

GOOD GOVERNANCE FOR DEVELOPMENT

In THE ARAB STATES

(GfD)

An Arab Regional Initiative

In partnership with OECD and UNDP

Programme Document

Good Governance for Development (GfD)
New Regional Arab Initiative

Introduction:

In September 2004, ministers and representatives of sixteen Arab countries responded to the invitation of the Hashemite Kingdom of Jordan to meet in Amman to consider the launching of a new regional Arab initiative to enhance good governance for development. At the conclusion of the two-day meeting (25-26 September), the participating countries[1] endorsed the GfD Initiative and its component themes and accepted in principle the preliminary draft of a Declaration that expresses the solemn commitment of Arab countries to undertake the activities outlined under the different themes. They agreed to officially launch the Initiative and issue the Declaration at a Heads-of-Government conference, under the Royal Patronage of King Abdullah II of the Hashemite Kingdom of Jordan. They called on both the UNDP and OECD to provide the needed support.

The United Nations Development Programme[2] (UNDP-POGAR) and the Organization for Economic Cooperation and Development (OECD) accepted to provide support for the effective design and implementation of the Initiative. The six themes constitute, in their totality, a comprehensive programme of institutional and policy modernization and reform to support economic and social development. Each theme has relevant components and together, the activities to be undertaken are interdependent and mutually reinforcing. These themes are:

1. Civil Service and Integrity
2. E-Government, Administrative Simplification and Regulatory Reform
3. Governance of Public Resources
4. Role of the Judiciary and Legal Enforcement
5. Civil Society and Media
6. Public Service Delivery and Public Private Partnership

The GfD Conference was held at the Dead Sea, Jordan 6-7 February 2005[3]. Delegations from seventeen Arab countries and sixteen OECD member countries as well as the heads of several Arab and international NGO's and media organizations discussed the contents of the six themes from different perspectives and agreed on a preliminary set of issues which outlined a first assessment of the priorities for activities to be undertaken by the Arab countries at regional and national levels. At the conclusion of the Conference, the Heads of Arab Delegations issued the Declaration[4] that officially launched the Initiative

[1] Particiapting countries include: Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Morocco, Palestinian Authority, Oman, Syria, Saudi Arabia, Tunisia, United Arab Emirates and Yemen.
[2] In particular, by the UNDP Programme of Governance in the Arab States (UNDP-POGAR)
[3] Over 600 persons participanted in the conference. The Arab countries were the same as in (1) above in addition to the Palestinian Authority and Oman. The participating OECD countries were: Australia, Canada, France, Finland, Greece, Holland, Italy, Turkey, Japan, Portugal, South Korea, Spain, Switherland, United Kingdom, United States and the European Union.
[4] See Declaration in Annex 1 and the Results and Recommendations of the six Panels in Annex 2.

and expressed their collective will to work closely together to effectively implement the implied reforms.

Background:

The ideas for the Initiative began in a meeting of experts and senior representatives of different governments in September 2003 in Beirut sponsored by the Lebanese Ministry of Civil Service and the assistance of UNDP-POGAR and OECD. This was followed by a similar meeting in Istanbul, Turkey, in February 2004[5]. It is in that meeting that the choice of the six themes was settled. A third meeting of experts and senior officials took place at the end of April 2004 in Rabat, Morocco. The decision on country Thematic Coordinators was made during this meeting on the basis of the countries own willingness to undertake the responsibility of coordinating all activities related to their respective theme. Accordingly, the following countries and their themes were indicated:

Theme I: Civil Service and Integrity, Morocco.
Theme II: Theme III: E-Government, Administrative Simplification and Regulatory Reform, Dubai[6].
Theme III: Governance of Public Resources, Egypt.
Theme IV: Role of the Judiciary and Legal Enforcement, Jordan.
Theme V: Civil Society and Media, Lebanon.
Theme VI: Public Service Delivery and Public Private Partnership, Tunisia.

The Hashemite Kingdom of Jordan declared its sponsorship of the Initiative. Two Jordanian Ministers[7] visited a number of Arab States to seek the support of the highest authorities for the Initiative and its component themes and invite them to a preparatory Ministerial meeting in Amman, Jordan in September 2004. They also visited OECD Secretariat in Paris for the same purpose. The ministerial meeting took place in September 2004 and the participating Ministers, senior diplomats and government representatives endorsed the Initiative and its six themes and called upon UNDP and OECD to provide technical support.

The emphasis on reform and modernization of Arab administration expressed in the Declaration of the May 2004 Arab Summit in Tunis and the Alexandria Declaration for Reform[8] were both an important impetus for the Initiative, a confirmation of its objective and the need and value of the work to be done in the framework of the Initiative by committed Arab States. Through its focus on policy dialogue and joint programming for development, the Initiative also draws on the Barcelona process and its objective of

[5] Countries that participated in the preparatory phase included: Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Morocco, Saudi Arabia, Syria, Tunisia, United Arab Emirates and Yemen.
[6] At the end of the Dead Sea Conference, the partners decided to shift the responsibility for part of theme II, "*Regulatory Reform*", from Dubai to Tunisia, for purposes of thematic affinity and consistency. The Government of Tunisia has accepted this transfer.
[7] The Minister of Justice and the Minister of Public Sector Reform.
[8] Alexandria Declaration, March 2004. Final statement of "Arab Reform Issues: Vision and Implementation".

establishing in the Mediterranean basin an area for exchange and cooperation to ensure peace, stability and prosperity.

To build on the above, UNDP-POGAR provided assistance to the Jordanian Ministry of Justice for holding several meetings with the diplomatic missions in Jordan representing the Arab and OECD countries to keep them abreast of developments and prepare for the Dead Sea conference. In the meantime, the OECD Secretariat obtained the Council's unanimous endorsement of the Initiative as well as its approval of the budget estimates of 9.435 million Euros for the overall cost of the programme with OECD and UNDP sharing equally the planned expenditures for the three-year duration of implementation. The OECD Secretariat also obtained the approval of a number of OECD countries to act as direct partners with Arab Thematic Coordinators as indicated below:

Theme I: Spain with Morocco.
Theme II: The Netherlands with Egypt.
Theme III: South Korea and Italy with Dubai.
Theme IV: The United States and France with Jordan.
Theme V: The European Union with Lebanon.
Theme VI: The United Kingdom with Tunisia.

It is expected that other OECD countries would subsequently join these partnerships.

Objectives of the Initiative:

The principal objective of the Initiative is to ensure sustainable social and economic development through improving the management of human resources in the civil service, enhancing integrity, transparency and accountability in the delivery of public services and strengthening the institutional capacity for effective economic governance and efficient management of public resources.

The judicial reform and enhancement of national reinforcement capacity are necessary components of good governance and an essential condition for attracting local and international investments. Establishing strong partnerships between private and public sectors and strengthening the role of the civil society enhance public participation in policy formulation and ensure effective policy implementation. The reform of regulatory policies, the reengineering of administrative processes to simplify and codify them and the use of modern information technology through e-government system increase government effectiveness, increase transparency and enhance accountability. Strengthening the role of the media is another means of increasing participation, enhancing private control of public affairs and keeping the public better informed. The interdependence of all themes is evident.

The Initiative is designed to achieve these objectives. The key factor of the Initiative is its "regionality and ownership", a regional Arab Initiative driven by Arab countries. This facilitates joint work in the Arab region as well as enhances the need to look inward at

what needs to be done in the light of what was planned and what was achieved in the past to better prepare the future. It allows for continuity, in a structured manner, with monitoring progress and comparing achievements. It also allows for joint problem solving through continuous contact and discussions among participating Arab countries. The themes represent both a horizontal approach for cross regional exchange, as well as a vertical approach for depth of analysis and improved activity design and effective implementation at national level to achieve the objectives of comprehensive reform.

The novel approach is the partnership of committed Arab countries with committed OECD member countries. This helps transfer knowledge and experience and solves problems through cooperation among practitioners and provides for continuity of such transfer and policy dialogue in the framework of the Initiative and beyond. This approach mobilizes high level expertise from OECD countries, as opposed to dependency on commercial consultants. Senior practitioners who are intimately familiar with the difficulties and pitfalls of policy reform and change management and who have gone through different phases of reform will share their know how with their Arab counterparts.

Arab countries vary in the degree of advancement in their reform programmes, but are all united in the necessity of accelerating the pace of reform and on the need to work together, to set benchmarks to be achieved to exchange experience and increase the value of lessons gained. There are several Arab country initiatives and projects related to the different topics under the six themes of the Initiative, the objective is to take all of these into consideration in a coordinated manner without duplicating activities and multiplying efforts.

