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LOCAL RESOURCES IN U.A.R.
AND ITS ROLE IN ECONOMIC DEVELOPMENT

by

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System of Local Administration in U.A.R.

The U.A.R. has practiced a new way in introducing the local administration system. We did not follow any of the previously known German, English, French, Russian or American local government systems, but we had studied deeply all of them and created a new one which we found quite convenient to our community and economic and social conditions and put it under test. Then we changed it owing to our findings after implementation to suit our conditions, habits, traditions and urgent needs in the different parts in our Republic. I think it is quite an experience where you may find something new and different.

We have not tried the local administrative system as a process for passing more powers and functions from the central government to the localities or to facilitate the job of this central government. We have not also tried it as a means for creating new vacancies for the unemployed personnel or laborers to avoid the problem of unemployment. We really tried this system as a safety way for achieving the revolutionary transmission towards democracy and socialism as being two joint phases completing each other to exist the most efficient and justifying regime.

The state depends largely on the public in achieving the planned programmes of social and economic development. This is simply because the people are the real beneficiaries in the country who suffered for a long period from being exploited and waited impatiently to restore their rights and full liberty.

The participation of the public in politics and policy making is the most essential introduction for his participation in public administration as democracy in all its phases is a whole that can never be divided.

It is obvious that there is a direct relation between democracy and local administration. The latter destroys the fancy imagination of the separation of the individual from the state or the people from the government. It also achieves the superiority of citizens over the executive bodies which are really assigned for other achievement of their objectives declared to their elected councils.

On the other hand, the local administration system is closely related to socialism which is known as a policy for transferring the state powers either in the field of administration, rule or production to the people.

The local administration system in the U.A.R. proved that it is not just an experiment for dividing the country into territories and regions enjoying self independence and competing with each other in achieving objectives and more progress, but it is an important application of the social and political revolution.

Our law of local administration had efficiently co-ordinated the relation between the local councils at the three approved levels; (the governorate, the city and the village) concerning functions and powers in such a way that can achieve the joint objectives and raise the level of services offered to the governorate smoothly and without any future complications. The law also achieved for the localities its self-independence and being able to keep its own accounts and to have a special budget. Moreover, governorates can freely make use of its manpower and all local possibilities which are not belonging to the central authorities.

The self-independence of local councils here cannot be understood as a means of exempting these localities from the central supervision and control. These localities are still known as one of the sectors of the public administrative body of the state. So it was very essential to organize the link between both the central authority and the local councils in such a way that gives the localities full liberty to improve the local units public utilities with sufficient insurance to practice all its functions within the frame of the general policy of the state.

As a precaution, the central government is still keeping the right of approving certain decisions such as the approval of the budget because the state aid still represents a good part of its revenue. Another example the approval of other decisions which local councils are expected to exaggerate some financial processes as in case of loans and taxation when exceeding a special percentage limited by legislation.

As the local authorities have to perform their functions within the general policy of the state to avoid a contradiction between their activity and the national policy, the central government has to undertake some functions such as, guidance and supervision through the ministerial committee of local administration with all its authority in planning for the policy of the local council's activity within the frame of the general policy of the state. It has also to study the budgets of the local councils and give its guidance in regard to the local legislation and transferring the functions and powers from the Central Ministry to the local councils. The competent ministries must direct and supervise the utilities, everyone in its specialization, to guarantee the perfectness of labour and execution of law and the general policy of the State.

Besides, the organizations of the central control including the Central body of Accounts and the Central body for Organization and Administration, have to direct and supervise financially and administratively these councils in order to guarantee the perfection of work and the achievement of national objectives.

Hence, the local administration is an important factor leading to realize the evolutionary and economical development in the different regions of the state which will result in raising the standard of living and increasing the annual revenue of the citizens and the economic abundance.

The popular structure of the local councils and the existence of the independent resources and budget for these councils made them an effective power in expanding the development projects within the financial control required for the fulfilment of these projects with the minimum expenditure.

It is in the authority of the local councils to draw a development plan which may be executed during several years considering the citizens needs to raise their standard of living and to cover their services. The projects offered by the local councils are regulated at the level of the governorate and by its council so that such projects may express the popular needs and are in conformity with the financial resources endowed by the governorate and the Central Government, in case the local resources should be inadequate to meet their requirements. Regulations will take place between the government requirements and the different central ministries of services as well^{as} the ministry of planning to achieve a perfect project for the requirements of the different governorates together with the equal distribution and finding the required fund to list this project within the general plan of the State.

To adapt the system of local administration to the development plan we refer briefly to the following: The law concentrated on the local councils functions in such a way that they must encourage the investment of the local resources and to increase the agricultural, animal breeding and industrial production. This means that the local government will give its support to discover the natural resources in every governorate, which was neglected for a long time as a result of directing all the Central Government efforts to the national natural resources only.

No doubt the discovery of the natural local resources and the encouraging of their investment and the raising of the standard of the agricultural, animal breeding and industrial production are the basic elements for gaining economic development.

The law also stipulated that the local councils should undertake many projects aiding to the development plan. Thus, and in order to increase the productive capacity of the State, and to ascertain the economic welfare for its people, the forementioned councils should undertake the following services:- local transport, gas and electricity, professional and technical training centres, maintenance of canals and drains, filling pools and swamps, road construction and maintenance.

Beside helping the development plan, the projects executed by these councils will lead to abolish unemployment in the different regions especially in the agricultural sector. It will also help to transfer the efforts rapidly to the industrial field and raise the productive capacity of our new society.

The existence of such councils, each in its specialization in investing natural local wealth and developing the different agricultural and industrial projects imposed by the environment, will lead to some sort of productive specification in the projects fostering the national economy.

