

Under the High Patronage of His Excellency
The President of the Lebanese Republic

General Michel AOUN

NUDGE LEBANON
in partnership with the
American University of Beirut
Faculty of Arts and Sciences

‘BEHAVIORAL ECONOMICS & NUDGE IN THE ARAB REGION: LESSONS LEARNED & CHALLENGES AHEAD’

ISSAM FARES LECTURE HALL-AUB (BEIRUT, LEBANON)
11 - 12 MAY, 2018



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#NudgeLebanonConference



Nudging for Development and the Rule of Law



A Word from the Founder and President of NUDGE LEBANON

Dear Colleagues,

It is with great pride that I welcome you to the region's first behavioral economics and nudge conference. 2017 turned out to be a flagship year not only for Nudge Lebanon, but also for behavioral economics, with Richard Thaler winning the Nobel Prize in economics, making our work all the more timely.

Indeed, over a year ago, a group of passionate behavioral scientists and like-minded friends joined me on an exciting journey "to make Lebanon a better place, one experiment at a time", and launched Lebanon's "nudge unit", pioneering the use of behavioral insights to inform public policy.

Nudge Lebanon was awarded a generous grant by the Carnegie Corporation of New York to set up the Consumer-Citizen Lab (CCL), our jewel offering. The CCL is an initiative that seeks to extend the discipline of behavioral economics to academia in the Arab region, build the capacity of students and future practitioners, support problem solving by stakeholders, and create a platform for involving the consumer-citizen in social entrepreneurship and innovation. As part of this CCL initiative, a new course on Behavioral Economics, Public Policy, and Nudges is being delivered in partnership between Nudge Lebanon and the AUB Department of Economics. As part of the course's requirements, students are designing and implementing behavioral experiments for real life policy challenges.

This innovative course was first delivered at Hamad Bin Khalifa University in partnership with the Qatar Behavioral Insights Unit (QBIU) – the first nudge unit in the region which I had the honor of setting up two years ago at the Supreme Committee for Delivery and Legacy. A similar course will be launched in Kuwait in partnership with the Kuwait Appraisal Policy Lab (KPAL) and the American University of Kuwait (AUK) and with support from Nudge Lebanon and QBIU.

Our focus areas at Nudge Lebanon have been centered around two policy priorities: 1) Compliance and the Rule of Law (which targets inter alia traffic, sustainability and littering, anti corruption, public service delivery), and 2) Socio-Economic Development (which targets inclusion and the prevention of violent extremism, education, health, humanitarian relief, and public finance management).

To date, we have completed a number of interventions. For example, we increased the payment rate of electricity bills in a Saida neighborhood by 15%, 13% and 5% using ego, social norms and hassle factor, respectively; decreased demand for plastic cutlery with delivery orders by 77.9%; increased drivers' seatbelt compliance by nearly 83%; increased use of anti-corruption hotline by several folds; increased the ratio of bills paid using electronic cards among dine-in customers by 4%, and increased the ratio of bills paid in the Lebanese currency among customers using their electronic cards by 9% as part of a set of experiments in several restaurant branches, to name only a few. We are in the process of scaling-up some of the interventions with the relevant partners in government and NGOs.

We are currently involved in a large number of experiments, tackling challenges such as increasing the level of compliance with anti-smoking in restaurants through the “proudly non-smoking initiative”, reducing violent extremism in post conflict zones, reducing litter from cigarette butts, improving compliance with traffic rules and regulations, and improving mental health screening in PHCs ...

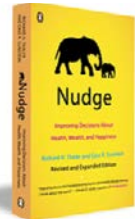
We are proud to be leading this transformative initiative in the region in collaboration with several stakeholders, government, academia, NGOs and the private sector, all convened under one roof, namely the shared purpose of exploring the power of behavioral insights and its applications to public policy.

To wrap up, I would like to thank the AUB Economics Department for their great partnership, the Carnegie Corporation of New York for their generous funding of the Consumer-Citizen Lab, Harvard Business Review Arabia for being our great collaboration on “arabization” of behavioral insights content, as well as Nudgeco SARL, the newly setup social purpose company, for their push of the ‘nudge for good’ culture in the private sector. Once again, we thank you for being part of this regional conference on behavioral economics and nudge, and look forward to making this a regular gathering for the Arab world.