The Initiative therefore, supports and energizes ongoing national efforts with the support of international and regional partners. It also supports rather than duplicate bilateral programmes and focuses on policy dialogue for reform. In this sense the Initiative contributes to coordination of different national, regional, bilateral and international programmes and enhances the process of exchange of expertise and cooperation to achieve regional development and prosperity.

Expected Outcomes:

At the end of the planned three-year implementation period, the following are the main expected outcomes and results of the work programme:

1. An improved legal environment for active public participation in policy formulation and effective implementation through public private partnership.

2. Strengthened mechanism for policy analysis and for monitoring and evaluating policy implementation and impact on social and economic development.

3. Improved policy coordination and effective cooperation between the three branches of government with strengthened capacity for law enforcement and efficient management of justice.

4. Effective economic governance and growth and better management of public resources with increased integrity, transparency and accountability.

5. Increased role of civil society and media organizations to foster policy dialogue and monitor policy implementation.

6. Improved management of human resources and increased institutional capacity for good governance and progress in modernizing public institutions.

7. Sustainable mechanism that facilitates policy dialogue and exchange of knowledge and experience among Arab countries for increased integration to accelerate economic and social development.

8. Sustainable mechanism that facilitates exchange of experience and transfer of knowledge between Arab and OECD countries.

9. Effective management of development initiatives supported by international, regional and bilateral resources.

Outcomes and results would be monitored and measured regularly through a built-in system of monitoring, both internally at the country level and externally at the regional level. Each theme will devise an appropriate mechanism for measuring progress and results evaluation.

From Initiative to Work Programme:

As indicated above, the six themes and their component parts constitute in their totality a comprehensive programme for capacity building and policy reform in a number of areas of significant importance for sustainable social and economic development. They are therefore, translated into a number of interdependent and mutually reinforcing activities designed to contribute to the overall objectives of the Initiative. Therefore, reference is henceforth made to the "Programme" and its component activities.

Programme Strategy and Value Added:

The Programme strategy is to make the best use of the three fundamental elements necessary to promote positive and sustainable reform: (i) conducive political environment and commitment demonstrated by both Arab and OECD countries; (ii) availability of technical expertise of senior practitioners and; (iii) active mobilization of financial resources to support programme activities. The Programme capitalizes on the evident

willingness and desire of all partners to succeed in fulfilling the objectives of the Initiative through effective implementation of its programme activities. The strong ownership of the Thematic Coordinators, chosen on a self-selection basis, is a cornerstone of the Programme Strategy.

The *value added* of the programme is measured by the following elements:

1. *Regional and National Ownership*: Initiative is driven by Arab governments political commitment to implement the programme through partnerships and cooperation with UNDP and OECD.

2. *Relevance to the specificity and diversity of policy environment of each Arab country:* Activities do not propose the transfer of ready-made solutions but rather to design innovative solutions and relevant approaches to fit complex and different country situations.

3. *Inclusiveness of main actors*: the State, the private sector and civil society organizations and media will participate in programme implementation.

4. *Complementatrity with Arab regional cooperation efforts*: The Initiative supports Arab countries in developing regional networks and partnerships to foster development efforts[9].

5. *Complementarity with ongoing national, regional, international and bilateral efforts*: Arab governments cooperate with different sources in their development efforts and have therefore, various initiatives and programmes. The work on the different themes and the policy dialogue that it entails will help such programmes to be better conceived, strongly owned and effectively implemented.

Programme Implementation Structure:

The six themes of the Initiative require a work programme the activities of which are structured to take into consideration the commitment and capacity of each country. Each theme will have a regional structure through the work of ***Thematic Coordinators*** as well as individual country focus through the ***National Work Groups*** to be established for each theme in each committed Arab country. Each government will establish a ***National Coordination Committee*** whose members would be carefully selected and appointed by the highest executive authority. The instrument for establishing this Committee would clearly define its authority for coordinating and overseeing all activities under the Programme. Governments will also nominate ***Thematic Focal Points*** for each theme; these persons are usually the leaders of the working groups.

[9] The May 2004 Arab Summit expressed the Leaders determination "to achieve economic complementarity [and] consecrate the values of solidarity and mutual assistance among Arab states".

Thematic Coordinators would work closely on a regular basis with their respective Focal Points across the region to facilitate the implementation of activities that will be jointly designed. Countries will vary in their priorities and issues to be discussed; it is not therefore expected that all countries would work on all themes and in the same degree of attention as the others.

To support the Thematic Coordinators and the Work Groups at individual country level, UNDP-POGAR and OECD agreed to equally share the responsibility for Programme implementation. Themes I-III are the responsibility of OECD and themes IV-VI are those of UNDP. OECD and UNDP will work closely with the respective countries and with their OECD partners. They will provide the necessary guidance and possibly supplementary technical expertise, as may be needed. They will both endavour to ensure the effective implementation of planned activities and together will act as a catalyst to support their respective Arab countries in their national and regional work. They will also undertake an active campaign for resource mobilization to provide an uninterrupted flow of funds necessary for successful programme implementation.

The six Arab Thematic Coordinators and their OECD partner countries will constitute the Initiative ***Steering Committee*** to be chaired by the sponsoring Arab country (as may be designated as indicated above)[10]. The Steering Committee will hold *two* meetings per year during the first year and only one meeting in subsequent years. Other meetings may be held if circumstances warrant. Members of the Technical Secretariat (as indicated below) will attend those meetings and keep minutes of proceedings and decisions.

The ***Initiative Conference*** is composed of all Arab countries and their OECD partners as well as the countries or institutions that would provide funding to implement the Programme of activities. The Conference may be held annually, though for practical purposes and funding, it may hold a meeting at the end of the *second year* of implementation to assess overall progress as well as at the end of the third for evaluation and decision regarding future action.

However, the Sponsoring Country may, in lieu of the physical meeting, keep all countries fully informed through an *Annual Implementation Report* to which all committed Arab countries and their OECD partners would be requested to make their comments. Such comments would be given serious and immediate attention and the Report may be amended accordingly before it is published on the websites of UNDP and OECD. This does not obviate the need for a Conference meeting at the end of the three-year implementation period.

The OECD and UNDP-POGAR teams will constitute the ***Technical Secretariat*** of the Initiative with the sponsoring country (Jordan at present) acting as Chair. The Chair may move from Jordan to another country in consultation between Jordan and the country desiring to assume the overall responsibility for implementation and monitoring progress. This is a strategy of burden sharing.

[10] The Sponsoring Country may be represented by its Minister of Civil Service and Administrative Development (with varying titles).

The OECD and UNDP Teams will maintain continuous contact and mutual consultation and will keep the Steering Committee fully informed of their activities. The Technical Secretariat will hold *two* formal meetings per year; it may hold other meetings if both teams deem it necessary. In the spirit of cooperation, decision will be made by general consensus. Minutes of meetings and agreements reached would be prepared and endorsed by the heads of the OECD and UNDP teams and will be submitted to the Chair.

Work Method:

Work will be based on country ownership and demand; this is critical for ensuring effective implementation and for facilitating the peer review process. The Thematic Coordinators will start working with *willing and committed countries*; they will identify their priority areas and will set the implementation agenda. However this agenda and the pace of its implementation may vary from one country to another, depending on internal circumstances. In the meantime, the Work Groups in each country, while guided by the Thematic Coordinators, will plan their own work and will be assisted by their National Coordination Committee and by the technical expertise to be provided by the OECD partner country and by OECD and UNDP (each being responsible for specific countries)[11].

Countries requesting specific technical assistance will prepare the necessary terms of reference, define the profile of the expertise required and indicate the duration for which such expertise is required. They would communicate such requests directly to their respective OECD counterpart country, (specific focal points for daily contact will have been identified for each theme) with a copy to either the OECD or UNDP-POGAR depending on the theme.

Care would be given in the formulation of the terms of reference to ensure that the right person shall be chosen. This requires advance planning; spur of the moment requests will make it difficult to obtain the right person for the job at hand. In certain cases, Arab countries may therefore, seek the assistance of their OECD counterpart country to prepare the very terms of reference of the needed expertise.

Thematic Coordinators are expected to keep close contact with committed Arab countries and would follow up the activities of their respective National Work Group as well as provide guidance when needed. It is also expected that the Thematic Coordinators would meet twice a year with their focal points, possibly in addition to the Minister/s responsible for the theme. This will bring the number of regional meetings for all themes to 6-7 throughout the three-year implementation period[12].

