

The speech of the Omani Economic Association

Delivered by

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For the inauguration ceremony of the Association's Third Conference

**Accountability and Transparency
and their Roles in Developing a Gulf Economy**

Muscat, 21-22 March 2009

H.E. Shaikh Ahmed bin Mohamed Al 'Isai, Patron of the ceremony

Your Excellencies

H.E. Dr. Nasser Jassim Al Sani', Chairman of the International Organization of Parliamentarians against Corruption

Brothers and sisters, Chairmen and members of the Gulf Economic Associations, representatives of international and civil society organizations , media and representatives of sponsors

Honorable Guests, Ladies and Gentlemen

We would like to welcome all of you to the third conference of the Omani Economic Association on Accountability and Transparency and their roles in developing a Gulf Economy. This conference is held to compliment the first and second ones on the New Economy and the Economy of Knowledge and Governance, Competitiveness and Future respectively. We hope that this conference contributes towards crystallizing a clear vision of the significance of intuitional development of accountability mechanism structures in our countries on the basis of Arabic experience and the necessity of harmonizing such mechanisms with international set standards and the possibility of implementing them practically.

It is our pleasure to convene this conference subsequent to the speech delivered by His Majesty Sultan Qaboos bin Said, addressing the Majlis of Oman a few months ago, when he stressed that *“the administrative apparatus of the state must reconsider its policy”*, pointing to the fact that *“if those who are entrusted to run it carry out their duties honestly and responsibly without thinking of personal interest, they will be happy and so will the country. But if they divert from the straight course, considering the job as an opportunity to capitalize on personal interest, as a ladder for influence and power and fail to carry out their duty with honesty and dedication as required, they will have committed an interdicted action and must be held accountable”*. He further stressed that *“monitoring apparatus are vigilantly carrying out their duties and responsibilities to preserve the capabilities and achievement of the country”*.

H.E the Patron, Ladies and Gentlemen

Studies and researches have concluded that accountability remains ineffective unless it is paralleled with activating an efficient political will, committed to introduce a top-bottom reformation; supported by everyone in such a manner that

ensures participation and coherence in the process of decision making through an integrated system which combines effective accountability, the basis of achieving good governance, the correction of the executive branch performance by the financial and administrative control apparatus, independence of the judicial authority, a crucial catalyst for activating accountability and control systems, and the media which is considered a complimentary authority of the system. Thus, the right approach to achieve such objectives is by having in place the transparency of publishing reports of financial and administrative control apparatus and recommendations set forth by legislative states' councils.

In its first and second conferences, the Omani Economic Association had stressed a number of procedural challenges which, as it believed, hampered the growth of our national Economy. Here again it readdresses them as we wish that they should be tackled and solved practically in the five year plan. These challenges are:

- How to utilize the price of the second oil boom to move from traditional planning to the aim of realizing knowledge economy, and to ensure that close ties between planning and implementation exist in a fashion whereby means and financing are in harmony with objectives attained.
- Securing a mechanism to develop institutional activities instead of individual endeavors.

The recent international financial crisis has demonstrated the importance of such procedures. Although Gulf economies have only slightly been affected by the credit crisis, which has emerged as a result of bad debts ignited by mortgage crises, their markets have suffered substantially from the consequences of such crises. The forfeitures of these markets are far beyond the loss rate of American and European markets.

In the Sultanate for example, the general index of the Muscat Securities Market incurred a loss in the period of July 2008 to the middle of this month of above 60% of its total value. The major losses were in the following sectors:

- The index of the industry sector lost more than 67% of its value.
- The service sector lost nearly 66% of its value.
- The banks and investment index decreased to more than 58% of its value.

The mammoth collapse, although the local situation does not differ from what has been going on internationally, confirms the existence of an instability crisis as well as a lack of trust from traders whose large portion of their savings have been

depleted. Many justifications have been offered, some intelligible and acceptable, yet others are in need of further justification by competent authorities.

A recent study, in relation to the investment of the GCC, concluded that the financial crisis, aggravated in late 2008, led to \$350 billion in losses of the investment of these countries with disparities of loss estimates among the GCC in terms of volumes, aspects and timing of investments. Other studies pointed to far more losses than the ones being estimated.

Accordingly, the implementation of transparency and accountability principles, in light of fluctuations of the international financial situation, has become more persistent as they constitute a crucial factor in consolidating integrity, instituting an efficient and competent administration on the level of public institutions and lay firmly one of the bases of human development. Transparency and accountability are two faces of the same coin; accountability can not be achieved in the absence of transparency and the latter will be of no value unless there is accountability. Without going into details, it is unacceptable to lose hundreds of millions of dollars due to the absence of transparency and the predominance of individual endeavors over institutional actions.

The priority now must be directed to the development of laws and regulations to enhance transparency and control over investment, reserve and retirement funds, state-owned companies and government investments abroad, through constant and independent evaluation of their performance and investments and ensure the application of corporate governance codes and the publication of reports on the results of its operation and its assets and obligations. We hope that this conference will examine these mechanisms and come up with appropriate recommendations.

Although, on one hand a large portion of our investments aboard have vanished as a result of the international financial crisis, a further portion is expected to follow unless we embark on an evaluation of our situation and learn lessons. On the other hand, we hope that such crises will oblige us to rearrange our priorities and curb the excessiveness of implementing many projects under process of planning, whose feasibility is questionable, and this may be a positive aspect of the crisis and the mercy of God.

H.E the President of the Majlis Al Shura

We would like to express our sincere gratitude and appreciation for you patronizing this ceremony in spite of your numerous official duties.

We would like also to welcome our esteemed guests who have incurred tedious travel to participate with us in this conference, specifically H.E Dr. Nasser Al Jassim Al Sani' Chairman of the International Organization of Parliamentarians against Corruption.

Further, we would like to thank our partners participating in this conference: the Gulf Economic Association, our brothers the Presidents and members of the Emirates Commercial and Economists Association, Bahrain Economists Association, the Saudi Economic Association and the Kuwait Economic Association.

Dr. Ali Al Sawi of Cairo University

Dr. Mohamed Al Muqati' and Dr. Faisal Al Fahd of University of Kuwait.

Mr. Albdul Nabi Al Akri, President of Arab Parliamentarians against Corruption, Bahrain branch

Mr. Arkan Al Siblani of UNDP

M/s Tamara Kamhawi of the International Transparency Organization

Special thanks are due to our colleagues Dr. Khalil Jubara, Secretary General of Arab Parliamentarians against Corruption, Hasna Mansour and Miss Gaelle Kibranian, Programs' Director, The Lebanese Transparency Association, who have played an important role in the coordination and preparation of this conference.

Special thanks are also due to the sponsors of the conference and the sponsoring media.

Finally, I would like to state that the Association carries out its duties without employing a single person and pays no salaries or wages. The board of directors and members render their services on a voluntary basis with no financial compensation. They exercise their duties in a professional and academic manner within the context of the objectives of the Association as active partners of the country's comprehensive development.

I would like to extend my sincere gratitude and appreciation to my fellow colleagues, members of the Association's Board of Directors and to Khalfan Al Touqi and all university students for their efforts to make this conference a successful one.

I also thank all the participants of this conference.

Our distinguished guests

We are very pleased to have you here with us in the Sultanate and we look forward to benefiting from your experiences and opinions on Transparency, Accountability, reinforcing integrity and filling in loop holes. We hope that our endeavors will be successful.

Thank you very much