ECONOMIC BULLETIN

third quarter 2010

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LEBANON'S MACROECONOMIC PERFORMANCE DURING THE FIRST NINE MONTHS OF 2010

[EXECUTIVE SUMMARY]

Lebanon's Macroeconomy has, in general, recorded better results in the first nine months of 2010 relative to the corresponding period last year, here are the major developments of the Lebanese economy:

- Construction permits grew by 43.2 %.
- The number of tourists increased by 17.8%.
- The number of passengers at the Hariri International Airport (HIA) grew by 11.7%.
- The amount of cleared checks increased by 26.4%.
- The net public debt surged by 2.4%.
- The Central Bank of Lebanon gross FX reserves increased by 11.4% to USD 31.5 billion.
- The banking sector's total assets grew by 15.3% to USD 126.7 billion.
- The BSE market capitalization progressed by 6.3% to USD 12.4 billion.
- The trade deficit widened by 6.6% to USD 10.17 billion.
- Capital inflows declined by 8.8% to USD 13.1 billion.
- The balance of payments recorded a surplus of USD 2.9 billion.
- Economic growth is forecasted at 8% in 2010 and 7% in 2011.

[INTRODUCTION]

The Lebanese Macroeconomy has recorded a better growth in the first nine months of 2010 as compared to the same period as of 2009. The real sector's performance was better, as indicated by enhanced indicators of the leading sectors. The public finances have improved with lower deficit ratio, higher primary surplus, and slowing public debt growth. The monetary situation has continued its stability, accompanied by a growing banking sector, and a higher performance for the Beirut stock exchange. The balance of payments achieved a lower surplus supported by surging capital inflows, and increased trade deficit.

The Macroeconomy is supposed to continue its growth in 2010 if political and economic conditions are good in general.

[I. REAL SECTOR]

The real sector activity has improved in the first nine months of 2010, as compared to the same period as of 2009, which is clearly reflected in the evolution of its major indicators that are mentioned in the following:

1. Construction and Real Estate

Figures released for the first nine months of 2010 by the Order of Engineers of Beirut and Tripoli showed that construction permits rose by 43.1% as compared to the same period as of year 2009, to reach 13 million square meters. The distribution of those construction permits were 55.4% in Mount Lebanon, the North 15.0%, the South 14.5%, Beirut 6.8% and the Bekaa 6.5%.

2. Tourism

As for the figures issued by the Ministry of Tourism for the first nine months of 2010, the number of tourists has increased by 17.8% as compared to the same period as of 2009, to reach a number of 1,694,662 tourists, from 1,438,619 tourists in the same period as of 2009. This is caused by the active tourism activity over the last two years. The majority of tourists were from Arab countries with 41.9% of total visitors, followed by Europeans, Asians, and Americans with 24.6%, 17.1% and 11.8% respectively.

3. Airport Activity

Figures released by the Hariri International Airport (HIA) showed that passengers' activity witnessed 11.7% increase in the first nine months of 2010 as compared to the same period as of 2009, reaching 4,241,816 passengers who used the Hariri International Airport at that period. The total number of flights has increased by 17% to reach 49,361 flights in the first 9 months of 2010.

4. Clearing Activity

According to the Association of Banks in Lebanon for the figures concerning the first nine months of 2010, the amount of cleared checks had increased by 26.4% as compared to the same period as of last year, to reach an amount of USD 50.9 billion. This is caused by the increase in checks denominated by local currency by 22.5%, which amounted to LBP 14,976 billion, and the increase in checks denominated in foreign currency by 27.4% which amounted to USD 40,972 billion.

5. Customs receipts

Based on the figures of the Higher Customs Council for the first nine months of 2010, the overall customs receipts were USD 2.6 billion, an increase of 6.9% as compared to the same period as of last year. The

main source of customs revenues was the Port of Beirut 82.7%, followed by the Hariri International Airport 6.7%, the Port of Tripoli 5% and the Masnaa crossing point 3.7%.