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[11] OECD is responsible for cooperation with the following Thematic Coordinators: Egypt, Dubai and Morocco. UNDP-POGAR is responsible for cooperation with the following Thematic Coordinators: Jordan, Lebanon and Tunisia. This also covers the work of National Working Groups of all themes.

[12] Annex 3 provides a ***"Framework for Policy Dialogue"*** for each theme. This includes priority issues gleaned from international experience. The objective is to guide and facilitate the dialogue both internally at country level and externally at regional level. This is not an exclusive listing of issues, countries may change or add their own priority issues.

The National Coordination Committee (NCC) will work closely with the Work Groups to prepare ***Country annual plans.*** These should define the objectives of activities, their content, expected outcomes and feasible benchmarks against which work progress is measured and evaluated. The NCC will be responsible for coordinating the work of all groups to avoid duplication of activities and create synergy of all efforts under the Programme. It is expected to hold regular meetings with its different Work Groups and keep minutes of each meeting to maintain an updated institutional memory. The NCC will also keep close contact with the Technical Secretariat and present semi-annual regular reports on work progress. The NCC will also present a national report at the Initiative Conference meeting to inform of progress achieved and difficulties met during implementation.

Implementation Phases:

Assuming that the above structure is in place at country level (with the National Coordinating Committee and the Work Groups fully aware of their terms of reference), implementation will be conducted in three phases. These are: (i) stock taking; (ii) formulation of national action plans and; (iii) implementation of plans and institutional capacity building.

However, it is expected that the progress for moving from one phase to another will depend to a great extent on the diligence of Work Groups and on the degree of attention and amount of resources, both human and financial, that countries would allocate to the Programme. It is also expected that progress in completing the activities under each phase may vary from one Theme to another. The purpose of this statement is to underline the need for a degree of realism when measuring expectations and programme outcomes. The following is a brief description of activities to be undertaken in each phase.

I – Stock-taking: This is the phase of *serious analytical and diagnostic work* to take stock of:

a) Existing national policies and programmes, including those activities under implementation in the framework of bilateral, regional and international institutions, with particular reference to the areas associated with the six themes of the Programme;

b) (i) National issues and priorities in the areas of the six themes; (ii) the capacity of institutions in charge of different aspects of the Programme (iii) proposed solutions; (iv) capacity building efforts, on-going or to be undertaken and ; (v) assistance needed to fulfill required tasks.

c) (i) Assessment of adequacy of resources, both financial and human, that are allocated in the national budget to support the required work and; (ii) possible strategies and plans to obtain additional funding, particularly through national financial planning.

d) (i)Assessment of political and parliamentary support for governance reform and; (ii) feasible plans to increase and sustain that support and orient policies towards active dialogue with relevant societal partners for democratic governance and improved policy formulation.

e) Collection and analysis of past studies on institutional development, administrative reform, capacity building, increasing participation, obstacles to development and solutions proposed as well as any study related to the areas of the six themes of the Programme.

The outcomes of this phase would be:

a) Increased awareness of what needs to be done and better preparation for formulating implementable policies and plans to achieve results.

b) Better understanding of the environment, of its absorptive capacity, of what can and cannot be done, of successes and challenges of past efforts.

c) Concrete thoughts for plans with a high degree of realism taking incto consideration the particular circumstances of the country, the phases for implementing such plans, the champions and partners that could move these plans into real programmes and activities.

The Technical Secretariat (TS) would receive national reports after completing the diagnostic phase. These would help the TS to prepare, and share with all concerned, a comparative assessment of reform projects and activities, common barriers and obstacles to reform and the prevailing thinking for overcoming them, success stories and lessons learnt. With such reports, the TS and all partners would be better prepared to plan for and provide the needed assistance to implement priority actions, as the different countries may decide.

II - Formulation of National Action Plans: The National Coordination Committee (NCC) and the Work Groups, benefiting from the outcomes of the stock taking and diagnostic phase, move to the formulation of national plans relevant to each theme or part thereof. Plan objectives should be clear and well articulated. The activities under each plan must be well defined with time bound outcomes clearly indicated. Terms of reference for actions to be taken and assignment of institutional responsibility and accountability for implementation would also be agreed upon in advance.

The methods of implementation should be articulated. Financial and human resources need to be carefully calculated. If implementation would be done in phases, these phases should be defined. The sources of funding, internal or external should be defined with prior agreements necessary in the case of external funding. To the extent possible, the financial resources needed should be mainstreamed into the national budget process. The

plans should equally include the methods of monitoring progress, resolving problems and evaluating impact.
It is indispensable that these plans be formulated in a participative manner. For these plans to be approved by the authorities and have a chance to be implemented, all stakeholders should participate in their formulation. Those who present them to the authorities should be effective communicators who are capable of persuading others of the worth of what they present. The audience should be carefully targeted and the presentation plan may vary from one audience to another.

The key task of the NCC is effective coordination. The Committee's successful work would improve inter-ministerial and inter-agency coordination, avoidance of duplication and creation of synergy of resources and their utilization. Coordination with other national initiatives, nationally or externally funded, is essential. Coordination with donor agencies would improve the allocation of resources, the monitoring of their flow and the measurement of their benefits and impact.

The NCC would also make periodic assessments of the activities conducted by the Work Groups for all themes. As part of its monitoring responsibility, the NCC would set benchmarks against which progress should be measured. This will necessitate transparency in all actions taken and may require a set of actions to improve the recording of data, statistical analysis and reporting and better flow of information to increase timely accessibility to information. These assessments may indicate difficulties and problems of implementation and allow for their speedy resolutions. The outcomes of assessments should be made public or at least, available to stakeholders, depending on their sensitivity. The reports produced by the NCC would be shared with the Technical Secretariat and with the Steering Committee.

III - Implementation of Plans and Institutional Capacity Building: Countries may wish to start implanting their plans with an initial pilot policy reform included in an action plan (as a first or trial phase). The pilot policy could be selected with the assistance of the OECD partner country and implemented with direct assistance from that country or jointly through allocating a percentage of the needed funds in the national budget and the rest could come from a bilateral, regional or international sources.

Implementation of such pilot action would be closely monitored by the NCC and by the OECD partner country. Lessons learnt should be recorded and difficulties met should guide future work to avoid pitfalls. Capacity building needs, both at the institutional and human levels, should be indicated. Progress would be measured and successful implementation would serve as an important motivating force to continue into larger plans. Results and impact, the demonstration effect, should be shared with the stakeholders, with the Steering Committee and with the Technical Secretariat.

Benefiting from the lessons of the pilot action, lager plan implementation would be done with due care and diligence and capitalize on the demonstration effect achieved. Every effort should be made to mainstream the financial resources needed for plan

implementation into the national budget process to halt the dependency syndrome. Even if implementation may be rather slow, but effective, national resources would eventually be allocated to the desired activity. It takes all institutions involved to cooperate and establish partnerships for resource synergies to make an impact. Selective technical assistance to be sought either from the OECD partner country or elsewhere should only be obtained to fill gaps in know-how and obtain high level expertise.

Capacity building should be a continuous feature of this phase. This is not limited to staff training. Capacity building includes the improvement of the policy process and the regulatory framework, administrative simplification, better assignment of responsibility, establishing accountability and performance indicators, enhancing staff motivation. The legal foundation on which the institution is built might be a subject of review and improvement. This is an essential component of the reform process and should be given all due attention. The major role of the NCC in the area of capacity building should be emphasized to facilitate and encourage all actions for improving institutional performance. Great plans will not be implemented by weak institutions and less qualified staff.

Programme Monitoring:

Monitoring Programme activities is an essential element of implementation. Monitoring would be conducted at three levels:

- At the country level. The National Coordinating Committee (NCC) is the closest entity to the implementation plan for all activities under each theme. This first level of monitoring aims at (i) ensuring that activities are going as planned; (ii) that if problems arise, proper action is taken; (ii) assessing progress and measuring impact and; (iv) aggregating information and lessons learnt to be shared internally with stakeholders and externally with other countries, with the Steering Committee and the Technical Secretariat. The Technical Secretariat would provide assistance, if needed, to define the benchmarks against which progress may be measured.

- At the Thematic Coordinators level. Working closely with the respective group in each country, progress would be monitored to ensure that understandings reached with the Work Groups are being implemented and that plans for action are being respected. Monitoring would be done through periodic reports to be submitted to the Thematic Coordinator by the relevant Work Group in each country according to a format and frequency agreed between the parties. Such reports should also be copied to the Technical Secretariat. The OECD partner country would be involved in the monitoring process and would provide assistance to set up benchmarks for measurement. Monitoring reports are shared with all countries during the meetings with the Thematic Coordinator in each case.

