Initiative on Good Governance for Development (G*f*D)

In Arab Countries

Second Steering Group Meeting

Hosted by the Arab Republic of Egypt

19 - 20 May 2006

Sheraton Resort and Hotel

Sharm El-Sheikh, Egypt

Activity Completion Report

Prepared by

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Preparatory Activities

The UNDP-POGAR Senior Advisers team provided assistance to their respective Thematic Leading Minister and National Coordinator to prepare the synthesis of all activities undertaken at regional and national levels in their respective theme (IV, V and VI) of the Governance for Development Initiative (G*f*D). They also assisted in the preparation of the presentations to be made by Ministers during the Steering Committee meeting at Sharm El-Sheikh. These activities were preceded by intensive work carried out by UNDP-POGAR national consultants in Egypt, Jordan, Lebanon, Tunisia and Yemen to assist the governments in preparing the diagnostic reports for the three themes as well as an outline of their action plans. In the case of Theme V (Judicial Reform and Legal Enforcement), six distinct projects were finalized and endorsed by the countries they were intended for.

Also as part of the preparations for the meeting, the Senior Adviser for Theme IV participated in the Heads of Arab Funds Coordination meeting in Vienna (2 May 2006) to inform the Heads and delegates representing most Arab Funds of progress made in the implementation of the G*f*D and renew the invitation to participate in the Steering Committee meeting addressed to each of them by the Egyptian State Minister for Administrative Development who is both host and Chair of the Steering Committee. Mr. Richard Hechlinger, Assistant Secretary of OECD, endorsed the presentation and the invitation. The Director of the UNDP Regional Bureau for Arab States (RBAS) was present and expressed the continuing strong support of UNDP to the G*f*D objectives and activities.

The meeting agenda was prepared in close consultation between UNDP-POGAR, OECD and the host country (Egypt). The agenda was designed to give the six Thematic Leading Ministers the opportunity to report on the progress achieved through the activities of their respective theme both at regional and national levels. The agenda also gave all participating ministers time to present their own national reports and future actions they plan to undertake under their reform program. The agenda provided for the discussion of funding possibilities to support the implementation of the action plans presented as well as the guidelines for activities of the Initiative to the end of 2007.

However, in view of the timing of the opening by the President of Egypt of the World Economic Forum hosted by Egypt also in Sharm El-Sheikh (2.00 May 20), the agenda had to be amended to end at 1.00 on the 20th to allow the host Minister to proceed to the opening of the Forum. The Agenda was changed another time as discussed below (Agenda, attachment 1).

Enlarged Regional and International Participation:

To give as many countries an opportunity to express their views and share their experience and plans, invitations were not limited to the six Thematic Leading Countries, as was the case in the Madrid Meeting in April 2005. Bahrain, Yemen, and Kuwait participated while other countries were invited but did not participate (Qatar, Syria, Saudi Arabia and Sudan).

The following Arab countries participated: Bahrain (2 participants), Egypt (13), Jordan (3), Kuwait (6), Lebanon (2) Morocco (3), Tunisia (2), Yemen (2) and the UAE (5).
The following OECD member countries also participated: Canada (3), Finland (1), France (3) Germany (1), Italy (1), Japan (2), Slovak Republic (1), South Korea (2), The Netherlands (1), Spain (1), Sweden (2), Turkey (5), UK (2), and USA (4).

The European Union, the International Monetary Fund, and the World Bank participated (one person from each organization).
The Egyptian State Minister for Administrative Development sent personal invitations to the heads of all Arab Funds. Regrettably none participated but one, the Kuwait Fund for Arab Economic Development, and some sent their "regrets" at the last minute. (Participants' list, Attachment 2)

Meeting Proceedings:

Two hours before the opening of the Steering Committee meeting on May 19th, the Egyptian Minister, Chair of the Steering Committee, invited the UNDP-POGAR Regional Program Director together with the author of this report to a meeting with him and his Advisers. He basically informed them that the activities of the G*f*D during the past year have concentrated on organizing regional meetings and experts visits to a number of countries and did not lead to financing actual projects which he expected and had been asking for since the beginning of the Initiative[1]. He also informed them that he attached low value to all those meetings. He basically intimated that the Initiative cannot continue as originally designed and that Arab countries are capable of marshalling resources for their own activities since the G*f*D has so far been unable to provide the required funding. He added that current Egyptian government policy is to continue to cooperate with the OECD under the Investment Initiative, which was doing well according to information he obtained from official sources.