Sincerely yours,
Fadi Makki, PhD (Cantab.)
Founder and President

Behavioral Economics rose to eminence with Kahneman's Nobel Prize award, and has just received a major boost through R. Thaler's Nobel Prize award

Growth of Behavioral Economics



2002

D. Kahneman awarded the Nobel Prize in economics for his work on judgement and decision making under risk & uncertainty

2009

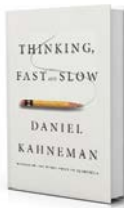
- **C. Sunstein as administrator for office of information and regulatory affairs, predecessor of SBST**
- EU Commission made its first explicit attempt to inform policy-making by behavioral insights
- US National Institutes of Health made its Common Fund's 'Science of Behaviour Change' program a priority

2008

Sunstein and Thaler published Nudge, as a practical illustration for the power of the field of behavioural economics

2010

- **BIT was established in the UK influenced by Nudge**
- The UK's Coalition Agreement explicitly committed the government to 'harnessing the insights from behavioural economics and social psychology'*
- The Institute for Government (UK) published "MindSpace"



2011

2014

- **SBST was created in the White House by President Obama**
- First global behavioral insights conference "Behavioural Exchange" in Sydney, Australia
- First edition of "Behavioral Economics Guide" was published by 'behavioraleconomics.com'
- OECD published "Regulatory Policy and Behavioural Economics" report

2015

- David Halpern published "Inside the Nudge Unit"
- Richard Thaler published "Misbehaving: The Making of Behavioural Economics"
- International Behavioural Insights Conference (BX2015, London)
- **World Bank announces its launch of behavioral insights initiative and published BE inspired WDR**

2017

- **nudge** LEBANON **Launch of Nudge Lebanon**
- More Arab initiatives to use behavioural insights in public policy, in Kuwait, KSA, UAE ...
- **Award of Nobel Prize in Econ to Richard Thaler, for work on behavioral economics and Nudge**

2016

- More nudge units around the world
- **The first Arab nudge unit set up in Qatar (QBIU)**
- Behavioural Exchange (BX2016, Harvard University)

SHAPE DIFFERENCE

SHAPE DIFFERENCE is a proprietary framework that Nudge Lebanon uses to develop nudges and behavioral interventions:

S	SALIENCE	Drawing people's attention to stimuli that are novel, accessible, attractive and simple
H	HASSLE FACTOR	Modifying a feature to the environment that makes a behavior easier or harder to accomplish
A	ACTIVE CHOICE	Requiring individuals to affirmatively choose between options and make implicit choice
P	PRIMING	Exposing people to certain stimuli, words, sensations or sights to steer them towards specific behavior
E	EMOTIONS	Provoking affective reactions that are automatic and unconscious to influence people's decisions
D	DEFAULT	Providing default option that will come into force if no other active choice is made
I	INCENTIVE	Designing cost-effective incentive schemes as people tend to avoid losses rather than seek gains
F	FRAMING	Changing the way information is framed in order to affect people's behavior and perception
F	FEEDBACK	Giving clear feedback information on how people behaved in certain circumstances
E	EGO	Using cues and words that support a consistent and positive self-image
R	REMINDER	Providing cues to push people to perform certain action
E	<i>Effect of</i> MESSENGER	Selecting who communicates the information to influence the automatic reaction of people
N	NORM	Providing descriptive, factually accurate information about how peers behave in a similar situation
C	COMMITMENT	Using commitment to increase intangible cost of failure to act according to one's public commitments
E	EQUIVALENT <i>reciprocity</i>	Responding to others' positive actions with an equivalent one

'Behavioral Economics & Nudge in the Arab Region: Lessons Learned & Challenges Ahead'

The **SPEAKERS**



**Hammoud
ALMAHMOUD**

Editor in Chief,
Harvard Business
Review Arabia and
Aliqtisadi.com



**Dr. Erik
ANGNER**

Associate Professor of
Practical Philosophy,
Stockholm University



**H.E. Prof. Fouad
AYOUB**

President of the
Lebanese University



**H.E. Dr. Muhammad
BAASIRI**

Third Vice-Governor,
Banque Du Liban



**Dr. Bana
BASHOUR**

Associate Dean
for Student Affairs;
Associate Professor
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American University
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**Dr. Saouma
BOU JAOUDE**

Associate Dean of
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Lebanon



**Dr. Mariam
CHAMMAT**

Executive Advisor
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Behavioral Insights
Unit at Direction
Interministerielle de
la Transformation
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CHEIKH**

Dean of the Faculty
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AUB



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Assistant Professor,
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Professor of Indus-
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**Maha H.
MAKKI**

Co-Founder of
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Director of the Mas-
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Scholars Program,
AUB



**Ammaarah
KAMISH**

Director of Policy,
Research and Anal-
ysis at the Western
Cape Government,
Department of the
Premier.