- At the Technical Secretariat level. The TS collects all the reports produced, synthesizes them into a quarterly report to be shared with all concerned. It analyses results and shares concerns where appropriate. It motivates groups where progress is made and helps those that may benefit from advice and guidance. The Technical Secretariat prepares an Annual Progress Report based on the monitoring results to be made available, publicly if beneficial. Such reports would be submitted to the Steering Group and to the Initiative Conference. The last report of the TS, towards the end of the three-year implementation period, would outline possible future actions.

Annex 1

DECLARATION

Initiative on Good Governance for Development In the Arab States

WE, Governments of Arab States participating in the Conference on Good Governance for Development, held at the Dead Sea in the Hashemite Kingdom of Jordan on 6 -7 February 2005,

Reconfirming the provisions of the Tunis Declaration and the need to continue the reform and modernization processes in our countries through enhancing and broadening participation in the public domain and consolidating the comprehensive development program to secure a better future for generations of our societies;

Reaffirming our commitment to accelerate the development process to enhance the standard of living of our people to occupy an appropriate position in the world;

Reaffirming our commitment to work for achieving the prosperity of our people and the advancement of our societies and assisting the countries that are still facing the impact of conflicts to achieve stability;

Resolving to utilize appropriate mechanisms and methodologies for continuous modernization of public institutions to achieve sustainable development;

Recognizing the extent of challenges generated by globalization and the necessity of self-development for integrating our economies into the world economy;

Realizing also that the creation of an enabling environment for investment in the Arab region requires strong confidence in the performance of public institutions and in the quality of services offered by these institutions;

Recognizing that implementing good governance and accountability measures, especially those measures and principles set forth in the UN Convention Against Corruption, constitutes a basic element for combating corruption, reducing poverty and paving the way for an environment conducive to achieving sustainable development focused on human beings;

Realizing that good governance is based on creating effective and efficient public institutions that respond to people's needs, establishing social justice and securing high quality services provided equally to all people;

Recalling the achievements of Arab countries and considering the successful achievements of other countries in their efforts for developing public institutions and reinforcing the tenets of good governance;

Recognizing that inter-Arab regional cooperation, which has been and remains a strong demand of our peoples, should be activated as a basic element for enhancing the development policies and processes in the Arab countries, especially through exchange of knowledge and best practices;

Acknowledging the importance of international-Arab cooperation in this field and considering that the specificity of Arab countries should be respected and that joint efforts should be made through partnerships based on mutual interests, to help Arab countries achieve their objectives;

Confirming our respect of the principles of fairness and equality before the law and the need to maintain a high level of integrity;

Taking into consideration the principles on which good governance is based, namely: public participation, transparency, accountability and the rule of law, and undertaking to activate these principles;

Realizing that the efforts for administrative, financial and judicial development are mutually reinforcing and constitute a basic pillar for achieving sustainable human development insofar as they derive from the experiences and needs of each country and are consistent with its legal system;

Realizing also the decisive importance of developing the civil service, increasing efficacy and effectiveness of public institutions and administrative processes, instituting good financial management and effective judicial system and recognizing the challenges of measuring results;

Recognizing the need establish a solid partnership between the State, the public sector and the civil society to enhance efforts for achieving and consolidating development;

Drawing in all the above, on the decisions and recommendations of the Arab Summit and the meetings of Arab ministerial councils and Arab regional bodies, particularly the recommendations of the Arab Summit held in Tunisia on 22-23 May 2004;

Resolve as follows:

1. Launch the Initiative of Good Governance for Development in the Arab Countries, which is supported by the United Nations Development Programme (UNDP) and the Organization of Economic Cooperation and Development (OECD).

2. Approve the Programme Document attached to this Declaration (the Document) and the six themes of the Initiative contained in the Document, as field for reform and development, namely:

    - Civil Service and Integrity
    - E-Government, Administrative Simplification and Regulatory Reform
    - Governance of Public Finance
    - Role of the Judiciary and Enforcement of Judgments
    - Role of the Civil Society and Media in the Reform of the Public Sector
    - Public Services Delivery and private-public partnership.

3. Solemnly declare our commitment to effectively Implement the Initiative's action plan contained in the Document and contribute to the activities of different working groups.

4. Thank the six Arab countries: Egypt, Jordan, Lebanon, Morocco, Tunisia and the UAE/Dubai, each of which will lead a theme of the above six themes and coordinate all activities as described in the Document. Our thanks are also due to the OECD countries that will co-chair these themes with them.

5. Increase the efforts of acceding, ratifying and implementing the UN convention Against Corruption.

6. Develop national plans, activate the principles, ideas and projects of the Initiative, consolidate the national commitment to this process, which will cover all the State's institutions and public agencies with the support of the private sector, civil society organizations and Arab media.

7. Commit ourselves to develop meaningful standards, criteria and indicators to usefully monitor and assess implementation progress.

8. Invite the G8, the European Union, the World Bank, the United Nations Development Programme and the OECD to provide technical and financial support to implement the Initiative and to increase their fruitful cooperation.

9. Invite the donor countries, the Arab Funds, the regional and international organizations to support the programmes and activities of the Initiative by providing the necessary financial and technical resources.

We wish to address our sincere thanks to the Hashemite Sovereign, King Abdallah II for sponsoring the Initiative and wish His Majesty and the people of Jordan continued development and prosperity.

We also thank Dr. Salah Al Bashir, Minister of Justice, Hashemite Kingdom of Jordan for his tireless efforts in organizing this Conference and the meetings that preceded it. We also thank the two collaborating institutions, UNDP and OECD, for their supporting this Initiative and hope that such support will be sustained and increased.

Annex 2

Conclusions and Recommendations of Thematic Panels Convened During the Dead Sea Conference
6-7 February 2005

THEME ONE
CIVIL SERVICE AND INTEGRITY

Participants agreed on the following conclusions and recommendations.

1. Importance of the political will and commitment to reform. Indeed, without a political decision driven by commitment, no reform can be achieved.

2. There is a strong need for dialogue, deliberation, clarifying the results, and laying down plans for development and reform before introducing any reform. The absence of that dialogue obstructs the progress towards modernization and advancement. In theory, the focus is placed on the need for reform and advancement, but the problem lies in implementation. Here the question emerges regarding the enhancement of democracy and the need for democratic regimes, which is the basis of all reform and advancement.

3. There is also a need to launch constructive dialogue and define the "new" role of the state in providing public services. Emphasis should be placed on integrity.

4. The appropriate conditions for introducing changes and the model of the Arab advanced state should also be defined.

5. There is a need to enact the necessary legislation to curb corruption; define mechanisms to monitor government operations and ensure that the constitution provides for such mechanisms.

6. All forms of corruption should be investigated, not only in the cases of crimes committed by officials or institutions but also those committed by politicians and private individuals as well. The core reasons that lead to corrupt practices (low salaries, political set up etc.) should be analyzed.

7. The prevailing corruption culture should be addressed. The public interest should prevail over private interests. The focus should be placed on transparency of administrative transactions and on accountability to achieve social peace.

8. Human resources at all levels, should be trained in advanced public service management; training should introduce methods and models utilized in the private sector.

9. Establish a relationship with the citizens based on transparency and accountability.

10. There is a need to focus on the concept of “citizenship” and on the citizen's role in the modernization and reform processes.

11. The chance offered by the Initiative of Good Governance for Development should not be missed. The scope of the Initiative's themes may be enlarged during implementation.

THEME TWO
E-GOVERNMENT AND ADMINISTRATIVE SIMPLIFICATION

The following are the most important points raised during the discussions and agreements reached.

1. The major features of the experiences of the Hashemite Kingdom of Jordan, Italy, France and South Korea were discussed. The focus of the discussions was placed on the issue of data processing and ensuring the secrecy of the personal information.

2. The French experience emphasized the difficulties facing the countries when applying the electronic government system. These included, in particular, the difficulties in respect of policies, organizational matters inside in public institutions, transparency, personal freedom and legal, financial and technical matters.

3. The Canadian experience emphasized the different phases of developing organizational policies and the lessons learnt.

4. The basic challenges and obstacles that most countries have to address are:

    - The degree of political interest in applying e-government policies and procedures;

    - Limited qualified human resources;

    - Low investments and lack of continued flow of financial resource for spending on this vital dimension of governance.

5. The need for introducing legal amendments for facilitating the adoption of e-government systems in all public institutions including court administration and the management of justice in general.

6. The need to establish a specialized technical agency mandated to install, operate and develop the system. Such agency should be endowed with the necessary authority to achieve harmony among the ministries, public sector enterprises and all units of the three branches of government.