6. Hotel Occupancy

According to the survey conducted by Deloitte & Touch concerning the occupancy rate at hotels, it decreased by 3% as compared to the same period as of last year, to reach 68% in the first nine months of 2010. Further, the average room rate reached USD 262 in the first nine months of 2010, an increase of 6.1% as compared to the same period as of 2009.

7. Kafalat Loan Guarantee

Based on the figures released by the Kafalat Corporation, loans under the guarantee of Kafalat reached USD 127 million for the first nine months of 2010, an increase of 24.1%, as compared to USD 102.3 million in the same period as of 2009. The number of loan guarantees has increased by 39.7% to reach 1,070 loans in the first nine months of 2010, as compared to 766 loans in the same period as of the previous year. Whereas, the average loan size has decreased by 10.4% to reach USD 118,115 in the first nine months of 2010, as compared to USD 131,824 in the same period as of the previous year

8. Car Sales

The Association of Automobile Importers in Lebanon indicates that a total of 27,682 cars were sold in the first nine months of 2010, as compared to 26,042 cars sold in the same period as of 2009, an increase of 6.3%.

REAL SECTOR'S INDICATORS

INDICATORS	FIRST 9 MONTHS OF 2010	FIRST 9 MONTHS OF 2009	VARIATION
Construction permits (in Millions of square meters)	13	9.08	43.2%
Number of tourists	1,694,662	1,438,619	17.8%
Average rate per room (in USD)	262	247	6.1%
Number of passengers at HIA	4,241,816	3,797,336	11.7%
Cleared checks (in Billions of USD)	50.9	40.27	26.4%
Customs receipts (in Billions of USD)	2.6	2.43	6.9%
Number of loan guarantees	1,070	766	39.7%
Number of cars sold	27,682	26,042	6.3%

Source: Official Departments

[II. PUBLIC FINANCES]

Public finances have improved year-on-year, with lower fiscal deficit ratio, slowdown in public debt growth, and higher primary surplus.

1. Fiscal Deficit

Based on the figures released by the Finance Ministry, total spending in the first nine months of 2010 was USD 8.2 billion, a decrease of 3.4% as compared to the same period as of last year. This is attributed to the decrease in treasury spending.

As for total government revenues that include budget and treasury receipts, it reached USD 6.2 billion in the first nine months of 2010, a decrease of 1.3% as compared to the same period as of last year. Budget revenues reached USD 5.84 billion, a decrease of 1.7% as compared to the same period as of last year.

For the first nine months of 2010, the decrease in the volume of total expenditures was higher than the decrease in the volume of total revenues, thus leading to a lower fiscal deficit amounted to USD 2 billion. When excluding debt service, an overall primary surplus of USD 1.1 billion was reported in the first nine months of 2010, as compared to USD 690 million in the same period of 2009.

2. Public Debt

Based on the Figures released by the Ministry of Finance, gross public debt reached USD 50.8 billion for the first nine months of 2010, an increase of 3.4% as compared to the same period as of 2009. The local currency debt reached USD 29.2 billion in the first nine months of 2010, an increase of 4.9% as compared to the same period of 2009. This increase is the result of the debt held by financial institutions, in particular commercial banks, which remain the main financial source of the domestic debt portfolio with a 59.2% share of the local public debt. While foreign debt reached USD 21 billion in the first nine months of 2010, a decrease of 1.7% from the same period as of last year.

Net public debt, which excludes public sector deposits in the banking sector from overall debt figures, reached USD 44.6 billion in the first nine months of the year 2010, an increase of 2.4% as compared to the same period as of 2009.

