

COVID-19 Africa Public Finance Response Monitor: concept note

1. Background

While the Covid-19 pandemic is a health crisis, it has also become an economic crisis presenting the greatest threat to public finances since the 2008 financial crisis. As seen with the [Ebola crisis](#), public financial management (PFM) systems are a crucial component of governments' responses to both health and economic emergencies. Given the limited room for fiscal manoeuvre that African ministries of finance have at their disposal, it is more crucial than ever that PFM responses are innovative, responsive, time-sensitive, context-appropriate, and ensure value-for-money.

Recognising both the importance of PFM systems in responding to COVID-19 and the importance of information sharing at this time, CABRI launched the *COVID-19 Africa Public Finance Response Monitor* (COVID-19 PF Response Monitor or Monitor) on 23 April 2020. This monitor provides a comprehensive up-to-date overview of the measures African governments have taken to respond to COVID-19 and the fiscal implication of the crisis namely (i) regulatory and procedural amendments within the PFM system, (ii) budget adjustments and reallocations, (iii) establishment of special funds and financing units, (iv) resource mobilisation, (v) social sector and business support, (vi) monetary policy measures, (vii) strategic purchasing of drugs and medical equipment, and (viii) transparency and accountability measures.

CABRI's COVID-19 PF Response Monitor is based on both primary and secondary data and is more comprehensive than comparable trackers; however, it does not reflect the full set of actions taken by African governments. Priority is given to those measures which have the most relevance for public financial management officials. It also may exclude in-kind support and smaller receipts and expenses; it should not, therefore, be used to gain precise quantitative aggregates. Finally, the Monitor is descriptive and does not attempt to prescribe specific response measures. However, the data collected, will be used to support policymakers through analytical outputs and expert insights on common challenges and the appropriateness and efficacy of response measures.

2. Objectives and value proposition

Countries' responses to the crisis will vary significantly based on the proliferation of the virus, available fiscal space, and local capabilities. However, the unprecedented, exogenous nature of this crisis, implies that real-time cross-country peer-exchange on response efforts will be invaluable. That this crisis affects every sector and individual in society, also reinforces the importance of readily available information on government's response. There are consequently several other useful trackers¹ providing information on governments' responses to the COVID-19 pandemic. There is unsurprisingly overlap in the information provided by CABRI and other trackers (particularly the IMF's and OECD's COVID-19 Policy Trackers).

CABRI's PF Response Monitor, however, adds significant value by presenting information on (i) PFM practices, processes and rules adjusted in response to the crisis; (ii) how governments are ensuring value-for-money in the purchasing and provision of COVID-19-related healthcare; (iii) budget reallocations from other sectors or from existing health programmes to COVID-19; (iv) how reallocation decisions are made, justified and communicated; and (v) how governments are tracking, accounting for and reporting on COVID-19

¹ [IMF COVID-19 Policy Tracker](#)

[The Oxford COVID-19 Government Response Tracker \(OxCGRT\)](#)

[The OECD COVID-19 Policy Tracker](#)

[ILO COVID-19 and the World of Work Country Policy Responses](#)

[HBS/Harvard Coronavirus Economic Tracker](#)

expenditure. This information will be obtained from our wide network of PFM practitioners throughout the African continent, significantly increasing the value proposition of the Monitor.

Further value is added by presenting a purely African focus. While African countries vary significantly in terms of both fiscal space and PFM capacity and capabilities, there is some degree of homogeneity between African countries. This implies that peer-exchange between African ministries of finance is likely to be more useful than peer-exchange with counterparts on other continents. Furthermore, presenting African governments' challenges and responses to this common pressure, may facilitate greater regional and cross-continental coordination, reducing the suboptimal country-centric approach we're seeing now.

In summary, CABRI's COVID-19 PF Response Monitor aims to: (i) offer a comprehensive, up-to-date repository of PFM-related responses; (ii) increase transparency about how reallocations are made both from other sectors to health and within health budgets from existing programmes to COVID-19; (iii) provide citizens and civil society with access to how their governments are responding and how this compares to other countries on the continent; (iv) facilitate sharing of innovative practices across African countries; (v) encourage movement towards a coordinated continental response; and (vi) develop evidence of cross-country trends, challenges and the effectiveness of certain response measures.

3. COVID-19 Africa PF Response Monitor content and approach

The PF Response Monitor provides information on all 54 African countries. It primarily captures actions undertaken at the central government level, however, particularly innovative or unusual PFM interventions taken by subnational governments will also be included.

