



World Health
Organization

5th Meeting of the Montreux Collaborative

Fiscal space, public financial management and health financing in a time of COVID-19





**Welcome to the 5th Montreux
Collaborative meeting!**



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Fiscal space, public financial management and health financing in a time of COVID-19

IT information and support

Welcome to the 5th Meeting of the Montreux Collaborative

Learning Technologies Group will be providing IT support during the meeting

Please contact us at matt.matheson@leolearning.com if you have any IT related questions

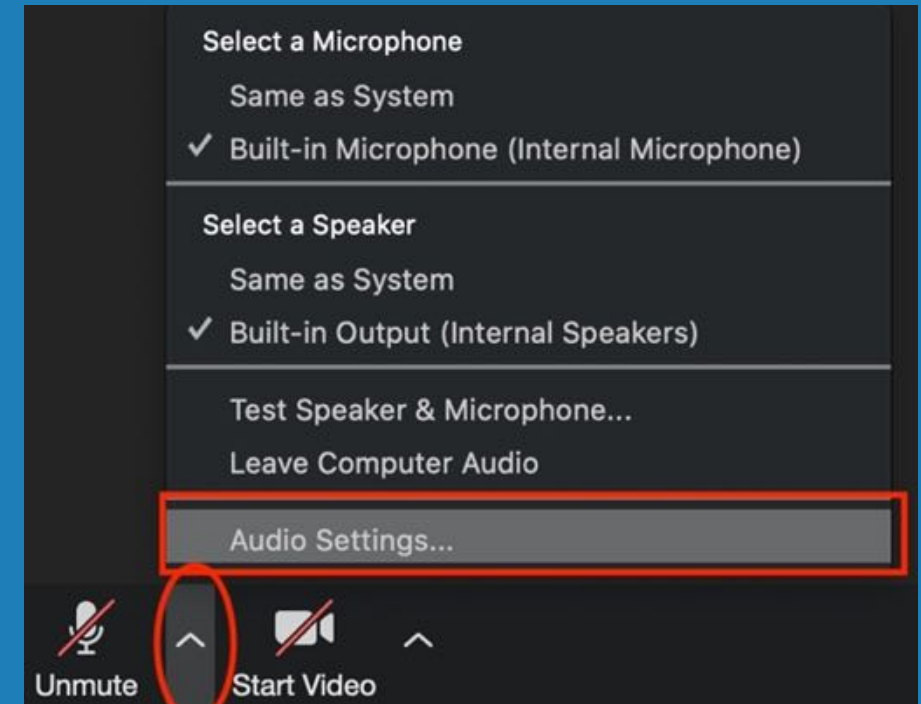
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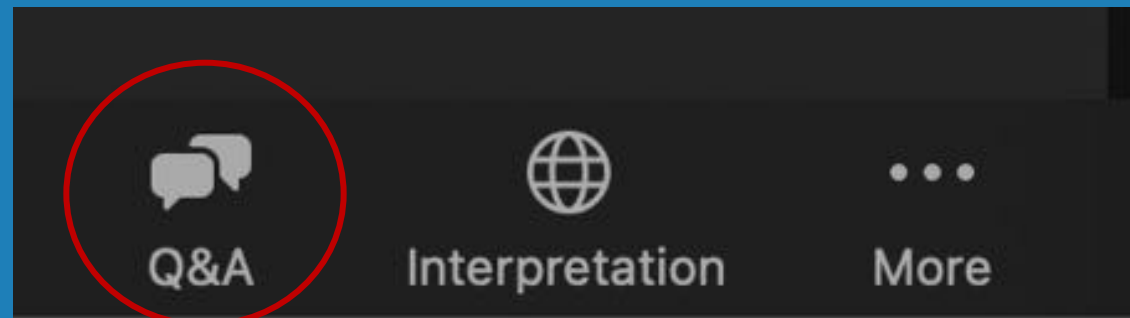
Fiscal space, public financial management and health financing in a time of COVID-19

Q&A – how to ask your question

Use the Q&A function to ask questions throughout the session

These will be responded to as text responses and some questions will be posed to our panelists.

Click 'Q&A' to ask your question.



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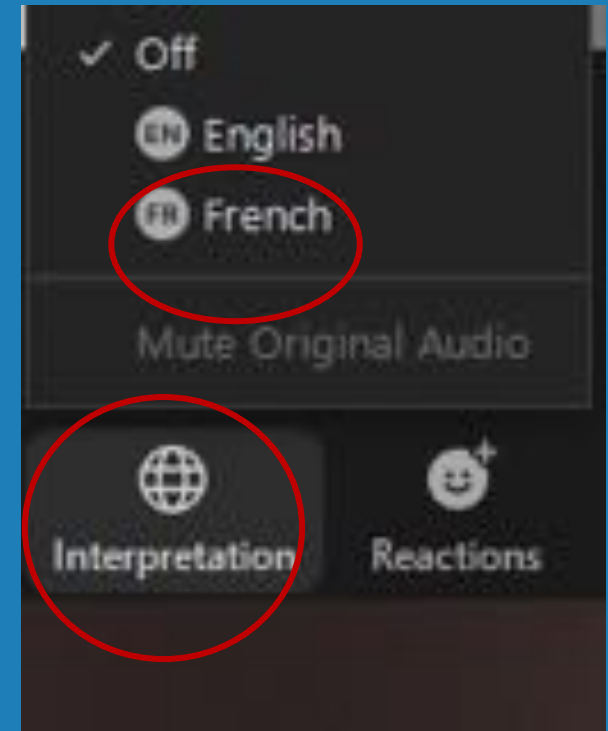
Fiscal space, public financial management and health financing in a time of COVID-19

Live interpretation

Interpretation in French is available by clicking **Interpretation** button at the bottom of your screen.

Click on “Interpretation” and choose **French** – you will still be able to hear English quietly in the background.

To hear the French language **ONLY**, click “Mute Original Audio”.





5th Meeting of the Montreux Collaborative

Fiscal space, public financial management and health financing in a time of COVID-19

All sessions are recorded

We are recording all sessions in English and your attendance is consent to be recorded. Only speakers will be visible in the recording.

These will be available to review on the WHO site below after the event has concluded.

<https://www.who.int/news-room/events/detail/2021/11/15/default-calendar/5th-meeting-of-the-montreux-collaborative>



5th Meeting of the Montreux Collaborative

Day 2 - Tuesday 16 November



5th Meeting of the Montreux Collaborative

13:00 – 14:00 CET: Macro-fiscal crisis and COVID-19: What are the implications for health financing and UHC?

Chair and moderator	Susan Sparkes (WHO)
Macro-fiscal outlook	Raphael Espinoza (IMF)
Panel discussion to reflect on implications for health financing and universal coverage	Ajay Tandon (World Bank), Tamas Evetovits (WHO EURO), Mawuli Gaddah (Ministry of Finance, Ghana), Dileep de Silva (Ministry of Health, Sri Lanka)
Questions and answers	With support from Peter Cowley (WHO)



The Macro-Fiscal Outlook

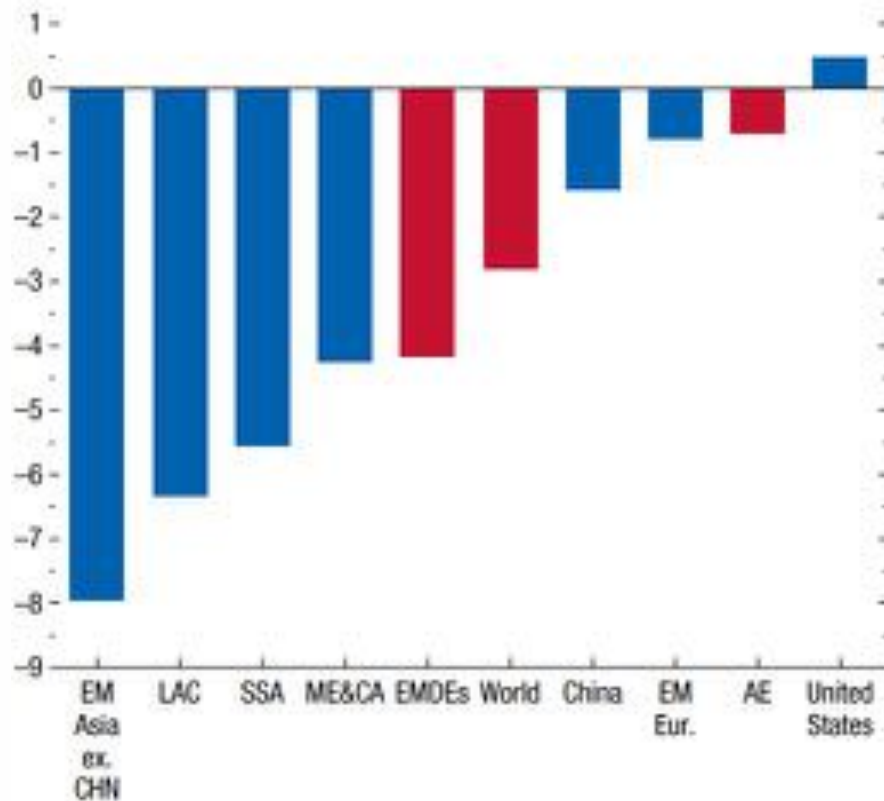
WHO 5th Montreux Initiative
November 16, 2021