PUBLIC FINANCE'S INDICATORS

INDICATORS	FIRST 9 MONTHS OF 2010	FIRST 9 MONTHS OF 2009	VARIATION
Public revenues (in Billions of USD)	6.20	6.28	-1.3%
Public expenditures (in Billions of USD)	8.20	8.48	-3.3%
Deficit (in Billions of USD)	2.0	2.2	-9.3%
Primary surplus (in Millions of USD)	1,100	690	59.4%
Gross public indebtedness (in Billions of USD)	50.8	49.1	3.4%
Net public debt (in Billions of USD)	44.6	43.6	2.4%

Sources: Ministry of Finance and Central Bank of Lebanon

[III. MONETARY SITUATION]

The Monetary situation has continued its stability owing to better economic conditions and the prevailing monetary stabilization policy of the Central Bank of Lebanon.

1. Money Supply

The overall increase in money supply (M3) over the first nine months of 2010 was USD 7.68 billion, an increase of 9.36% as compared to the same period as of 2009, to reach a total value of USD 89.75 billion. This increase is mainly due to the increase in each of claims on the private sector by 17.8%, net foreign assets by 12.8%, and net claims on public sector by 1.33%. Foreign currencies' share increased to 56.4% in the first nine months of 2010, as compared to its previous level of 47.1% in the same period of 2009.

2. Consumer Prices

Based on the figures issued by the Consultation and Research Institute (CRI) for the first nine months of 2010, the Consumer Price Index (CPI) has increased by 2.6% as compared to the same period as of last year. This increase in CPI was mainly due to the increase of 33.8% in prices of clothing and footwear, 9.5% rise in the cost of education, 4.9% rise in prices of restaurants and hotels, a 5.4% rise in prices of food and beverages, and an increase of 1.9% in the prices of miscellaneous goods and services.

3. Central Bank of Lebanon Foreign Assets

Based on the figures issued by the Central Bank of Lebanon, the total assets reached USD 60.14 billion in the first nine months of 2010, an increase of 11.89% as compared to USD 53.74 billion in the same period

of 2009. The Central Bank of Lebanon Foreign Exchange reserves reached USD 31.5 billion in the first nine months of 2010, an increase of 11.4% as compared to the same period as of last year.

In the first nine months of 2010, the Central Bank of Lebanon gold reserves reached USD 12.11 billion, an increase of 20.42% as compared to the same period as of last year and the deposits of the financial sector reached USD 42.50 billion, an increase of 1.35% as compared to the same period as of 2009.

MONETARY SITUATION'S INDICATORS

INDICATORS	FIRST 9 MONTHS OF 2010	FIRST 9 MONTHS OF 2009	VARIATION
USD/LBP exchange rate	1,507.5	1,507.5	-
CB FX reserves (in Billions of USD)	31.5	28.3	11.4%
Variation in M3 (in Billions of USD)	89.75	82.07	9.36%
Inflation rate (%)	2.6%	4%	-1.4%

Sources: Central Bank of Lebanon and Association of Lebanese Banks

[IV. FINANCIAL SECTOR]

The banking sector has continued its strong growth in the first nine months of 2010, relative to the corresponding period of the last year. Moreover, the activity of the BSE was stronger during this period.

1. Banking Sector

The Lebanese banking sector has continued its outstanding performance over the first nine months of 2010, with a high rate of growth in all its components. Its total deposits reached USD 103.9 billion in the first nine months of 2010, an increase of 13.9% as compared to the same period as of 2009. Total assets reached USD 126.7 billion in the first nine months of 2010, an increase of 15.3% as compared to USD 109.8 billion in the same period as of 2009.

The dollarization rate of deposits reached 62.6% at September 2010, down from 65.9% a year earlier. Also the average deposit rate of Lebanese Pounds reached 5.7%, down from 6.94% a year earlier, while the average deposit rate in US Dollars was 2.78% compared to 3.16% a year earlier.

In the first nine months of 2010, total deposits in LBP reached 38.8 billion, an increase of 24.8% as compared to the same period as of last year, while total foreign currency deposits reached USD 65 billion, an increase of 8.2% as compared to the same period as of 2009. Total loans to the private sector reached USD 33.8 billion, an increase of 21.3% as compared to the same period as of 2009.

