Final Statement and Report

By

12th General Annual Conference

GOOD GOVERNANCE AND THE ESTABLISHMENT OF

THE "INSTITUTION-BASED STATE"

8 - 10

September 2012

Cairo, EGYPT

We, high-ranking officials, representatives of international organizations World Bank, UNDP, Transparency International, Economic and Social Commission for Western Asia (ESCWA) and the Organization for Economic Co-operation and Development (OECD), leading businessmen and civil society representatives taking part in the proceedings of the 12th General Annual Conference on “Good Governance and the Establishment of Institution-Based State”, held in Cairo between 8-10 September 2012, under the patronage by his H.E Dr Nabil ELAraby, secretary-general of the League of Arab States, affirm our strong commitment to validate the practices of Good Governance and personification of key dimensions of governance tasks which include the Establishment of Institution-Based State and reaching public management efficiency through realizing the principles of integrity, transparency and anticorruption.

As we express our sincerest gratitude to Dr Nabil ELAraby, secretary-general of the League of Arab States for H.E kind patronage of the conference’s proceedings. Further we would like to express our appreciation for the governments that participated in these proceedings through their representatives, as well as the international organizations that covered the conference’s topics through high-level papers presented by a selected group of experts.

Since the 11th Public Annual Conference of the Arab Administrative Development Organization featuring was held “Towards a National Strategy Against Corruption” in Cairo - July 2010, it became clear that the conference had outlook for developing Arab communities through real changes, most notably, enhancing good governance, combating corruption, establishing of institutional-based state, enforcing law, strengthening international cooperation besides creating partnerships between public sectors.

Proceedings of the 11th Conference

Good Governance – renewed priorities

We recognize the sharp disparities in per capita income, health, and education, as well as in their overall ability to achieve the Millennium Development Goals (MDGs). The progress that many of them have attained, in terms of economic growth over the past two decades, has not adequately trickled down to the people. This situation continues to be a major source of instability for the region, as shown most recently by the events of 2011 - 2012. Responses with current developmental challenges requires concerted efforts to establish and strengthen transparent and Accountable governance as well as entrenching related social contract ideas setting a framework for a relationship between state and its citizens; a two-way relationship where both parties are equally accountable. This means that state custody is performing its responsibilities, satisfying citizens’ needs, ensuring participation and quick response in an inclusive way.
Therefore, realizing priorities of good governance requires facing democracy threatening challenges, sustainable development, rule of law, citizens’ welfare, health and clean environment as well as cross-border organized crime, all illegal practices that form a security and safety threat to the regime and decent living.

The UNDP, through the Programme of ‘Governance in the Arab Region’ in partnership with the OECD and the Government of The Hashemite Kingdom of Jordan, has launched the initiative of Good Governance for Development (GfD) in the Arab States in cooperation with a number of Regional and International Organizations which held a regional conference under the Auspices of H.H King Abdullah II in The Dead Sea Kingdom of Jordan on February 6, 2005.

Good Governance and Challenges

Good governance is an important component of socio-economic development. In light of the challenges faced by many Arab states, mainly instability, the current using up of its financial and human resources, deterioration of public management. This makes performing country-oriented good governance a pressing need.

We are aware that grave interference of interest groups, whether be of tribal, racial, ethnic, sectarian or limited political interests, may intersect with national public interest complicating success opportunities of reform and development initiatives, and negatively reflecting on citizen-government trust.

We are aware that achieving transitional justice, rule of law, offering basic services at times of transition and instability and inclusion of private sector and civil society require ensuring the highest levels of transparency in public sector performance and developing its ability to efficiently respond to citizens’ needs.

Challenges and best practice to the advancement of pro good governance reforms in the Arab Region

- The emphasis on reforming and challenges of Arab governance were mentioned in the Declaration issued by the Arab Summit in Tunisia - May 2004 and the Alexandria Declaration of Reformation.

We see that the recent regional events have strongly emphasized the inadequacy of the previous “social contract” based on unaccountable governments and closed-knitt power networks resulting in a ‘bad governance trap’.

We realize that true inability of government in meeting basic citizens needs put them at economic, social and health risk.

We recognize the need for reviewing the institutional architecture of the state, inspired to a balanced distribution of powers and strong oversight mechanisms.

