Chapter No.4

Structure and procedure of the Council of Economic Development in Oman.
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Chapter No.4
4.1: Introduction:

From the early days of the blessed Renaissance in 1970, The Government of His Majesty Sultan Qaboos, has paid great importance to the systems of planning and Economical development due to the importance of these systems in the progress of the nations. The Government has constituted specialized councils and committees for standard of living. Generally, the standard of living is connected to the progress of economy.

The Sultanate of Omani is working, within its strategy of economical adversity, to built strong economical base to face the challenges of Globalization and the openness of economy. The Government is working to modify laws and regulations, and to establish many Industrial and twist project to enables sustaining the internal economy, in addition to many agreements with other countries which can help in more prosperity and development. The last agreement was held at early Oct 2005 with USA for free Bartering Though the success of development is connected with planning, so the sultanate of Oman has paid great efforts in constituting systems of planning and Economical development since 1970 and we shall discuss these efforts in this chapter.

4.2: Economic planning and Development Units:-

The economic planning and development units have undergone several organizational phases since 1970. Following the accession to power of H.M. Sultan Qaboos Bin Said the Development Board was dissolved to be replaced by the Department of Planning and Development and an independent Tender Board was formed.

Thereafter a temporary Planning Council was created which was renamed
as the Supreme Council for Economic Planning and Development in accordance with the Sultan’s Decree No.15/1972 issued on September 27th 1972. The centre for Economic Planning and Development was attached to this Supreme Council.

All the above-mentioned planning and development organizations exercised both planning and executive functions. This was necessary in the absence of fully operational government executive units at that time.

On April 25th 1973 a Sultan’s Decree had issued order regarding the establishment of the General Development Organization, the functions of which included those of the Centre for Economic Planning and Development.

On 17th November 1973, in accordance with a Sultan’s Decree, the General Development Organization became the Ministry of Development. In comparison with previous planning and development units, this ministry continued to exercise both planning and executive functions. Under its executive jurisdiction it continued to carry out the activities relating to the economic sectors for which no separate ministries existed. These were the sectors of agriculture, irrigation and fisheries, mining and petroleum, commerce and manufacturing.

On November 17th 1974 the Council of Ministries was reshuffled and executive functions were separated from planning functions as a result of which the Ministry of Development was dissolved and its executive functions were distributed amongst other ministries, including two ministries, the Ministry of Agriculture, Fisheries, Petroleum and Minerals and the Ministry of Commerce and Industry.

The Development Council was created to exercise Planning Functions in accordance with the Sultan’s Decree No. 41/1974 issued on November 17th 1974. H.M. the Sultan is the Chairman of the Council. The Minister of State for Foreign Affairs was appointed as Deputy Chairman. The members are as follows:-

Their Excellencies, Minister of Communication, Minister of Youth Affairs
and Deputy, Minister of Defence, Minister of the Interior, Minister of State the Wali of Dhofar, Minister of Health, Minister of Agriculture Fisheries, Petroleum and Minerals, Minister of Commerce and Industry and Under Secretary for Financial Affairs.

The Minister of Education became a member of the Council by a Sultan Decree issued in June 1976. A Technical Secretariat was formed to assist the Council and to follow up the implementation of its resolutions.

One of the first tasks which the Development Council performed was the preparation of the Economic Development Law 1975 which was covered in the Sultan’s Decree No. 9/1975 on February 1st 1975.

In 7th of April 1981, the Council of Development was reformed under the leadership of H.E. The Minister of Foreign Affairs as Vice President, and the Minister of Heritage and Culture, Minister of Petroleum and Mines, Minister of Commerce and Industry, minister of Electricity and Water, Minister of Social Affairs and Labour, Minister of Communications, Minister of Land Affairs and Municipalities, and Undersecretary of Financial Affairs, and Secretary General – for Council of Development.

As Members: Later the Minister of Health and Chairman of Consultative Council were added to the membership of the Council according to the Royal Decree issued on 25/4/1992.

