

## Terms of Reference

<b>Project</b>	COVID-19 Public Finance Response Monitor: analytical outputs
<b>Objective</b>	Identify consultants specialising in public financial management to develop public finance-related reports based on the data included in CABRI’s COVID-19 Public Finance Response Monitor
<b>Deadline for technical and financial proposals</b>	20 November 2020

### 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.

The information in the COVID-19 PF Response 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. This will be achieved by publishing analytical reports and country practice notes. These reports will focus on PFM-related issues including emergency expenditure measures, strategic purchasing, cash and debt management, streamlining procurement processes, and transparency and accountability efforts (see annexure 1 for detailed discussion of possible research topics).

## **2. Objectives**

Since 2017, CABRI has investigated how governments and their PFM systems are affected by and manage extraordinary budgetary pressures. CABRI seeks to develop this evidence base by understanding how ministries of finance across Africa have responded to the contraction in fiscal space associated with COVID-19 and how PFM policies, processes and practices have (or haven't) adjusted to ensure services are delivered efficiently, effectively and equitably.

While the COVID-19 PF Response Monitor provides this information, the analytical component of this project will provide countries with greater insight into managing and mitigating crises, what elements of their PFM systems need to be strengthened and how systems can prove more resilient and lower the cost associated with exogenous crises in the future. The analysis will refer specifically to the current health crisis, however the lessons are likely to apply to many other crises, particularly those of an exogenous nature, such as natural disasters.

## **3. Scope of work and deliverables**

We are seeking consultants to develop reports based on data collected for CABRI's [COVID-19 PF Response Monitor](#). Annexure 1 contains a set of indicative report topics that may guide the consultants in submitting their proposals; however alternative or amended topics are welcome.

Consultants should express their interest by specifying research questions or topics based on the information included in the Monitor. These topics should relate to PFM responses to the COVID-19 including cash management; debt management; procurement; transparency and accountability; business continuity and system resilience; exposition of existing weaknesses in PFM systems; and financing options. Additional topics or research areas may be specified based on the information included in the COVID-19 PF Response Monitor.

Each consultant will be expected to deliver at least one report of approximately 4000 – 6000 words. These reports will be based on both desktop and primary research.

Consultants may also specify if they'd also like to peer-review research conducted by other researchers.

#### 4. Timelines

An initial anthology of four to six reports will be published in the first quarter of 2021. The following deadlines will allow us to publish these reports timeously.

Task	Deadlines
Submission of technical and financial proposals	20 November 2020
Appointment of consultants	25 November 2020
Preliminary discussions with the CABRI Secretariat	30 November 2020
Proposed structure of report(s)	7 December 2020
First draft of report(s)	15 January 2020
Final draft of report(s) (following peer-review)	15 February 2020

#### 5. Requirements of the consultant

The consultant will need to meet the following requirements:

- Postgraduate degree in economics, political science, public administration or related subject
- Minimum five years' experience in good financial governance, PFM reforms or public policy
- Preferably fluent in English and French
- Experience with undertaking both primary and desktop research

#### 6. Contract specifications

##### *a. Duration of the assignment*

The contract duration will run from the 25 November 2020 – 30 June 2021. Expected numbers of days for each report should not exceed 14 working days.

##### *b. Terms and conditions*

The terms of the contract will follow CABRI's rules and procedures.

Payments will be made on submission of the (a) first draft of the report and (b) final report.

The consultant will be expected to submit original invoices and payments will be made following prior approval of services to be performed and submission of outputs in line with milestones agreed in the

contract. Depending on the timeliness and quality of the deliverables, the CABRI Secretariat reserves the right to limit the scope of or terminate the assignment at any stage.

*c. Applications*

**The consultant should indicate his/her interest by submitting a technical and a financial proposal.**

**The technical proposal should include a CV highlighting relevant and recent experience and qualifications, and a brief overview of the proposed research area or research question and, if appropriate, methodology.**

**The financial proposal should present the total budget required for the assignment, with a breakdown between fees and expenses and indicating the number of days for each task.**

Proposals should be submitted to the CABRI secretariat via e-mail to Danielle Serebro ([Danielle.Serebro@cabri-sbo.org](mailto:Danielle.Serebro@cabri-sbo.org))

**The deadline for submitting the proposals is 15:00 (GMT+2), Friday 20 November 2020.**

If you do not hear back from us after two weeks of close of tender, you may consider your application unsuccessful.

