Abstract

A lot of controversy was raised lately about special funds and accounts, especially after 25th Jan revolution. Special funds and accounts were created by the law 53/1973 for the public budget, where article 20 gave the republic president the right to create special funds and accounts as special budgets allocated to spend on specific items.

The increase in the number of special funds and accounts resulted in deviations far from the purpose of the establishment of these funds. Accordingly, there should be a revision for the special funds system, to reduce corruption and increase transparency, announcement and credibility.

There are different points of views to deal with special funds, where some prefer to add the special funds to the public budget, while others prefer to keep the special funds with some conditions.

However, there is a general consensus on the negative effects of keeping special funds as it is, because this represents wasting of public money. This requires controlling all types of financial transactions made according to laws other than the public budget law, to increase announcement and credibility.

For example, official memos prepared by governorates and sent to the minister of finance contained information about sharp decreases in the resources of special accounts and funds, and some of these funds are about to bankrupt, due to a decrease of their resources by 70%(20% allocated to the ministry of finance, 30% to the investment plan, and 20% to education and awqaf). The reduction in special accounts and funds resources affected their ability to provide an adequate finance for local services and productive projects, and to complete the projects inserted in the plan.

Because of the policies followed by previous governments, the resources of the special accounts and funds witnessed a sharp decrease, which affects their developmental role, and this may expose them to bankruptcy and affect their ability to pay salaries and provide services.

Accordingly, this research recommends the followings:

1. Dealing quickly with the problem of special accounts and funds to avoid its negative implications on the Egyptian society.
2. Setting national strategy for special accounts and funds, by diagnosing, evaluating the current situation, and studying the laws related to it.
3. Implementing a package of urgent and medium term procedures aimed to improve the performance of special accounts and funds, activate their roles, and restructure them to restrain their developmental role.
4. The urgent procedures that should be followed are introducing transparent and developed accounting and financial system as well as rethinking the current managerial authorities.
5. Treating the problem of special accounts and funds gradually to avoid resistance to reforms, and conducting a social dialogue around the feasibility of these funds and their future role.