On the other hand, executing these projects on the local level will help to develop the working methods which will inevitably raise the productivity of these projects. In addition, it will open the way widely to the governorates to emphasize their independence and help largely in creating perfect self administration which will lead to the existence of a perfect local government.

As a matter of fact, the development plan can never be separated from the financial capacities. Therefore, I have to illustrate briefly the various local financial resources in the following.

The Local Financial Resources

The success of the local councils can be easily measured by the amount of revenue they could get from their own resources. The more they are depending on their own financial resources, the more powerful they are. Those councils lacking money usually try to get subsidies from the central government. In this case the central government will not be able to provide all what they require or fulfil even their urgent needs.

The financial resources of the central government have a certain flexibility due to the possibility of imposing new taxes or raising the rate of the existing taxes by its legislative body. Another means of meeting its own needs is by internal and external loans. These ways and means are generally not available for the local councils. In order to satisfy the financial needs of the various councils, the central government has also given them a certain flexibility to impose new taxes and fees or augment the existing ones.

These means are:

- (a) Imposing local taxes and fees.
- (b) The revenues of local public and private property.
- (c) The joint revenues.
- (d) The loans.

(e) Public and private subsidies and grants.

(f) Grants-in-aid from central government.

The central government has granted the councils the right to impose two additional taxes on the already existing ones and gave them also the right of having their own local taxes:

The additional taxes are:

(1) The governorate councils can impose an additional tax on the customs tariff on imports and exports within a limit of 3 per cent.

(2) An additional tax can be imposed on movables within a limit of 5 per cent by the district council, within a limit of 10 per cent by the minister in charge in the central government, and within a limit of 15 per cent by the President of the Republic.

The independent local taxes:

(1) Land tax:

The revenues of the taxes on the land within the territory of a council goes exclusively to its own budget.

(2) Tax on immovables:

These are considered as the most important financial resources of the town councils.

(3) Tax on entertainment:

The legislator of the U.A.R. has granted all local councils the right to impose various kinds of fees and add this income to their own revenues.

The revenues of public and private property within the various provinces include the rent of immovables as well as the revenues from the use of domestic power and from all movables.

The local councils have the right to draw loans within the following limits:

- (1) Within 10% of their budget bound to the approval of the central minister in charge;
- (2) Over 10% to 20% bound to the decision of the ministerial committee for local administration;
- (3) Over 20% bound to the decision of the President of the Republic.

The local councils have the right to accept unconditional public and private internal grants. As concerns external grants, they are bound to the approval of the President of the Republic. If all these resources should not be enough to meet the financial needs of the local councils they can address themselves to the central government for subsidies.

The local financing regarding the economic development plan

The abundance of local resources and the great number of manpower as well as the large amount of raw material have helped the councils to take actively a part in the economic development of the U.A.R.

The objectives of the economic development can be summed as follows:

- (1) Encouraging the investment of the local natural resources and improving the agricultural, animal husbandry and industrial production.
- (2) Spreading the co-operative movement among the different communities and finding better chances for employment.
- (3) Improving the methods of cultivation and introducing the new ones that ensure better productivity.
- (4) Developing all kinds of products from animal husbandry.
- (5) Introducing cottage and small industries as a means of investment for the leisure time of the rural population and the transferring of the bi-products into worthy industries.
- (6) Granting financial supports to co-operatives and different organizations to execute the major projects for the welfare of the people.
- (7) Focusing on the participation of the people within community in studying all their possibilities and in planning and budgeting in order to ensure that the National plan will be as practicable as possible.

By fulfilment of the above obligations the local administration is participating with all its efforts in executing the development plans through its own local ways and means.

As the local councils were given the independent status of a legal body, they are responsible for all local, economic activities such as:

- (1) Economic rehabilitation projects.
- (2) Projects for environmental improvement.
- (3) Electricity and public utilities projects.
- (4) Communication and transportation projects.
- (5) Local projects planned and executed by localities to fulfil their needs and self financed.

The participation of the local administration in the economic development since its start 1961-1962 until the financial year 1966-1967 amounted to 70 mill. Eg. £ distributed as follows:

£ Eg.	6,500.000	Economic development, small industries and environmental improvement projects.
" "	3,500.000	Collective units for serving the rural areas.
" "	6,000.000	Electricity projects.
" "	47,000.000	Public utilities (drinking water operations, drainage, etc.).
" "	6,000.000	Construction and maintenance of roads and bridges.
" "	1,000.000	Youth care and activities.

£ Eg. 70,000.000
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In addition to this the local authorities have invested the amount of 48 mill. £ Eg. in the housing projects financed by loans which are being repaid in instalment from their own budgets.

There are some other projects which carried out and financed through the own initiative of the local councils such as:

- (1) The production of some material for construction industrialized from local agricultural raw material as maize or cotton stems.
- (2) Construction of a new plant for the production of pure silk thread and guds in one of the governorates well known with silk worm breeding.
- (3) Introducing new methods to grow tomatoes on wires as a means for producing a better exportive harvest.
- (4) Construction of new training centres for skilled workers to meet the need of skilled labourers for the recent local industries.

Apart from this the central government has granted an amount of 80 mill. L. Eg. to subsidize the local authorities within the economic development plan.

This amount covers the following items:

L. Eg.	25,000.000	for educational and cultural services.
" "	18,000.000	for health services.
" "	20,000.000	for public utilities (joint services).
" "	4,000.000	for social welfare.
" "	12,000.000	for agricultural services
" "	1,000.000	for youth care.

L. Eg. 80,000.000
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The above given facts and figures show the importance of the local authorities in the economic and social development plans in the United Arab Republic.