We recognize that the enabling environment for viable reform requires political stability, fighting sectarianism, closed-knitt power networks and preventing the marginalization and exclusion. As we call for reducing the extreme politicization for practices of public sector reform and civil service, especially those related to restructuring, employment and exclusion for reasons unrelated to efficiency or integrity.

We recognize the effective role legislative bodies and parliaments can play in promoting good governance in cooperation with the specialized regulatory systems, with the need to avoid overlapping
between the narrow political criteria and the requirements of accountability of such boards and systems.

**Challenges and best practice to the advancement of pro good governance reforms in the Arab Region**

**IMF Code for good practices on financial integrity, "Code of good Practices on Financial Transparency" issued by the IMF in 1998 depends on four principles to ensure transparency and integrity:**

- **Clarity of roles and responsibilities:** these roles/responsibilities should be defined with its different levels within the public work, while drawing clear dividing-line between the government and the private sector
- **Public Availability of Information:** Governments should be committed to providing the public with comprehensive information immediately, about various financial and administrative activities that interest public (Department of Public Utilities and privatization revenues)
- **Ensure the publicity of reports on drafting the Budget, its implementation and supervision.**
- **Ensure that independent agencies will monitor the accuracy of financial information.**

We recognize that public sector reform efforts in Arab countries are still weak, including the efficiency. It also isn’t systematic or stable, and lacks comprehensive strategy. We express our concern to the lack of methodology and well-established concept in many Arab countries, designed to provide services to citizens. This is reflected in the imbalanced state-citizen relationship.

We emphasize that legal reform is an important component of good governance, with civil affairs, human rights and women's rights as priority, as well as the need for new laws to facilitate nation-wide economy management. As to protect private investment and privatization of public enterprises, respecting and implementing international agreements.

We acknowledge the existing gap between regulations and their implementation; as such requires innovative mechanisms supported by new tools of knowledge and skills, as entrenching integrity, transparency and accountability during such enforcement to increase credibility and instill judiciary respect.

We recognize the importance of striking the balance between pressures groups calling for public interest and the requirements of modern justice management. We further, emphasize the need to promote integrity among civil servants, government officials and private sector officials.

We emphasize the need for having strong systems in-place to enhance safety between public and private sector officials, including codes of conduct, rules of financial disclosure, inspection and information availability.
Anticorruption and transparency in public services

In his video on United Nations Convention Against Corruption, October 2004, Kofi Annan said “Corruption is an insidious plague that has a wide range of corrosive effects on societies. It undermines democracy and the rule of law, leads to violations of human rights, distorts markets, erodes the quality of life and allows organized crime, terrorism and other threats to human security to flourish.”

We admit that the emerging consensus among the development community in the region seems to stress that responding to the current millennium’s developmental challenges will require concerted efforts to establish and strengthen transparent and accountable governance within the field of public services, being one of the key areas that have been identified for action in this regard is.

We are aware that enhancing transparency in public service delivery is critical to ensure accountability and integrity in the allocation of resources, in procurement processes, and in the management of related institutions.

We assure that supporting and promoting transparency will also help reduce corruption risks in the interface between the public and the private sectors, and between the providers and the users of the services.

We admit enhancing transparency in public service delivery will improve the quality of daily life for citizens, and help reinforce state legitimacy and citizen trust in government. And that the success of related initiatives, will depend on the active engagement of various stakeholders from within the government, as well as the business community and civil society, merging such reforms with good governance.

We recommend enforcing The UN Convention Against Corruption, 2003.

We look forward to launch more initiatives on mechanisms of transparency in providing public services. We also recommend linking the official developmental aids in transitional countries to conditions of fulfilling good governance requirements, with transparency and accountability fairness being key.

Public Governance and Better Economic Performance

Choose for governance a man who is never lost in the situations, never persists on a fault, whose heart never appeals to greed, who never satisfies with the least understanding instead of the most, who questions every doubtful matter, the least to get annoyed when receiving feedback from an opponent, who is the most patient to reach the truth, the firmest when a decision is clear and who is not affected by flattery and not seduced by temptations.

Imam Ali Ibn Abi Talib

We admit that boost inclusive growth is strongly tied with good governance practices and policy options for economic governance to create a business-enabling environment.

We think that Regulatory management system yield significant economic benefits in terms of economic competition, innovation and entrepreneurship. However, regulation can become excessive and burdensome for businesses. Discretional implementation of regulations coupled with barriers to
markets and competition creates an uneven playing field as encourage the emergence of preferential chances amongst interest groups to acquire special privileges.