The data collected for the PF Response Monitor comes from a variety of sources, including budget documents, government press releases, international financing institution's press releases, news articles, the trackers listed in footnote 1, and information provided by ministry of finance and health officials. Each source is included on the Monitor, with hyperlinks provided where applicable. Information sourced from news articles are cross-checked with official documents or information contained in the other trackers. The PF Response Monitor will be updated every 10-14 days.

Annex 1 contains the categories of responses captured in the PF Response Monitor, explains their relevance and provides examples of the specific interventions we search for under each category. It is anticipated that these categories will be refined as the pandemic progresses and we gain additional insight into how countries are responding. Feedback on existing focus areas and potential areas of expansion will be appreciated and should be directed to Danielle.Serebro@cabri-sbo.org.

4. Next steps

a. Survey on adjustments to PFM processes in response to COVID-19

A set of questions (see annex 2) will be disseminated to African ministries of finance each month to learn how they have used their PFM systems to reallocate resources, disburse, track and account for emergency expenditure, and ensure effectiveness and efficiency of spending.

As the body of information on specific PFM and healthcare-financing measures expands, consideration may be given to narrowing the scope of the Monitor and excluding measures covered by other trackers, including support to the private sector and monetary and macrofinancial measures.

b. Country practice notes

Based on the primary and secondary data collected for the Monitor, country case studies will be developed to provide greater insight into how and why PFM processes have been adapted, and with what effect. This practice notes will allow for an additional layer of peer-exchange.

c. COVID-19 PFM analysis: considerations for policy makers

The information in the Monitor provides an invaluable opportunity for peer-exchange in “real time”; however, we will also support policymakers by gathering cross-country evidence on common challenges and the appropriateness and efficacy of response measures in the medium to long term. Drawing on the information in the Monitor, analytical reports will be developed including (i) decision making during a health crisis: justification for reprioritisation and amendments to rules and procedures; (ii) strategic healthcare purchasing during COVID-19 and opportunities for building resilience within healthcare financing; (iii) reallocations with health budgets: opportunities and threats; (iv) revising PFM amendments after the crisis: challenges and opportunities; (v) how existing capabilities within the PFM system have shaped response efforts and where capabilities need to be strengthened; (vi) considerations around the types of budgeting that facilitate emergency response; (vii) financial management information systems and COVID-19: emergency spending, business continuity and accountability; and (viii) allocation of responsibilities during a crisis: role of subnational governments.

Annex 1: COVID-19 Africa Public Finance Response Monitor contents/

Category	Sub-category	What is it?	Why does it matter?	Specific measures undertaken
COVID-19 Situation Report	Tests p/million			
	Confirmed cases			
	Death rate			
	Regulatory response and containment strategy	Whether a state of emergency (SoE) has been implemented and what containment policies are in place.	The SoE reflects govt's ability to enact emergency spending decisions and disbursements and increase spending. The containment policy results in both supply and demand constraints, impacting the scope and nature of the fiscal response required.	<ul style="list-style-type: none"> • State of emergency • Lockdown • Curfews • Unique or concerning policies • Border closure
	COVID-19: expected financing requirement	Estimated financing gap, at a point in time, to cover additional healthcare and mitigate and respond to the economic impact. Expressed in (i) USD or (ii) local currency and USD and (iii) % of GDP.	Provides context for how much financing the government will need to mobilise within the appropriated budget or through supplementary budgets and additional external and domestic financing. Not directly comparable given population size, extent of the virus and whether the plan is only for health or is multisectoral but provides a measure of comparability given it is a gap.	Financing gap and whether it is only for the health sector or multisectoral.
	Official COVID-19 links			
Health financing: a proxy of pandemic preparedness	Government health expenditure p/capita (PPP USD) (2017)	This indicates how much is spent by government on health per person in a country. In order to allow a fair comparison between countries, amounts are standardised and converted into a notional currency.	Gives a concrete estimate of how much public money is available to fund health services on average and therefore how much money is available to fight the pandemic without reallocating funds.	

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	Government health expenditure of government expenditure (2017)	This indicates the share of the total government budget that is allocated to the health sector, excluding services that are funded by external grants, even when they flow through government.	This indicator reflects the priority that a government gives to the health sector, relative to other sectors.	
	Out-of-pocket expenditure of total health expenditure (2017)	This indicator estimates how much households spend on formal or informal fees at the time of using health services, or as co-payments, when their health insurance or government funding does not cover the full costs of care. This is another indicator of financial protection, giving some indication of whether households have to purchase additional services.	Key indicator to measure the equity of the health system, the extent to which accessing health care depends on one's ability to pay, and the level of financial protection. High out-of-pocket payments also mean that the financing system has weak ability to pool funds and implement strategic purchasing. If individuals incur high OOP costs for COVID treatment, the socioeconomic impact will be greater.	
	External health expenditure of health expenditure (2017)	This is the percentage of total current health expenditure that is financed by external sources, including external funds that flow through government.	External funds help governments meet their global health commitments. However, they are not always predictable or pooled with government funds.	

