

Sohag Investors Association

SOHAG BUSINESS AGENDA

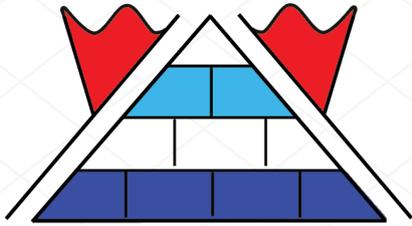
RECOMMENDATIONS & ACTION PLAN:
PROGRESS TO-DATE



Issued by Sohag Investors Association

Supported by the Center for
International Private Enterprise (CIPE)

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Sohag Investors Association

Sohag Investors Association (SIA), the first civil organization in Upper Egypt, was founded in 1995, registration # 447, with a membership base of (55) investors. SIA is established with mission to improve the investment environment in Upper Egypt through supporting investors and raising the efficiency of the labors in the investment sector and the civil society at large. SIA's core objective is to achieve sustainable development of the investment sector and the civil society, supporting SIA members in solving their problems, collaborating and building communication channels with the government, decision makers, and business associations in Upper Egypt aiming at consolidating efforts to achieve a better business and investment environment that leads to growth. To reach out this objective, SIA provides training for labors, leadership training for investors especially youth, bringing awareness to the members on the importance of social responsibility to advance the civil society and proving the vital role played by the industrialization and investment in developing the Egyptian economy.

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Upgrading Industrial Zones

Recommendation: Expedite the execution of the role of the Upper Egypt Local Development Program* in order to complete all the required construction work related to public utilities in industrial zones.

* Refers to the five-year program, which is jointly funded by the World Bank (\$500 million loan) and the government of Egypt (\$457 million contribution).

Primary Responsibility:

- ♦ Ministry of Trade and Industry (responsible for issuing the executive regulations of Law No. 95 of 2018)
- ♦ The Industrial Development Authority
- ♦ The Ministry of Local Development
- ♦ The New Urban Communities Authority

Secondary Responsibility

- ♦ The Ministry of Housing, Utilities & Urban Communities, and affiliated entities
- ♦ The Ministry of Electricity and Renewable Energy, and affiliated entities
- ♦ The Ministry of Petroleum and Mineral Resources, and affiliated entities
- ♦ The Ministry of Transportation, and affiliated entities
- ♦ The Ministry of Communications and Information Technology, and affiliated entities

Timeline: Medium-run

Objective of the Recommendation:

To make optimal use of an existing program that has funds allocated for the provision of infrastructure and public utilities in industrial zones, which is a high priority for investors.

Implementation Procedures:

- ♦ Expedite the issuance of the executive regulations of Law No. 95 of 2018, "The Industrial Development Authority Law"; fully enforce Article 3 (no. 3 and no. 8) of Law No. 95 of 2018, concerning equipping industrial zones with public utilities, taking into consideration that the executive regulations, and the relevant implementation procedures should address all implementation and procedural issues that are not specified in the law.
- ♦ Carry out infrastructure works and upgrade all public utilities according to investors' top priorities. Current priorities include:
 - Electricity networks
 - Water networks,
 - Communication networks
 - Wastewater networks
 - Lighting system
 - Natural gas network
 - Roads networks

Progress to Date :

- ♦ Officials from the Upper Egypt Local Development Program carried out numerous field visits to Sohag Governorate to monitor the implementation progress, and ensure that the agreed to activities included in the Program's work plan are underway.
- ♦ Several electricity supply kiosks were installed in industrial areas, such as Al-Kawthar, in line with SIA's recommendation.
- ♦ A number of drainage networks serving the industrial zones were constructed.
- ♦ Issues relevant to the installation of the gas pipelines are currently being explored in order to immediately proceed with the installation work once the water and electricity networks have been completed.

Upgrading Industrial Zones



Recommendation: Prior to establishing new industrial zones, ensure that all public utilities works in established industrial zones are complete, and that occupancy rates are maximized.