Raphael Espinoza

International Monetary Fund
Fiscal Affairs Department

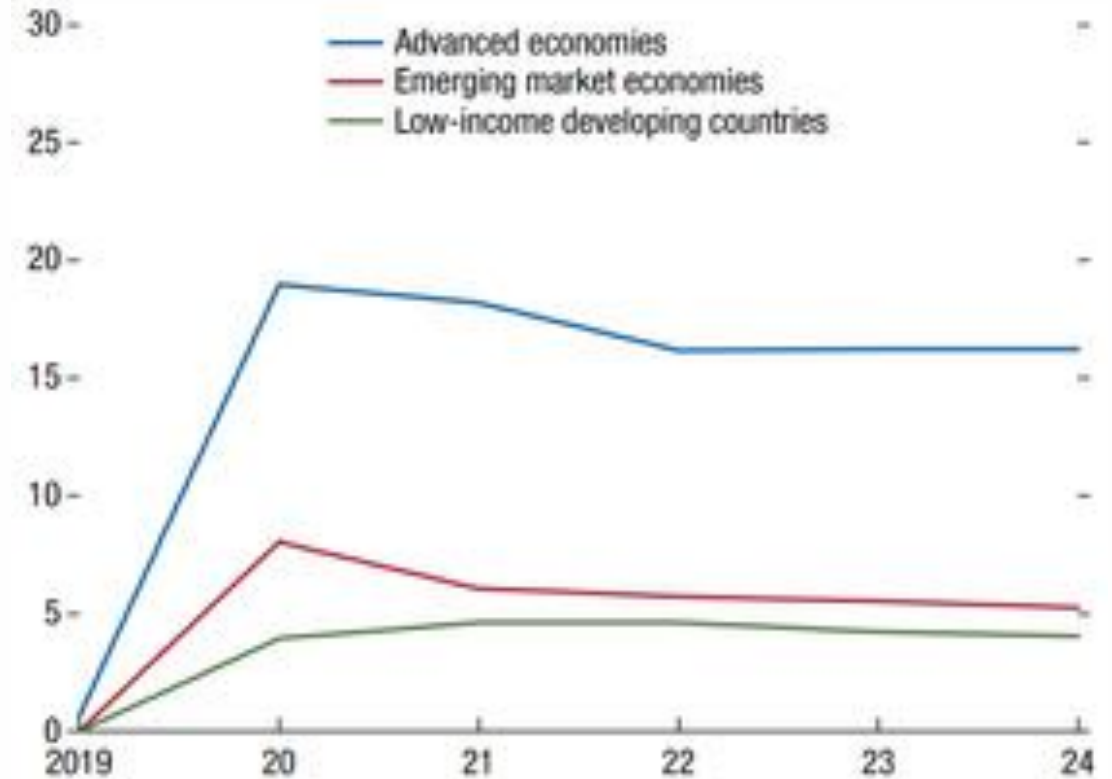
The Vaccine Divide, the Financing Divide, and the Divergent Recovery

Medium-Term GDP Losses Relative to Pre-COVID-19, by Region (Revisions to projected 2024 GDP levels between the January 2020 and April 2021 WEO forecasts, percent)



Source: IMF staff estimates. Note: AE = advanced economies; EM Asia ex. CHN = emerging and developing Asia excluding China; EM Eur. = emerging and developing Europe; EMDEs = emerging market and developing economies; LAC = Latin America and the Caribbean; ME&CA = Middle East and Central Asia; SSA = sub-Saharan Africa.

The Effect of the COVID-19 Pandemic on General Government Debt, 2019–24 (Change relative to prepandemic projections, percent of GDP)



Sources: IMF, World Economic Outlook database; and IMF staff estimates. Note: Prepandemic projections refer to projections in the October 2019 World Economic Outlook.

The size and nature of fiscal support varied significantly across countries.

G20 economies were able to do more to protect economies against economic scarring

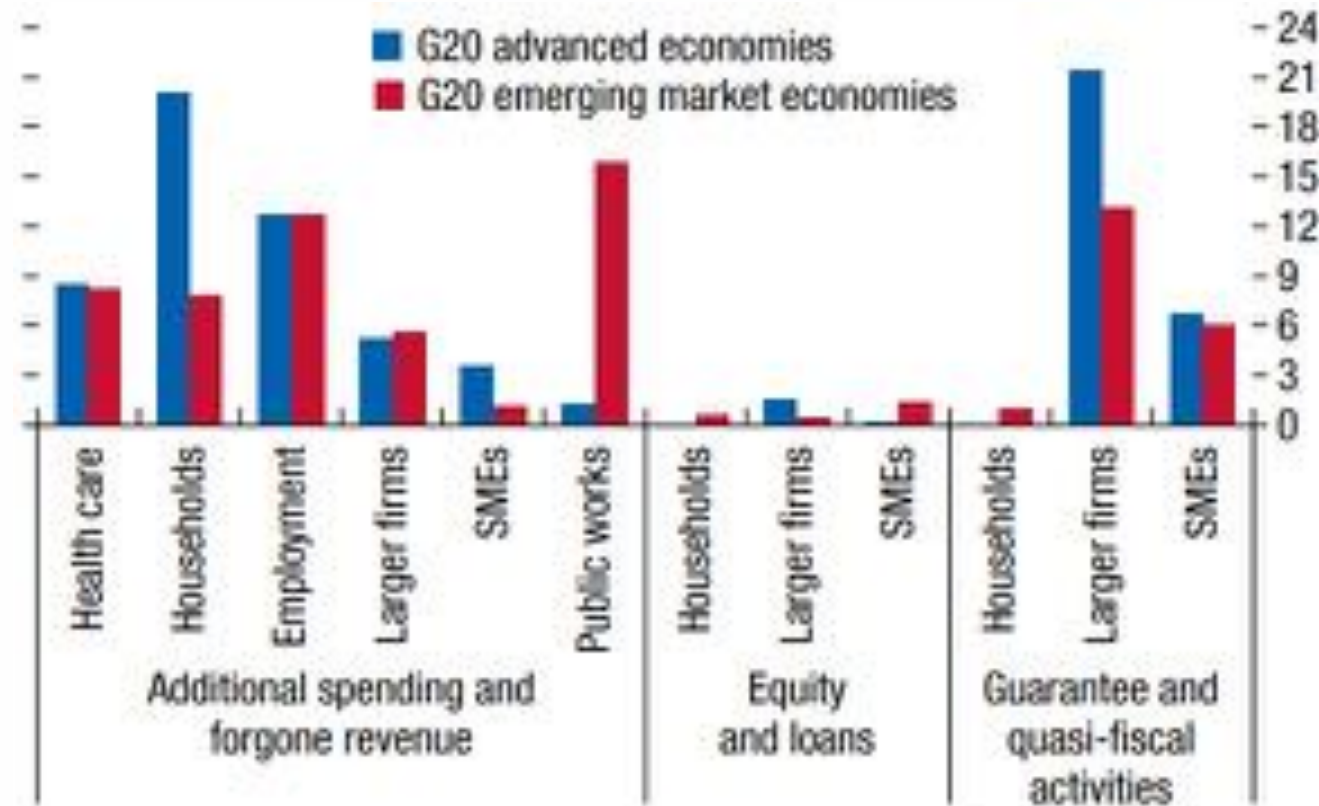
- Half of their support took the form of employment protection and household support

Emerging economies tended to focus on

- Health care
- Public works

In most countries, large firms benefitted more from guarantees and other financing support measures

Government Fiscal Support in Response to COVID-19, by type of recipients (2020–21)



