

received a 46% increase in 2022/23. Additionally, the Ethiopian Ministry of Finance has been conducting systematic value for money reviews of key budget programmes to identify efficiency gains. One such review was recently conducted on the country's shock responsive social protection programme, producing recommendations on how to improve the timeliness of transfers, as well as the effectiveness of graduation processes.

Building disaster risk into budget execution processes

Emergency procurement procedures are intended to speed up expenditure in wake of a disaster, however performance is patchy. CABRI research found that in line with global trends, African governments' emergency procurement efforts were neither satisfactorily efficient nor fully accountable. Several countries had no emergency procurement provisions, and where they did exist they were not comprehensive or were outdated, necessitating governments to issue additional deviation notices. The lack of digital procurement systems, unclear procurement needs and poor coordination among procuring entities within countries have been highlighted as challenges. Moreover, despite commitments to stringent transparency measures for COVID-19 procurement, corruption was widespread across the continent and there was irregular use of direct procurements, procurements without signed contracts, late delivery of goods, and payment before receiving goods. The research concluded that, "It is not the existence of the emergency per se that should inform whether the emergency procurement processes should be followed, but rather whether the specific requirements of the emergency determine that it is not practical to follow traditional procurement processes," and recommended that African Ministries of Finance and procurement officials develop detailed emergency procurement measures to provide better guidance to those implementing the purchasing with an element of flexibility to respond to the particular needs of any crisis.⁷ Punjab Province also made use of emergency procurement tools including front-loading.

Budget reallocations are a commonplace tool for countries to respond to unforeseen expenditure demands following a disaster. CABRI's review of 50 African countries found that 36 produced a supplementary budget in response to the COVID-19 crisis. While in most cases these supplementary budgets represented an increase in overall planned expenditure (on average by 10%), about a third of supplementary budgets reviewed registered a downward trend (averaging 13% reduction of the approved budget envelope).

Despite their widespread use, supplementary budget procedures are often less transparent and participatory. For example, they are often prepared by the Ministry of Finance with limited consultation with line ministries (including the Ministry of Health). Moreover, budget reallocations pose a significant cost in terms of returns foregone from expenditures which are cancelled or postponed. CABRI found that in some African countries budget cuts in response to COVID-19 were applied "across the board", hindering the delivery of essential services. In other instances, "non-essential services" (travel, training, entertainment, salary increase, etc.) were cut first, but social sectors were also impacted by severe cuts, including non-COVID health programmes. For example, in Zimbabwe, resources were allocated from HIV/AIDS, while Côte d'Ivoire, Comoros and Ghana deferred nets and indoor-spraying campaigns during COVID-19. In Ethiopia, budget cuts associated with COVID-19 had an estimated wider economic impact of approximately 0.5% of GDP.⁸

Programme budgeting can also help reallocations, as organising expenditure by objectives enables policymakers to transparently reprioritise budgets toward emergency needs. For example, in South Africa the Government was able to leverage budgetary flexibilities to facilitate allocations towards vaccine purchase and deployment, even though the first budget proposal for FY 2021/22 had no provisions for that spending. However, programme budgeting is not essential to facilitate reallocations, indeed, in Pakistan provinces were able to quickly reallocate funds within a line item budget structure

⁷ See CABRI 2021 [Streamlining public procurement processes during COVID-19 : Balancing efficiency and accountability](#)

⁸ See Centre for Disaster Protection, 2023. [Opportunity Cost of COVID-19 Budget Reallocations: Ethiopia](#)

(where budgets are organised by inputs, as opposed to spending objectives). In Punjab and Khyber Pakhtunkhwa, line departments were requested to identify slow-going areas under their operations and capital spending, which the Finance Departments were able to reallocate to the health sector. The use of a treasury single account system (where all government balances are consolidated into a single set of accounts under the auspices of the Ministry of Finance, as opposed to a fragmented government banking system) also helped the timely identification of idle surpluses.

Building disaster risk considerations into reporting and monitoring processes

Tracking disaster expenditure is an important tool for ensuring transparency and accountability but is challenging in many country contexts. CABRI research found that most Governments in Africa published little or no information on actual vs planned emergency spending on COVID-19, or its performance.⁹ The challenge comes because normal Government accounting structures do not comprehensively track emergency expenditure, and changing this accounting structure is a slow and difficult process (usually requiring higher-level approvals, and/or overhauls across the government accounting system). A more straightforward approach adopted by some Governments has been to adjust their financial management information systems (FMIS) in innovative ways to track emergency expenditure, while maintaining the existing accounting coding structures. For example, in Ethiopia, a budget tagging system in the FMIS flags spending on the whole disaster cycle (risk reduction, preparedness, response and recovery). During COVID-19, Benin's FMIS was modified to track in-kind donations related to the pandemic, and Togo's FMIS tracks cash transfer payments, reducing the risk of fraud or delays. Pakistan is introducing provincial-level climate budget tagging systems, which will track expenditures on climatic disasters.