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Finding fiscal space beyond the fiscal framework	Domestic and external financing	External and domestic financing specifically for combatting COVID-19-related economic impact and health spending. These are funds that were not included in the appropriated annual budget.	Reflects a government's ability to supplement its existing resources and successfully tackle the impact of the pandemic.	<p>External financing</p> <ul style="list-style-type: none"> • Remittances • Grants (project or budget support) • Commercial and concessional loans (specifying terms and breakdown of loan to grant where applicable) • Debt cancellations and servicing postponements <p>Domestic financing</p> <ul style="list-style-type: none"> • Domestic private inflows (including through special COVID-19 funds) • Extraordinary tax measures • Issuance of bills and bonds for fiscal policy purposes • Donations of civil servants salaries • Mobilisation of funds by the central bank for fiscal purposes
	Monetary and macrofinancial measures	Monetary policy measures during COVID-19 aims to provide liquidity given that the supply shock – the sudden blockage of productions, caused by health precautions and illnesses – also triggers a	Given that fiscal room to manoeuvre is limited, monetary policy has been used throughout the world to mitigate elements of both the demand and supply shocks. While the Covid-19 shock is primarily a real shock, it also had a large impact on financial markets; supporting financial markets is an important part of the	<ul style="list-style-type: none"> • Liquidity provisions for financial intermediaries • Actions to preserve market liquidity • Equity injections • Government guarantees • Reduction in policy rates • Reduction in capital requirements

Category	Sub-category	What is it?	Why does it matter?	Specific measures undertaken
		severe demand shock interrupting cash flows and upsetting the payments system.	government's long-term sustainability plan.	<ul style="list-style-type: none"> • Mobile money use incentives • Central bank purchases of private and public bonds • Central Bank issuance of treasury bills for monetary policy purposes
Finding fiscal space within the fiscal framework	PFM policies and procedures	This refers to the operational or administrative practices, processes and rules, that have been amended in response to the crisis. They broadly fall under budget preparation, approval, budget execution, internal control and audit, and accounting and reporting.	Flexible PFM systems and processes, which ensure that funds are readily available and used for their intended purposes, are critical during emergencies.	<ul style="list-style-type: none"> • Amendment of fiscal rules • Delegation of budget reallocations and approvals to line ministries or sub-national government • Creation of extrabudgetary funds • Allowance for virements, overspending, off-budget expenditure • Accelerated funds approval (e.g. fast track expenditure authorization, advance payment, changes to spending controls from ex-ante to ex-post or risk-based). • Accelerated cash releases and priority disbursement procedures • Business and treasury continuity and disaster recovery plans (work from home, virtual networks, streamlined security checks, FMIS codes, submission of invoices by email, remote budget execution) • Delay in usual budget presentation

Category	Sub-category	What is it?	Why does it matter?	Specific measures undertaken
				<ul style="list-style-type: none"> • Cash management (Consolidating cash when TSA is not in place, streamlined payment management processes and use of cash floats and credit lines, utilising mobile money at front lines, adjusting borrowing programme, recalibrating cash buffer level, cash advances to service-delivery units) • Coordination efforts
	<p>Increasing efficiency and effectiveness of COVID-19-related expenditure</p>	<p>VfM in healthcare involves ensuring both allocative and distributive efficiency, spending in ways that improve the health of all citizens. Part of this is strategic purchasing to enhance equity in the distribution of resources, increase efficiency, and promote quality in health service delivery.</p>	<p>During this health crisis, it will be critical for governments to ensure that they procure goods and services most cost-effectively, efficiently deliver these to the frontline, and essential goods are available for consumers and at reasonable prices.</p>	<ul style="list-style-type: none"> • Rationing essential goods • Price controls • Rules against hoarding • Domestic production subsidies and incentives • Pooled procurement • Restrictions on trade and tariffs • Unusual or simplified procurement processes • Tax exemptions on essentials • Public-private partnerships and contracting private providers • Digital innovations • Establishment of processes or institutional structures to improve coordination of purchasing • Delegation of purchasing to sub-national level • Regional initiatives

