

## Lebanon needs data-driven reforms

**Hiba Huneini|**

The past few months have witnessed intense discussions around the national budget that are still taking place until this moment. The government's objective is to cut deficit and officially enter an austerity phase that aims to reform Lebanon's finances. The goal is to gain international and national investors' trust in order to invest in the country and reboot the economy to end its current state of hibernation. Armed with skepticism, doubters have argued against tax increases, salary cuts and other elements of the budget reforms. This political war of attrition has delayed the budget's issuance and hence the reform process, leaving the country's economy stagnant.

Last year's CEDRE conference in Paris resulted in pledges from the international community to support economic stimulation, while Lebanon pledged to undertake multilayered reforms on the structural and sectoral levels. The structural reforms imply cross-sectoral procedures to fight corruption, improve fiscal governance and modernize the capital market. On the sectoral level, reforms are starting in sectors including energy and communications.

Undertaking reforms is often an unpopular approach. It wrestles with the mighty force of status quo bias and faces resistance to change. Therefore, strategies to deal with the politics of reforms must be as carefully planned as the reform package itself.

In other words, communication with the public is a key element in reform agendas if reforms are to receive any national buy-in. However, there are two challenges that need to be taken into consideration while planning the public outreach and communication strategy: First, truth is less popular now than ever; second, rhetoric and promises do not lead inevitably to public trust - they must be juxtaposed with actual interaction and serious consideration of public opinion.

Another recipe for success in communication and operationalization is an evidence-based approach to public policy.

Evidence is key for policy intervention accuracy and impact maximization. The heart of the evidence-based approach is data: collection, management, analysis and communication.

Lebanon needs a better data system to start the serious process of taking an evidence-based approach to reforms. Unfortunately, the country's statistical and data ecosystem is among the weakest internationally. According to the World Bank, Lebanon's statistical capacity score is 64.4.

The bank defines statistical capacity as "a nation's ability to collect, analyze, and disseminate high-quality data about its population and economy."

It adds: "Quality statistics are essential for all stages of evidence-based decision-making, including: monitoring social and economic indicators, allocating political representation and government resources, guiding private-sector investment, as well as informing the international donor community for program design and policy formulation."

Lebanon's rating leaves it among the low scorers, with same rating as Namibia and Samoa, while the global average for upper-middle income countries is 73.2. Lebanon comes just before Libya, Syria, Yemen, Iraq, Algeria and Djibouti, which are the lowest statistical capacity scorers in the Middle East and North Africa region.

Data is key for the assessment, definition, implementation and evaluation of reforms. Without data, there can be no measurement of progress. Moreover, healthy statistical capacity increases data accuracy and prevents the spread of disinformation. In other words, proper data systems help policy debates start from a common ground. This specific point speaks directly to the current debates in Lebanon. The heterogeneity of data sources is a serious point of illness in Lebanon's socio-economic governance reality.

Policymakers' data toolbox is full of innovative solutions that can practically support them in their quest to navigate uncertainty and understand complexity. One of these tools, for instance, is policy labs, defined by Anne Veenstra and Bas Kotterink as "an experimental environment in which stakeholders collaborate to develop and test policy." Policy labs, behavioral insight units and beyond are all concrete tools that can help policymakers use data to solve problems for which no optimal solution appears to exist.

Within that framework, Lebanese universities and research institutions should be key partners and stakeholders in this process, and the national Central Administration of Statistics needs to be effectively empowered and supported.

Lebanon's reform process and the political debate around it prove that the country needs to invest in a major data infrastructure. This infrastructure will increase policy efficiency and effectiveness by adopting an evidence-based approach and will make public debates healthier and more effective.

Lebanon's quest for setting major structural and sectoral reforms needs to start with the establishment of capable data management practices and communications machinery.

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