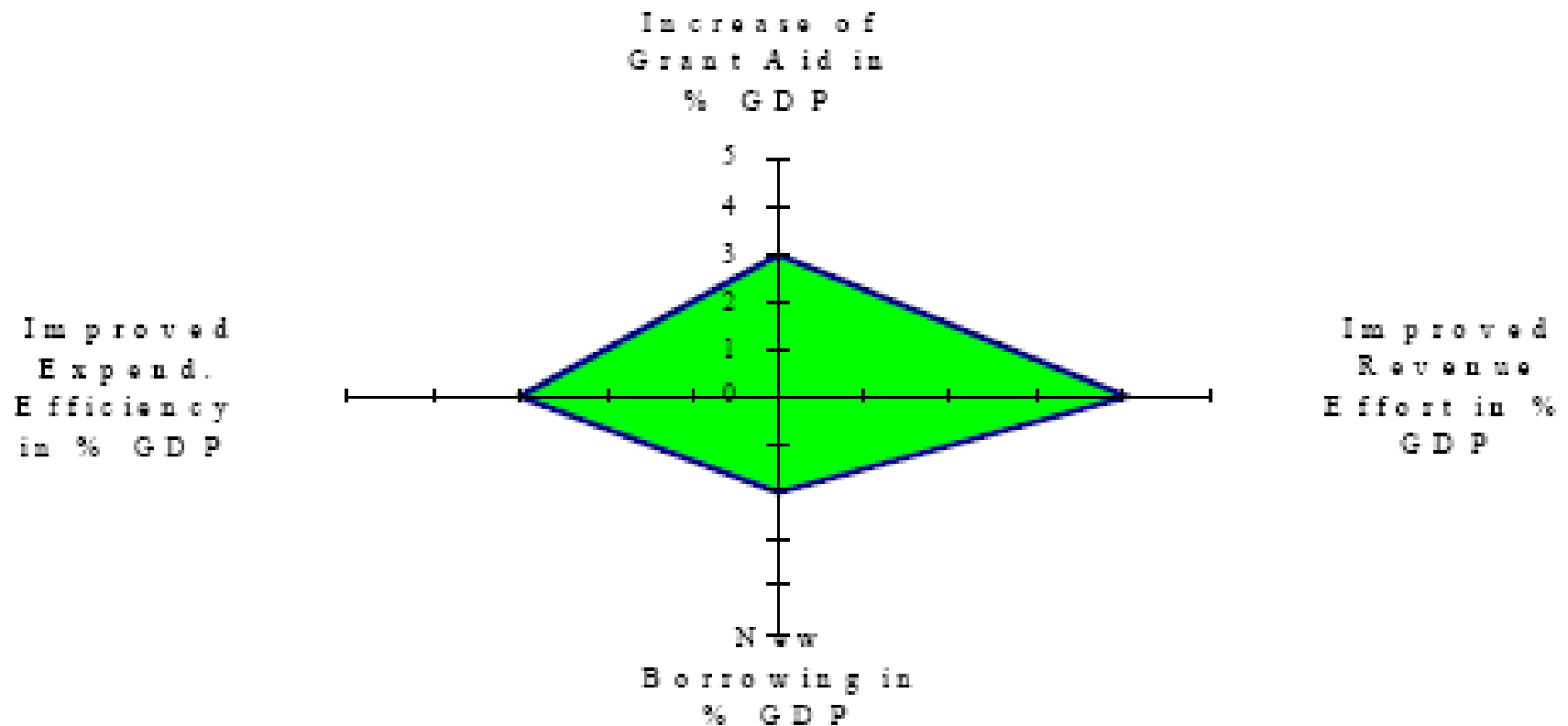
- **conventional fiscal policy:**
  - Is often limited to stabilization objective
  - Uses fiscal rules that under-emphasize longer-term growth and development objectives
  - Is inadequately tailored to differences in resource potential and development needs across countries