Category	Sub-category	What is it?	Why does it matter?	Specific measures undertaken
				<ul style="list-style-type: none"> • Investing in community-based healthcare • Emergency recruitment of healthcare workers • Mandating private insurers to cover COVID-19 • Consultative and context-specific decisions on procurement
	<p>Expenditure reprioritisation</p>	<p>Adjustments within the existing budget and passing of supplementary budgets are the first line of defence for many countries. This section captures actual expenditure adjustments rather than policy decisions or the procedures through which they are decided upon.</p>	<p>Given chronic underinvestment in healthcare throughout Africa, reallocations to healthcare is a critical response measure; however, given limited fiscal space beyond the appropriated budget, budget must be reallocated from other sectors or from other line items or programmes. Understanding how reallocation decisions are made and justified and whether they will result in allocative efficiency is crucial.</p>	<ul style="list-style-type: none"> • Virements between line items or programmes • Activation of contingency funds and reserves and national disaster funds • Specific recurrent and capital expenditure cuts and explanations for cuts • Increasing transfers to sub-national level • Specific health reallocations (both from other sectors to health and from existing health programmes to COVID) • Across-the-board budget cuts • How reallocation decisions are made, justified and communicated • Earmarking and ring-fencing COVID funds • Passing of supplementary budgets, spending plans, finance

Category	Sub-category	What is it?	Why does it matter?	Specific measures undertaken
				laws and revised revenue projections
	Transparency for accountability and participation	Tracking, accounting and reporting of emergency spending. Dissemination of information to parliament and the public.	Emergency responses increase exposure to financial irregularity and fraud, especially if the government's normal approval and control processes are streamlined or relaxed. It is essential for governments to establish efficient mechanisms to track expenditures made at all levels of government, to publish such information, and to subject to internal and external audit, if not immediately, at least once the crisis is over.	<ul style="list-style-type: none"> • Expenditure tracking • Reporting mechanisms and adjustments (e.g. inclusion of programme code in IFMIS) • Transparency measures (providing information to those that are part of the response, those affected by the emergency, external actors and oversight bodies on what and how reprioritisations are being made, how and why regulation has changed, how additional spending will be financed) • Oversight measures (reporting frequency, ex-ante, and ex-poste spending control changes, involving civil society) • Internal audit processes • Transparency over forecasting models influencing government's strategies. • Digital platforms or apps to keep citizens informed and enable participation.
Mitigating the economic impact on business and society	Business support and tax relief	Government's support to businesses affected by both the demand and supply-side effects of COVID-19, through provision of liquidity and	The COVID-19 pandemic has reduced demand for products and services, disrupted the supply of inputs and tightened the provision of credit. Without government	<ul style="list-style-type: none"> • Liquidity measures (provision of credit, credit guarantees, postponement of obligations) • Solvency measures

Category	Sub-category	What is it?	Why does it matter?	Specific measures undertaken
		solvency assistance and postponement of social contributions.	support, business closure and job losses will be widespread, with long-lasting socioeconomic consequences. The ministry of finance has an important role to play in mobilising resources to support businesses.	<ul style="list-style-type: none"> • Payment holidays
	Worker and social assistance	Government's efforts to provide a safety net to cushion low-income and informal workers and marginalised individuals against the health, education, nutrition and economic impacts of the pandemic.	In the face of business closures and reduced employment opportunities, government must find ways of rapidly providing relief to the poor. Ministries of finance are essential actors here given the need for reallocation of resources and release of funds. Government's financial management information systems are key for implementing relief packages and making emergency payments for healthcare equipment and services.	<ul style="list-style-type: none"> • Wage subsidies • Government-funded sick leave • Unemployment benefits • Conditional and unconditional cash transfers • Food relief • Nutrition financing • Suspension of mortgage and rent payments • Suspension of income tax for low-income workers and social security contributions • Suspension of VAT on essential items • Increases in pension, child-support and other grants increases • Innovations in disbursement of grants and food relief • Provisions for continuation of school-feeding schemes • Additional education financing during school closures • Subsidies on electricity, water, data etc. • Increased access to healthcare services

Category	Sub-category	What is it?	Why does it matter?	Specific measures undertaken
				<ul style="list-style-type: none"><li data-bbox="1330 240 1744 363">• Measures to increase coordination between ministry of finance, health, agriculture and food.<li data-bbox="1330 371 1744 400">• Bans on firing or pay cuts