7. The need to draw up a national strategy for information systems and a plan for training and skills development for human resources in all agencies.

8. Time limitations did not permit the discussion of issues related administrative simplification.

THEME THREE
GOVERNANCE OF PUBLIC FINANCE

Synthesis of Panel discussions and recommendations.

1. The Arab Republic of Egypt discussed the key requirements for effective management of public financial resources. These mainly deal with helping public institutions to function efficiently and create an appropriate climate for development. The following is an outline of these requirements:

    - Create an environment that is conducive to enhancing transparency and accountability.
    - Improve public treasury administration.
    - Improve the administration of public resources including the assets, inventory and government purchases.
    - Improve the management of public debt.
    - Formulate public financial policies in the framework of a comprehensive economic philosophy that could achieve economic growth, financial stability and good governance of national resources.
    - Apply mechanisms and advanced economic models that will help the decision-maker in administering public finance policy and expect improved performance in the budgetary process. Such policies should serve as an instrument of early warning to measure the impact of potential economic and financial changes.
    - Underline the consistence of the economic policy components by holding periodic meetings at the political and technical levels.
    - Continue to adapt the economic role of the government so that it could focus on establishing rules for stabilizing and controlling the markets without disregarding the social role of public finance policies.
    - Develop the public institutions and review the legislative, administrative and technical frameworks of their operation and develop the knowledge and skills of their human resources.
    - Capitalize on the experiences of the advanced countries in this field and adapt into your system what is most suitable.

2. The experiences of the Netherlands, the OECD, Kuwait and the United States for consolidating the frameworks of good governance in the public finance sector were presented.

3. Participating countries and organizations indicated that they were fully ready to cooperate with the Arab countries to achieve their objectives in this field.

4. Participating Arab countries indicated their reform priorities and the challenges they face. These may be outlined as follows:

    - Instilling transparency in the public finance sector. The difficulty is in accessing information on public finance on one hand and in the methods of holding executive agencies accountable for their financial performance.

- Lack of mechanisms for financial control in public institutions in some countries. It is not possible in these countries to locate the treasury funds as a result of separating the accounts from the provision of funds. In addition, public spending cannot be effectively controlled as a result of the different accounting systems utilized for investment and operating budgets.

- The budgeting process is isolated from the macro-economic variables on one hand and from public demands and needs on the other.

- There is a strong need for improving the institutional framework in the public finance sector. The need covers the legislative, administrative, technical and behavioral dimensions. There is also a need to improve the knowledge and skills of staff operating in the financial management field.

- The members of the legislature need technical support to be able to analyze the performance of the financial sector and help monitor the execution of the legislation they enact.

- Participating parliamentarians referred to the inadequacy of the disclosure criteria applicable in their countries; this hinders their ability to efficiently perform their role in controlling public spending.

- Some countries underlined the need to adopt the performance budget system. However, other countries indicated that it was necessary to prepare the institutional and technical climate for enabling the adoption and successful operation of performance budgeting. Gradual development has its merits, though some countries are concerned that gradualism could be used as a pretext to avoid introducing the required reform.

- All countries stressed the need for political support and for genuine and firm desire at the executive level for any reform to be achieved. These are two essential conditions that would motivate any effort in this direction.

- Political support is also need to give priority to establishing the necessary legislative and institutional contexts for combating corruption in all its forms.

5. The Arab countries underlined the need for technical support and called upon by the industrialized countries, OECD, UNDP and organizations participating in the discussion to provided the needed assistance.

THEME FOUR
ROLE OF THE JUDICIARY AND LEGAL ENFROCEMENT

Participants discussed core issues and agreed on the following conclusions and implicit recommendations:

1. The need for judiciary independence.

2. Reform priority: “justice” or the “judiciary”? Both must be modernized.

3. Accountability:
   - Unity of judicial system, prosecution and investigation, rule of law, specialization, high quality courts.
   - Impartiality and integrity.
   - Codes of conduct and code of ethics.

4. The need to accelerate litigation.

   - Alternative methods for dispute resolution such as arbitration and reconciliation.

   - Develop case management systems.

5. Type of judgments.

6. Selection of judges:
   - Criteria of merit and integrity only.
   - Judicial training.
   - Increasing female judges in different specializations.

7. Review of litigation cost.

8. Enforcement of court judgments.
   - Paying attention to persons interested in justice outside the courts.
   - Serving notices.
   - Forensic medicine.

9. Public opinion polls and dealing with the media to disseminate the culture of justice.

10. Accessibility to justice systems. Developing information systems and using modern technology.

11. Adopting the rule of consensus between the government and judges.

12. Applying international criteria in trials and respect of human rights.

13. The need for Arab judicial cooperation.

14. The infrastructure of litigation and courts, strengthening judicial support services, documentation and notary public.

15. The public prosecution institutions and human rights; avoidance of political intervention.

16. Rationalizing the legislation; relationship between legislation and court judgments.

17. Judges' salaries and remuneration system and judicial inspection and accountability.

THEME FIVE
ROLE OF THE CIVIL SOCIETY AND MEDIA IN THE REFORM PROCESS

Participants discussed key issues and agreed on the following recommendations in each area:

I. The Media

1. Government institutions must open up to the media for facilitating access to information and creating grounds for accountability.

2. The concepts of freedom, rule of law and participation must be turned into practical methods, thus, allowing the citizens to effectively participate in the policy formulation and decision processes.

3. As the role of the media in the Arab region is not clear and they do not enjoy sufficient independence, there is a need for improving the quality of the media in order to create a credible press whose function is to find facts and inform the public.

4. Press institutions and mass media must improve the criteria and performance of their human resources by providing training in the ethics, code of conduct and other tools necessary for raising the level of professionalism and credibility.

5. The media cannot work alone; it needs the participation of the civil society. The role of the media should not be limited to merely providing entertainment but should be extended to provide high-quality information of value to the community.

6. There is a need to formulate an integral strategy for developing the media in the Arab region and fill in the legislative and control gaps to ensure the independence of the media.

II. The Civil society

1. Enhancing the role of the civil society in reforming public institutions requires establishing a partnership based on mutual trust between civil society organizations and the government. This can be achieved through dialogue and trust building for allowing easy access to information to inform the public and strengthen participatory democracy.

2. The civil society and the State have a role in guiding the citizens; modernizing and enforcing relevant legislative reforms are needed. Constitutional amendments where necessary should be introduced to recognize and legitimize the role of civil society organizations.

3. Training and skills development in management and public outreach are needed to enhance the role of civil society organizations and strengthen its partnership with public and private agencies.

THEME SIX
DELIVERY OF PUBLIC SERVICES AND PARTNERSHIP BETWEEN THE PUBLIC AND PRIVATE SECTORS

Synthesis of points discussed and agreements reached.

I. Challenges:

1. The psychological barriers that still hinder partnership between the public and private sectors, the complexities and lack of clarity in the legal environment and unclear policies and visions.
2. The supremacy of the financial objectives over social considerations in the private sector.
3. The low quality of public services in some cases and the poor infrastructure (communications, transport, energy and water).
4. Relatively poor foreign investment in Arab countries and poor financial markets.
5. Existence of public and private monopolies.
6. The high cost of public services and the absence of electronic access to these services.
7. Lack of knowledge regarding successful methods for developing partnerships between the public and private sectors due to poor training.
8. Generally low level efficiency and complex procedures in public institutions.

II. Prospects and fields where the private sector's contribution for rendering public services can be developed

1. Infrastructure (roads, harbors, airports).
2. Environment protection (water, sanitation, re-cycling of solid waste material, etc.).
3. Power (electricity and gas) production and distribution.
4. Distribution of potable and irrigation water.
5. Education, training, sports, and cultural services (kindergarten, theatres, sports arenas, etc.).
6. Health and social services (hospitals, clinics emergency services, houses for caring for old people).
7. Communication and modern technology (telephone, cellular phone, internet, etc.).
8. Media (TV, radio stations, etc.).
9. Establishing private industrial zones and technology parks.
10. Research centers, think tanks and technology development.

III. Recommendations for priority actions:

1. Formulation of policies and definition of roles of partners; simplification and clarification of the concepts leaving out any ideological content.

2. Developing the legal and organizational framework of partnership while ensuring stability of the regulatory rules and policies. Developing and supporting the agencies responsible for the formulation of such policies.

3. Developing proper mechanisms for consultation among all the stakeholders, particularly the beneficiaries of the public services, taking into consideration those with special needs (the disabled, the elderly, etc.)

