



# **The Good Governance for Development in Arab Countries Initiative**

**Steering Group Meeting at Ministerial Level**

**Opening Remarks by Angel Gurría,  
Secretary-General  
OECD**

**Cairo, Egypt  
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Minister Darwish, Ambassador Andersson, Ladies and Gentlemen:

Welcome to our Third Governance for Development Ministerial Meeting. This is an important opportunity to work together to guide the future of the Good Governance for Development in Arab Countries Initiative. This initiative is an increasingly significant input into national governance reforms in the Arab countries. Today's meeting is certainly a core political milestone for carrying the Initiative into its second phase, from 2008 to 2010.

First, I would like to thank you all for your enthusiastic and continued support. Many of you have personally shaped this Initiative during previous encounters.<sup>1</sup> Your participation, ideas and leadership have been a major driving force for the successful implementation of the GfD Initiative. In particular, I would like to thank you, Minister Darwish and Ambassador Andersson, for carrying forward this important Initiative for the OECD and the Arab countries.

### **Good Governance matters**

The OECD has been a pioneer in recognising the importance of good governance frameworks for economic and social development, and in assessing its potential as a vector of progress.

Good Governance is about improving efficiency, transparency, and accountability – three essential elements for building high performing economies and fair societies. In our discussions yesterday at the MENA-OECD Investment Ministerial, we saw that adequate institutional frameworks are fundamental to foster competitiveness,

private investment and productivity – and to make the most of globalisation.

These frameworks are inextricably linked to the promotion of good governance, a key precondition for economic growth and the improvement of employment conditions in any country. Here in Egypt, for example, the recent reforms to improve the investment climate and facilitate entrepreneurship have brought annual GDP growth to a twenty-year high of 7 percent in 2006<sup>2</sup>, while foreign direct investment inflows have increased more than fifteen-fold between 2001 and 2006.<sup>3</sup>

Good Governance is also about improving the life of our citizens through better public services. In a highly competitive global economy, inefficient public services are a major handicap. The quality of our public services will determine the attractiveness of our local economic environment for national and foreign investments. The competitiveness of our cities and regions depends on them. Globalisation has no mercy for governments that fall behind in providing innovative and efficient public services, in facilitating business activities through the application of the latest technologies.

Today, governments have to respond to a myriad of growing challenges, many of them of a global nature. These include decentralisation, new technologies, climate change, international migration, geopolitical threats or scarce natural resources. The success of governments' responses depends to a large extent on their capacities to implement effective public policies. The speed of change is testing our intelligence as policy-makers. The world, as I

read in a recent promotional of a bank in New York, “is a very different place than it was...ten minutes ago”.<sup>4</sup> This is no longer an exaggeration. Like private companies, the public sector is in need of constant innovation; the prosperity of our citizens is at stake.

## **Sharing the OECD experience**

Major governance reforms have been implemented in OECD member countries in the last two decades to address these challenges. We can draw three main lessons from these experiences:

1. First, there are no universal solutions to governance challenges. Governance is deeply rooted in history, traditions, values and specific conditions of countries. Each country has to develop its own institutional arrangements which are appropriate for its national context.
2. Second, uniqueness cannot bring us to isolation. OECD countries have greatly benefited from interaction and cooperation. Exchanging concerns and solutions in an open policy dialogue is an enlightening exercise for all participants if it builds on similarities, where they exist, but also if it takes account of national differences. The OECD's 30 member countries share many common values, but they are also very different from one another. They have learned that by working together they can accomplish much more than by working alone.

3. And third, there are common elements to the process of reform that can be identified in different countries. Managing reform effectively can be supported by comparisons, experience and benchmarking.

Reform in public administration and the judiciary is a difficult enterprise for governments. We all know that reforms may have short-term costs, while many of the benefits are only visible in the long term. Groups or individuals penalised by reforms can easily identify themselves and contest, whereas many of the beneficiaries are not aware of the long-term benefits reforms will have. It is therefore important to communicate the rationale and impacts of reforms adequately, and to link their implementation to overall political and economic goals. The OECD's work on the political economy of reform is building a rich stock of experiences on how to design, promote and explain reforms; and on how to connect them to the citizen's needs and aspirations.

Governance reform provides the framework within which economic reform can prosper, and helps provide visibility and credibility for the overall reform agenda. Significant reform requires two elements: broad support for change, and strong leadership to translate this support into a concrete reform programme. Both elements are reinforced by the GfD Initiative.

**Good governance and civil society: a mutually reinforcing relationship**

I would like to mention the importance of an increasingly relevant factor for the improvement of governance: the engagement of civil society in policy-making.

In both OECD and Arab countries, engaging citizens in policy making and maintaining trust in government constitute a growing priority. The involvement of civil society organisations, as well as effective communication with media, is crucial for achieving better governance results and implementing reforms successfully. It is of utmost importance to explain the need for reforms – and the costs of inaction – to citizens. Delaying important governance reforms and the lack of communication on reform risks weakening the trust of citizens in their government.

In many OECD countries the consultation with civil society through electronic means, in preparation for new laws and public projects has illustrated how civil society can be intrinsically linked to public management issues.<sup>5</sup> This involvement strengthens policies and reforms. Successful governments are giving more and more importance to this crucial relationship.