The Minister was looking for a subtle diplomatic way that ends the Initiative without seeming to have been ended. He thought that the way out is to suggest that an Office of Project Certification be established to examine governance improvements projects that may be submitted to it by willing Arab countries for the purpose of vetting the design and appropriateness of projects for implementation. Such certification of project health, he thought, would help countries obtain the necessary funding through their bilateral or multilateral sources to implement them.

The author attended a follow-up meeting (still before the opening on the 19 May), called for by the Egyptian Minister, for selected members of the OECD Secretariat headed by Mr. Richard Hecklinger. While being much softer on his guests, the Minister basically repeated what he had told the UNDP-POGAR Regional Director and informed them of what he would suggest at the Steering Committee Meeting: establishing a Project Certification Office. The response of the OECD Secretariat team expressed their bewilderment and all proceeded to the meeting.

[1] It is important to note that the Egyptian Minister understood pretty well the design of the Initiative into three phases and signed off on the Declaration that launched the Initiative at the conclusion of the Dead See Conference 6-7 February 2005.

The first session after the opening, activities listed on the agenda proceeded normally and the six Thematic Leading Ministers submitted their respective report on regional progress, activities and meetings and each extolled the value of those meetings as vehicles for joint learning and experience exchange. The Egyptian Minister of Finance did not speak about the regional meeting under the theme for which Egypt is responsible (Theme III: Governance of Public Finance). Instead, he highlighted the importance of launching the Regional Institute for Public Finance for which Egypt had offered physical facilities and declared his intention to start the activities of that Institute this coming fall (2006). He asked OECD member countries to help provide the necessary funding for the regional activities planned by the Institute. The first session ended at the completion of the six presentations.

The Agenda for the first session of the second day (20 May) called for presentations to be made by Arab Ministers to indicate their respective country diagnostic assessments and action plans for the future. Instead, the Chair informed the meeting that since he had to leave at 1.00, he suggested that the meeting discuss the future of the Initiative and informed them that it was important to think of other ways to draw benefits from the Initiative. That was the second change in the Agenda and the Arab Ministers did not have the opportunity to present what they had planned to present at the meeting. The third change followed as a consequence of the second: Japan did not have the opportunity to inform the meeting of its decision to vacate its place in favor of Sweden and the planned transfer of the co-chairmanship from Japan to Sweden did not take place as had been planned.

Interventions made by Arab Ministers emphasized the value of the Initiative and the support it receives from to top policy authorities. The Minister of Kuwait expressed her government's desire to join Arab countries to benefit from the Initiative and pledged to form the thematic working groups and establish a national coordinating committee; this was applauded by all countries. The US representative reconfirmed his country's strong support for the G*f*D Initiative. OECD member country representatives confirmed their continued support to the Initiative. The representative of the Netherlands pledged her country's financial and technical support to the Arab Regional Institute for Public Finance.

As to project funding, several donor countries expressed willingness to consider governance improvement projects in the framework of their bilateral cooperation with individual Arab countries. The same applies to the World Bank; it would consider projects submitted by governments in line with their lending program and the Bank's country cooperation strategy with individual Arab borrowers.

During the coffee break, the Chair invited the Arab Ministers to a private caucus attended by the UNDP-POGAR Regional Director and senior Advisers. The Minister reiterated his plan for the future of the Initiative: establishing the Project Certification Office and was transparent in saying that this is the diplomatic way to end the Initiative without seeming that the Arab countries have ended it. This was not met by any objection or even comment by the participating Ministers; they all seemed puzzled by the turn of events. In the meantime the OECD Secretariat team did not know what to do and wondered why they were excluded from that caucus.