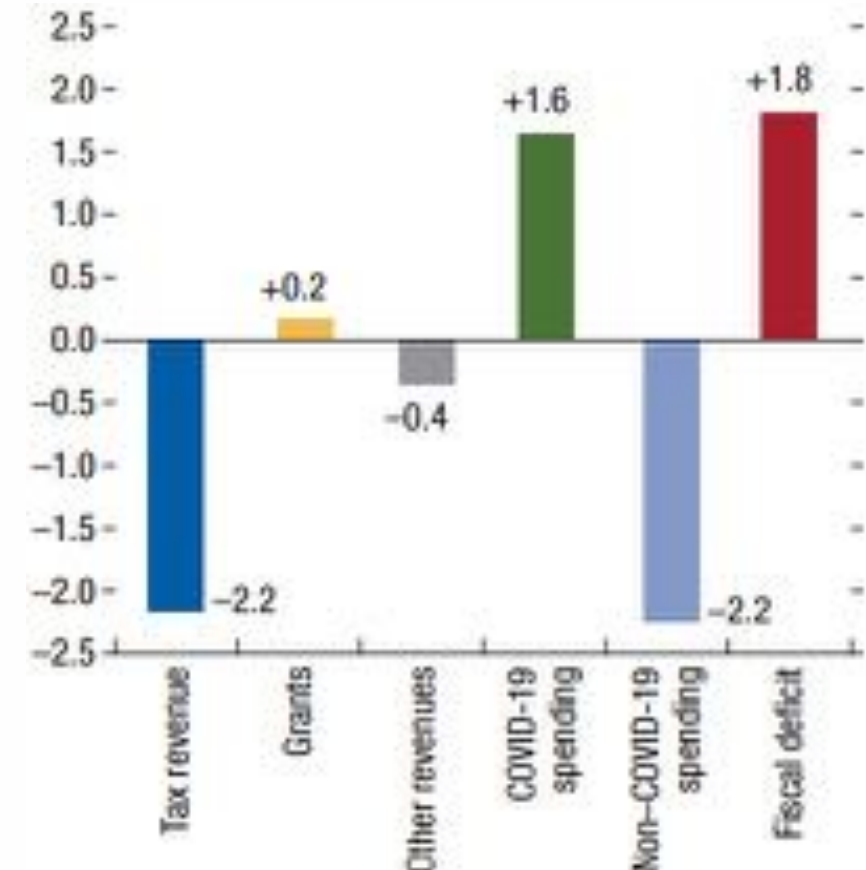
Sources: IMF, Fiscal Monitor Database of Country Fiscal Policies in Response to COVID-19; and IMF staff estimates

In LICs, official support protected health spending, but was not enough

Official support prominently came from multilateral development banks, IMF, and Debt Service Suspension Initiative (DSSI)

- DSSI helped finance COVID-related spending
- But it wasn't large enough to support other areas
 - Cuts in non-COVID health spending
 - 70 percent of DSSI beneficiaries cut investment
 - 70 percent of beneficiaries cut education spending

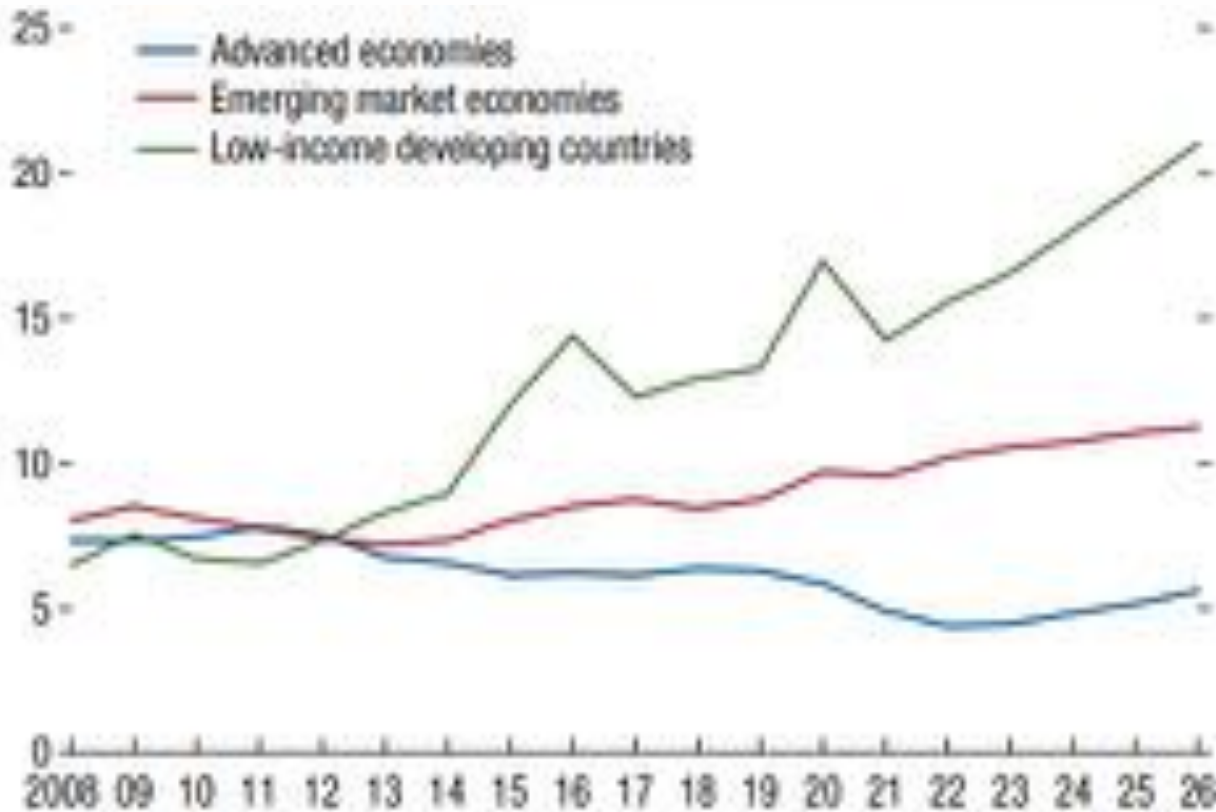
Revenue and Spending among DSSI Beneficiaries (Change from prepandemic projections, percentage points of GDP)



Source: IMF and WBG 2021. Note: COVID-19 = coronavirus disease 2019; DSSI = Debt Service Suspension Initiative.

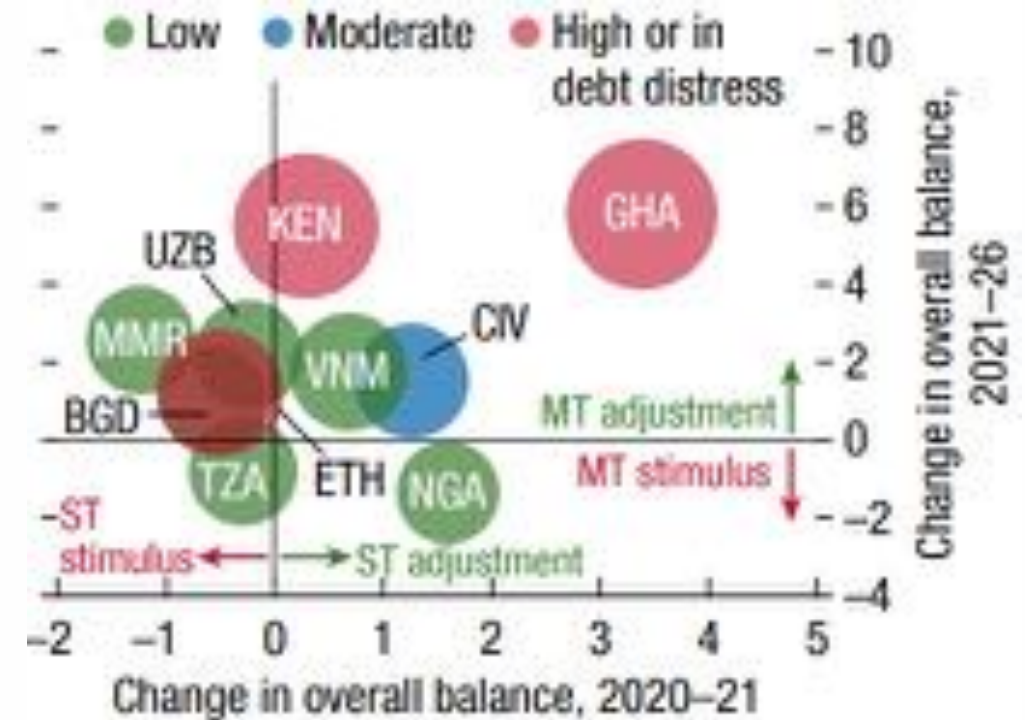
Low global interest rates has helped AEs and EMs, but financing risks present

Interest Payments to Revenues (Percent)



