

FISCAL IMPLICATION OF STRUCTURAL REFORMS (2-nd YEAR OF FISR PROJECT)



KNOWLEDGE SHARING ON COSTING OF STRUCTURAL REFORMS

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Covid-19 and the U-turn for Costing of SR

- ▶ **COVID-19** has triggered a global health and economic crisis that calls for greater international co-operation across a number of areas, from the development of vaccines and treatments, to strengthening the robustness and resilience of supply chains, to the co-ordination of fiscal and monetary policies and support to developing countries.
- ▶ **IN THE CONTEXT OF COSTING OF SR:**
 1. Costing shouldn't be confused as central control of SR Creators, how to come up with more expenses.
 2. And it does not mean eliminating guidelines, budget programmes/ ceilings, or Ministries' autonomy in developing policy.
 3. Behind numbers - **COSTING** - is an interactive process, and the best results are achieved when it is seen as a common search for optimal solutions through openness, sharing information, and cooperation rather than through applying authority and control.

REFORM FOCUS (under Covid-19)

WB

OECD

IMF

➤ The “NEW POOR GROUP” – is the target

SR is a slow
process

RE-Skilling is
difficult

Inequality ↗

Unemployment ↗

1. International Support;
2. Solvency Crisis;

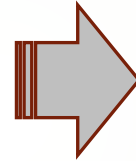


ADVICES (from best international practices):

FISCAL POLICY → change



- Debt risks need management;
- Tax administration role;
- The use of Digital tools



- Enhancing competition (more optimal tax system)
- Example: *changing labor tax with capital tax*



➤ Need to revise the efficiency of objectives:

1. Lost of output: (exp. Climate change)

EXAMPLES (used by OECD & Partners):

- ▶ RM that allow funds to be programmed and disbursed more quickly, with simplified execution and procurement procedures (e.g. **Product market reforms** could boost short-term growth, if implemented in retail trade and professional. Such reforms =>> beneficial: **Debt** dynamics and **fiscal** sustainability).
- ▶ The **budget execution controls** =>> is essential to ensure that spending is addressing vulnerabilities to misuse and corruption. Expenditure policies can also help through liquidity support for firms, preserving employment linkages, and supporting households.
- ▶ **Waste management** =>> due to increased use of: (i) **masks**, (ii) single-use plastics (for groceries, food delivery, health care, and e-commerce packaging), and reduced recycling capacity (collapse of the market price for recycled plastics).
- ▶ **Labor market** =>> cutting labor taxes, delaying effective retirement ages, reforming disability schemes. Best international practices suggest improving the safety net for job losers by boosting unemployment benefit generosity and expanding coverage to new groups of workers to facilitate re-employment and re-deployment.