When the session resumed, the Chair informed the meeting that the Arab countries agreed to request both UNDP-POGAR and OECD to work together to establish the so called Project Certification Office, decide on its location and terms of reference and ensure its operation. He informed the meeting that since he had to go to attend the opening ceremony of the World Economic Forum, the Co-Chair can take over and if any country wished to make a presentation, it could then do so. He asked the Technical Secretariat together with his Advisers to draft the concluding message that would be distributed to the media.

When the POGAR-UNDP and OECD teams met with the Egyptian Advisers to draft the concluding statement or press release, they had difficulty to find the proper diplomatic language that is suitable in such occasions. A weak and flimsy statement was made sugar coated with diplomacy. There was no plan for the two teams to meet again to talk about future collaboration since that would have seemed pointless.

List of Participants

8 ministers

Friday 19th May

17.00–17.30	**Opening Session**
	• H.E. Ahmed Darwish, Minister of State for Administrative Development, Egypt • H.E. Yousef Boutros Ghali, Minister of Finance, Egypt • H.E. Fayza Mohamed Aboulnaga, Minister of International Co-operation, Egypt • H.E. Seiichiro Noboru, Co-Chair of the GfD Steering Group, Ambassador, Ministry of Foreign Affairs, Japan • Mr. Adel Abdellatif, Regional Coordinator, UNDP Programme of Governance in the Arab States (POGAR) • Mr. Richard Hecklinger, Deputy Secretary-General, Organization for Economic Cooperation and Development (OECD)
17.30–19.30	**First Session:** **Summary by Arab Chairs of the progress achieved in the six Regional Thematic Working Groups**
	• Presentation by the six Arab chairs: Working Group I: H.E. Rachid Talibi El Alami, State Minister for Economic and General Affairs, Morocco Working Group II: H.E. Nabil Al Yousuf, Deputy Director General, The Executive Office, Dubai, UAE Working Group III: H.E. Yousef Boutros-Ghali, Minister of Finance, Egypt Working Group IV: H.E. Zouheir M'Dhaffer, Minister for Administrative Development, Tunisia

	Working Group V: H.E. Abed Al Shakhanbeh, Minister of Justice, Jordan Working Group VI: H.E. Jean Oghassabian, Minister of State for Administrative Reform, Lebanon • Comments by the Co-chairs, other OECD countries and international organisations • Discussion
20.00	**Dinner hosted by the Arab Republic of Egypt (Venue to be determined)**

Saturday 20th May

09.00 – 11.30	**Second Session:** **Presentation of Country Action Plans**
	• Presentation by Arab Ministers • Comments by the Co-Chairs, other OECD countries and international Organisations • Discussion
11.30–11.45	**Coffee Break**
11.45–13.00	**Third Session:** **Possibilities of Financial and Technical Support**
	• **Discussion of possibilities of financial and technical co-operation and support by participating OECD countries, bilateral and multilateral donors, Islamic Development Bank, Arab Funds, the World Bank, and the EU in the light of the stocktaking and the action plans presented.** • Presentations of OECD countries, Arab Funds, bilateral, multilateral and International Organisations • Discussion

	• Wrap up on potential technical and financial co-operation in the framework of the Initiative by the Chair and the Co-chair
13.00–15.30	**Lunch hosted by UNDP-POGAR and OECD at the Sheraton Hotel**
15.30–17.00	**Fourth Session:** **Discussion of the Work Programme to the end of 2007 of the G*f*D Initiative**
	• Presentation by the joint OECD/UNDP technical secretariat • Discussion • Wrap up on orientations for the Programme of Work by • Mr. Adel Abdellatif, UNDP-POGAR • Mrs. Odile Sallard, Director, Public Governance and Territorial Development, OECD
17:00	**Concluding Session**
	Concluding remarks by the Chair and Co-Chair of the Steering Group of the G*f*D Initiative