Objective of the Recommendation:

To optimize the utilization of available funds, and maximize economic return on existing investments.

Primary Responsibility:

- ◆ Ministry of Trade and Industry
- ◆ The Industrial Development Authority
- ◆ Sohag Governorate
- ◆ The New Urban Communities Authority

Secondary Responsibility: N/A

Timeline: Short-run

Implementation Procedures:

- ◆ Activate Law No. 95 of 2018, “The Industrial Development Authority Law”, particularly Article 3 (no. 4), concerning the approval of requests for establishing or expanding industrial zones; ensure that the yet-to-be-issued executive regulations, and the relevant implementation procedures address all implementation and procedural issues that are not specified in the law.
- ◆ Solicit the views and ideas from investors when assessing the condition of existing industrial zones to determine whether new industrial zones are needed.

Progress to Date :

- ◆ Representatives of the industrial community (such as the Federation of Economic Development Associations, the Egyptian Federation of Investors Associations, the Federation of Egyptian Industries, and others) are currently working together to monitor the implementation of the Industrial Licensing Law, in addition to supporting the Economic Development Authority
- ◆ The creation of Sohag Industrial Forum (Forum), with the mandate to replan and develop Sohag's industrial zones. The Forum includes representatives from all relevant bodies, including Sohag Governorate, the Ministry of Local Development, the Industrial Development Authority, the General Authority for Investment, Upper Egypt Development Authority (and a number of investors associations, with SIA in the lead.

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Upgrading Industrial Zones

Recommendation: In collaboration with investors, develop and implement a blueprint for managing industrial zones.

Objective of the Recommendation:

To optimize the management of industrial zones so that they better serve the interest of investors; to ensure that maintenance of infrastructure and quality of services provided in these zones are sustained over time.

Primary Responsibility:

- ◆ Ministry of Trade and Industry
- ◆ The Industrial Development Authority

Secondary Responsibility:

- ◆ Sohag Governorate and its various local units
- ◆ Investors Associations

Timeline:

- ◆ The short-run for developing the blueprint
- ◆ The medium-run for implementing the management blueprint

Implementation Procedures:

- ◆ Activate Article No. 9 (no. 4, par. 1) of Law No. 95 of 2018, "The Industrial Development Authority Law", regulating the establishment, role and responsibilities and the running of the boards of industrial zones; issue the executive regulations of Law No. 95 of 2018.
- ◆ Grant voting rights to investors in their capacity as members of industrial zones' boards.
- ◆ Outsource the daily management of industrial zones to private companies.
- ◆ In collaboration with investors, develop a fair funding mechanism to support the various operations related to managing industrial zones, including routine maintenance; cleaning, security and logistics services; internal transport services (within the industrial zone); and other shared technical services, such as laboratory services, fire extinguishers, clinics and food services.

Progress to Date :

- ◆ The board of directors for industrial zones have not been established yet. However, the Forum is currently assuming the responsibility of overseeing all industrial zones in Sohag, and coordinating among them to ensure that investors' interests are well-represented in the decision-making process.
- ◆ Members of SIA met with the new Governor of Sohag in order to strengthen the collaboration and coordination between decision-makers and investors. SIA's agenda was presented to the Governor, who adopted it as a reference point for developing Sohag's industrial community.

Upgrading Industrial Zones

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Recommendation: Proactively promote industrial zones, highlighting available services.

Objective of the Recommendation:

To attract more investors, and support established enterprises in order to increase the occupancy rate of the industrial zones. This should attract more service providers to the industrial zones; attain value chain complementarity (linkages between enterprises); and reduce costs that otherwise would have to be borne by any individual enterprise in the case that service charges are levied on enterprises.

