



THE AMERICAN UNIVERSITY IN CAIRO

Public Policy and Administration Program

# E-GOV in a TIME OF CRISIS

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# E-Gov linkages to the crisis

## General considerations:

- Impact on overall government operations
- Changes in public need for services

## Differential impacts:

- Upper-income oil-exporters
- Low/middle-income non-oil exporters



# IMF Conclusions

Downturn affecting the region through three indirect channels:

- sharp drop in oil prices is shrinking revenues for oil exporters, but cutting import costs for oil importers;
- contraction in global demand, trade, etc. is lowering exports, tourism, and remittances; and
- tightening international credit markets, lower investor appetite for risk, are reducing capital inflows, depressing local asset prices, and cutting back investment.



# Points of vulnerability

- Remittance income
- Immigrant worker populations
- Tourism revenues
- Foreign direct investment
- Property price bubbles
- Manufactured exports



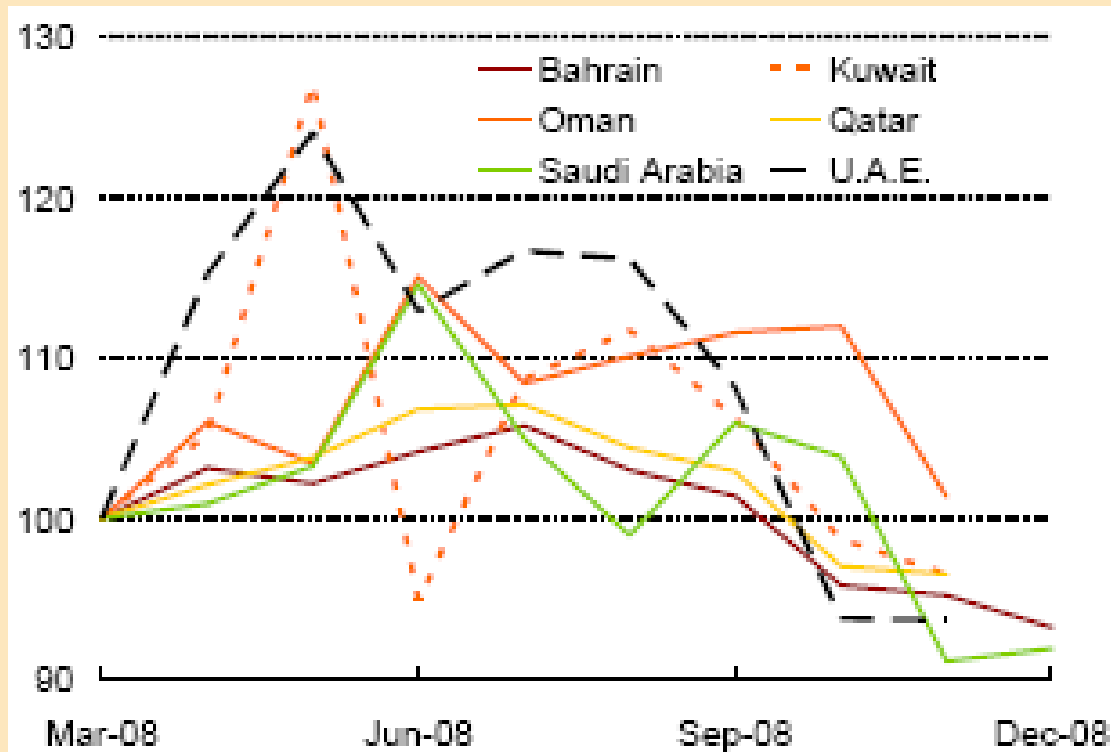
# Middle Eastern oil-exporting countries

- Expected to maintain their spending programs, which will contribute an important stimulus to global demand.
- External current account could record deficit of \$10 billion in 2009, compared to surplus of \$400 billion in 2008.
- Inflation should fall sharply.
- Some have seen problems in banking systems, but acted swiftly to deal with them through capital injections and liquidity measures.