Sources: IMF, World Economic Outlook database and IMF staff calculation

Fiscal Adjustment and Public Debt for Selected Low-income countries, 2020–26 (Percent of GDP)



Note: cyclically adjusted primary balance for advanced economies, primary balance for emerging market economies, and overall balance for low-income developing countries. Numbers in each year refer to the cumulative change since 2019

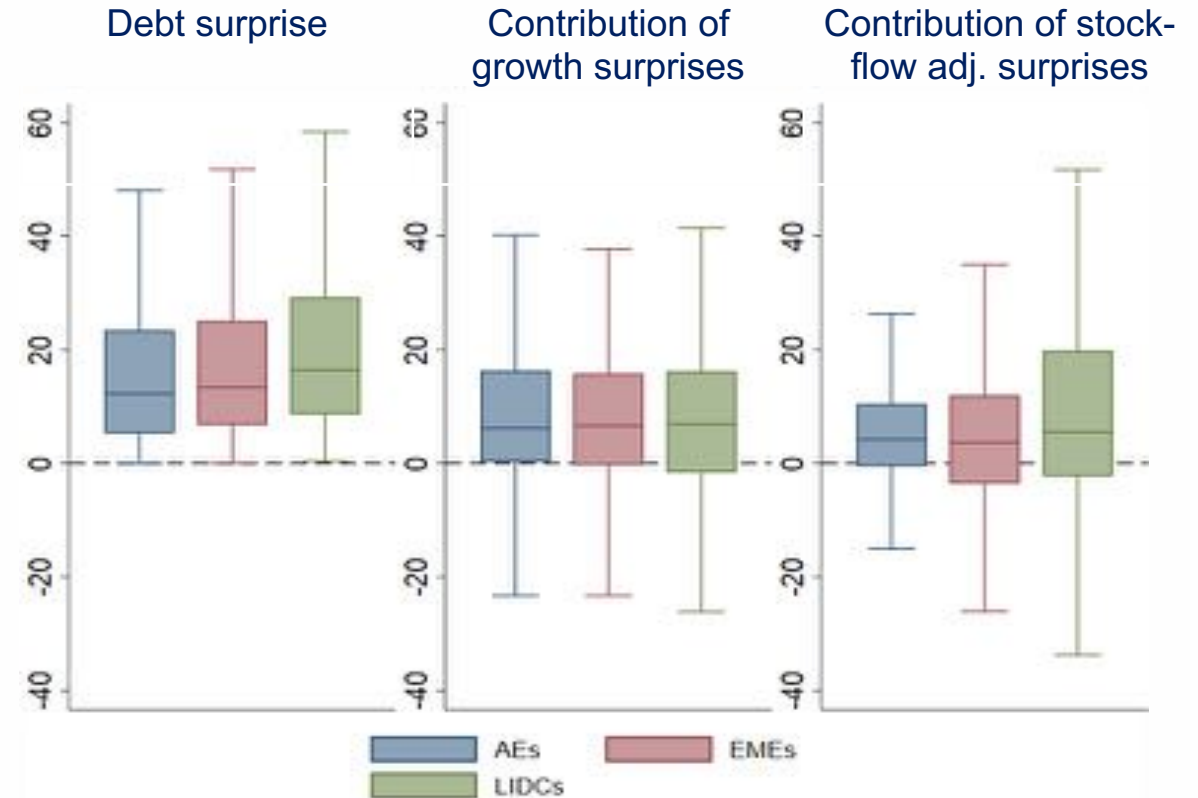
There are also upside risks to debt going forward

Debt jumps occur most often during and in the aftermath of crises

Fiscal objectives should account for risks:

- Buffers should be bigger if risks are larger
- Institutional coverage of rules should include source of risks
- Budgeting should include expected losses and present costs of contingent liabilities
- Risk mitigation can reduce fiscal exposure

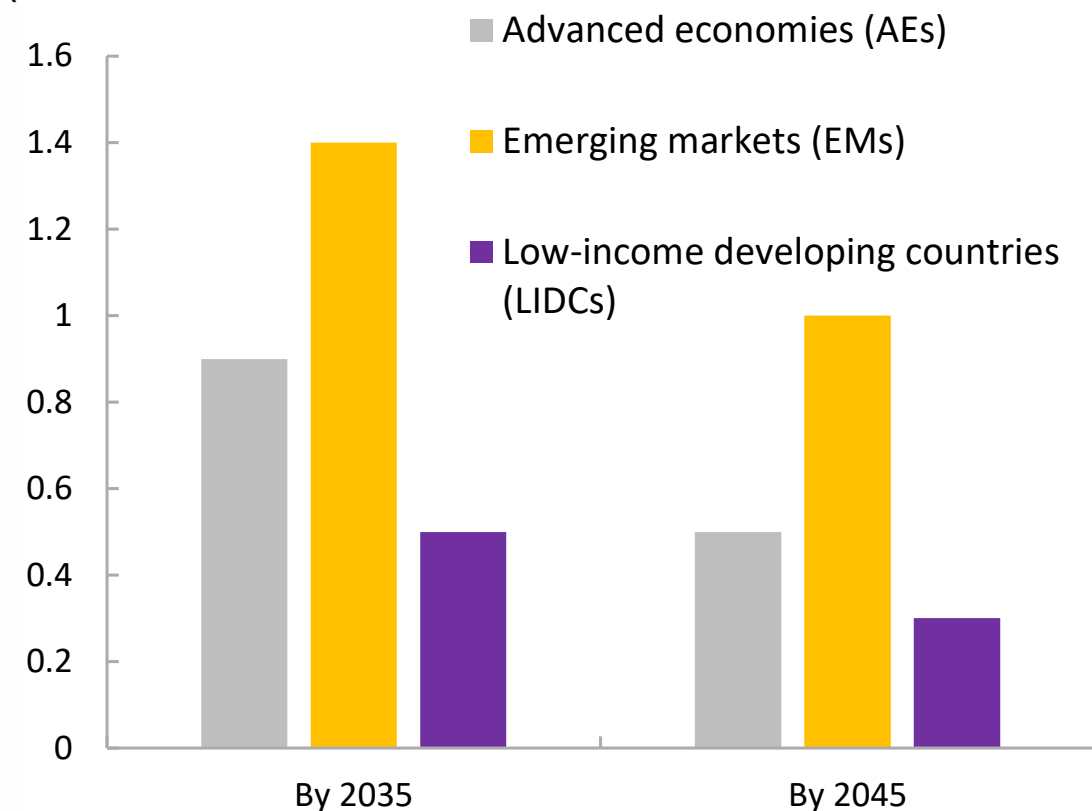
Unexpected Jumps in Debt, 5-year horizon (percent of GDP)



Notes: Decomposition uses projections at the 5-year horizon, obtained from the WEO October vintages over 1995-2019. Realized changes are compared to the projections for the main components of the debt's law of motion. To control for the impact of automatic stabilizers and policy measures on primary fiscal balances, the decomposition follows the approach of Mauro and Zilinsky (2016).