Primary Responsibility:

- ◆ The Industrial Development Authority
- ◆ Ministry of Investment and International Cooperation
- ◆ The General Authority for Investment and Free Zones
- ◆ Sohag Governorate

Secondary Responsibility:

- ◆ The boards of industrial zones

Implementation Procedures:

- ◆ Activate Article No. 3 (no. 16) of Law No. 95 of 2018, "The Industrial Development Authority Law", regarding the promotion of industrial zones; issue the executive regulations of Law No. 95 of 2018.
- ◆ Widely disseminate information about the number and type of industrial activities in each of the industrial zones.
- ◆ Develop mechanisms to attract service providers to industrial zones, and adequately advertise these services.
- ◆ Reach out to big investors to incentivize them to locate their activities in industrial zones.
- ◆ Present and market the investment maps developed by the of Ministry of Investment and International Cooperation and the Ministry of Trade and Industry in a manner that attracts domestic and foreign investors to invest in the different governorates, including Sohag.

Timeline: Medium-run

Progress to Date :

- ◆ Sohag Governor agreed to allow SIA to utilize plots of land belonging to clubs to hold exhibition to promote industrial zones in the governorate.

5

Upgrading Industrial Zones

Recommendation: Provide enterprises with adequate technical support to upgrade their industrial waste treatment facilities.

Objective of the Recommendation:

To assist investors with liquid waste disposal in a manner that complies with the industrial waste disposal requirements.

Primary Responsibility:

- ◆ The Egyptian Environmental Affairs Agency
- ◆ The Ministry of Trade and Industry
- ◆ The Micro, Small and Medium Enterprises Development Agency

Secondary Responsibility:

- ◆ The Ministry of Housing, Utilities & Urban Communities
- ◆ The Holding Company for Water and Wastewater (and its affiliate, Sohag Company)
- ◆ The Technology and Innovations Industrial Council/ Ministry of Trade and Industry
- ◆ Egypt National Cleaner Production Center
- ◆ The Industrial Modernization Centre

Implementation Procedures:

- ◆ Conduct an industrial waste survey to ascertain whether factories have industrial waste treatment facilities in place; in the event that treatment facilities exist, evaluate their quality to determine whether they meet the specified requirements.
- ◆ Identify the technical needs of each factory regarding the required industrial wastewater treatment solution.
- ◆ Determine the cost of the required industrial wastewater treatment solution for each factory.
- ◆ Provide government financial support to assist factories with implementing solutions.
- ◆ Make available the necessary technology and training to assist individual factories with implementing solutions.

Timeline: Medium-run

Progress to Date :

- ◆ SIA members participated in a training program organized by the Industrial Modernization Center.
- ◆ SIA, the Faculty of Industrial Education, the Faculty of Technical Education and the Industrial Modernization Center agreed to coordinate efforts for developing a training program for Sohag labor force.

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Upgrading Industrial Zones

Recommendation: Separate the billing for water and wastewater services.

Objective of the Recommendation:

To stop the practice of overcharging enterprises for wastewater services; overcharging customers happens in two cases: in the absence of a wastewater network; and in industries that use large amounts of water in their manufacturing processes and thus discharge only a relatively small percentage of the water consumed into the wastewater network.

Primary Responsibility:

- ◆ The Office of the Prime Minister
- ◆ The Ministry of Housing, Utilities & Urban Communities

Secondary Responsibility:

- ◆ The Holding Company for Water and Wastewater (and its affiliate, Sohag Company)
- ◆ Sohag Governorate and its various local units

Implementation Procedures:

- ◆ Amend Prime Ministerial Decree No. 1012 of 2018 to allow the separation of the wastewater tariff from the water tariff for industrial enterprises; currently, the wastewater tariff is set at %98 of the water tariff (Schedule 1, Annexed to the Prime Ministerial Decree).
- ◆ Approve a wastewater metering system and wastewater rates for industrial enterprises.
- ◆ Approve the cost estimates or quotations for installing wastewater meters for industrial enterprises.
- ◆ Install wastewater meters in factories, and start using the new system in earnest.