In 10/9/1996 the Royal Decree No. 7/96 was issued to cancel the Secretariat General of the Council of Development, and all its authorities were transferred to the Council of Ministers.

4.3: The Responsible of Development Council :-

Following are the responsibilities of Development council:-

1) To set objectives and a strategy for economic development, to propose policies and measures to carry out these objectives and to lay down development plans in harmony with it. Such development plans will be subject to approval by His Majesty, the Sultan.

2) To discuss and formulate an annual development budget and to refer this
budget to the Council for Financial Affairs.

3) To set and approve priorities for development projects submitted by ministries and government departments with a view to ensuring conformity with the approved priorities, and to achieving complementarily and consistency of projects in terms of time and substance.

4) To set priorities to requests for consultant studies submitted by government ministries and departments and to authorize them before any commitment is made.

5) To lay down general principles and terms to govern “Loans” and “participation” to be approved by the Council for inclusion in the annual development budget.

6) To approve privileges proposed by the Minister concerned, in accordance with the law for the Protection of Developing Industry 4/74, if the proposed privileges include monopolistic rights or concessions.

7) To coordinate the activities of ministries and government departments, in so far as the implementation of the development plan is concerned.

8) To receive from ministries and government departments follow-up progress reports on the implementation of projects and consultant studies.

9) To issue an annual follow-up report on the implementation of the development plan.

10) Any other business assigned to the Council by His Majesty the Sultan.

It is clear from the above that the Development Council does not posses executive functions as its competence is confined to planning and directing economic development.

4.4: The Aims and Objectives of Economic Development Policy
On the 9th of February 1975 the Development Council passed a resolution regarding the aims and objectives of economic development in Oman. It consists of thirteen points as follows:

Modern economic and social development in the Sultanate of Oman was initiated after the 1970 revolution and was pursued with great determination and confidence based on Oman’s background of old civilization, Arab traditions and firm faith in God. The oil resources of the country have developed over the past few years.

But we should never lose sight of the fact that oil reserves are apt to be exhausted sooner or later. It should not therefore, be an exclusive privilege for our present generation but the wealth derived from it should be exploited in investments for the benefits and welfare of present as well as of future generations.

We must also keep in mind the Oman’s oil reserves are by far less in quantity than those available to most oil producing countries in this area. At the same times the area and population of Oman are relatively larger than in some neighboring oil producing countries; hence greater economic and social resources are needed for development. It is of utmost importance, therefore, that ways and means be sought to make the best use of our limited resources by exploiting them in development projects which give strength to Oman economy and secure its future progress.

The benefits have to be shared by different regions of the country so that all people can enjoy a peaceful and secure life.

Economic development policy during the past four years has achieved great success. Efforts have been concentrated during that period on meting urgent requirements and on constructing infra-structure projects need for increasing productivity and hence national income.

Examples of this effort are the construction of a number of hospitals and
health centers in different regions of the country, the large increase in the
number of schools and educational institutes, extension of electricity and water
utilities, construction of hundreds of miles of road lengths, of harbour and
airports and housing units. Alongside these efforts in the field of construction,
the government has reorganized its administrative system with the aim of
increasing its efficiency. Supporting laws and regulations have been issued to
help the stabilization and the healthy growth of the national economy and to
encourage Oman's of various professions and experience living abroad to return
to their home country.
The government has also encouraged national trading activities and assisted in
the establishment of a number of industrial projects and extended agricultural
services in the form of experimental and productive farms and extension
centers.
Having laid down a suitable basis for the growth of a developing national
economy, the country starts a new phase of economic development. There is
obvious need for a comprehensive economic development plan ensuring the co-
ordination between different investment projects and the carrying out of
feasibility studies of projects before implementation.
The plan should also give priority to income generating projects to supplement
oil receipts. It should also effect a wider geographical distribution of investments
in order that the benefits may be shared by different regions of the country. The
plan should cover a reasonably long period of time, taking into account the
economic conditions of the country and its future prospects.
The more we succeed in formulating such a development plan and in
rationalizing the use of our present oil revenues, the more secure our economic
future and our progress will be. This is the duty and the most important task of
the Development Council.