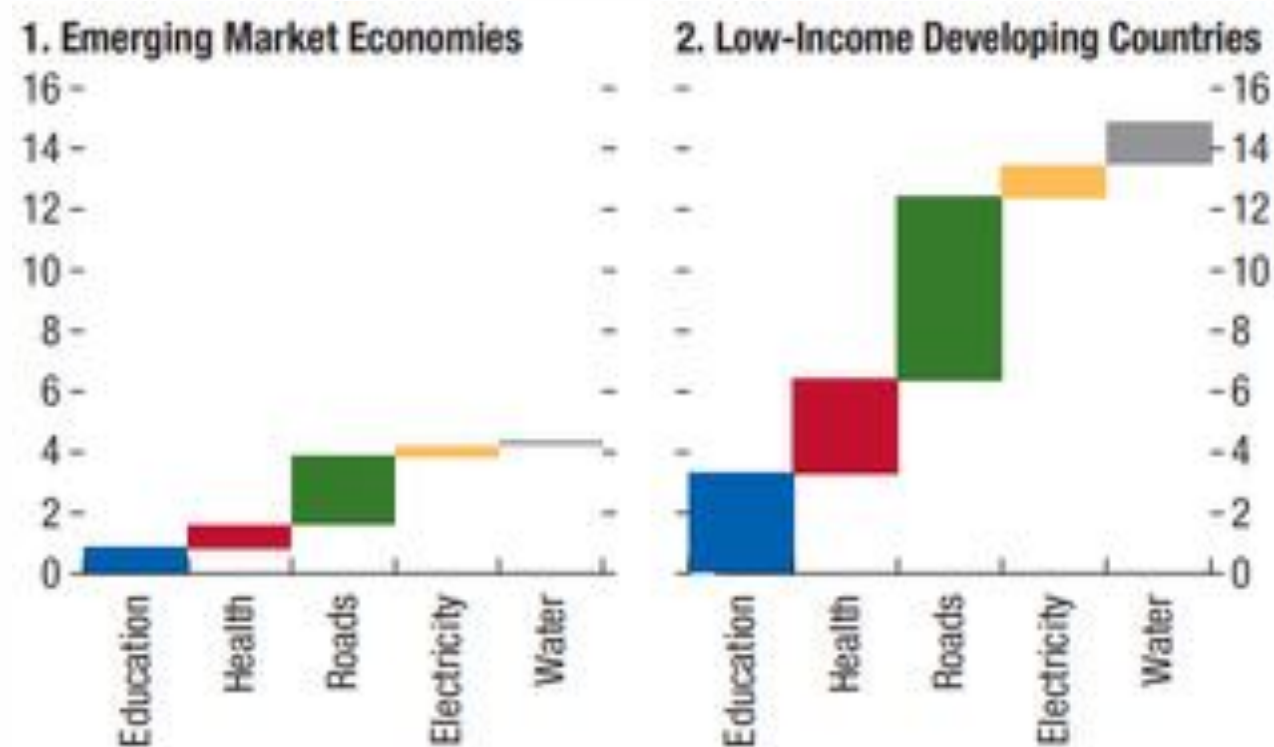
Reducing debt will be a challenge

Increase in primary balance, compared to 2010-19 average, required to return to 2019 debt level (percent of GDP)



Note: The calculations assume that the primary balance in 2021-23 is as in the WEO baseline, long-term growth rates are constant and equal to staff projections for 2024-2026 and effective real interest rates (interest bill/stock of debt) after 2023 are 1 percent for AEs and 2 percent for EMs

Additional Spending Requirement for Meeting the SDGs by 2030 (Percentage of 2030 GDP)

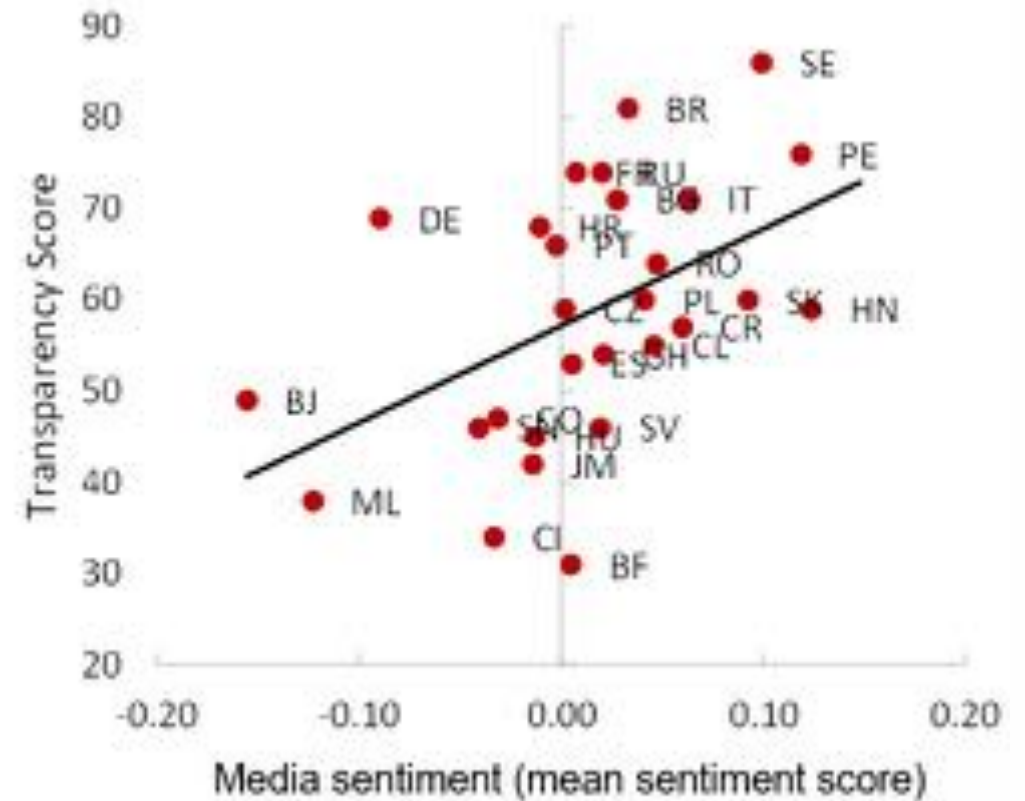


Source: IMF staff estimates.
Note: SDGs = Sustainable Development Goals

Budgetary rules are valuable, but can be flexible with enough transparency

- Numerical budgetary rules help achieve debt and deficit objectives
- And they pay off with lower interest rates
- More flexibility could be provided by
 - ✓ focusing on procedural rules where institutions are strong
 - ✓ selecting expenditure rules
- Recalibrating numerical rules can be considered
 - ✓ Impact on credibility unclear
 - ✓ Context and communication key
 - ✓ Fiscal transparency seems to improve media reaction

Media reaction to suspension of fiscal rules in 2020 and Index of Fiscal Transparency

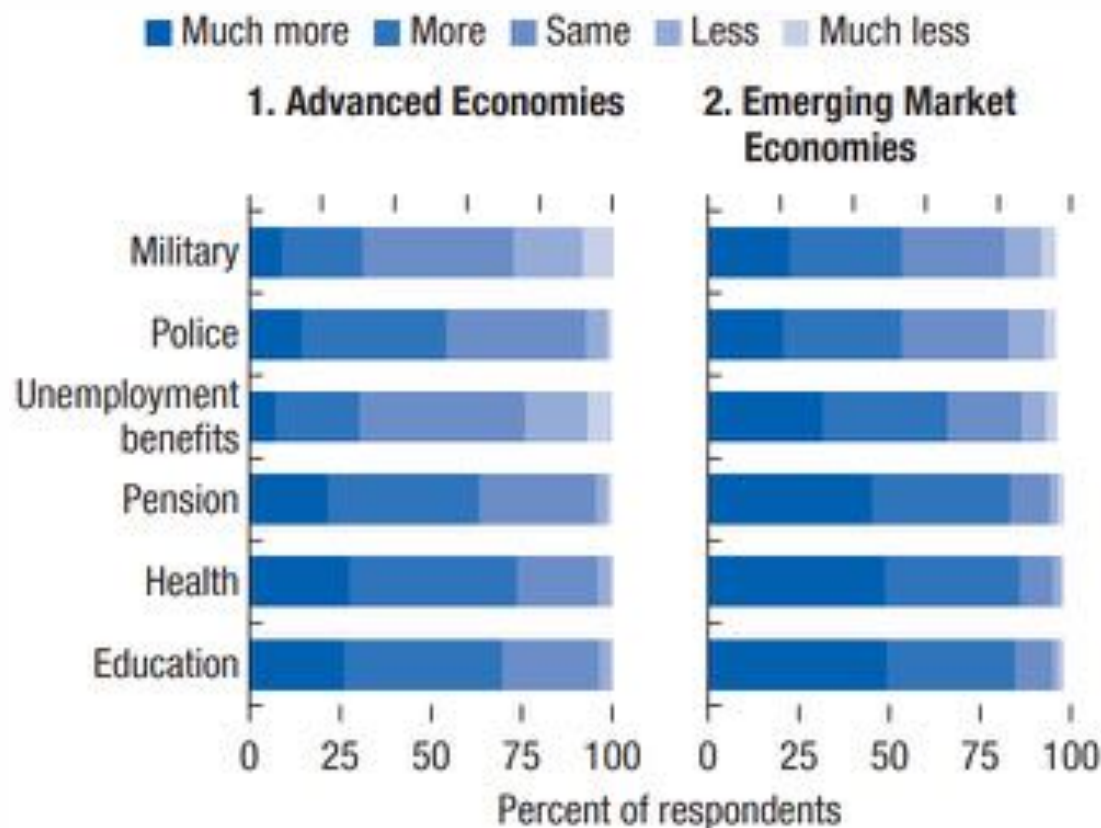


Source: Factiva; Open Budget Survey 2019; and IMF staff calculations
Note: Based on newspaper articles published in a two-week window around suspension of fiscal rules and referencing the suspension of the rule (38 articles per country on average). The mean sentiment score captures the tone (positive or negative) of the newspaper articles

Even before the pandemic, most respondents preferred more spending on education, health, and pensions