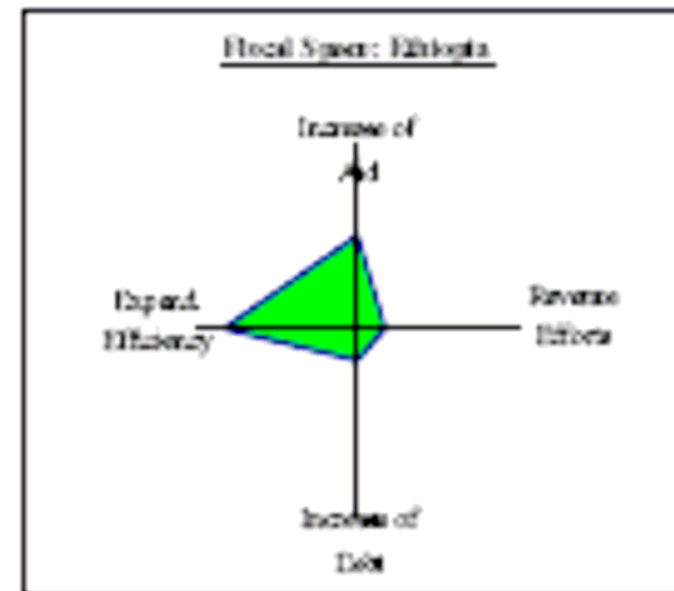
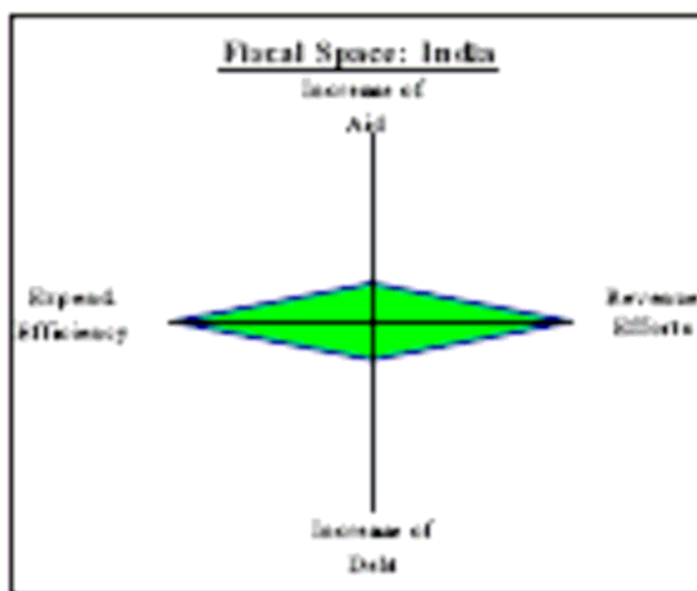
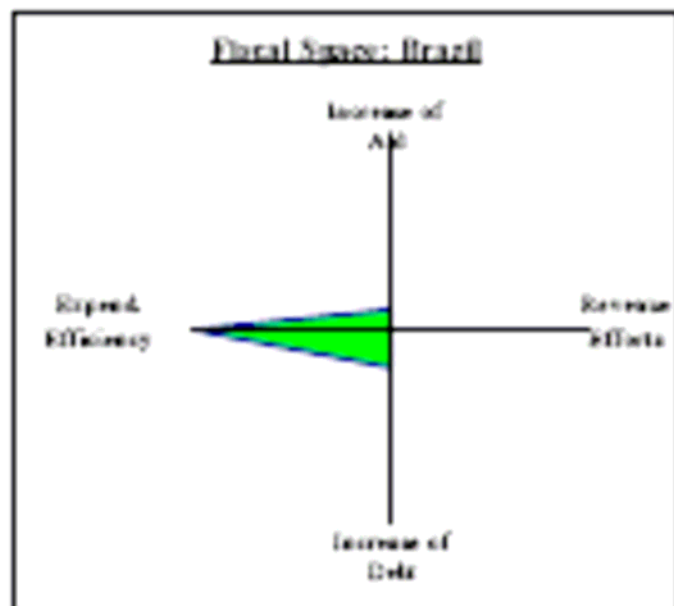
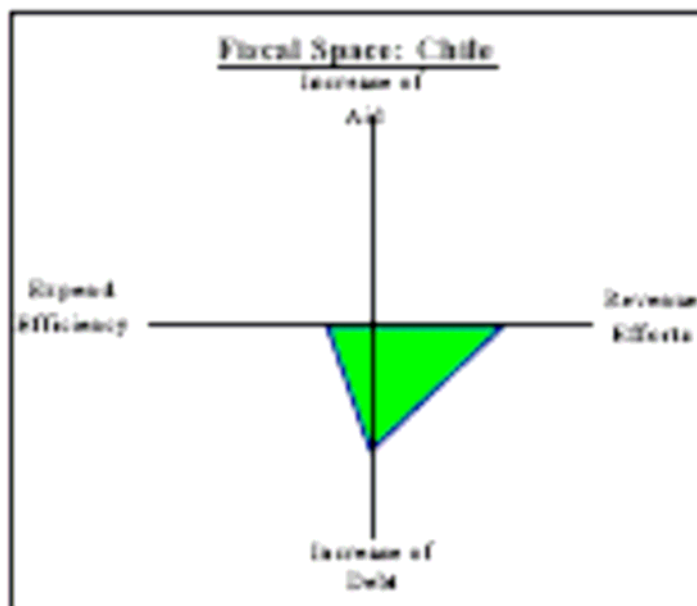
## Design Requirements

- **fiscal policy design must incorporate both stability and growth/development objectives and take account of both “macro space” and “fiscal space”**
  - “Macro space” – when public spending can be increased without impairing macroeconomic stability
  - “Fiscal space” – when public spending can be increased

# Financing Option: Finding Fiscal Space

Figure 5: Fiscal Space





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Thank you.