4. Promoting transparency in outsourcing activities and projects to the private sector. This may be done as follows:

    - Declaring a clear policy of the State in this field and enhancing the observance of the rules of constructive and fair competition..

    - Selecting contractors in accordance with declared competitive procedures to ensure equal opportunities.

    - Providing clear information and instructions regarding tender documents and giving companies ample time to submit their offers.

5. Enhancing cooperation and exchange of experience in the field of partnership between the public and private sectors in the Arab countries and learning from the pioneering countries in this field.

6. Developing information system and dissemination of know-how regarding effective patterns of engaging the private sector.

7. Establishing a monitoring mechanism and disseminating successful experiences.

8. Developing and implementing special training programs for civil servants.

9. Defining and observing standards of qualifications of staff involved in public contracting.

Annex 3

FRAMEWORK FOR POLICY DIALOGUE IN THE ARAB STATES: PROPOSED KEY ISSUES IN THE SIX THEMES OF THE GfD INITIATIVE

The following are proposals of key issues for policy dialogue. The purpose is to serve as a reference point, a guide for policy discussion. These issues are culled from international experience in reforming public institutions. Working Groups in Arab countries may find them useful as they embark on the implementation of activities related to the six themes of the GfD programme.

I. CIVIL SERVICE AND INTEGRITY

The Civil Service in some Arab countries is seen to be overstaffed, rendering weak productivity and having issues of integrity. Beyond this simple statement of low performance, problems are complex and touch upon crucial political and social issues. In order to achieve sustainable change, reforms have to use different levers.

Challenges:

1. Reducing the workforce:

- How to decrease the number of public employees and move away from being an employer of last resort?

- How best to devise workforce adjustment strategies that are coherent with overall public sector restructuring strategies?
- How to best mitigate the social effects of downsizing?
- Improving adaptivity and productivity:
- How to make recruitment, career and pay systems more merit-based?
- How to measure the performance of civil servants and increase individual productivity?
- How to make the public employer attractive and pay levels compatible with on the one side, performance and integrity, and on the other side, sound public finance?
- How to make the civil service an adaptable workforce in the context of globalisation?

2. Improving integrity and preventing corruption

- How to improve civil service integrity, and most importantly decrease the levels of low-scale and large-scale corruption?
- How to achieve consistent legal, institutional and procedural frameworks for effectively preventing corruption and promoting integrity?
- How to develop specific laws, institutions and procedures to prevent corruption?
- How to ensure the impartiality of decision-making, in particular identifying and resolving conflict-of-interest situations?
- How to address risk areas for corruption such as public procurement, contract management and customs?
- How to help managers with tools to ensure integrity in daily management?
- How to keep public officials accountable for their actions?
- Devising a sustainable and systemic reform
- How to make reforms sustainable over time in view of important time lags before results and benefits are visible?

- How to overcome barriers to reform when implementing civil service and integrity reforms in view of strong politicization of issues related to public sector employment?
- How to achieve that reforms reach a critical width and depth in order to achieve systemic reforms bring changes in the civil service culture?

Policy priorities and actions:

1. Reviewing HR systems:
   - Increasing the flexibility of human resource systems, including greater flexibility for civil service employment, while maintaining government coherence and promoting integrity
   - Engaging in dialogue between social partners in the HRM reforms.
   - Improving merit-based recruitment and promotion.
   - Reviewing pay structures.
   - Reviewing the performance management systems in place.

2. Linking public sector employment reduction programmes with public policy and development programmes and strategies.

3. Reviewing the framework for the management of senior civil servants, with a view to identifying talents early, breeding leadership committed to reforms, and re-training to increase adaptability of senior leadership.

4. Reviewing the political/civil service interface with a view to enhancing performance of the different actors and creating a framework for long-term integration of political appointees.

5. Reviewing basic conditions for integrity in the public service:
   - Statute, guarantees for independence, recruitment, pay
   - Financial controls, audits, procurement rules
   - Transparency of procedures, relationship with citizens, administrative simplification.

6. Developing an “Ethics Code”, i.e. specific regulations, procedures and institutions to promote integrity and prevent corruption:
   - Conflict-of-interest rules, anti-corruption legislation
   - Guiding documents such as codes of conduct
   - Procedures to monitor compliance and deal with misconduct
   - Co-ordination of integrity and anti-corruption policies
   - Assessment – developing methodologies for evidence-based feedback on the implementation of integrity and ant-corruption measures and their impacts.

7. Promoting a “culture of integrity”:
   - Prevention is better than cure: Mapping risk areas for corruption and adjusting preventative mechanisms
   - Ensuring understanding of core ethical standards and developing skills for daily application by training and counseling

II E-GOVERNMENT AND ADMINISTRATIVE SIMPLIFICATION

A number of Arab countries, for example Dubai, Morocco, Egypt and Jordan, have started to develop and implement policies on e-government, which is an important tool that can help to promote transparency and accountability and contribute, at the same time, to improving competitiveness. Successful e-government relates to the overall governance framework and requires that reform is undertaken not only at the level of information technology but in the entire environment that determines the local governance culture.

Arab countries are also increasing efforts for administrative simplification. One of the most common complaints raised by business and citizens, both in Arab as well as in OECD countries, is the quantity and complexity of government formalities and paperwork. The costs imposed on the economy as a whole are significant and red tape is identified as a key barrier for economic development. In response to these challenges, governments have increasingly focused on reviewing and simplifying the bureaucratic burden, but there is a need to improve the effectiveness of policies that have been initiated.

Challenges

- How to promote e-government in view of a social and urban/rural divide to ICT?
- How to ensure that e-government does not become a stand alone process and not part of a cross-cutting and strategic modernization process of the government?
- How to deal with privacy as well as security issues.
- How to address the heavy financial implications of investments in e-government?
- How to overcome inter-ministerial barriers to a whole-of-government approach to e-government, as well as the fear the e-government will initiative an avalanche of subsequent organisational changes?
- How to deal with the reluctance of administrations to provide clear public information on their services, as a precondition to set up those services on the net?
- How to overcome technical/organizational difficulties related to the central/local interface.
- How to achieve interoperability and openness of system, in view of providers tending to offer captive technological solutions?
- How to overcome administrative barriers and red tape that are deeply engrained in many administrations?

Policy priorities and actions

- Building political commitment at the highest level.
- Building a business case for e-government as a tool for wider reform.
- Setting up clear responsibilities and leadership for e-government projects.
- Providing a viable strategy, with clear objectives and implementation plans.
- Providing the appropriate regulatory framework for e-government.
- Providing training and upgrading human resources as a precondition for successful e-government.
- Manage co-operation between the public and private sectors to implement e-government and to widespread use.
- Assessing costs and benefits.
- Managing financial and technical resources: Ensuring that public administrations are equipped to become a driver of change.
- Setting up control systems for e-government implementation
- Setting up e-government evaluation and measurement tools

Promoting policies to simplify administrative burdens:

- Formulate and implement policies to avoid unnecessary administrative procedures.
- Use participative methods to administrative simplification and to the extent possible, use one stop shops.
- Make use of information technology (see e-government above).
- Produce clear guidelines on administrative regulations.

III. GOVERNANCE OF PUBLIC FINANCE

Governance of public finance is a core reform area that has a critical influence on promoting development in Arab countries. In this framework the budget, as one of the key economic instruments in allocating a significant share of a nation's gross domestic product, establishes policy priorities through the allocation of funding. The basic operations of government ministries and agencies are established in the context of the budget. Overall, the budget provides the architecture for decision-making and accountability in government. It is a key tool to promote market based economic growth and long term fiscal sustainability.

Challenges

1. Improving transparency:

   - How to deal with insufficient budget transparency and inclusiveness with regard to budget planning and execution, fragmentation of spending, including tax expenditures and foreign aid?
   - How to deal with inaccurate asset inventories?
   - How to manage public resources with incomplete and inaccurate for-casting and decision making systems?
   - How to increase transparency with outsourcing schemes?
   - How to improve the weak parliamentary control of the budget process?

2. Improving accountability:

   - How to combat corruption with regard to budget resources?
   - How to increase the system's capacity for self-supervision in order to create internal credibility of control and audit mechanisms?

3. Improving Performance and development relevance:

   - How to link budgets to development plans and economic programming?
   - How to introduce the notion of performance in budgeting processes?

Policy priorities and actions

1. Establish an appropriate sequencing of reforms to get the basics right first, based on effective legal and administrative systems, and then move towards more sophisticated financial management institutions and tools (including performance-based budgeting) that ultimately lead to institutionalization of budget reforms.