Timeline: Short-run

Progress to Date :

- ◆ No progress.

7

Upgrading Industrial Zones

Recommendation: Fund part of the infrastructure projects through partnerships with the private sector.

Objective of the Recommendation:

To diversify the funding sources, and to the extent possible, avoid tapping into the state budget to fund infrastructure works.

Primary Responsibility:

- ◆ The Public Private Partnership Central Unit/
The Ministry of Finance
- ◆ The Ministry of Investment and International Cooperation

Secondary Responsibility:

- ◆ The Industrial Development Authority
- ◆ Sohag Governorate and its various local units
- ◆ Regions Gas Company (ReGas)
- ◆ The Egyptian Electricity Holding Company (and its affiliated companies in Upper Egypt)
- ◆ The Holding Company for Water and Wastewater (and its affiliate, Sohag Company)

Implementation Procedures:

- ◆ Identify infrastructure projects that can benefit from for this type of financing mechanism, and those which can be implemented over the long-run (not urgent priority projects).
- ◆ Perform studies to ascertain the feasibility of carrying out the identified infrastructure projects through public-private partnerships (PPP).
- ◆ In the event that infrastructure projects are determined to be appropriate for funding under PPP arrangements, initiate their financing in accordance with Law No. 67 of 2010, "The Law Regulating Partnerships with the Private Sector in Infrastructure Projects, Services and Public Utilities".

Timeline: Medium-run

Progress to Date :

- ◆ In collaboration with the Forum, the infrastructure development plans are being approved.
- ◆ Local and expatriate consultants have completed review and analysis for developing and rehabilitating plots of land in industrial zones.

Engaging Investors in Policy-Making



Recommendation: Hold systematic consultations and dialogue with investors and solicit their views before making decisions.

Objective of the Recommendation:

To provide investors with the opportunity to express their needs and priorities, and effectively participate in the policy-making process; Initiating a practice of dialogue will ensure that investors have their concerns, questions and problems addressed, as well as prevent future issues.

Primary Responsibility:

- ◆ The Ministry of Investment and International Cooperation
- ◆ The Ministry of Planning, Monitoring, and Administrative Reform
- ◆ The Ministry of Local Development
- ◆ The Ministry of Social Solidarity

Secondary Responsibility:

- ◆ All government entities and agencies

Timeline: Medium-run

Implementation Procedures:

- ◆ Institutionalize* the decision-making process in government entities and ensure that the process includes the effective participation of investors from the planning stage.
- ◆ Take into consideration the priorities of investors when making any decision.
- ◆ Make available, and widely disseminate decisions and decrees.
- ◆ Establish effective complaint mechanisms; In addition, set up mechanisms for receiving investors' inquiries, suggestions and ideas.
- ◆ Act to ensure that complaints are resolved in a timely manner

* In this context, institutionalization means making dialogue with investors an integral part of the entity's modus operandi; the practice should remain in place, regardless of management changes.

Progress to Date :

- ◆ The Forum is facilitating and coordinating the institutional dialogue between investors and relevant government bodies.

9

Access to Financial Services

Recommendation: Facilitate investor access to finance from banks, and work to ease lending conditions and procedures.

Objectives of the Recommendation:

- ◆ To remove barriers that investors encounter when seeking funding (loan applications are rejected by banks, banks require prohibitive guarantee levels, approved loans are less than the financing required; and the loan application review process is lengthy).
- ◆ To activate and expand the scope of the various SME financing initiatives (e.g. The Central Bank of Egypt Initiative, the Ministry of Local Development Initiative “Mash’rouak”, the Federation of Egyptian Industries/ Environmental Compliance Office Initiative).