BANKING SECTOR'S INDICATORS

INDICATORS	FIRST 9 MONTHS OF 2010	FIRST 9 MONTHS OF 2009	VARIATION
Total assets (in Billions of USD)	126.7	109.8	15.3%
Total deposits (in Billions of USD)	103.9	91.2	13.9%
Dollarization rate (%)	62.6%	65.9%	-3.3%
Loans to private sector (in Billions of USD)	33.8	27.8	21.3%
Deposits in LBP (in Billions of USD)	38.8	31.1	24.8%

Sources: Central Bank of Lebanon and Association of Lebanese Banks

2. Capital Market

According to the figures of the Beirut Stock Exchange, the total trading volume reached 140 million shares in the first nine months of 2010, an increase of 56.1% as compared to same period of 2009. The aggregate turnover reached USD 1.66 billion in the first nine months of 2010, an increase of 113.9% as compared to USD 776 million in the same period as of 2009. Market capitalization reached USD 12.4 billion in the first nine months of 2010, an increase of 6.3% as compared to the same period as of 2009. The average daily trading volume index reached 758,154 shares in the first nine months of 2010, as compared to 465,202 shares during the same period as of 2009. Also market liquidity ratio reached 13.4% in the first nine months of 2010, as compared to 6.7% in the same period of 2009.

BSE INDICATORS

INDICATORS	FIRST 9 MONTHS OF 2010	FIRST 9 MONTHS OF 2009	VARIATION
Market capitalization (in Billions of USD)	12.4	11.6	6.3%
Total trading volume (in Millions shares)	140	89.7	56.1%
Market liquidity	13.4%	6.7%	1%
Total aggregate turnover (in Millions of USD)	1,660	776	113.9%
Average daily traded volume (shares)	758,154	465,202	62.9%

Sources: BSE and Central Bank of Lebanon

[V. FOREIGN SECTOR]

The balance of payments recorded a lower surplus due to lower level of capital inflows, while trade deficit widened during the period under consideration.

1. Foreign Trade

Based on the figures released by the Higher Customs Council, the aggregate value of imports and exports reached USD 16.2 billion in the first nine months of 2010, an increase of 12.5% as compared to the same period as of 2009. In other words, exports reached USD 3.018 billion in the first nine months of 2010, an increase of 23.2% as compared to the same period as of 2009, while imports reached USD 13.189 billion, an increase of 10% as compared to the same period as of 2009. As a result, the trade deficit amounted USD 10,172 million in the first nine months of 2010, a decrease of 6.6% as compared to USD 9,540 million for the same period for 2009. Also, the export to import coverage ratio reached 22.9% in the first nine months of 2010 as compared to 20.4% in the same period of 2009.

2. Capital Inflows

Capital inflows to Lebanon reached USD 13.1 billion in the first nine months of 2010, a decrease of 8.8% as compared to the same period as of 2009. This is mainly due to the current global recovery, which has helped other countries in the region attracting capital inflows.

3. Balance of Payments

The surplus of the balance of payments reached USD 2.93 billion in the first nine months of 2010, as compared to USD 4.82 billion in the first nine months of 2009. This is due to the decline in the level of capital and upsurge in the trade deficit.

FOREIGN SECTOR'S INDICATORS (USD, MILLIONS)

INDICATORS	FIRST 9 MONTHS OF 2010	FIRST 9 MONTHS OF 2009	VARIATION
Trade deficit	10,172	9,540	6.6%
Exports	3,018	2,450	23.2%
Imports	13,189	11,990	10%
Capital inflows	13,100	14,364	-8.8%
Balance of payments	2,928	4,824	-39.3%

Sources: Higher Customs Council and Central Bank of Lebanon

[VI. ECONOMIC PROSPECTS]

The International Monetary Fund (IMF) has mentioned in its "World Economic Outlook" report that Lebanon has continued to register in 2010 a strong growth through the global recession, supported by signs of political stability and strong capital inflows".