**Dr. Charlotte
KARAM**

Associate Dean of Programs, Associate Professor of Organizational Behavior, AUB; Director of the KIP Project



**Dr. Ramzi
MABSOUT**

Assistant Professor of Economics at AUB; Member of the Board of Trustees, Nudge Lebanon



**H.E. Dr. Khaled
MAHDI**

Secretary General of Kuwait's Supreme Council for Planning and Development



**Dr. Fadi
MAKKI**

Founder and President of Nudge Lebanon; Head of Qatar Behavioural insights unit; Member of the Future Council for Behavioral Sciences at the World Economic Forum



**Josh
MARTIN**

Vice President, ideas42



**Dr. Rabi
MOHTAR**

Dean of the Faculty of Agricultural and Food Sciences, AUB



**H.E. Ghassan
MOUKHEIBER**

Lebanese MP; Member of the Board of Trustees, Nudge Lebanon



**Faisal
NARU**

Chief of Staff of the OECD Executive Director; Member of the Board of Trustees, Nudge Lebanon



**Dr. Iman
NUWAYHID**

Professor and Dean
of the Faculty of
Health Sciences,
AUB



**Dr. Ali
OSSEIRAN**

VP Academic Affairs,
Nudge Lebanon



**Jon
ROOZENBEEK**

Doctoral Researcher,
University of
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**Dr. Kai
RUGGERI**

Assistant Professor,
Columbia University;
Senior Researcher
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University of
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**Daniel
SHEPHARD**

Member of the Board
of Trustees, Nudge
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Member of the White
House Social and
Behavioral Sciences
Team (SBST)



**Zhi
SOON**

Director – Youth,
Education and Skills,
Behavioural Insights
Team



**Dr. Umar
TAJ**

Research Fellow at
Warwick Business
School; Founder of
Nudgeathon

LOCAL EXPERIMENT | 1

SHAPE DIFFERENCE: Ego

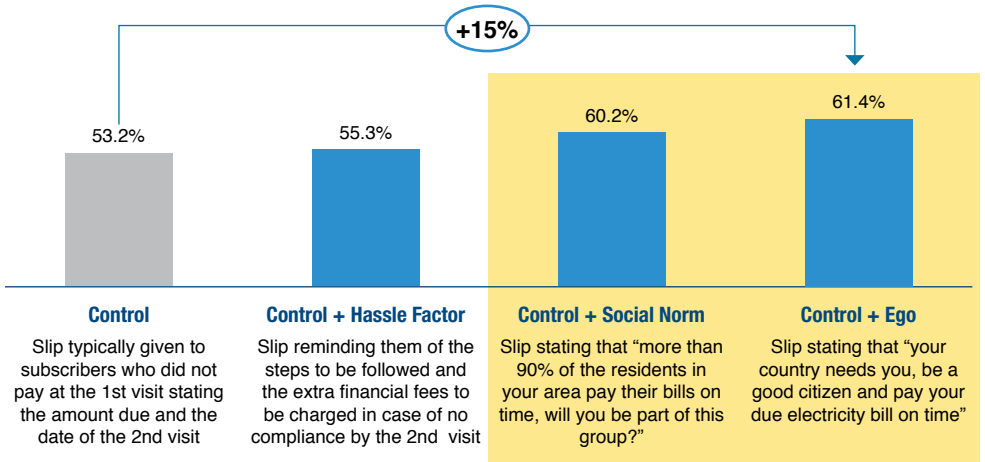
A pilot RCT was conducted by Nudge Lebanon to increase payment rate of electricity bills by the second visit



Increasing timely bill payment by evoking feelings of national pride

In 2016, NudgeLebanon in collaboration with Electricité Du Liban Saida, increased the number of households in Saida, Lebanon, paying their electricity bills by the collectors' 2nd visit by 15%, compared to the control group, by sending out behaviourally-modified slips addressing national pride.