Primary Responsibility:

- ◆ The Central Bank of Egypt
- ◆ The Micro, Small and Medium Enterprises Development Agency

Secondary Responsibility:

- ◆ Commercial banks (in particular the National Bank of Egypt and Banque du Caire, as both have extensive presence across all governorates, and investors rely primarily on state-owned banks)
- ◆ The Federation for Egyptian Banks
- ◆ The Ministry of Local Development
- ◆ The Federation for Egyptian Industries

Timeline: Medium-run

Implementation Procedures:

- ◆ Empower managers of local branches of banks to make credit decisions.
- ◆ Banks should issue internal directives requesting that branches adhere to the requirements to ease loan conditions and procedures.
- ◆ Banks’ branches should prepare quarterly reports to include information on the number and amount of loan applications received, the status of these applications, as well as the loan processing timeline. These quarterly reports should be submitted to headquarters, which in turn should aggregate these reports and submit one report to the Central Bank of Egypt; systematic review and analysis of these reports should improve lending performance in banks.
- ◆ Activate the initiatives that are designed to provide SMEs with non-financial consulting services, including assisting with developing work plans and feasibility studies, and preparing them to apply for funding (e.g., Nile Pioneers” Initiative of the Central Bank of Egypt and the Nile University).
- ◆ Banks should issue loan guides to help enterprises in obtaining financing; guides should include information about the loan requirements, the required documents, the cost of the loan, and the timeframe for reviewing loan applications, as well as the most common mistakes investors make, and how best to avoid them.
- ◆ Develop complaint-handling mechanism to review investors’ complaints and resolve them either by undertaking certain measures within the banks, or through coordinating with other entities that are designed to provide non-financial technical assistance to SMEs.

Progress to Date :

- ◆ A number of banks carried out visits to Sohag Governorate; SIA president met with the Governor of the Central Bank of Egypt to share with him SIA's agenda and the vision of Sohag investors. The Central Bank of Egypt launched an initiative designed to support and provide financing to industrial investors, separate from other initiatives geared towards financing commercial businesses.
- ◆ Numerous distressed businesses in Sohag benefitted from loan forgiveness.
- ◆ SIA sent letters to banks requesting the expansion the scope of authority of bank branches, specifically in Sohag Governorate.

10

Access to Financial Services

Recommendation: Facilitate investors' access to non-bank financial services.

Objective of the Recommendation:

To make the best use of the available, yet inadequately executed non-traditional financing mechanisms that are more appropriate to the needs to small and medium-sized business investors (e.g., short-term financing)

Primary Responsibility:

- ◆ The Financial Regulatory Authority
- ◆ The Ministry of Investment and International Cooperation

Secondary Responsibility:

- ◆ Non-bank financial institutions

Timeline: Medium-run

Implementation Procedures:

- ◆ The Financial Regulatory Authority should adopt an initiative, similar to that of the Central Bank of Egypt, to promote the use of non-bank financing that offers eased lending conditions and procedures.
- ◆ Increase investors' awareness of the availability of non-traditional financing alternatives such as factoring, leasing, and investment funds; educate investors of how best to access these financing mechanisms by holding orientation sessions for investors in the presence of representatives from institutions offering these services.
- ◆ Incentivize non-bank financial institutions to engage with small and medium-sized business investors, particularly in Upper Egypt governorates, and educate them about the growth potential in these governorates.

Progress to Date :

- ◆ No progress.

Access to Non-Financial Services



Recommendation: Enhance the capacity of Sohag investors to penetrate external markets.

Objectives of the Recommendation:

- ◆ To facilitate investors' access to information about external markets.
- ◆ To increase investors access to new markets, and thus increase production and expand exports.

Implementation Procedures:

- ◆ Conduct market research and analysis for the products of Sohag investors (e.g., chemical, minerals, and textiles products).
- ◆ Provide Sohag investors with information about the international standards for the goods they produce.
- ◆ Brief Sohag investors on the different trade agreements that Egypt has signed, particularly those that grant preferences to Egyptian exporters.

