Egypt’s Fiscal Transparency
Challenges and Opportunities
-The Way Forward-

Macro-Fiscal Policy Unit/ Ministry of Finance Egypt
June 2018
Introduction - Transparency Objectives and Challenges

Egypt’s Current Position - Fiscal Transparency Index

Proposed Operational Framework

Proposed Tools and Mechanisms

Main Stakeholders and Anticipated Results
Introduction

- Transparency is a very important tool to improve public spending & meeting 4th pillar in 2030 goals
- It’s crucial to continue Enhancing Transparency & Citizen Engagement in light of Egypt’s unprecedented hike in fiscal transparency score
- MoF plan ensures Public Participation in policy making & provides various creative tools for enhancement, which leads to better government’s performance & accountability
- Cooperation of stakeholders is needed to guarantee the effectiveness of transparency initiative
Transparency Objectives

1. Enhancing Transparency and Disclosure
2. Increasing Public Accountability and citizen involvement
3. Enhancing Participatory Budget tools
4. Widespread Government credibility & Boosting Tax compliance
Transparency Objectives & How MoF Meets Them

Enhancing Trust, Communication & Public Participation

(1) Transparency & Disclosure
- Establishing Transparency Unit
- Increase Comprehensive Information
- Continue to Publish Timely Reports
- Simplified Flyers & Booklets
- Interactive Website

(2) Participatory Budget
- Conferences with Civil Society
- Workshops with Journalists
- Focus Group Meetings
- Governorates Visits
- Social Marketing

(3) Accountability & Oversight
- Third-Party Monitoring
- Creating a Platform
- Citizen Follow-Up Mechanism
- Citizen Score and Assessment Cards
Egypt’s Current Position in Transparency Index
On the International Level

2010

2015

2017
On the Regional Level

Egypt Scores 2017

Transparency Open Budget Index

Public Participation

Budget Oversight

Regional Comparison 2017

How Comprehensive the Information in the Documents

Egypt’s Transparency Scores from 2006 to 2017
On the National Level

- The Ministry of Finance came first among other ministries in terms of proactive disclosure of information scoring 42 out of 104 compared to 39 point in 2014.
- The Support for Information Technology Center (SITC) evaluated “Proactive Disclosure” among Egyptian ministries in 2015, including availability, completion, understand ability and updating of information.

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<th>Ministries with highest scores in 2015</th>
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<td>Agriculture</td>
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<td>Local Development</td>
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<td>Environment</td>
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<tr>
<td>Planning</td>
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<td>Finance</td>
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[Bar chart showing Ministries with highest scores in 2015]
MFPU Role in Improving Egypt’s Transparency Score

Timely Data Publishing Aligned with IBP Standards

- Pre-Budget Statement (*1st time to be published*)
- Executive Budget Proposal
- Enacted Budget
- Citizen Budget (*1st time to be Published*)
- In-Year Report
- Mid-Year Review (*after 2 years of ceasing*)
- Year-End Report

Social Dialogue Events

- Citizen Budget Conferences
- Pre-Budget Conferences in Alex & Municipalities
- University Visits (AUC & GUC)
- Workshops in cooperation with NGOs for Journalists & Assistant Deputy Parliamentarians
- Media Campaigns (TV, Radio & Newspapers)
- VAT Media Campaign during Taxing Season
- Caricature and Flyers in Newspapers
- Underway events in cooperation with WORLD BANK, UNICEF, UN-WOMEN, MoF Equal Opportunity for Responsive Budget & Program Based Budgeting

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Available to the Public | Not Produced
Published Late, or Not Published Online, or Produced for Internal Use Only
MFPU Role to Promote Budget Transparency
## (1) Transparency & Disclosure

A simplified one-page brochure ‘handout’ was distributed with the newspapers to explain the major outline of the budget.

### State Budget 2016 - 2017

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>%</th>
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<tr>
<td>Total Expenditures</td>
<td>975 billion</td>
<td>12.7%</td>
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### What is a State Budget?

It is a statement, identifying the expected revenues of the government during the fiscal year and the government’s plan to spend those revenues on different sectors and services such as health, education, housing, and food supply in order to improve the quality of life for Egyptians. We are providing you with all the necessary information to participate in the decision-making process when it comes to budget planning through public consultations.