Total Response to Reminder Slips by the 2nd Visit
(% of those who paid by the 2nd visit out of those who received the intervention)



Control

Slip typically given to subscribers who did not pay at the 1st visit stating the amount due and the date of the 2nd visit

Control + Hassle Factor

Slip reminding them of the steps to be followed and the extra financial fees to be charged in case of no compliance by the 2nd visit

Control + Social Norm

Slip stating that "more than 90% of the residents in your area pay their bills on time, will you be part of this group?"

Control + Ego

Slip stating that "your country needs you, be a good citizen and pay your due electricity bill on time"

LOCAL EXPERIMENT | 2

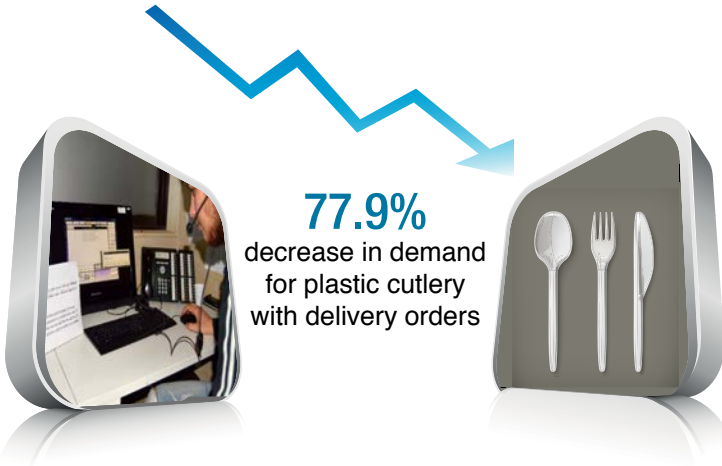
With a simple verbal prompt, seatbelt compliance improved by more than 80%



LOCAL EXPERIMENT | 3

Nudge Lebanon decreased the demand for plastic cutlery with delivery orders by 77.9% through a simple verbal nudge

In 2017, Nudge Lebanon reduced the demand for plastic cutlery with delivery orders from a local restaurant by **77.9%** in comparison to the baseline, by enabling an active choice of receiving cutlery with the delivery order, delivered through a verbal prompt by the call centre staff before the call was concluded.



PROGRAM

Friday, May 11th

17:00 – 17:30: Registration

17:30 – 18:00: Opening and Welcome Address

- *Dr. Nadia Cheikh* – Dean of the Faculty of Arts and Sciences, AUB
- *Dr. Fadi Makki* – Founder and President of Nudge Lebanon; Head of Qatar Behavioural Insights Unit; Member of the Future Council for Behavioral Sciences at the World Economic Forum

18:00 – 19:30: The Role of Academia and NGOs in Promoting Greater Use of Behavioral Insights in Public Policy

Moderator: *Dr. Bana Bashour* – Associate Dean for Student Affairs at the Faculty of Arts and Sciences; Associate Professor of Philosophy, AUB

Speakers:

- *H.E. Prof. Fouad Ayoub* – President of the Lebanese University
- *H.E. Dr. Khaled Mahdi* – Secretary General of Kuwait's Supreme Council for Planning and Development
- *Dr. Iman Nuwayhid* – Professor and Dean of the Faculty of Health Sciences, AUB
- *Dr. Fadi Makki* – Founder and President of Nudge Lebanon; Head of Qatar Behavioural Insights Unit (QBIU); Member of the Future Council for Behavioral Sciences at the World Economic Forum

- 19:30 – 20:00: Reception

Saturday, May 12th

8:00 – 9:00: Registration and networking breakfast

9:00 – 10:15: Growth of Behavioral Economics and Rise of Nudge Units

Moderator: *Dr. Fadi Makki* – Founder and President of Nudge Lebanon; Head of Qatar Behavioural Insights Unit; Member of the Future Council for Behavioral Sciences at the World Economic Forum

Speakers:

- *Dr. Mariam Chammat* – Executive Advisor at the French Behavioral Insights Unit at Direction Interministerielle de la Transformation Publique
- *Dr. Lori Foster* – Professor of Industrial-Organizational Psychology, North Carolina State University; Former Member of the White House Social & Behavioral Sciences Team (SBST)
- *Dr. Ramzi Mabsout* – Assistant Professor of Economics at AUB; Member of the Board of Trustees, Nudge Lebanon
- *Faisal Naru* – Chief of Staff of the OECD Executive Director; Member of the Board of Trustees, Nudge Lebanon
- *Dr. Erik Angner* – Associate Professor of Practical Philosophy, Stockholm University