## **Annexure 1: Potential research topics**

The following includes examples of report topics that will draw on the information contained in the COVID-19 Public Finance Response Monitor.

### ***i. A review of COVID-19 emergency expenditure measures in Africa***

The pandemic has necessitated a massive increase in both healthcare and non-healthcare expenditure, at the same time as all sources of government revenue were declining. Governments throughout the world have used supplementary budgets, virements, reprioritisation between annual budgets, and relied on contingency reserves, although the latter was less forthcoming in Africa.

This paper will provide a descriptive overview of expenditure measures taken by ministries of finance in Africa, and consider the risk posed by various measures in the medium term. It will end with recommendations for how to institutionalise disaster risk financing and contingency reserves in future budgets.

### ***ii. Strategic purchasing of COVID-19 vaccines and PPE: lessons for ministries of finance***

The Monitor reflects various regional and cross-country initiatives to pool funds to procure and deliver PPE and COVID-19 vaccines to minimise cost and maximise social benefit. These include SADC's National Emergency Operations Centres and Pooled Procurement Services, the Africa Centre for Disease Control and Prevention (Africa CDC) partnership with the African Export–Import Bank (Afreximbank) to help member states raise substantial capital to make up-front purchasing commitments, guaranteed by debt promissory notes; the COVID-19 Vaccine Global Access (COVAX) Facility created to ensure fair and equitable access to COVID-19 vaccines. Individual governments have also provided financial and non-financial incentives to producers of PPE and engaged the private sector through various provider payment mechanisms.

This report will provide an overview of strategic purchasing during the COVID-19 pandemic and ask how ministries of finance and health decided on which services and medicines to prioritise (both COVID-19-related and not), what information they required and how it was sourced, how cost-effective various interventions proved to be, and how individual governments are managing cross-country arrangements.

### ***iii. Ensuring business continuity in the ministry of finance during COVID-19***

Ministries of finance, like all other organisations, have needed to introduce remote working policies and limit manual handling and transfer of documents.

This paper will explore what business and treasury continuity looked like in ministries of finance in 6-8 countries (possibly Rwanda, Ghana, The Gambia, Guinea, South Africa, Zambia, Lesotho and Cote d'Ivoire). It will investigate what allowed or inhibited continued functioning and whether there are opportunities for maintaining automation of processes and other efficiency gains and streamlining of processes after the crisis.

**iv. *Managing cash during a crisis***

The crisis necessitated rapid disbursement of cash to implementing agencies, while maintaining oversight of treasury operations. Governments have also needed to revise expenditure plans and cash-flow forecasts. While emergency meetings of cash management committees and even the establishment of new cash management coordination committees in some country, the emergency nature of the current budget revisions has not lent itself to a bottom-up process with inputs from implementing agencies. This is likely to present challenges during budget execution.

This paper will consider how selected countries have managed their cash positions during this period, maintained treasury operations and oversight and how reforecasting has taken place.

**v. *Debt relief and forgiveness: how-to and implications for a debt manager***

Since March, African leaders have been calling for the provision of debt-service relief or partial debt forgiveness in response to the pandemic. As shown in the COVID-19 PF Response Monitor, the World Bank and IMF have provided some relief and have urged bilateral creditors to join them. However, what more needs to be done, what does debt relief or forgiveness mean for those servicing the debt and managing the debt portfolio and what are the long-term implications for marketability and debt sustainability? This paper will begin to answer some of these questions.

**vi. *Adapting PFM systems to rapid increase and expansion of social assistance programmes and support to SMMEs***

The COVID-19 pandemic has reduced demand for products and services, disrupted the supply of inputs and tightened the provision of credit. In the face of business closures and reduced employment opportunities, governments have need to find ways of rapidly providing relief to the poor. The ministry of finance has played an important role in mobilising resources to support businesses and reallocating resources in a pro-poor manner.