It projected economic growth in Lebanon at 8% in 2010 compared to growth of 4% in the Middle East & North Africa, 4.9% for the region's oil importers and 6.5% for oil importers countries with strong connections with the GCC. It also projected real GDP growth of 7% in 2011 compared to 4.8% in the MENA region and 5.3% for oil importers, while it had achieved 9% real growth rate in 2009 driven by the booming activity in construction, commerce, tourism, and financial services sectors, which benefited from the rising confidence in the Lebanese economic sector and the large capital inflows.

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REPORT

STUDY

BUILDING E-GOVERNMENT IN THE ARAB COUNTRIES

[EXECUTIVE SUMMARY]

E-Government is a scientific term aimed to replace the traditional hand-written work by the electronic methods and means in performing government services to the public.

E-Government has great importance in providing the latest information at the right times, separating among functions of ministries and departments in providing services, keeping up with developed countries' experiences in using the updated technology, simplifying procedures in governmental departments and raising their efficiency level in performing services at appropriate speed, among other benefits.

However, the successful implementation of E-government in Arab countries requires many steps such as the convincing in the principle of E-government and to work towards its achievement and creation, developing a clear vision of E-government implementation stages, ensuring the moral and financial support for the establishment of E-government, preparing efficient and specialized human skills from government employees and citizens (users), creating an appropriate infrastructure of communication and IT, integrating public and private efforts in mutual electronic communication, and stimulating various sectors to exchange services by inter-relating them with an internal unified information system.

Moreover, the establishment of E-government in the Arab countries is still facing several obstacles such as the mismatch of applied laws and the electronic developments, lack of creating legislations by many Arab governments to govern the electronic exchanges and processes, lack of implementing some issued laws in the technical area, which harden legal specialists' ability to interpret and solve related issues, in addition to the interrelation among government departments' specialties in organizing their technical issues and providing E-services.

[INTRODUCTION]

E-Government is the scientific term that sheds light on how to develop government's work through upgrading traditional processes to become mature electronically, which aims to provide electronically various government services using technological tools namely internet and telecoms.

E-government meets the people's needs without substituting the classic government, but it will complement its work by providing e-services to people as to achieve more transparency in the

governance process, in addition to reducing the financial burden in public administrations in terms of the cost of a service while maintaining high levels of service quality.

[I. THE CONCEPT OF E-GOVERNMENT]

One of the most prominent achievements of information and communication revolution is the ability of government bodies, such as traffic and passports bodies, and other official and administrative institutions, to complete its work and provide public services electronically. This has been termed as E-government, in which electronic ways and means will replace traditional work in providing government services to the public.

So the term E-government is based on four pillars, namely:

- Collect all IT, interactive and reciprocal activities and services, on the government official website in a process that could be known as governmental department's parks.
- Provide a sustainable connection with the public (24 hours a day, 7 days a week, and 365 days a year) on the basis of ensuring citizens' informative needs and all other services.
- Achieve a rapid and effective liaison, coordination, high quality performance and accurate achievement among various government departments as well as for each one of them.
- Ration expenditure in all utilities as well as securing better returns in all matters relating to governmental activities and events of commercial concern.

In any event, any E-government should pass through four stages in order to arise, which are:

- Provide information on a website.
- Facilitate mutual communication among parties.
- Providing direct communication with customers and clients.
- The application of integrated service and exchange systems.

As a result, the establishment of E-government requires the following:

- Issuing appropriate legislation, regulations and operating rules to meet the requirements of technical and technological applications.
- Complete the essential infrastructure elements to establish the E-government.
- Adopt an action plan with an executive program for the establishment of this government.

