

Initiative on Good Governance for Development (G/D) in the Arab Countries:

Theme 4: Public Service Delivery, Public-Private Partnership, and Regulatory Reform¹

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?

¹ *This Framework for Policy Dialogue* includes priority issues gleaned from international experience. This is not an exclusive listing of issues; countries may change or add their own priority issues. The purpose is to serve as a reference point, a guide for policy discussion. 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.