This paper will begin by reflecting on the interlinkages between PFM and delivery of social assistance and reflect on the extent and nature of additional social assistance and business support provided from March 2020 across the continent. It will then reflect on how 4-6 selected countries went about

(i) reallocating budget towards these programmes; (ii) challenges in execution and how commitments measured up to actual disbursements; (iii) the degree of transparency, citizen participation and accountability for these funds; and (iv) what PFM processes and systems were key for implementing these programmes.

**vii. *Estimating emergency financing gaps: process and implication for budgetary response***

The COVID-19 PF Response Monitor reflects significant variance, both absolutely and as a percentage of GDP, in countries' projections of their financing requirements associated with COVID-19. Some countries, such as Benin, Burundi, Congo, have estimated the requirement only for healthcare financing. These plans range from 0.7% of GDP in the DRC to 3% of GDP in Benin. Other countries, including Botswana, Burkina Faso, Cote d'Ivoire, Ethiopia, Namibia, Mauritius, Nigeria and South Africa, have prepared comprehensive plans, which include costs associated with stimulating the economy and supporting business and vulnerable households. These plans average around 5% of GDP, with South Africa being an outlier at 10% of GDP. It is unsurprising that these estimates are changing rapidly – Burundi, Cameroon and Niger approximately doubled their estimated financing requirements between March and May.

This report will ask how a select group of countries estimated the financing gap, who was consulted, what models were used and how these estimates informed their budgetary response. Lessons for estimating future emergency financing gaps will be presented.

**viii. *Finding fiscal space during a health crisis***

In addition to reallocating existing resources to the health sector, governments in Africa have found fiscal space by tapping into loans, grants and debt relief from multilaterals, including the IMF, World Banks, BRICS Bank and African Development Bank. Many African governments have also established dedicated trust and solidarity funds for COVID-19, and they receive contributions from private individuals and the public.

This paper will provide a descriptive analysis of measures taken to increase domestic and external financing and the risks and opportunities posed by each.

**ix. *Streamlining procurement processes: balancing efficiency and accountability***

In response to the crisis, countries throughout the country have streamlined procurement processes. This has involved reducing bidding times, providing retroactive financing, advance payment, single-source procurement, and either centralising or decentralising procurement. While the reasons for this are clear, there is also heightened risk of corruption and wasteful expenditure.

This paper will provide insight into how countries across the continent have altered procurement processes, and the measures they have implemented to ensure transparency and accountability.

**x. *Exposing systemic weaknesses in PFM systems: COVID-19, opportunities for reflection and impetus for functional reform***

Just as COVID-19 has exposed weaknesses in health systems throughout the world, it has revealed clear bottlenecks and gaps in PFM systems, providing practitioners and policymakers with evidence of where and why they need to improve functionality. Some of these areas included accumulation of arrears that have hampered both private service providers' and governments' ability to deliver essential services; limited forecasting ability, which has become significantly less realistic now, limits in cash planning and cash management, particularly at the MDA-level and with regards to coordination between the ministry of finance and MDAs; limitations on specific budgeting types, such as line-item budgeting, which may have made reallocation decisions less targeted or efficient; limited flexibility or know-how of IT systems and accounting standards, which hindered reporting, tracking and accountability; overly rigid fiscal rules or laws; and ineffective coordination between finance ministries and implementing agencies and between central and local governments.

This paper will draw on the COVID-19 PF Response Monitor and other sources to consider these and other areas and highlight where (and, to a lesser extent, how) capabilities and processes must be strengthened to improve PFM effectiveness in both normal times and crisis times.

**xi. *Implication for future budgeting processes***

Based on information available in the COVID-19 PF Response Monitor and from countries, this paper will (i) identify budgetary tools that were effective in responding to the spread of COVID-19 and will be leveraged in future year's response efforts; (ii) consider how measures already taken may present opportunities and challenges for upcoming budget processes; (iv) share how the crisis is impacting 2021 budget preparation and what is being done differently from normal; and (v) identify the medium-term issues that are likely to remain relevant for successive budget rounds and consider how these can be mitigated.