Your opinion is highly important to us and will be taken into consideration in policy designs and monitoring government expenditure, in order to provide you with your necessary needs right away and secure a brighter future for your kids.

Through its website, the Ministry of Finance is able to publish the state budget, the budgets of various government entities whether local or central areas.

### Functional Classification:

Expenditures are classified according to the function it serves and is divided into 10 sectors:

- Health Education
- Environment Protection
- Economic Affairs
- Social Protection
- Public Order and Safety
- Defense and National Security
- Housing and Community’s Facilities
- Youth, culture and religious affairs.

### Economic Classification:

Through this classification, the Ministry of Finance is able to determine the expenditure allocations according to the nature of the transaction such as wages, interest payments, subsidies… etc. The Ministry is also able to determine the revenues such as taxes, grants… etc.
A simplified brochure ‘handout’ to explain the major outline of the budget.
(1) Transparency & Disclosure (continued)

Additionally, a simplified Citizen Budget Booklet targeted for children was distributed to explain the budget.
MOF developed a Property Tax brochure and a number of videos and caricatures have been published to explain the Property Tax in a simplified way.
(1) Transparency & Disclosure (continued)

- Issuance of the simplified annual Citizens’ Budget booklet on September 30th 2017
- Interactive website that displays the budget outline and the main measures adopted by the government.

(www.budget.gov.eg)
A number of videos and caricatures have been published to explain the Budget in a simplified way.
(2) Participatory Budget – Social Dialogue

Conducting Social dialogue Conference by 29th of September 2016, which included Four workshops to engage citizens in the decision making process.
Strengthening Public Participation

Organizing a one-day workshop to discuss the economic and fiscal challenges underlying the formulation of the FY 2015/2016 budget
**Strengthening Public Participation**

Conferences held in **governorates and municipalities** to discuss sectorial level issues

(One held in **Alexandria Library** in November 2016, and another event soon to be held at **Assuit University**)
**Strengthening Public Participation**

- **Social dialogue** with Civil Society which held in September 2016 to discuss various issues regarding the budget plan.
- **Producing Questionnaire** to collect citizen’s feedback regarding the citizen’s budget.
Strengthening Public Participation

- **Social dialogue** with Civil Society which held in November 2016 to discuss various issues regarding the budget plan.
Meeting with AUC Students which held in January 2016 to discuss Public Finance Principals
Meeting with high school and with GUC students held in October & November 2017 to introduce them to the Citizen Budget FY17/18 and help them develop their EGYCONOMIST awareness project on basic features of the Egyptian economy.
Strengthening Public Participation

We will be visiting municipalities to engage them in participatory budget & responsive budgeting, in collaboration with Equal Opportunity Unit at the Ministry of Finance, World BANK, UNICEF and UN WOMEN.
Challenges & How Egypt Met Them

**Inter-Institutional**

- Lack of proper understanding of Transparency concept by other institutions or considering it as a priority
- The difficulty to attain Sufficient & Requested data from other entities
- Delay in publishing important reports due to legislative approvals

**External**

- Lack of trust between Citizens and Government
- Difficulties in communication with the public
- Lack of media involvement and engagement
- Understaffing and lower capacity building due to insufficient Financial Support
Challenges & How Egypt Met Them

- **Buy-in of Head of The Policy Making**
  Change in perception – Show win-win to highlight success stories

- **Positive engagement with strategic stakeholders**

- **Building a network of believers** who share same vision
  Ambassadors and Third Parties Validation

- **Enforce a System with a Proper network and Market it.**
  Internal system linking to necessary channels to secure data from inside and outside the Ministry

- Creating a Platform, we **had to create from scratch a system** to inform and engage citizens, Media channels on the top of which Journalists.
Proposed Operational Framework
Proposed Operational Framework

The framework contains three main pillars in order to achieve sustainable development:

1. **Citizen Empowerment**
   - Focusing on the poor and marginalized citizens to enhance their abilities

2. **Communication between the citizens and the government**
   - To reinforce government’s response and accountability