The basis of our development policy should be to achieve the basic
requirements of a free economy in which an efficient and capable private sector plays a leading role. The chances to participate in the building of this economy should be open to all nationals of the country on the basis of free competition in a market clear of monopolistic practices. To achieve this aim the government has undertaken the execution of supporting infra-structure projects, decided on incentives in the form of exemptions from customs duties, granted loans with easy repayment terms to productive projects, and participated in the capital of some vital projects within available government resources.

It is necessary to effect a wider geographical distribution of investments in order that the benefits may be shared by different regions to the greatest possible extent and to narrow the gap in the standards of living in different regions with special emphasis on the least developed regions. Equally important is to maintain and develop existing areas of population agglomerations and to protect them against the dangers of mass immigration to those already densely populated areas.

Care should be taken to develop the local human resources in order that they may be able to play a more active role in the national economy.

In this respect, it is necessary to extend and develop educational and training programmes, to improve nutritional and public health conditions.

Such educational and training programmes should aim at vocational training for various productive sectors and not only training for government administration.

As water resources are of vital importance and are necessary for the continued growth of the economy, and as the available quantities of water are scarce, the development plan should give attention to this problem by providing for scientific studies in relation to water resources and ways of preserving and increasing its supply. Funds should be allocated to implement the recommendations based on these studies.

We have to benefit from the experience of other countries in the field of
economic development and industrialization, especially in relation to environment preservation and improvement, and should take this into account especially in selecting the sites and types of projects.

The main objective of economic development at this phase of economic growth in the Sultanate is to implement income-generating projects which add to the national income until additional resources of income have been tapped to supplement oil revenues and to secure suitable economic prospects for the future.

The development plan aims at striking a reasonable balance between investment expenditure on income-generating projects on the one hand and on the infrastructure projects on the other hand.

The plan must aim at maintaining and developing the prevailing economic activities by giving them support and encouragement particularly in the sector of agriculture and fisheries. In this respect investments required for raising productivity in the sectors should be implemented. Storing and marketing facilities should be provided in order that producers may receive from the sale of their produce reasonable returns which encourage them to increase their production.

Surveying of the country’s natural resources should be accelerated, particularly in the mining sector so as to broaden the base of industrialization. Studies of industrial projects should be undertaken with the aim of implementing those projects which use available local raw materials.

It is important to encourage domestic trade activities by finding suitable solutions to the problems of transportation and storage and other obstacles which block the way to reach the state of a perfect market.

The solutions should aim at increasing competition and maintaining reasonable
levels of prices, particularly with regard to food items and their availability in all regions. In this respect the plan must take into account that the economic boom resulting from increasing government current and investment expenditure tends to raise the level of prices. Accordingly, appropriate economic and fiscal policy measures have to be introduced to check the effect of such a rise in prices on lower income population groups.

The efficiency of government administrative units is a principal factor in the implementation of the development plan and in the creation of an government administration in, therefore, essential, particularly with regard to ensuring the ability to take the right decisions at the right time and to choose the most suitable body or agency which has to take the respective decisions.

Raising the efficiency of administrative units is also essential with regard to enhancing their ability to undertake studies of projects and to follow up their implementation.

The resolution was circulated to the various ministries and government units which were requested to commence the preparation of development plans for their respective sectors.

An authorized officer was designated in each ministry and government unit to be charged with following up the implementation of decisions of the Council and with assisting the Council in carrying out its tasks.

The council started thereafter, to prepare the five-year economic development plan, 1976-1980. This is the first economic development plan for the Sultanate. Previously economic development was effected in the form of projects incorporated in the annual general budget.