Primary Responsibility:

- ◆ Various relevant sectors and agencies affiliated with the Ministry of Trade and Industry, including the Egyptian Commercial Service, and the General Organization for Export and Import Control
- ◆ The Export Development Authority
- ◆ The Ministry of Investment and International Cooperation
- ◆ The General Authority for Investment and Free Zones

Secondary Responsibility:

- ◆ The Micro, Small and Medium Enterprises Development Agency
- ◆ The Federation of Egyptian Industries
- ◆ Investors and Business Associations

Timeline: Short-run

Progress to Date :

- ◆ No-progress.

12

Access to Non-Financial Services

Recommendation: Improve investors' access to business development services.

Objective of the Recommendation:

To facilitate SMEs' access to non-financial services that can support their development and growth (e.g. product promotion and marketing services; vocational and professional training; technical consultations; expo participation, etc.)

Primary Responsibility:

- ◆ Industrial zones' management.
- ◆ The General Authority for Investment and Free Zones

Secondary Responsibility:

- ◆ The Micro, Small and Medium Enterprises Development Agency
- ◆ All governmental and non-governmental service providers

Implementation Procedures:

- ◆ Carry out an investors' needs assessments and identify the services that investors are lacking.
- ◆ Negotiate with service providers so that they simplify their procedures and offer their services at reasonable prices.
- ◆ Industrial zones management should contract with service providers to establish a presence in industrial zones.
- ◆ Disseminate information about available services among investors.

Timeline: Medium-run

Progress to Date :

- ◆ No progress.

Improving the Business Climate

13

Recommendation: Streamline business registration and all procedures related to the operating of enterprises.

Objectives of the Recommendation:

- ◆ To assist investors in establishing and operating their business enterprises and incentivize formalization.
- ◆ To contribute to addressing unfair competition that compliant businesses face; the presence of informal enterprises creates competition challenges as they offer unregulated and inferior products at prices that formal enterprises cannot compete on.

Primary Responsibility:

- ◆ The Ministry of Investment and International Cooperation
- ◆ The Ministry of Trade and Industry
- ◆ The Industrial Development Authority

Secondary Responsibility:

- ◆ The Micro, Small and Medium Enterprises Development Agency
- ◆ The Ministry of Finance
- ◆ The Ministry of Social Solidarity

Implementation Procedures:

- ◆ Activate Article 3 (no. 9) of Law No. 95 of 2018, "The Industrial Development Authority Law", that addresses the enabling of the investment environment in industrial zones.
- ◆ Activate Article 21 of Law No. 72 of 2017, "The Investment Law", regarding the investors service centers; put in place mechanisms for measuring and evaluating the performance of these centers to achieve continuous improvement of services delivered.
- ◆ Raise investors' awareness of the full menu of available services, and how to access them.

Timeline: Short-run

Progress to Date :

- ◆ No progress.

14

Improving the Business Climate

Recommendation: Streamline export procedures.

Objective of the Recommendation:

To assist investors who are unable to export due to the cumbersome and lengthy export procedures.

Primary Responsibility:

- ◆ The Export Development Authority

Secondary Responsibility:

- ◆ The Micro, Small and Medium Enterprises Development Agency
- ◆ The General Organization for Export and Import Control
- ◆ The Customs Authority/Ministry of Finance

Implementation Procedures:

- ◆ Update and make available information about export procedures, including specific information tailored to the nature of the products intended for export.
- ◆ Automate export procedures so as to save investors from making frequent calls to the same entity or visiting multiple entities to complete the required paper work.

Timeline: Medium-run

Progress to Date :

- ◆ No progress.

Improving the Business Climate

15

Recommendation: Activate the Export Support Program

Objective of the Recommendation:

Enhance the export competitiveness of investors.

Primary Responsibility:

- ◆ The Export Support Program

Secondary Responsibility:

- ◆ The Export Development Authority
- ◆ The Ministry of Trade and Industry
- ◆ The Ministry of Finance

Implementation Procedures:

- ◆ Give priority (in the short-run) to Sohag investors with regard to tapping into the benefits offered by the Export Support Program so as to increase Sohag's comparative advantage in export competitiveness.