## Figure 2. Real Estate Price Index

(Index, March 2008=100)



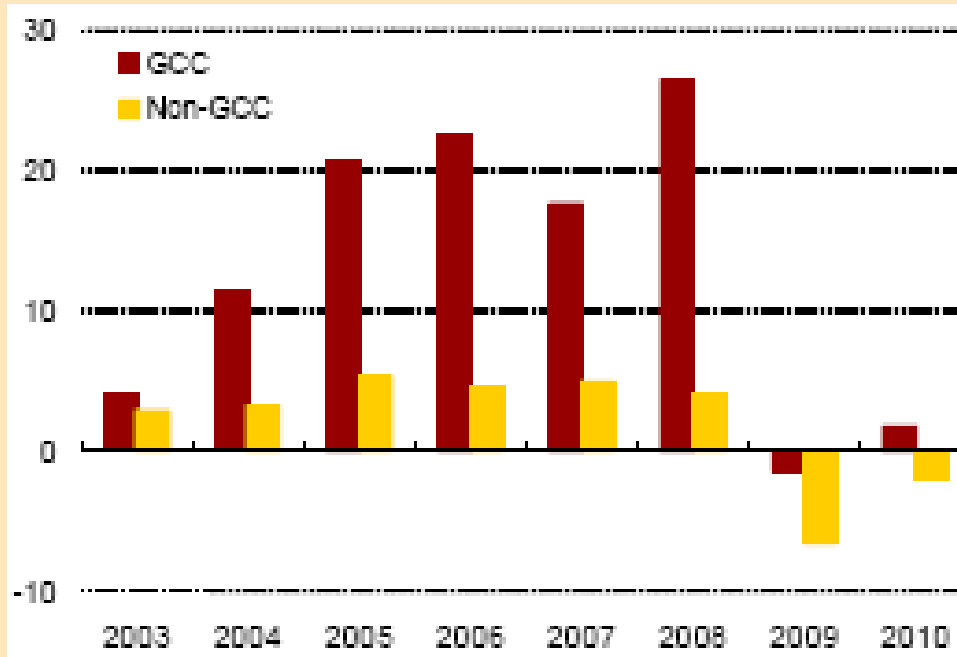
Source: Mazaya.

**Bubble  
trouble**



**Figure 5. MEOEs: Government Fiscal Balance**

(In percent of GDP)



Sources: Data provided by country authorities; and IMF staff estimates and projections.

**Fewer  
free  
resources**



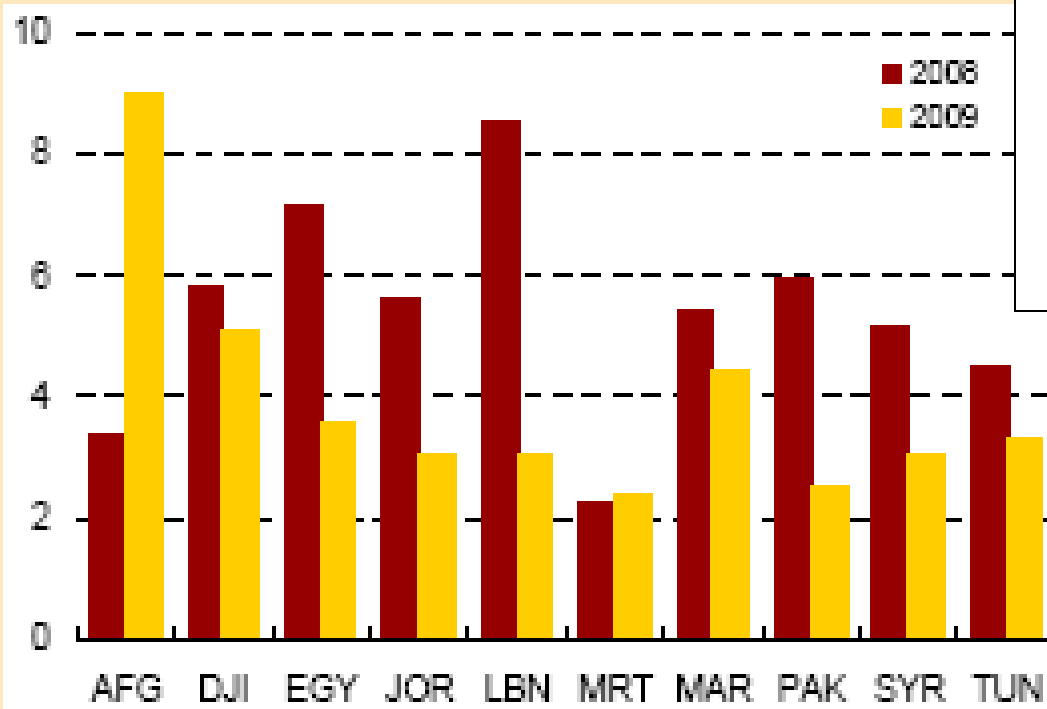
# Oil-importing countries in the Middle East and North Africa

- Will be particularly affected by slowdown in Europe.
- Those with high debt levels lack sufficient fiscal space to undertake countercyclical expenditure and cushion impact of lower external inflows.
  - But reduced inflation gives them more room for monetary easing.
- In some countries, rising unemployment will likely intensify poverty and other social pressures.
  - Increased need to enhance social safety nets.