[II. THE IMPORTANCE OF E-GOVERNMENT]

The implementation of E-government projects in Arab countries will lead to many benefits and advantages to all sectors, as it includes individuals and institutions, which will facilitate their transactions and reduce wasting their efforts, money and time; give employees opportunities to work and create, away from monitoring and routine; attract capital to local market and stimulate investment in the economic and social development programs; and facilitate access to information, services, accuracy and speed in delivery; minimize government spending; and dealing clearly and transparently with the user. This along with many other important benefits including:

- Provide the latest information at appropriate times.
- Keep up with the developed countries' experiences in the use of high technology.
- Simplify the procedures in government departments, and raise the efficiency level in performing fast services.
- Raise the competitive spirit among individuals, institutions and companies to support economic growth rates.
- Promote mutual confidence between public sector departments on one hand and citizens on the other hand.
- Support the government in achieving its objectives through its plans and programs.
- Build modern IT frameworks to facilitate the decision-making process and following up its implementation.
- Mobilize resources and human capital on the basis of reducing the number of staff and the size of the workforce.
- Speed up the responding mechanisms to beneficiaries' inquiries and questions and handle their complaints and objections.
- Establish immediate advanced direct monitoring mechanisms at the work facilities and means to accomplish its goals.
- Reduce the use of transport and water, electricity and telephone costs, and others.
- Familiarize staff to perform their tasks anywhere without the need to be in their headquarters or offices.
- Show the government assurance to deal fairly and transparently with users, customers and employees to ease their problems.

[III. REQUIREMENTS FOR E-GOVERNMENT SUCCESS]

The successful implementation of E-government in Arab countries calls for the following:

- Conviction in E-government concept, work to achieve it and set it up.
- Develop a clear vision of the E-government implementation stages.
- Provide moral support and financial funding for the E-government establishment.
- Prepare efficient and specialized human skills from public staff and citizens (users).
- Create an appropriate essential infrastructure of communication and information technology modes.
- Integrate the efforts of public and private sectors in the mutual electro-communication field.
- Stimulate various sectors for the exchange of services by inter-linking them with common information systems.
- Develop and improve the performance of E-service portals.
- Maintain the personal information's privacy, confidentiality and safety.
- Participation of private-sector institutions and the continuous dealing with E-government services.
- Re-engineer governmental actions and agreeing on how to manage new businesses associated with the work of E-government.
- Establish a correct relationship between the government and the private sector «Government to Business: G2B».
- Initiate a change management that is able to move towards reform, development, meet the challenges, and overcome all obstacles and difficulties to implement the E-government project.

[IV. STAGES OF E-GOVERNMENT]

The establishment of E-government in any country must pass through two stages:

(1) Preparation phase, which in turn is distributed to three phases as follows:

A - **Phase I:** is the process of exploring the facts to proceed with the study of existing conditions, the conditions of the various ministries, their managerial conditions and its organs, in terms of their potentials and preparations; as well as the nature of the technical programs working in this Arab country or another; followed by the determination of the proposed timetable for the E-government draft completion, which comprises all the details including costs and procedures.

B - **Phase II:** efforts in this phase relate to the assessment of the differences or discrepancies in the government structure, where E-government will be established, as compared to what the state is required to do, in order to implement the E-government project.

C - **Phase III:** focuses on the availability of adequate preparations for the division of government departments intended to enter into the E-government, particularly in terms of:

- Facilitating the delivery of government information to the largest segments of beneficiaries.
- Simplifying and facilitating the implementation mechanisms of actions, measures and government transactions.
- Activating and accelerating public participation in the E-government project.

(2) The development phase of the E-government project, which in turn is distributed into three phases:

A - **Phase I:** This phase displays and publishes government information and ensures its delivery to the largest possible number of public members through the use of advanced communication technologies.

B - **Phase II:** This phase deepens the interaction between beneficiaries and users segments on one hand and among various government agencies on the other hand.

C - **Phase III:** This phase enables the public to deal electronically in completing government procedures after the creation of an integrated electronic infrastructure by the government to facilitate exchanges.