Holding seminars and media events centred around the “challenges of communicating economic reform” is a useful way of broadening public support for reform, and something we may want to consider in Egypt and elsewhere. The GfD Initiative would be glad to support such an event, which could provide an opportunity to chief editors, political, and economic analysts from MENA and OECD countries to share experiences with reformers from governments.

OECD member countries share experiences around a common challenge: how to adapt to the demands of globalisation. They are ready to expand this dialogue, and today, we have the opportunity to reinforce the relations between the OECD countries and the Arab world. The mechanisms and tools that OECD countries have developed to take full advantage of a highly integrated and competitive global economy may hold useful lessons for other countries. This is still a learning process for all of us, and we are ready to work with you on these issues.

### **Progress made with the GfD Initiative**

The progress made with the GfD initiative over the past years illustrates the benefits of multilateral co-operation in the field of governance. Allow me to highlight some examples of progress made:

- Arab and OECD countries are actively engaged in the regional policy dialogue, increasingly involving their national administrations in order to build a critical mass of committed reform actors. Comparative knowledge and sharing of expertise has become a crucial input at different stages of policy making for participating Arab countries.
- Ten Arab countries have established national co-ordination teams, composed of key policy makers from ministries and agencies, who formulate and implement public governance reforms. Members of the co-ordination teams regularly participate in GfD activities and have influenced the pacing of reform in their countries. Seven Arab countries endorsed and

have begun to implement national country action plans, in the framework of the GfD Initiative. Other countries will develop Country Action Plans in the coming period.

I would also like to emphasise the positive feedback we have received on the progress made with the GfD Initiative from OECD countries. OECD members recognise the value-added of this Initiative and its substantive contribution to Organisation's mandate to strengthen relations with non-member countries.

OECD countries have benefited from this Initiative in a significant way. Participating OECD countries have had the opportunity to learn more about the governance challenges of a region which is of key importance for the world economy. OECD experts have witnessed the extraordinary momentum of governance change and progress in the Arab world. They have had the privilege to learn more about Arab countries' governance concerns and reform expectations, and to work together towards the promotion of good governance.

### **Strategic objectives for the future and examples of activities**

The Initiative's strategic directions for 2008-10 contain many very promising tools to strengthen the regional policy dialogue and co-operation at the national level. Allow me to briefly highlight a few concrete examples that we will address today.

- Regional Centres: We will learn more today on how regional training and expertise centres could increasingly contribute to

support policy dialogue and build knowledge and capacity for good governance.

- Peer Learning: Past experiences have shown that country-specific peer learning is crucial for linking the regional exchange to reform implementation at the national level. A key dimension of the future GfD Initiative will be to meet Arab countries' demand for country-specific peer advice.
- The establishment of regional knowledge networks, for example in view of promoting Anti-Corruption Efforts and Transparency, will also contribute to deepen the regional policy dialogue.
- Strengthened Partnerships: Continued emphasis will be placed on partnering and anchoring the GfD Initiative with international, regional and bilateral institutions, networks and processes in order to ensure maximum synergies and complementarities with existing programmes and projects.

These strategic orientations illustrate that the GfD Initiative has achieved considerable progress since the Dead Sea Declaration. If we are in a position today to target ambitious goals for the coming three years, it is thanks to the solid basis built up over the last three years. I would like to invite all participating countries to encourage their experts and officials to continue to take part in the activities that will be defined by the different working groups. There is much to be gained from this unique experience; both for Arab and OECD countries.

Ladies and gentlemen:

The GfD Initiative is a prototype of a new approach to international co-operation. It is not about providing countries with financial support that will create foreign debt, it is about providing policy advice that will foster progress. The OECD countries don't have any lessons to give; we have policy experiences to share. The GfD Initiative for the Arab countries is a mutually reinforcing initiative: it is opening the door to the work and knowledge of the OECD to our Arab partners. At the same time, the OECD is gaining insights on different cultural perspectives and paths of human progress.

I wish you all a very fruitful discussion about the future work of the GfD Initiative. With your contributions, this Initiative will accelerate its evolution and become a strong and reliable partner for public sector management and governance reforms in Arab countries. I will now hand the floor to Mr. Adel Abdellatif, Chief Regional Programme Division of the Regional Bureau for Arab States, UNDP.

Thank you very much.

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<sup>1</sup> At the Dead Sea Launching Conference (in February 2005) and the following Steering Group Meetings in Madrid (in April 2005) and Sharm el Sheikh (in May 2006).

<sup>2</sup> Egypt Country Assistance Evaluation” by The World Bank’s Independent Evaluation Group. See: [http://www.oecd.org/searchResult/0,3400,en\\_2649\\_201185\\_1\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/searchResult/0,3400,en_2649_201185_1_1_1_1_1,00.html)

<sup>3</sup> OECD, “OECD Investment Policy Review of Egypt, 2007”, p.9

<sup>4</sup> Publicity banner of The Bank of New York Mellon.

<sup>5</sup> Briefing note by Odile Sallard, Director of Public Governance and Territorial Development.