Figure 9. MEOIs: Real GDP Growth

(In percent)



**Delayed  
slowdown**

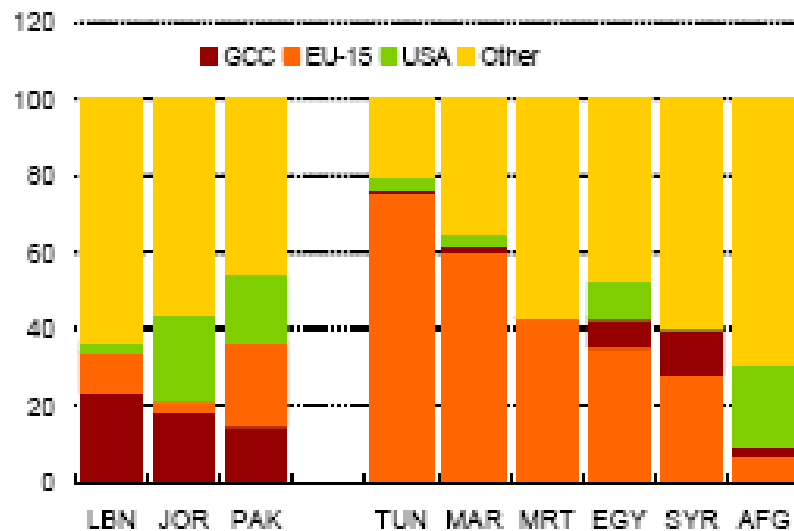
Sources: Data provided by country authorities; and IMF staff estimates and projections.



# Export/Remittances Exposure

Figure B3.1. Merchandise Exports, 2007

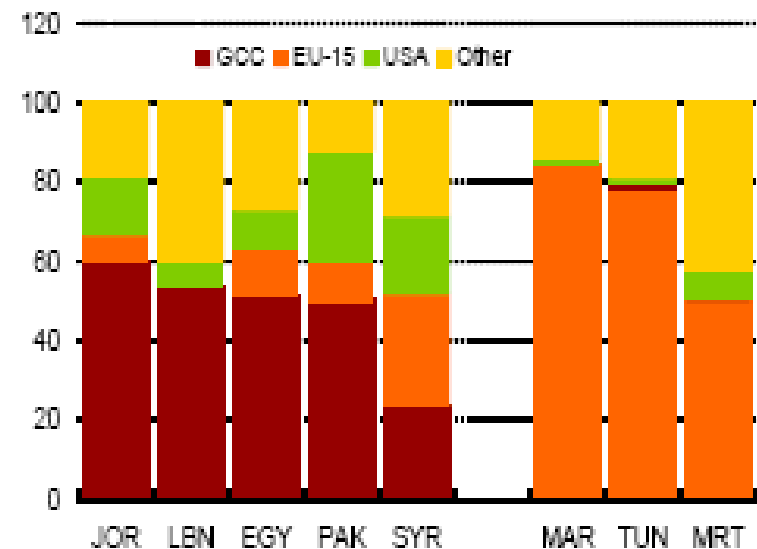
(In percent of total)



Source: IMF Direction of Trade Statistics.

Figure B3.2. Remittances, 2006<sup>1</sup>

(In percent of total)



Sources: State Bank of Pakistan; Lebanese authorities; World Bank; and IMF staff estimates.

<sup>1</sup> Pakistan and Lebanon data are for 2008. Other remittances in Lebanon include EU-15.



## So, what does this mean for e-gov?

- More need to provide social services
  - Need to track shifts in special populations, such as returning workers
- Fewer government resources to invest
  - Maybe some increased pressure for efficiency?
  - But strong pressure to preserve government jobs
- May be more demand for financial reporting closer to real time



# Strategic opportunities

- If e-gov is part of economic development plan, must be part of financial crisis response
- Challenge for e-gov:
  - Show they can respond
  - But avoid risk of failure



## Seizing the opportunity

- Opportunity: accelerate programs already underway if relate to financial crisis
  - can more information be provided on banks' status?
  - can smart card system be used to accelerate changes in food quotas to meet shifting needs?
  - can e-procurement speed launch of stimulus projects?
  - can e-services promote tourism and exports to minimize lost income?
  - can e-participation improve tracking of crisis-related concerns?



## A final challenge

- History demonstrates economic crisis can spark political upheaval
- Vulnerable countries in the region – PNA, Iraq, Yemen, Sudan, Egypt, others?
- Most dangerous pattern: downturn that does not rebound, esp. after period of high growth
- Will governments be willing to use e-gov to increase two-way communication and reduce tensions?



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***Thank you!***