Participation and accountability around disaster related expenditure are important to ensure funds are used effectively and reach intended beneficiaries, particularly at a time when some controls are loosened to facilitate speedy expenditure. In the case of COVID-19, however, **citizen participation** in the formulation of budgets was noted to be mostly non-existent and too condensed (in terms of timing) to be meaningful. There were some notable exceptions. For example, in South Africa the [Asivikelane Initiative](#) was effective in advocating for the needs of informal settlements. Engagement in terms of budget execution was more commonplace, and a number of countries saw ad hoc committees established to provide oversight of disbursement. For example, in Burkina Faso, a management unit comprising Members of Parliament (MPs), officials and Civil Society Organisations monitored the use of emergency funds. **Parliamentary oversight** of spending also largely suffered during the crisis, with MPs given less time or less information on which to scrutinise spending plans or were bypassed entirely. **Supreme Audit Institutions** have been effective in bringing corruption to light and some conducted expedited/real-time audits. Mauritius, South Africa and Sierra Leone, for example, published audits for COVID-19 funds before the end of 2020. In the latter's case, this built on experience from the Ebola crisis.

Resilience budgeting in fragile states

Resilience budgeting is highly relevant to many fragile and conflict-affected settings. Some of the key takeaways from the discussion for this group of countries are noted below:

- The frequency, severity and complexity of disasters in fragile states has meant that governments are often reform-leaders in terms of resilient PFM. More can be done to document their experiences.
- The overall focus for resilient PFM should be on strengthening regular mechanisms to ensure they are fit for purpose during shocks, instead of investing time/policy attention to set up parallel, off budget entities that have proven to be challenging to administer in times of disasters. While such

⁹ CABRI, 2021. [COVID-19 Public Finance Response Monitor: Budgeting in the context of COVID-19: Trends and tools of reallocations](#)

- funds can accelerate spending in some disaster contexts, they can also create significant governance vulnerabilities, particularly when the funds operate outside government systems, are managed by officials not familiar with basic principles of financial management and are not subject to robust transparency and reporting standards. This is particularly the case in fragile settings where government capacities are already stretched, and the off-budget funding already in proliferation.
- Budget contingencies can be difficult to justify in fragile contexts where resource constraints are particularly severe, but may still offer value for money if used appropriately (e.g. to finance more frequent, less severe shocks). Development partner co-funding of disaster reserve funds may be valuable.
- Strengthening accountability (through tracking spending, increasing public participation, and strengthening independent oversight of shock-responsive resource use) is important in fragile contexts; it aims to strengthen the effectiveness of public expenditure, and support state-building and peace-building efforts.

The content of this policy brief was prepared based on the presentations and inputs of panelists and discussants, including:

- Stephanie Allan, Principal Consultant in Public Financial Management, Oxford Policy Management
- Fantahun Belew Asfaw, Disaster Risk Finance Workstream lead, Building Resilience in Ethiopia programme.
- Dr H el ene Barroy, Senior Public Finance expert, WHO
- Mujib Khan, Principal Consultant in Public Sector Governance, Oxford Policy Management
- Moritz Piatti, Senior Economist, World Bank
- Danielle Serebro, Development Economist, Collaborative African Budget Reform Initiative
- Professor Sophie Witter, Research co-director, ReBUILD for Resilience

Suggested citation

Allan S, Asfaw FB, Barroy H, Khan M, Piatti M, Serebro D and Witter S (2023) Resilient Public Financial Management: Emerging practice and implications for the health sector, ReBUILD for Resilience



ReBUILD

FOR RESILIENCE

Research for resilient health systems
in fragile and shock-prone settings

ReBUILD for Resilience examines health systems in fragile settings experiencing violence, conflict, pandemics and other shocks. Our aim is to produce high-quality, practical, multidisciplinary and scalable health systems research which can be used to improve the health and lives of many millions of people.



This project is funded with UK aid from the British people. However, the views expressed do not necessarily reflect the UK government's official policies.

c/o Liverpool School of Tropical Medicine
Pembroke Place
Liverpool, L3 5QA
+44 151 705 3269
rebuildconsortium@lstm.ac.uk