- Overall support for provision of basic public services financed by higher, more progressive, taxes
 - ✓ Healthcare spending highly valued
- Differences between groups
 - The well-off prefer less government spending
 - Women demand more, especially on healthcare
- Differences between how governments are perceived
 - ✓ Overall desire to cut ‘wasteful’ spending, especially in EMs
 - ✓ Support depends on trust on government’s integrity and capacity

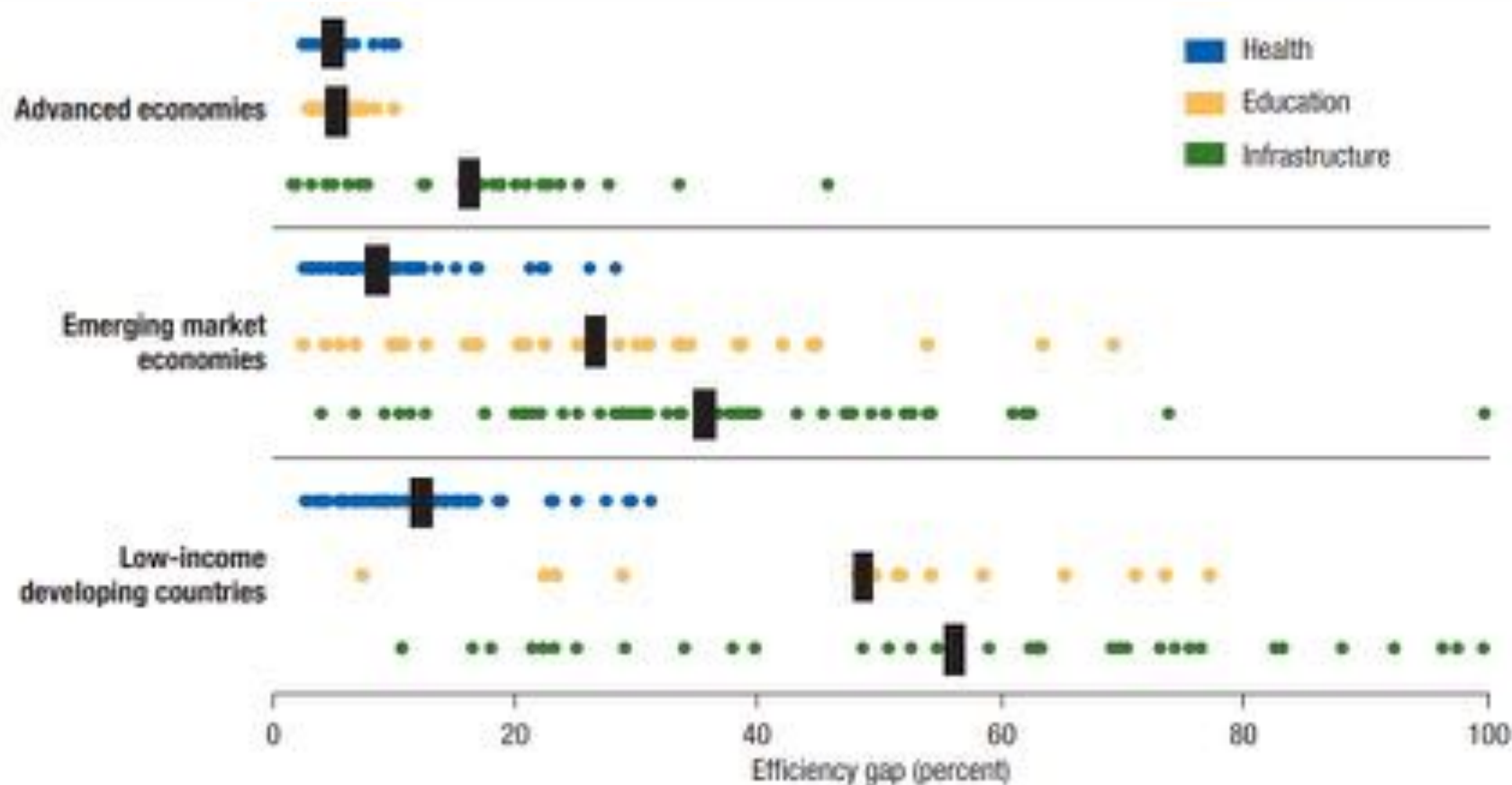
Survey Results on Preferences for Tax-Financed Spending (Percent of respondents)



Sources: International Social Survey Program 2016 database; and IMF staff estimates. Note: Results are based on individual-level data on 23 advanced economies and 12 emerging market economies in 2016.

Room for improving the efficiency of spending, but less so in healthcare

Sectoral Spending Inefficiencies



Sources: Baum, Mogues, and Verdier 2020; Garcia-Escribano, Juarros, and Mogues (forthcoming); and IMF staff calculations.

Note: All estimates are based on Data Envelopment Analysis; for health, output is life expectancy and input is total per capita health expenditure. For education, outputs are test scores and net enrollment rates and input is public education spending per student (Online Annex 2.4). For infrastructure, output is the volume and quality of infrastructure and input is public capital stock and GDP per capita.



Thank You

WHO 5th Montreux Initiative
November 16, 2021

Raphael Espinoza

International Monetary Fund
Fiscal Affairs Department

Panel discussion

Dileep de Silva

Ministry of Health, Sri Lanka

Mawuli Gaddah

Ministry of Finance, Ghana

Tamas Evetovits

WHO EURO

Ajay Tandon

World Bank



**Macro-fiscal crisis and COVID-19:
What are the implications for health financing and
UHC?
Sri Lankan perspective**

Dileep De Silva MD(Colombo), PhD (UK)

Resilient Health System at low cost

- Sri Lanka's health system has a long track record of strong performance
- The cornerstone of Sri Lanka's UHC agenda has been supply-side efforts to ensure strong service delivery
- Health financing indicators also indicate that the health system is both pro-poor and efficient.
- Sri Lanka's health spending as a share of GDP is around 3.4%. Out-of-pocket (OOP) accounts for about 55% of total health expenditures.
- Evidence on utilization patterns suggests that access to care in the government sector is pro-poor.

Pre-COVID weak fiscal out look

- Relatively small economy of USD 80.7 billion in 2020
- At end 2019 a fiscal deficit already at 6.8% GDP, public debt at a high 87% of GDP
- Hefty **foreign debt settlements averaging USD 4 billion each year** up to 2025
- Income Tax cuts meant to revive growth, trim about 20-25% off Govt revenues in a pre-COVID 19 scenario
- **Govt banned use of chemical fertilizer. Will affect the export crops (eg Tea) and Foreign earning**
- **In 2020, government revenue in Sri Lanka amounted to 9.6% of the nation's GDP**
- A severe foreign exchange shortage

Impact of COVID on Fiscal Front

- Sri Lankan Travel & Tourism sector, with its contribution to the national GDP falling 10.4% in 2019, to 4.9% in 2020.
- Loss of employment for migrant workers- mainly the unskilled labour force in the middle east countries. Remittances Affected.
- **LKR 117.5 billion in 2020 and LKR 53.0 billion during Jan-June of 2021 as expenses on the country's COVID-19 response.** Sri Lanka's expenditure on COVID-19 response is much lower than its South Asian peers.
- **Sri Lanka has spent only 0.8 percent of its GDP on the country's COVID-19 response as of June 2021.**

-
- 4 Ds – Demography, Disease pattern, Donor and Domestic funding- Health sector needs more allocations
 - **Sri Lanka's public health spending as a share of GDP, at around 1.9%, is low by international standards.**
 - Sri Lanka has been **printing unprecedented volumes** of money (2.8 trillion rupees- a massive 42%)to finance the deficit and keep interest rates down triggering forex shortages and currency depreciation.
 - **Fitch Ratings has downgraded** Sri Lanka's Long-Term Foreign-Currency Issuer Default Rating (IDR) to 'CCC' from 'B-'.
 - **Lack of a proper system to forecast financial requirements : Cash vs Accrual Basis**

Addressing the COVID Challenge

- **62% of the population has such far received 2 doses of the COVID vaccine**
- In a limited Human Resource setting, Sri Lanka has mobilized its primary health care staff for the vaccination drive against COVID
- This has affected delivery of routine Maternal and child health, School health and Mental Health.(Primary Preventive Services)
- In the secondary and tertiary care settings routine elective procedures have been postponed to accommodate COVID-19 patients(Curative services)
- However Sri Lanka hopes with the vaccination of more than 70% of its population, can resume its routine primary, secondary and tertiary care services soon