2. Improve Budget transparency and inclusiveness with regard to;

   - Legal framework for the budget system.
   - Accounting, classification and reporting systems.
   - Extra-budgetary expenditure.
   - Foreign and international aid.
   - Planning and execution.
   - Tax expenditure.

3. Improve capacity:

   - In parliaments to control expenditure.
   - To use budget planning for programming and development purposes going beyond the accounting function

- In budget and economic planning to improve execution.
- To use modern cash-management systems.
- To use advanced systems for assets and inventory management and public procurement.
- For appropriate use of ex-ante and ex post controls.
- For turning budget process into an automated system.
- To delegated management of resources.
- For managing outsourced activities.
- To run multi-year budgeting.

3 Link budget process with development objectives.

4. Link budgeting to the fight against corruption.

5. Open the budget process to civil society.

6. Promote modern debt management practices.

IV – ROLE OF THE JUDICIARY AND LEGAL ENFORCEMENT

The reform of the legal system is recognized as an essential component of good governance. Recently some Arab countries have initiated the review of existing laws with a view to modernizing those laws that govern business transactions, civil affairs and human rights and the rights of women in particular. The objective is to weed out archaic and unnecessary laws and replace them with new laws that correspond to international standards. Globalization and the shift to market economy by most Arab countries have necessitated the introduction of new laws to facilitate the management of national economy, provide needed protection of private investment, both domestic and foreign, privatize public enterprises and respect and apply international conventions.

The reform however, should include more than just legal review and modernization. There are other important ingredients in the reform process. These include: the system of litigation, access to justice, safeguarding human rights in investigation and prosecution, modernizing the courts, introducing and utilizing information technology to increase transparency and facilitate access to information, the renovation of knowledge both for judges and magistrates, the training of court staff and administrative assistants. The issues of remuneration for judges, the enhancement of integrity and accountability and above all the independence of the judiciary, all need to be addressed if the reform is to take roots.

The ability to enforce the laws is another dimension of legal reform. Many laws remain dead letters for a number of reasons, including the lack of participation and consultation with key stakeholders. The gap between legal pronouncements and enforcement remains wide. The enforcement machinery may need to be overhauled and re-quipped with new tools, knowledge and skills. Integrity, transparency and accountability need to be ingrained into the enforcement process to increase credibility, instill the respect of the judiciary in Arab countries. The veracity of the legal system, the integrity, transparency and speed of litigation and the capacity for enforcing judgments are essential areas in the investor's assessment of the business environment.

Proposed Strategic Policy Issues:

- Achieving genuine reform that takes into account the specific conditions of the country's cultural and legal heritage and sources of jurisprudence.
- Balancing these factors with the demands of globalization, application of free market economy, responsibilities of the country vis à vis the international community and its obligations to the regional and international organizations.
- Ensuring the independence of the judiciary without foregoing the need for accountability.
- Ensuring that checks and balances are in place without political interference.
- Balancing the pressures of public interest groups, particularly conservative religious institutions, with the requirements of modern management of the system of justice.
- Reforming the administrative systems and procedures in court management, the introduction of information technology at large scale and the necessity of improving the capacity and quality of educational and training institutions.
- Ensuring that the system of appointing and promoting judges, magistrates, court administrators and legal aides is carried out according to the best standards of competitive practices without political interference. Mechanisms, rules and procedures for carrying out these tasks need to be improved and strengthened.

- Reviewing the salary and remuneration system of all who work in the management of justice with a view to ensuring integrity and motivating the human resources for increased productivity, without raising the expectations of professionals in other fields.

- Increasing the number of highly trained judges in new fields that are brought about by modern economic systems and ensuring that educational and training institutions are capable of handling these new areas.

- Balancing the needs of reforming the legal system and with available financial resources; this necessitates efficient programming to match resources. The political will to support reform is an essential ingredient for success.

Sample of Possible Questions for Discussion:

Each country will devise the questions that best fit its circumstances. The following generic questions may be useful for launching the discussion of strategic issues:

- What is the most relevant priority in the legal reform process? Should concentration be on laws affecting the economic dimensions of governance?

- What are the means for effective participation of the private sector and the civil society in consultation during the process of legal drafting?

- What are the practical means for alleviating the burden on judges and accelerating court procedures and the administration of justice?

- What are the relevant best practices and lessons learnt from others that could be absorbed into the national system in the area of job performance evaluation, developing knowledge and skills, the role of the media and its impact on public opinion regarding the judicial process, etc?.

- How best to allow for access to information without jeopardizing the right to privacy and national security?

- How best can reform of the judiciary and legal enforcement be monitored?

- What are the proper mechanisms and effective means for evaluation and impact measurement of legal reform?

V. ROLE OF THE CIVIL SOCIETY AND MEDIA IN THE REFORM PROCESS

It is now firmly established in the mind-set of many Arab countries that the civil society and the media can be strategic partners in the process of reform. The recent increase in activities conducted by the civil society in a number of Arab countries to safeguard human rights, uphold democratic principles and monitor public policies and government activities is a testimony to the changes that are taking hold in Arab societies. Recently enacted legislations in some countries have given the civil society recognized rights to assemble, to mobilize resources and express themselves within the boundaries of the law. Some have been strong in defending the rights of women and have been successful in resolving problems of citizenship and civil rights for women. A budding process of consultation between governments and civil society organizations augur well for the future and can be a foundation on which an effective public-private partnership can be established. Reform of governance is the responsibility of all the society and cannot be exclusively expected to succeed if it all depends on government policies and actions.

This is true of the media. While the degree of freedom given to the media varies from one Arab country to another, the influence and presence of the government is still paramount. Recent years have witnessed the establishment of free media organizations and political parties enjoy more rights, in some countries more than in others, to question government policies and clamour for accountability. Political parties have their own newspapers and express party views in political, economic and social affairs. The media has successfully uncovered pockets of corruption and exposed corrupt practices through investigative reporting and governments, in many cases, have pursued the corrupt.

Still more needs to be done before the civil society and media organizations could play an effective role in enhancing the reform of public institutions and the apparatus of governance. These organizations recognize that the freedom given to them is still limited and that their own capacity to play the cherished role is equally wanting. Though advanced information technology is offering them new opportunities for access to information and the open skies have made of the world significantly interconnected, their human resources need to be strengthened with new knowledge and skills to meet the challenges of the role the society expects of them. They can build on their newly acquired freedom if they develop their institutional capacity and build strong alliances with government, the private sector and the society at large.

Proposed Strategic Policy Issues:

Civil Society Organizations

- Institutional capacity development and building strategic partnerships with political parties, State institutions and the public at large.

- Building alliances with the private sector and interested communities and other organizations with similar goals and objectives to reinforce communication with government and gain more recognition through the provision of constructive advice and sharing of experience.

- Playing a bridge role between the society and the government with the particular objective of becoming free popular representatives of the community.

- Mobilizing resources, both human and financial. Carefully selecting the sources from which contributions may be solicited, with due respect to current laws to avoid conflicts with the authorities.

- Developing the capacity of human resources and ensuring high quality of services to the community and setting high standards of integrity with a view to building and maintaining credibility.

Sample of Possible Questions for Discussion:

- What are the feasible approaches for building alliances with the private sector and State institutions without jeopardizing the organization's stated mission and objectives?
- How do organizations choose their strategic allies and what sort of coalitions may be built in the framework of the organizations goals and services to be provided to the community?
- How does an organization build its credibility and gain respect as a possible partner in the reform process?
- How does an organization balance its desire to play an effective role as a partner in the reform process within its resource limitations?
- How does an organization balance its cherished independence with contribution offers that may influence its decisions and differently shape its role in the community?
- Should an organization play a reactive or a proactive role in the community? Should it advocate multiple issues or should it specialize in a specific area? Would it be more effective if it specializes in conducting research on issues of interest to a specific community or to the State and disseminate its results as a way of contributing to the reform process?
- Should an organization build coalitions around specific issues with similar organizations, or would it be best if it responds to political and social changes and possibly shift paradigms?

Media organizations:

- Increasing professional capacity to enable the media organization to resist political pressure and to persuade authorities, especially if the organization is publicly owned, to listen to the professionals and follow their advice.
- Strengthening the capacity for investigative reporting to play the important role of monitoring shifts and trends in the society and share the views of the public with the authorities.
- Upholding professional integrity and objectivity in uncovering cases of corrupt practices and as a way of contributing to the reform process.
- Balancing professional independence with the pressures of authorities and the public demands for information, participation and objectivity.
- Balancing the need for introducing advanced information technology and other technological advances in equipment and methods of work with available limited resources and current laws on fund raising for media organizations.
- Benefiting from the large opportunities of open skies and rapid flow of information to strengthen advocacy, inform the public of successful reform experiences and motivate the authorities to remove obstacles that may impede the implementing of reforms.