10:15 – 11:30: Applying Behavioral Insights to Health and the Environment

Moderator: *Dr. Iman Nuwayhid* – Professor and Dean of the Faculty of Health Sciences, AUB

Speakers:

- *Dr. Rabi Mohtar* – Dean of the Faculty of Agricultural and Food Sciences, AUB
- *Dr. Rabih El Chammy* – Head of National Mental Health Program, Ministry of Public Health
- *Dr. Umar Taj* – Research Fellow at Warwick Business School; Founder of Nudgeathon
- *Dr. Lori Foster* – Professor of Industrial-Organizational Psychology, North Carolina State University; Former Member of the White House Social & Behavioral Sciences Team (SBST)
- *Dr. Ali Osseiran* – VP Academic Affairs, Nudge Lebanon

- *Dr. Kai Ruggeri* – Assistant Professor, Columbia University; Senior Researcher & Affiliated Lecturer, University of Cambridge

11:30 – 12:00: Break

12:00 – 13:15: Compliance & Rule of Law: Rethinking Government Services Delivery through a Behavioral Lens

Moderator: *Daniel Shephard* – Member of the Board of Trustees, Nudge Lebanon; Former Member of the White House Social and Behavioral Sciences Team (SBST)

Speakers:

- *H.E. Ghassan Moukheiber* – Lebanese MP; Member of the Board of Trustees, Nudge Lebanon
- *Zhi Soon* – Director – Youth, Education and Skills, Behavioural Insights Team
- *Dr. Georgios Dimitropoulos* – Assistant Professor, HBKU Law School; Member of the Advisory Board of Nudge Unit Greece
- *Josh Martin* – Vice President, ideas42

13:15 – 14:30: Applying Behavioral Insights and Nudge to Education

Moderator: *Maha Haidar* – Makki - Co-Founder of Nudge Lebanon; Director of the MasterCard Foundation Scholars Program, AUB

Speakers:

- *Zhi Soon* – Director – Youth, Education and Skills, Behavioural Insights Team
- *Dr. Saouma BouJaoude* – Associate Dean of the Faculty of Arts and Sciences, AUB; Member of the Board of Trustees, Nudge Lebanon
- *Prof. Lori Foster* – Professor of Industrial-Organizational Psychology, North Carolina State University; Former Member of the White House Social & Behavioral Sciences Team (SBST)
- *Jon Roozenbeek* – Doctoral Researcher, the University of Cambridge
- *Dr. Mariam Chammat* – Executive Advisor at the French Behavioral Insights Unit at Direction Interministerielle de la Transformation Publique

14:30 – 15:30: Lunch

15:30 – 16:45: Applying Behavioral Insights to Financial and Social Inclusion

Moderator: *Dr. Charlotte Karam* – Associate Dean of Programs, Associate Professor of Organizational Behavior, AUB; Director of the KIP Project

Speakers:

- *Josh Martin* – Vice President, ideas42
- *Daniel Shephard* – Senior Advisor and Member of the Board of Trustees, Nudge Lebanon; Former Member of the White House Social & Behavioral Sciences Team (SBST)
- *Jennifer Colville* – Team Leader, Innovation, Arab States, Bureau for Policy and Programme Support, UNDP
- *Ammaarah Kamish* – Director of Policy, Research and Analysis, Western Cape Government, Department of the Premier

16:45 – 18:00: The Future of Behavioral Economics and Nudge in the Region

Moderator: *Hammoud Almahmoud* – Editor in Chief, Harvard Business Review Arabia and Aliqtisadi.com

Speakers:

- *H.E. Dr. Khaled Mahdi* – Secretary-General of the Supreme Council for Planning and Development in Kuwait
- *Faisal Naru* – Chief of Staff of the OECD Executive Director; Member of the Board of Trustees, Nudge Lebanon
- *H.E. Dr. Muhammad Baasiri* – Third Vice-Governor, Banque Du Liban
- *Dr. Fadi Makki* – Founder and President of Nudge Lebanon; Head of Qatar Behavioural Insights Unit; Member of the Future Council for Behavioral Sciences at the World Economic Forum



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