[IV. THE REQUIREMENTS OF E-GOVERNMENT]

The E-government project requires the following:

1 - Administrative Requirements:

At the administrative level, the E-government project requires the availability of the following:

- The existence of a political decision besides the desire to establish E-government.
- The existence of a theoretical governmental vision about the E-government requirements.
- State the desired goals of E-government, develop its implementation mechanisms, and remove the obstacles preventing its creation.
- Develop trained and qualified human capital and leaders, and ensure adequate funding for the establishment of E-government.
- Create a central government department with high qualifications to oversee the completion of E-government.
- Encourage customers, clients and beneficiaries to engage in the E-government project.
- Activate the transition from traditional management style to E-management style.
- Organize an information campaign to explain the benefits and advantages of the electronic management, and to publish its details on the Internet.

2 - Logistics Requirements:

In order to ensure the continuation of E-services, there should be a link service with the outside world in general, or through the main website of the government services in specific, in order to be always available to the public in completing their applications, which requires:

- Provide alternative lines to connect through satellites, cables, and wireless connectivity by sea or land lines to ensure their use in case of the main line failures.
- Establish an alternate system to be used in the management and operation of government departments in emergency and crisis situations to ensure the safety of working process when the main site incurs emerging and compelling conditions, like fire, which might prevent its function properly.
- Provide technical and administrative staff for planning, follow-up, and implementation in case of emergency situations and malfunctions.
- Provide the necessary equipments to ensure the emergency location of the network, devices, computers, telephone lines and fax.
- Provide technical services for immediate maintenance of the network and its branches.
- Determine the services that should be applied preliminary to inform the primary beneficiary or the citizen about the benefits behind the establishment of E-government by minimizing the procedures of this project to enable the citizen to benefit from these services in a fast manner.

3 - Supreme National Commission for E-Government:

In order to focus efforts on establishing E-government in any Arab country, and to save money and time, it is required from the government of this country to form a supreme national commission with financial and administrative independence, and large specializations. The Commission should be preferably headed by the Prime Minister and includes the concerned ministers, and some qualified experts to manage the implementation of the E-government project through the application of advanced technologies to the various government departments, to ensure cooperation and integration among themselves rather than competition.

4 - Central Technical Management:

A central technical management should be formed, which follows the supreme national commission, chaired by the Minister, and includes representatives from the relevant authorities besides the experts specialized in using advanced techniques when necessary. Its role is to coordinate between the supreme national commission and all government institutions, after looking at the previous similar international experiences, including research and studies, in order to provide technical advice to the supreme national authority in all matters relating to the application of high technology in government departments.

5 - Central Technical Management Program:

The central technical management program includes the following:

(1) Media promotion or the path of media and marketing.

(2) Benefit from similar experiences in other countries.

(3) Develop a strategic reference for the E-government project.

(4) Follow-up the strategic plan of the project after the consent of the supreme national authority, particularly in terms of management changes that occur due to the use of technology in the government sector as well as for the process of re-engineering the government agencies.

(5) Applying administrative supervision and technical control on the executive program of the project's strategic plan.

(6) Establish, design, and manage the website of the E-government project on the Internet.

(7) Develop future vision of the E-government project and launch its main portal.

(8) Prepare the infrastructure for communication and develop the electronic industry and trade in the concerned state by establishing E-government.

(9) Determine the operational priorities of the project.

(10) Conduct SWOT analysis.

(11) Estimate the total cost of the project.

(12) Propose the timetable for the implementation of the E-government project.

(13) Show the details of E-government implementation plan in coordination with relevant governmental bodies.

6 – Central Technical Management Committees:

The central technical management includes several supporting committees concerned with providing legal, technical, information and management support, which are presented as follows:

- **Secretariat** holds the coordination between these sub-committees, their follow-up, and the submission of their reports to the central technical staff. It is also concerned with the establishment and care of the project site on the Internet «www.e.gov.kw».
- **The Technical Committee** monitors the implementation of standards and specifications approved by the supreme national authority, as well as follow-up the achievements of government bodies concerned with implementation. It also provides technical consultancy to them, especially in the current infrastructure of the government and society, besides verifying and ensuring the application of quality control standards.
- **Media Committee** meets citizens directly to promote the E-government idea, and studies the effects of introducing digital services and the response to it.
- **Legislative Committee** deals with the study of legislative or legal aspects, whether to propose for the

provision of new laws, or amendments to existing laws, regulations or government decisions, which should be consistent with the requirements of E-government.