We are aware that organizational policy tools are strong motives for comprehensive development. We also admit that good governance reforms necessitate liberalizing private sector abilities, in small and middle enterprises particularly.

We encourage discussion between public and private sectors. We find no need for continuing the participation according to the current formulae between them.

**The role of civil society in enhancing good governance**

> Tyranny does not fear Industrial Science, but life sciences, such as wisdom theory, mental philosophy, the rights of nations, natures of society, civil politics, history and literary rhetoric .. and other sciences that develop souls and expand minds, sciences that make one knows his rights, and how much he is blessed, how to demand, and how to obtain

_Abd El Rahman Al Kawakby_

We recognize that CSO’s play an active role in promoting good governance practices. We assure the need of efforts to entrench media freedom and competition tools that require transparency and accountability.

We recognize that making information on the general budget available and accessible, allows more effective available resources allocation in light of strong competition between uses and the pressure exerted by interest groups.

We recognize that CSO’s play a vital role in combating corruption, through influencing public policies, mobilizing and managing resources that promote transparency in governments’ agendas, as well as providing whistleblowers, and thus enhance accountability and transparency in the political system and strengthening the rule of law, anticorruption and pressures on legislatures and governments to create effective and positive public opinion.

**Measuring good governance progress**

> It is very hard to implement reforms to develop governance type. Such reforms reduce the profit of corruption and are usually encountered by high ranking officials, politicians and other bureaucrats. However, Such encounters are often hidden by concealing material proof against corruption, through assumption, which could be proven false. Corruption cannot be measured but only with the presence of this proof, then we can talk about non-politicality of corruption. Measuring corruption helps in determining the priorities and enlightening the public. It also creates a baseline for measuring the ups and downs of reform.

_Danny Kaufman_

*From a note titled “Corruption – A Pilot Study Analyzing data and reform, Olsztyn discussions on the Internet – April 2000*

We point to the necessity of seriously developing “Good Governance” indexes through regional, international dialogue similar to that of Transparency International’s Corruption Perceptions.

We call for announcing the issuance of performance cards in accordance with good governance perceptions, oriented to specific events and activities such as municipalities, health services, water and education.
We encourage developing and implementing instructional principles for internal and external evaluation of public and private institutions.

We admit that there is a need for releasing a periodical issue on good governance perceptions in all countries, similar to Transparency International’s Corruption Perceptions reports, Millennium Development Goals of UNDP and other international reports.

**Way Forward – link Sustainable Development to Sustainable Management**

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<th>Let’s agree that this conference was a good platform for constructive dialogue between a number of decision makers, between government and international experts, academic experts, leaders from private sector and representatives of civil society. Therefore, we consider it an interaction launching point, not only to enrich knowledge, but to promote policies and practices aimed at building new bridges and creating new partnerships between people around the globe, in order to contribute in alleviating their suffering and narrow the institutional gaps. That helps in creating suitable environment for the requirements of sustainable development, and linking it to sustainable governance, which means more transparency, accountability and integrity, all of which are necessary ingredients to promote the culture of rejecting corruption.</th>
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<td>Global Forum VI For Fighting Corruption &amp; Safeguarding Integrity</td>
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<td>Qatar – November 8, 2009</td>
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We emphasize on the necessity for combining and continuing efforts, in addition to continuing the mobilization of political management to support good governance.

We praise the experiences of countries in supporting and developing good governance practices. We call them to publish their successful experiences and failures.

We agree upon the need to support good governance initiative launched by the UNDP, and find strong national institutions that support the program. We call all developed countries to provide the best opportunities to support and strength the practice of good governance in Arab countries.

We feel relieved towards active and successful participation for international organizations (World Bank, UNDP, Transparency International, Economic and Social Commission for Western Asia (ESCWA), Organization for Economic Cooperation and Development) and the Ministry of State for Administrative Development, Egypt.

We appreciate the response of many governments and civil society organizations for the invitation to participate in the conference; we call to consider the conference a permanent dialogue station under the same title, to be held in succession between the Arab capitals. We propose to be held annually.

We recognize all the recommendations contained in this statement. We suggest presenting it in the next conference.

September 10, 2012

Cairo

Arab Republic of Egypt