Fiscal challenges

- **Growth is expected to recover to 3.3 percent in 2021, Classical “V” shape growth.**
- **The medium-term outlook is clouded by pre-existing macroeconomic weaknesses and the economic scarring from the COVID-19 pandemic**
- **With jobs and earnings lost, poverty is projected to remain above pre-pandemic levels in 2021. The \$3.20 poverty headcount is projected to increase to 13%**
- **Official reserves remain low relative to short-term liabilities amid constrained market access.**
- **A severe foreign exchange shortage is exerting pressure on the exchange rate.**

-
- The authorities plan to meet their external-debt obligations in 2021-2025 through a combination of sources, **including bilateral, multilateral and commercial financing**, but in Fitch's view, access to such **external financing options will become more challenging against the backdrop of already high debt levels and an expected further weakening of government debt dynamics**
 - **Fitch estimates Sri Lanka's government debt to GDP ratio to increase further to around 116% by 2024.**
 - Continued reliance on current expansionary strategies will mean larger fiscal deficits, adding to already high public debt levels

-
- People are scared to go to Hospitals: Private Purchase of medicine will rise
 - Almost all drugs and Medical instruments are imported to the Country. With depreciating Rupee imports will be too expensive
 - OOPS will arise
 - Health sector may even get reduced allocations due to budgetary constraints in future !!! Especially for capital expenditure

Sri Lanka Health system will survive the COVID challenge

- Financing health coverage primarily through wage-based contributions is not in the Sri Lankan Health system.
- Sri Lanka's prospects to mitigate the disruptive effects of the COVID-19 pandemic depends crucially on **policy responses to synchronize monetary and exchange rate regimes and mapping a robust fiscal and debt sustainability path**
- Even within weak economic outlook, time tested Health system is resilient enough to achieve UHC in post COVID era

Thank you

Dileep De Silva MD(Colombo), PhD (UK)



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Break



5th Meeting of the Montreux Collaborative

14:15 – 15:30 CET : What can COVID-19 teach us about PFM?

Chair and moderator	Srinivas Gurazada (PEFA)
Global PFM lessons from the COVID-19 crisis	Richard Allen (public finance consultant)
Country PFM bottlenecks and adjustments for COVID-19	Mario Villaverde (Department of Health, The Philippines), Ogali Gaarekwe (National Treasury, South Africa)
Discussion: How to integrate and sustain lessons from COVID-19 for future PFM	Sarbani Chakraborty (health financing consultant), Teresa Curristine (IMF)
Questions and answers	With support from H��l��ne Barroy (WHO)

CAN PFM SYSTEMS BE BETTER PREPARED FOR HEALTH EMERGENCIES?

SIX LESSONS FROM THE COVID-19 CRISIS

Richard Allen

World Health Organization, Montreux Conference

November 16, 2021

INTRODUCTION

This presentation summarizes a draft Policy Note.

Key questions considered:

- What have been the main spending modalities introduced during the COVID-19 pandemic to provide emergency funding for health-related spending?
- What are the emerging lessons from these modalities?
- What can be sustained/refined in the future to enhance preparedness and responsiveness?

MASSIVE PRESSURE ON PUBLIC FINANCES

The size of emergency financing provided to the health sector in OECD countries ranges from 5 percent of GDP to more than 20 percent of GDP.

Huge discretionary fiscal support by the IMF during the COVID-19 crisis: up to 35 percent of GDP for advanced economies, up to 14 percent of GDP for emerging markets, and up to 6.5 percent of GDP for low-income developing countries.

This massive support not surprising given that the COVID-19 crisis was a health crisis first and foremost.

But sectors other than health have faced similar challenges during the crisis, e.g., to adjust spending priorities, maintain accountability and transparency, release emergency funds fast (ACCA Survey, 2021).

FOUR WAYS TO INCREASE HEALTH SPENDING DURING A CRISIS

1. Implementing existing laws that cater for national emergencies.
2. Utilizing existing flexibilities in PFM laws, e.g., in-year adjustments, supplementary budgets, contingency funds and reserves.
3. Additional measures adopted through new laws and administrative orders, e.g., COVID-19 funds.
4. New borrowing or rescheduling of loans, emergency funding program with IMF, WB, capital injections, government guarantees.

DOES DEVOLUTION HELP?

In principle, yes, where the environment is favorable and central budget offices (CBOs), health ministries, subnational governments (SNGs) or insurance funds have sufficient capacity and skills to undertake efficient and effective budgetary control and oversight.

Unfortunately, in many LMICs, such conditions do not exist:

- Many finance ministries have not relinquished central controls on spending.
- Capabilities for undertaking efficient PFM functions are low in many health ministries and significant functions are devolved to SNGs, health insurance funds or the private sector.

SIX LESSONS FROM THE PANDEMIC



LESSON 1

Effective health financing systems and effective emergency responses require critical PFM fundamentals to be in place.

These include reliable planning and budgeting interfaces, credible MTEFs and spending ceilings, results-based budgets, reliable internal controls and cash management, efficient and effective audit

However, sound PFM systems are lacking in many LMICs (see Barroy et. al. study of 51 SSA countries, 2019, and PEFA Global Report 2020)

13 of 26 SSA countries underspend health budget allocations by more than 15%, and the trend has deteriorated

But some recent improvements, e.g., chart of accounts and FMIS (Rwanda), program budgets, new procurement laws and data on beneficial ownership (Ecuador, Kenya, Kyrgyz Republic, Nicaragua)

LESSON 2

Finance ministries should build an analytical framework to test whether emergency funding mechanisms add value and whether they should be sustained beyond the crisis.

Table 1 sets out nine criteria that should be part of a dialog between the CBO and the health authorities on emergency funding proposals.

Table 1. Assessment of Emergency Spending Modalities: Key Requirements

Spending scheme/initiative	Does the scheme require a new legal mandate?	Does it require a full economic and fiscal justification?	Are there alternative delivery mechanisms	Does it require reprioritization of existing budget allocations?	Does it require additional reporting arrangements?	Is it covered by existing external audit provisions?	Should the scheme be terminated at end of crisis?
Rapid response assessments	No	No	Not relevant	No	No	Not relevant	Not relevant
Use of supplementary budgets and contingency reserves	Probably, no	Yes	Not relevant	Yes	No	Yes	No
Accelerated transfers to SNGs	Yes	Yes	Probably yes	Probably, yes	Yes	No	Probably, yes
Front loaded funds to service providers	Yes	Yes	Probably, yes	Probably, yes	Yes	No	Probably, yes
Contracting our services to private sector	Yes	Yes	Possibly, yes	Probably, yes	Yes	No	No
Accelerated procurement procedures	Yes	Yes	No	Probably, yes	Yes	No	Probably, yes
Creation of new programs and/or budget codes	No	No	No	No	No	Yes	No
Creation of extra-budgetary funds	Yes	Yes	Probably, yes	Yes	Yes	No	Probably, yes

LESSON 3

Balancing flexibility and speed of response against transparency and accountability is key

Many good examples around the world, e.g., fast-tracking spending authorizations at central level, accelerated transfers to SNGs, advanced payments as a complement to retrospective reimbursements.

- Colombia, France, Honduras, and Peru have set up a dedicated transparency portal.

Some countries have stepped up audit function, e.g., use of interim audits of COVID-related spending (Honduras, Peru, Sierra Leone, and South Africa) and concurrent audits (e.g., Honduras and Peru).

But Auditor General reports in some countries (e.g., South Africa) indicate financial irregularities and fraud.

- In LMICs generally, auditors are weak and under political control.

LESSON 4

Extra-budgetary funds have been useful in some countries but can create large fiscal risks and a potential accountability deficit

More than 40 countries have set up special funds to deliver emergency funding (including health) – Rahim et. al. 2020 - opportunities for flexible health-related responses and better coordination across sectors (e.g., Botswana and Sierra Leone)

But significant transparency and accountability risks, and fragmentation of health services

Funds should generally not be permanent and be wound up after the pandemic, with any surplus funds returned to the treasury

LESSON 5

Program budgeting can help facilitate emergency financing of COVID-19 responses

Good examples are mainly confined to OECD countries and emerging markets. Use of existing program structures may be more effective than setting up a separate COVID-19 fund.

- Examples include Burkina Faso and France. Honduras and Rwanda have tagged COVID-19 spending in their IT systems.

But only 18 SSA countries use some form of programmatic classification to present their health budgets, so use of this instrument is limited in many LMICs at present.