- **Process Engineer and Change Control Committee** follows-up on decisions issued by the supreme national commission to coordinate among them, to re-engineer business processes, activities and government measures to become coherent with the necessities of establishing E-government later on.
- **E-Portal Committee** deals with the establishment of a web site called: State Portal of government services www.e.gov...., to represent the portal of government services, which can provide information about the concerned state as well as E-government?
- **Library Committee** is concerned with building a library belonging to the Central Technical Department, which will provide to the browser needed data from the forms and questionnaires for the E-government project.

[V. THE OBSTACLES AND CHALLENGES OF E-GOVERNMENT]

1 - Constraints

The development and modernization of the E-exchanges' legislative mechanisms constitute the most important obstacles that is still facing the establishment of E-government in Arab countries, due to many reasons including:

- It is noted years ago that most Arab countries have been dealing with the Internet and other extracts of electronic technologies, but such dealing has not been accompanied by favorable and appropriate legal development, rather it remains to some extent limited to traditional administration, which created a burden on government departments in their efforts to engage fully in the electronic era.
- The slowdown in many Arab governments to enact legislation governing the exchanges and electronic processes has encouraged ministries of internal affaires, media, economy, communications and others to engage in E-government programs without legislative support or legal cover to do these initiatives.
- Although some E-transaction laws that were recently issued in some Arab countries, have contained special provisions of electronic transactions, breaches, and E-crimes, as well as E-commerce sector, but they remained unapplied, made law specialists unable to solve these confusions and legal deficiencies.
- There are many inter-relations among the specializations of several government departments in terms of heading the organization of technical issues and providing E-services, which makes them unable or even confused in providing these services in a coordinated and coherent manner. This requires legislative intervention for drawing the necessary limits among these departments, in order to establish the E-government.
- Arab communities suffer a lack of general awareness for the importance of exchanges and electronic transactions, which hindered the rapid shift towards the electronic age. This might lead to more conflict and disruption in the transactions, and might often end up with losing some rights of public administration and individuals alike.

2 - Challenges

Legal rules governing business and commercial firms have succeeded in sustaining and keeping up with developments in the world of traditional commerce, but it is different for the E-commerce, which is controlled by the work of computers, the Internet, and advanced technologies. This poses some challenges including:

- Ability to verify the user and to ensure the existence of a website, or product, or service.
- The legitimacy of the site contents on owning its articles with the moral aspects (intellectual property rights).
- The challenges of keeping the consumer's rights on the Internet from cyber crimes (fraud, theft, money laundering...) and fake sites, besides the credibility of the data on the network.
- The calculation means of tax revenues of E-commerce so as not to be an obstacle in its prosperity.
- The importance of maintaining the private relationship among members in respect of the information exchanged among them.

As the complexities of traditional government procedures have always headed challenges, constraints and obstacles to the establishment of E-government in the Arab countries, it could be through re-engineering business processes that services could be easily and smoothly accessed through the use of advanced technology, and the adoption of the following:

- Project additional savings and reduced costs through the activation of IT in government businesses.
- Facilitate and simplify the manual mechanism procedures.
- Raise the efficiency and quality level in delivering services and job description.
- Adoption of mechanisms for systematic solutions to the cumulative problems and conflicts.

This requires the acceleration of the re-engineering process of the business map in the government departments and institutions, and to be considered as a crucial input towards E-government.

[CONCLUSION]

The Arab E-government projects would narrow the technological gap between the developed world and the Arab countries that have been trying, with its different situations and potentials, and through the process of a sustainable development, to respond to the necessities of this historic transition, which is especially characterized by moving forward towards using the discoveries of the information and communication revolution to make the E-government project in the Arab world achievable in recent times.

ECONOMIC BULLETIN

third quarter 2010

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