Annex 2: Survey on adjustments to PFM processes in response to COVID-19

1. Has a COVID-19 spending plan, supplementary or adjustment budget, or finance law been approved? If yes, please share documents or link to where they can be found.
2. What expenditure measures have been used to finance COVID-19-related expenditure?
 - Virements across line ministries' approved budgets
 - Virements within a line ministry's approved budget
 - Reallocations of budgetary appropriations requiring parliamentary approval
 - Reprioritisation of expenditure between annual budgets
 - Across-the-board cuts to capital expenditure
 - Across-the-board cuts to recurrent expenditure
 - Blanket authorisation for ministries to use existing savings on COVID-19 expenditure
 - Channelling funds from contingency appropriations in the approved budget
 - Other (please specify)
3. What adjustments have you made to PFM rules and processes to ensure rapid delivery of COVID-19 good and services?
 - Use of single-source procurement
 - Establishment of pooled procurement at central level
 - Elimination of bid securities and guarantees
 - Increasing advances paid to suppliers
 - Decree setting out emergency processes
 - Utilising development partner procurement assistance, e.g. Bank Facilitated Procurement
 - Decentralised budget reallocation decisions to line ministries or local government
 - Decentralised spending approval to line ministries or local government
 - Allowing ministries to spend beyond existing budget appropriation
 - Creation of a special COVID-19 budget line
 - Allowing existing budget lines to be used for COVID-19 expenditure
 - Establishment of extrabudgetary funds
 - Other (please specify)
4. What actions have been taken to ensure more efficient cash management and liquidity during this crisis?
 - Consolidating cash in ways not done previously
 - Use of cash floats and credit lines
 - Adjusting borrowing programme to provide bridging finance

- Recalibrating cash buffer level
 - Emergency meetings of cash management committees
 - Adjustments to invoicing and purchase order requirements
 - Disbursing additional petty cash to line ministries' operational bank accounts
 - Increasing limits of line ministries' imprest accounts
 - Put in place additional measures to clear or prevent arrears
 - Others (please specify)
5. Have any amendments to fiscal rules (e.g. increase in debt-to-GDP ceiling or deficit) been made or proposed to parliament?
- No
 - Yes. If yes, which fiscal rules have or may be amended and for what time period?
6. How are you filling remaining fiscal gaps for COVID-19 expenditure?
- Accessing concessional loans and grants from donors and international financial institutions
 - External debt relief or restructuring
 - Issuing additional domestic debt
 - Issuing additional external debt
 - Channelling funds from contingency budgets and disaster funds
 - Increasing taxes
 - Additional credit lines with banks
 - On-call short-term borrowing from liquid state-owned enterprises or pension funds
 - Other (please specify)
7. Can you provide insight into the ministry of finance's decision-making process on reallocating resources to COVID-19 expenditure (i.e. types of data used, approach to gaining political buy-in, identifying lagging or non-priority expenditure, consulting with line ministries)?
8. What committees or units have been set up to increase coordination between the finance ministry or budget office and relevant line ministries such as health and agriculture and food, and between subnational and central governments?
9. If you have or are currently following containment or work-from-home policies, how has the ministry of finance ensured business continuity? Please tick all that apply
- Virtual networks
 - Streamlined security checks
 - Submission of invoices by email
 - Remote budget execution
 - Other (please specify)

10. What efficiency and cost-effectiveness measures have you introduced into your healthcare financing and purchasing processes? Please tick all that apply.
- Pooled procurement
 - Public-private partnerships
 - Delegation of purchasing to subnational government
 - Emergency recruitment of healthcare workers
 - Insurance for frontline healthcare workers
 - Other (please specify)
11. What financial support has government provided to (a) local producers of PPE equipment (including respirators) and essential medicine and (b) research and development of diagnostics and a COVID-19 vaccine?
12. Are you tracking COVID-19 emergency expenditure any differently to routine expenditure?
- No
 - Yes. If yes, please details which processes and procedures are in place.
13. Have you introduced additional, COVID-19-specific transparency and accountability measures for COVID-19 financing and expenditure?
- Publishing all COVID-19 related contracts
 - Undertaking more frequent internal audits
 - Commitment to ex-post audit of COVID-19 related expenditures
 - Commitment to publishing COVID-19 audit findings
 - Established dedicated budget lines to facilitate tracking of funds
 - Collaborating with CSOs to disseminate information on COVID-19 financing
 - Publishing statements on commitments and payments of COVID-19-related activities
 - Set up a supervisory committee for COVID-19 funding
 - Set up a supervisory committee for COVID-19 expenditure
 - Commitment to ex-post validation of delivery of contracts
14. Are there any other notable challenges your PFM system has faced during this time or innovations you have introduced that may be useful for your peers across the continent?