Sample of possible questions for discussion:

- In the case of publicly or privately owned organizations, how does the organization balance professional freedom and objectivity with the pressures of authorities or the owners?
- How does an organization acquire and maintain credibility when possible pressures do not allow a high degree of transparency and objective reporting?
- How does a media organization maintain its identity and its flagship products and services in a rapidly changing environment?
- How does a media organization become and effective platform for public debate and participation to support the reform process?
- How does investigative reporting be an effective instrument to support reform in many areas?
- How to play a catalytic role in the reform process and monitor and report on policy impact through evaluative reporting?
- How to be in the vanguard of political and social changes through futuristic analysis based on the evaluation of current situations?
- How to ensure continuity of organizational existence through resisting forced alliances brought about by a changing political environment?

VI. PUBLIC PRIVATE PARTNERSHIP, PUBLIC SERVICE DELIVERY AND REGULATORY REFORM

This theme is composed of three interdependent elements that express two main elements of "governance": the State and the Private Sector. This relationship is bound by the regulatory policies and all relate to the "public" that consumes the products of the State and the private sector. It is for the well being of that "public" that governments exist.

In the Arab region, a strategic shift of governance paradigms is becoming more evident. The traditional and historic relationship between the "ruler", as overall provider and protector, and the "ruled" as acquiescing groups and individuals, has taken a new shape with the advent of democracy in some and the deepening of its roots in others. The "public" no longer perceives itself "at the service of the ruler", but rather the ruler is expected to serve the public. The role of the State is evolving, so is the relationship between the components of the society. "Governance" will continue to change as democratic principles take root in Arab societies at large.

The market economy that is now espoused by most Arab countries is creating a new environment as the role of State as "provider" is gradually diminishing and is being replaced by the State as "regulator" and "arbitrator" through policies and rule setting and the private sector as the engine of growth and development. Globalization is a further impetus and an important factor in governance. Partnership between the State and the private sector is therefore, necessary for sound economic management. Simultaneously with these developments and with the advent of the age of knowledge and swift information dissemination, the public is becoming savvy in demanding higher quality and timely public services. The ability of the community to express its views is becoming stronger through the activities of civil society organizations.

Arab governments need to diagnose these new realities to assess their response to them and to devise such policies and actions that may allow for solid partnerships with the private sector, the civil society organizations and to better serve an increasingly demanding public. Regulatory reform need to ensure that these relationships and the delivery of public services will enhance integrity, increase transparency and strengthen the system and process of accountability.

The reform of the *regulatory process* should lead to a system of regulation that takes account of the growing interdependence of the public and private sectors and the growing role and impact of globalization. The government's relationship with international and regional institutions affecting the market and regulating international business transactions, trade, industrial and agricultural policies, are all important factors that require the reform of the regulatory process. Old rules of business should be discarded and new and dynamic ones should be in place. The pace of international transactions has quickened, so should the response of business regulations. This ties well with all the reform of governance in general; there is really no line of demarcation that separates reform in one area from reform in another; all themes of the Governance for Development Programme are intrinsically connected and mutually reinforcing.

The following are ***samples of suggested areas of policy discussions and debate*** within each country; results could be shared with other Arab governments at regional level.

Public Private Partnership:

Suggested Sample of Policy Issues

- Establishing public private consultation mechanism that ensures that policy formulation reflects an effective participatory process.

- Ensuring that policies do not favor specific groups or business sectors and provide equitable opportunities for all.

- Encouraging private enterprises to form special groups that may represent them and their interests especially in the absence of a corporate community in most Arab countries. Such groups may be set up on the basis of common areas of business. Business syndicates, independent chambers of commerce and business councils are possible forms of organizations that can be entrusted with engaging the government in fruitful consultations.

- Engaging business groups in the legislative process through calling on them for making representations, discussing a proposed bill or commenting on the enforcement of certain laws, policies or regulations particularly if such laws prove to be cumbersome for business.

- Deciding, together with private business organizations, on best modalities for engaging the private sector in the delivery of public goods, the implementation of development projects, trade negotiations, and business development in general.

Proposed Questions for discussion:

- How best to change the culture of private business from simply profit seeking to a partner for social and economic development, especially in the absence of a corporate community and the primacy of the individual owner/manager?

- How best to ensure that consultation with private sector enterprises does not compromise the development strategies of the government and the equitable distribution of resources?

- How best to maintain the relationship with the private sector and increase its participation without favoring one group over another?

- How best could business groups convey their opinions and concerns to the government?

- Do current laws adequately encourage participation of business groups in the policy and legislative processes?

- What are successful models and approaches for engaging the private sector in government's plans and development projects?

- What public services could be successfully hived off or contracted out to the private sector? In this case how does the government control quality and ensure transparency, integrity and accountability?

Public Service Delivery:

Suggested Sample of Policy Issues

- Changing the mind-set of government officials from "representing authority and rule" to "public servants" whose employment is justified by the services that the public needs and demands.

- Ensuring ease of access to acceptable quality public services to all publics in all areas of the country with particular care given to the disadvantaged and the poor.

- Instilling integrity and transparency in the delivery of public services, eradicating corrupt practices and holding officials accountable for their actions.

- Setting up grievance resolution mechanisms, informing the public of their right of appeal and encouraging the public to report wrongdoing and express their opinions.

- Control of the quality of services provided by public or private monopolies and ensuring the fairness of fees levied for services, including those of public utilities.

- Deterrent laws, policies and regulations to curb corruption, increase transparency and establish effective accountability of public officials in charge of delivery of public services.

Proposed Sample of Discussion Questions:

- In view of budget limitations, how best to ensure that the services rendered to the public are of acceptable quality?

- How best to measure the degree of public satisfaction or dissatisfaction with the quality of public services? Who should conduct the measuring process and to whom should reports be submitted?

- Is the concept of the "secret customer" applicable in all cases for measuring the quality of services rendered to the public and the adequacy of the process of rendering service?

- What are feasible ways of informing the public about services and about their rights to obtain the services and to appeal to authorities in cases of failure to deliver the services or obstacles impeding the public, especially disadvantaged groups from obtaining the services at a reasonable cost?

- Would the mechanism of an "Ombudsman" work equally well in all countries? Would a "Citizen Charter" work well in all cases?

- Is the concept of "cost recovery" to share with the government the cost of public services acceptable in all cases? In cases where it could work, should be a percentage levied to all persons alike?

- What feasible ways could ensure the delivery of public services to the disadvantaged groups and those in remote areas?

Regulatory Reform:

Suggested Sample of Policy Issues

- Deciding on the priorities for reviewing the regulatory process with a view to modernizing the rules, increasing participation and ensuring that rule making respects and apply democratic principles.

- Coordinating the work of different public institutions involved in regulating economic, social and environmental activities to ensure coherence and consistency with overall government policies.

- Involving business and civil society organizations in the reform of the regulatory process.

- Building the capacity of rule making institutions in terms of knowledge and skills to ensure high standards of operations.

- Ensuring transparency and accountability in the regulatory process and conducting assessments and evaluation exercises of regulations to keep them current with international trends and with the government's obligations to regional and international organizations.

- Instilling fair competitive practices in all procurement activities and ensuring a supportive legal environment.

- Strengthening the institutional mechanism for arbitration of conflicts in business transactions and ensuring that international arbitration standards are observed.

- Establishing or strengthening an appeal mechanism outside the court system for hearing cases against certain regulations and ensuring that decisions are effectively implemented.

Proposed Sample of discussion questions:

- Should the review of current regulations concentrate first on the rules of business and economic activities or should it be comprehensive?

- How should the local capacities and economic environment be reconciled with the requirements of international standards?

- How can regulations prohibiting fraud and requiring strictly competitive practices be enforced in a cultural environment that has been accustomed to different practices?

- How best to coordinate the work of all public institutions involved in rule making to ensure consistency and avoid conflicting rules?

- How does participation of business and civil organizations ensure that the regulatory process becomes truly democratic and fair to all?

- What public or private institution should conduct monitoring and impact evaluation exercises of different regulations, as part of the process for regulatory reform?

- Should government encourage the business community to set up its own arbitration mechanism? In this case, should enforcement of decisions be left to the goodwill of the parties in conflict? Should the government define the rules of operations of such arbitration mechanism?

- How to ensure the professional capacity and objectivity of arbitrators in conflict resolutions?

- How to ensure that the reform of the regulatory process is closely linked to the legal reform and to the different efforts for combating corruption and upholding integrity?