Timeline: Short- run to Medium run

Progress to Date :

- ◆ It was agreed that export rebate amounts owed to investors be offset with tax liabilities.

16

Long-Term Comprehensive Solutions

Recommendation: Adopt the program-based budgeting approach, instead of the current “line item budgeting” approach used for preparing the state annual budget.

Objective of the Recommendation: To help resolve many of the financing challenges over the long-run; adopting program-based budgeting, whereby government entities receive annual budgets linked to specific programs and projects, with clear objectives and performance indicators, allows for better monitoring of progress and achievement of results, as well as supports the move towards decentralization.

Primary Responsibility:

- ◆ The Ministry of Finance

Secondary Responsibility:

- ◆ All ministries
- ◆ House of Representatives

Timeline: Long- run

Implementation Procedures:

- ◆ Amend Chapter I of Law No. 53 of 1973, “The State Budget Law”, so that changes can be introduced to budget preparation.
- ◆ Comply with the budget circulars issued by the Minister of Finance in the past years; the circulars called on a number of ministries and their respective local-level directorates to prepare parallel budgets using the program-based budgeting approach, and publish their final accounts in order to measure performance and evaluate results.
- ◆ Provide government staff with adequate training in program-based budgeting.
- ◆ Provide parliamentarians with adequate training in how to monitor budget execution, and evaluate results using well-defined indicators.

Progress to Date :

- ◆ Sohag and Qena governorates became the first two governorates to adopt the program-based budgeting approach, in line with the government plan to move towards a new approach in preparing the state annual budget.

Long-Term Comprehensive Solutions

17

Recommendation: Ensure the systematic monitoring of public employees' performance and hold them accountable for any dereliction of duty.

Objective of the Recommendation:

To close the implementation gap between laws and policies and their actual implementation in practice; in most cases, performance problems in government can be traced back to implementation gaps, whereby laws, regulations, and strategies are not implemented or enforced; lack of implementation or enforcement can be due to negligence, dereliction of duty, administrative corruption or lack of consistency between laws and their executive regulations.

Primary Responsibility:

- ◆ The Ministry of Planning, Monitoring and Administrative Reform
- ◆ The Administrative Control Authority
- ◆ The Central Auditing Organization

Implementation Procedures:

- ◆ Activate Chapter 3 of Law No. 81 of 2016, "The Civil Service Law", that addresses employee performance evaluation.
- ◆ Monitor the performance of the complaints offices in government agencies, and evaluate their effectiveness.

Secondary Responsibility:

- ◆ All government entities

Timeline: Long- run

Progress to Date :

- ◆ No progress.

18

Long-Term Comprehensive Solutions

Recommendation: Implement Article (176) of the Constitution, which stipulates that the state shall ensure administrative, financial, and economic decentralization.

Objective of the Recommendation: To empower local administration units by granting them independence and more control over the management of their resources, and enabling them to develop according to the needs and priorities of their citizens.

Primary Responsibility:

- ◆ The House of Representatives
- ◆ The Cabinet
- ◆ The Ministry of Local Development
- ◆ The Ministry of Planning, Monitoring and Administrative Reform

Secondary Responsibility:

- ◆ All government entities

Timeline: Medium-run and Long- run

Implementation Procedures:

- ◆ Enact the necessary laws to support the adoption of decentralization.
- ◆ Assess the capabilities and the resource bases in all governorates to determine the readiness to operate under a decentralized system of governance.
- ◆ Strengthen the capacity of administrative units at the local level to support the efficient implementation of decentralized governance.
- ◆ Enhance community dialogue at the local level in order to improve responsiveness to local needs.
- ◆ Promote transparency and accountability through widely disseminating information, and strengthening performance monitoring and evaluation at the local level.

Progress to Date :

- ◆ No progress.



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