

International Labour Organization (ILO)-Ministry of Finance (MOF) Joint Seminar on "Economic Crisis and the Possibility of Generating Fiscal Space in Egypt after 25 January Revolution"



L to R: Associate Professor of Economics Dr. Abdallah Shahata, ILO Cairo Office Director Dr. Yousef Qaryouti, Minister of Finance Dr. Samir Radwan and Advisor to the Minister of Finance Mr Abdel Fattah El-Gibali

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Cairo (ILO News) - The International Labour Organization (ILO) in collaboration with the Ministry of Finance organized on 19 May 2011 a joint seminar, at the Theater of the Ministry, on **"Economic Crisis and the Possibility of Generating Fiscal Space in Egypt after 25 January Revolution"**. The Seminar was attended by high profile participants, among which were the Minister of Finance, Dr. Samir Radwan, ILO Cairo Office Director, Dr. Yousef Qaryouti, in addition to Economic Experts and Specialists from the Ministry, the World Bank and different International Organizations, Embassies, UN sister agencies and Universities in Cairo.

The seminar was organized to discuss the findings of a study on **"Fiscal Policy and Fiscal Space and their implications for the Crisis Mitigation Measures in Egypt"**, which was conducted prior to the revolution. A presentation on the study was delivered by the author of the study Dr. Abdallah Shahata, Associate Professor of Economics, at the Faculty of Economics and Political Sciences, and IMF-Fiscal Expert and Advisor at Macro Fiscal Unit – MOF, Kuwait.

The main objective of the study was to assess the impact of the global financial crisis on the Egyptian Economy, to analyze the fiscal policy response to lessen such impact and to examine the ability of the fiscal authority to create fiscal space with which the government would be able to efficiently mitigate the negative effects of the financial and economic crisis in particular and in general as response to any type of fiscal crisis

As part of the study a survey was conducted and analyzed to assess the perception of selected Egyptian groups on the capacity of the old government to respond to the crisis and to create a fiscal space that could face future crisis. One of the interesting results of the survey was that there most interviewed groups expressed a lack of trust in the old government's ability to soften the impact of the crisis and to create fiscal space.

Moreover, the study discussed options on how to overcome the constraints that challenged social and economic reforms in Egypt prior to the revolution.

With its high level participants the seminar provided an excellent forum to discuss fiscal policies in Post Revolution Egypt and what needs to be done to strengthen the currently weak Egyptian economy. The Ministry of Finance's reflections on this were provided by Mr. Abdel Fattah El-Gibali, Advisor to the Minister of Finance.

H.E. the Minister of Finance praised the study indicating that the Ministry considered it as a reference for the completion of the State budget 2011- 2012. H.E. addressed some of the features of the proposed State budget that foresees the introduction of an innovative unemployment insurance scheme and increasing investment in Egypt especially in the area of human capital development. He also mentioned the introduction of a bank for micro finance to support small and medium size enterprises, the reform of the wage and salary schemes and a reform of the tax systems. He finally mentioned some special programs to promote youth employment through SME creation, to reduce poverty through a combination of direct transfers, employment creation and services provisions and to create low cost housing

Dr. Yousef Qaryouti, Director of ILO Cairo Office, stressed that the ILO is ready to assist the Egyptian government in their attempt to creating more decent employment opportunities and reform the wages and salary system. He also confirmed that ILO will cooperate with all Ministries and sectors in Egypt, especially the Ministries of Finance and that of Manpower and Migration. Dr. Qaryouti also highlighted the need and the importance to undertake similar research to put the Government in a position to base policy decisions on solid findings.