3. **Interaction between stakeholders**
   - Ability of the Demand Side to Interact
   - Effective and Accountable Supply Side
   - Area of Negotiation and Interaction
   - Sustainable Development
Proposed Operational Framework

- Transparency and Disclosure
- Response
- Platform
- Accountability
- Citizens’ Participation
Proposed Operational Framework

First | Transparency and Disclosure
• Providing budget data (From pre-budget to End of Year Reports)
• Show data in a simple presentation such as charts and pictures
• Cooperate with data distributors such as National NGOs or youth centers, as well as providing them training to be able to read, interpret and simplify the data and eventually distribute it in the best possible way according to the local culture

Second | Effective Citizens’ Participation
• Data distribution using various communication channels and social media
• Provide social awareness about the budget, its importance and implications
• Formation of local groups that help in communication and interaction between all stakeholders in order to deliver all information about the budget

Third | Social Accountability
• Take into consideration all opinions about the budget or the projects included in it
• Delivering questions and inquiries with the government on all levels
• Drive the civil society organizations to respond to the inquiries and answer the questions
• Hold public hearings in the presence of all stakeholders
• Suggest correction mechanism to improve budget performance and planning

Fourth | Response
• Implementation of the correction mechanisms agreed upon from all stakeholders
• Announcing the steps taken to improve budget performance through the channels stated before in the transparency and disclosure phase
• Eventually, the strategy comes to an end and the cycle keeps going in a sustainable and efficient manner

Transparency and Disclosure
First Effective Citizens’ Participation
Second Social Accountability
Third Response
Fourth
Evidence on the Direct Accountability’s Impact on Public Savings

In light of the Egyptian Government commitment to improve the efficiency of Public administration performance & Public spending

- A new Social Accountability Tool (community monitoring and enhancing tool) was adopted by Ministry of Social Solidarity & the previous Social Fund for Development in the Takafol & Karama program & the Emergency Labor Intensive program respectively.

- Due to applying this tool, a direct impact on net savings of:
  - Around 12 million EGP have been saved & redirected in Assiut in Takafol & Karama Program
  - Around 10 million EGP have been saved & redirected in Social Fund for Development Program

- One of the key and most important result is rebuilding & overcoming the trust gap between the citizen, the government & the CSOs
Third Party Monitoring “TPM”
What has really happened:

Performance
Transparency
Adherence

Gevs

Trust

CSOs

Empowerment

Citizens

Empowerment
Rights & Responsibilities
Participation

Scalability and Institutionalization
We Need

Awareness
Capacity
Learn & Engage
CSOs 2.0
Focus
First Step in the Way Forward: A Partnership with Stakeholders through Protocols:

Governmental Entities

- Cairo University – Mass Communication department: to encourage graduating seniors to use their graduation project as a tool that helps in budget transparency campaigns
- Ministry of Planning: to clarify information about investment planning to ensure the inclusion of all the data and its equal geographical distribution among municipalities and governorates
- Ministry of Social Solidarity: The executive authority responsible for the subsidies in order to divide it equally among the sectors

Non-Governmental Entities

- Association Union
- Egyptian Center for Public Policy Studies
- Care International Egypt
- Shamseya – Community Healthcare Solutions
- American University in Cairo
- German University in Cairo
Current Stakeholders

Ministries

Public Sector

Parliament

Civil Society
Suggested Stakeholders

Ministries

Public Sector

Civil Society
Proposed Tools And Mechanisms
Establishing a Separate Transparency & Public Participation Unit within Ministry of Finance Structure, as adopted by the governments of Uganda, Mexico, Philippines and others and recognized by IBP as an essential milestone in raising these countries’ transparency scores to above 60

The suggested Functions of the Unit are:

- Spreading the core values of Transparency among wider audiences
- Better targeting citizens through Open Data Platforms to make it easy and user-friendly
- Improve the Timely Publication & the comprehensiveness of Budget Information for Public.
- Introducing Mechanisms for Social dialogue & Participatory Budgeting with civil society on transparency issues, while enhancing Public Engagement and Participation among a wide range of Stakeholders (Private Sector, NGOs, Influencers, Journalists & Media, etc...).
- Raise Public Awareness through Conferences, Videos, Flyers, Workshops in Governorates in Egypt.
- Establish a Network among other line ministries and Civil Societies to Consider their Feedback on Fiscal Policies, and to help Recognize the on-ground Difficulties they Face in Data Gathering.
- Ensure Compliance with Open Budget Survey Requirements including the Release of the 8 Key Budget Reports.
(1) Transparency & Disclosure

- Establishing a separate transparency unit within Ministry of Finance structure
- Increase the comprehensiveness of the reports to include more information
- Publish Pre-Budget Statement before the 2018-2019 Budget & hold conferences accordingly
- To continue to Publish Mid-Year Review, Year-End Report & Citizen Budget on time and online
- Upgrading the interactive website to include downloadable and machine readable information

(2) Accountability & Oversight

- Gather citizens’ opinion about the budget & the projects through citizen score cards & deliver it to government
- Suggest correction mechanism to improve budget performance and planning
- Introduce the citizen follow-up mechanism that aims to increase citizens’ awareness about the projects, maximize the utility of the allocated resources and ensure that projects are implemented as planned
(3) Participatory Budget Tools (With the Co-operation of WB, UNICEF, UN-Women and NGOs)

- Governorate visits in Assiut, Sohag, Qena, Suez and Fayoum to discuss specialized issues such as healthcare
- Holding seminars in poor & marginalized municipalities to discuss projects that could alleviate their standard of living
- Organizing meetings with decision makers, businesses, civil society, parliament and citizens to discuss spending priorities
- Pilot mechanisms for members of the public and executive branch officials to exchange views on national budget matters during both the formulation of the national budget and the monitoring of its implementation (Through Third-Party Monitoring).
- Preparing a plan to communicate with citizens to know their feedback and suggestions through different channels such as radio, television, interactive website, videos, mobile application, social media websites, caricature & flyers
- Preparing a plan for social marketing
Launching an Interactive Website to Provide Data

1. Providing actual data on the MOF website as searchable pdf and excel files which will ease the accessibility of the main beneficiaries (such as: national economic researchers, international institutions and NGOs)
2. The website helps in analytical processes through charts and analysis tools.
3. It also provides all the budget data as machine readable.
4. The data on the website is also downloadable in excel format
5. This initiative helps in improving the Egyptian ranking in IBP and IMF
Social Accountability & Third-Party Monitoring

Citizen Follow-Up Mechanism

It’s a tool to empower citizens to follow-up the projects

Aims to

• Increase citizens’ awareness about the projects
• Maximize the utility of the allocated resources
• Ensure that projects are implemented in accordance with plans and agreed frameworks
Participatory Budgeting Tools

**Citizen Report Cards**
- A participatory survey to know the feedback of the citizens about the services
- **Aims to**
  - Know the level of the satisfaction of the citizens
  - Develop a baseline to improve level of satisfaction
  - Suggest mechanisms that enhance the services in order to increase level of citizens’ satisfaction

**Citizen Assessment Cards**
- A participation tool to assess, monitor and evaluate the services on a local level
- **Aims to**
  - Collect citizens’ opinions
  - Help the government in evaluating its services
  - Improve the communication between the government and the citizens

**Citizen Score Cards**
- A general card that provides key information the citizen needs to know about the services provided by the government
- **Aims to**
  - Improve the quality of the services
  - Improve accountability and response
  - Improve government’s awareness about citizens’ needs
Anticipated Results

- Increased citizen confidence in the government due to its transparency
- Availability of the legal and institutional frameworks necessary to effectively and equally provide services, which are integrated with the existing institutional and legal mechanisms and frameworks.
- Citizen satisfaction from the provided policies and services
- Effective follow-up and monitoring of the services and spending by citizens, municipalities and NGOs
- Reaching wiser decisions that are based on transparency, participation and unbiased information that truly reflect the opinion of all stakeholders
- Providing the services with reasonable prices and quality after abolishing briberies and ensuring effective competence and law enforcement
- Involvement of all stakeholders in policy and decision making through expressing their needs and sharing their opinion which will help in effective evaluation of services and policies to reach better results