LESSON 6

Capacity constraints may limit the ability of LMICs to manage health-related resources efficiently and effectively

Some countries appear to have managed efficiently the process of taking decisions on emergency health financing and disbursing funds to beneficiaries

But finance departments of many health ministries are weak, comprising a few accountants but limited capacity for analyzing budgets. Decentralized functions in SNGs may be even less efficient

More positively, studies show that some countries have been able to harness digital technologies to deliver health services and cash transfers efficiently

CONCLUSIONS

- Improving PFM functionalities to increase efficiency of health spending can create fiscal space for more spending, but many LMICs lag on PFM reforms which are also slow acting
- Flexibilities need to be fully justified, approved by the MoF, and balanced by accountability
- Some spending modalities (e.g., COVID funds) can only be justified as temporary measures, while the pandemic persists
- Weak capacity and capability of finance staff of health ministries (and many CBOs) is a key constraint
- Countries should make full use of existing flexibilities and emergency procedures before looking at other options
- Stronger institutions and governance are also critical, with national audit offices and anti-corruption agencies important players

THANK YOU

Richard Allen

World Health Organization, Montreux Conference

November 16, 2021

Public Financial Management in the Context of COVID-19 Health Sector Response

MARIO C. VILLAYERDE, MD, MPH, MPM, CESO I

Undersecretary of Health

Health Policy and Systems Development Team



Department of Health, Philippines



Overview of Health System and PFM in the Philippines

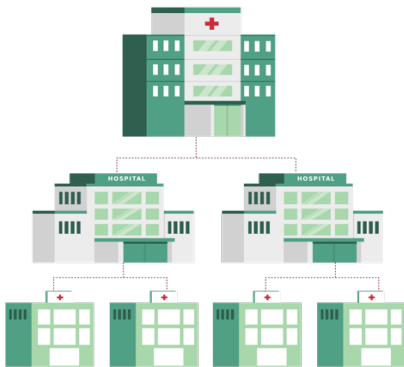
- The Philippines has a mixed public-private health system that operates within a fragmented environment.
- Philippine health care financing is a complex system involving various players, at times operating in unsynchronized ways.
- The Philippine National Health Accounts consists of various financing sources and different accountabilities.



PFM Challenges to Support COVID Health Response



- The COVID-19 situation heavily stressed the health infrastructure of the country and highlighted the existing gaps in the health system.



- It required adjustments in current financing arrangements among national and local governments, public and private health facilities.

Adaptations and Solutions Introduced



**Realignment of
savings from
regular budget**



**Enactment of
special laws**



**Availment
of loans and
grants**



**Creation of
benefit package
for Covid-19**



**Mobilization of
funds from
other sources**

Emerging PFM Issues

- Access to the global market
- Limitations in the Philippines' procurement law and supply chain management system
- Disjointed financing mechanisms of the different major players



Lessons Learned

- Interim legislations are not sufficient to address multi-year pandemic situations.
- There is a need to relax certain provisions of the Procurement Law and strengthen the supply chain management system.
- Different sources of financing equate to unsynchronized spending resulting in inefficiencies.



Ways Forward

- Invest on developing baseline data and better information system for more efficient planning and financing
- Keep financing system and indicators simple for easier monitoring and better performance assessment



Thank you

MARIO C. VILLAYERDE, MD, MPH, MPM, CESO I

Undersecretary of Health

Health Policy and Systems Development Team



Department of Health, Philippines



WHO MONTREUX PFM AND COVID

PRESENTED BY:

OGALI
GAAREKWE

Title: PFM & COVID
SOUTH AFRICA

Date: 16 November
2021



national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



**STAY
SAFE**

VACCINATE TO SAVE SOUTH AFRICA

OVERVIEW OF HEALTH SYSTEM AND PFM IN THE COUNTRY

Overview of health system in South Africa

- 84% of population relies on public sector healthcare system – concurrent function (national, provincial, Metros – primary health care).
- There is also a large private healthcare sector and approximately 16% of the population is covered by private medical schemes.
- Out-of-pocket expenditure is comparatively low at 7.7% of health expenditure, far below the UMIC average of 32.6%

PFM

- The Constitution and Division of Revenue Act – division of revenue across 3 spheres and allocation of resources
- Public Finance Management Act – budget process
- Programme budgeting standardized across the nine provincial health departments
- Standard Charts of Accounts
- Government Finance Statistics – economic classification
- Monthly reporting of expenditure by departments

PFM CHALLENGES TO SUPPORT COVID HEALTH RESPONSE

First case confirmed on 05 March 2020

Budget tabled on 26 February 2020, and no provision made for COVID-19

Public finances were severely constrained even before the pandemic due to more than a decade of weak economic growth

Rising debt and escalating debt service costs

Unpaid bills (accruals and payables) in the health sector – R12.9 billion

Medico-legal contingent liability – R111,2 billion, payments after court settlement – R1,7 billion

ADAPTATIONS, SOLUTIONS

PFM mechanism	Description	Used for
Provincial disaster relief grant	Ring-fenced transfer from National Disaster Management Centre to provinces to respond to disasters declared in terms of Disaster Management Act	Funding initial PPE requirements in provincial DOH
Section 29 and virements	PFMA s29 authorises spending before the 2020 Appropriation Bill was enacted (23 July 2021). PFMA S43 authorises virements within budgets, in some cases requiring Treasury approval	Funds were unlocked by allowing treasuries to approve the shift of funds from various areas towards COVID related spending . Was used to authorise the use of budgeted funds from NDOH vote, including R315 million in the COVID component of the HIV/AIDS grant.
Special adjustment budget	PFMA s30 allows Minister of Finance to table an adjustments budget during the course of the financial year. Under normal circumstances, only one adjustments budget is tabled, but in this case a special adjustment budget was tabled shortly after the main budget was passed in Parliament.	The most comprehensive mechanism used in the COVID response, whereby R21.5 billion was allocated for the health COVID-19 response. Provinces subsequently also tabled special adjustments budgets.
Emergency funding	PFMA s16 allows Minister of Finance to authorise use of funds from for emergency purposes not already catered for in the budget.	Allocate R1.3 billion for COVID vaccines towards the end of the 2020/21 fiscal year.
Funding for areas announced during the tabling a previous budget.	Appropriation Act s6 allows Minister of Finance to authorise expenditure for areas not budgeted for but announced during the tabling of the budget.	Used to augment budgets to procure vaccine by R2.3 billion in-year.
Procurement instruction notes	National Treasury issued a series to allow for fast procurement and price regulation	Issuing reference price lists for PPE, exemptions from following normal procurement processes etc.

EMERGING/NEW PFM ISSUES

How to track COVID-19 budgeting and expenditure – additional SCOA codes

Reporting – to monitor availability of resources required for COVID interventions

Procurement challenges – limited access to international markets for PPEs and ventilators (early stages of COVID to due limited international travel)

Access to vaccines in 2020 was difficult

Additional requirements for multilateral loans e.g. WB, NDB

LESSONS LEARNT AND WAYS FORWARD

A wide range of PFM mechanisms were used in the South African COVID-19 response

Mechanisms that allow for rapidly augmenting allocations in-year, are particularly valuable when funding needs are difficult to project, as was the case when budgeting for the COVID-19 vaccine rollout

Robust expenditure reporting systems and processes with additional categories for recording COVID-19 expenditure assisted to some extent in continuously evaluating budget allocations.

Strengthening surveillance systems - tracking local variations in disease severity and spread, necessitating differentiated service responses across geographical areas

Access of vaccines at all health facilities (both private and public) shows South Africa might be ready for universal health coverage

Relaxation of procurement rules through emergency provisions, while well-intended and may have been required to accelerate procurement of critical scarce goods and services, also carried risk of abuse

The available mechanisms have generally been sufficient to fund the COVID-19 response.

Infrastructure delivery – more wards and temporary field hospitals were constructed within short period

THANK YOU

PRESENTED BY:

**OGALI
GAAREKWE**

Title: PFM & COVID
SOUTH AFRICA

Date: 16 November
2021



national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



**STAY
SAFE**

VACCINATE TO SAVE SOUTH AFRICA

Panel discussion

Sarbani Chakraborty
Health financing consultant

Teresa Curristine
IMF





5th Meeting of the Montreux Collaborative

Fiscal space, public financial management and health financing in a time of COVID-19

Break



5th Meeting of the Montreux Collaborative

15:45–16:30 CET : **How to assess PFM bottlenecks and monitor reform progress in health: a rapid update on PFM & health tools**

Chair and moderator	Toomas Palu (World Bank and UHC2030)
Panel	Manoj Jain (World Bank) Julia Dhimitri (PEFA) Matt Jowett and Hélène Barroy (WHO) Jennifer Asman (UNICEF) and Sierd Hadley (UNICEF/ODI tool)
Country discussants	Adanna Chukwuma (World Bank, Armenia), Faraz Khalid (WHO, EMRO)

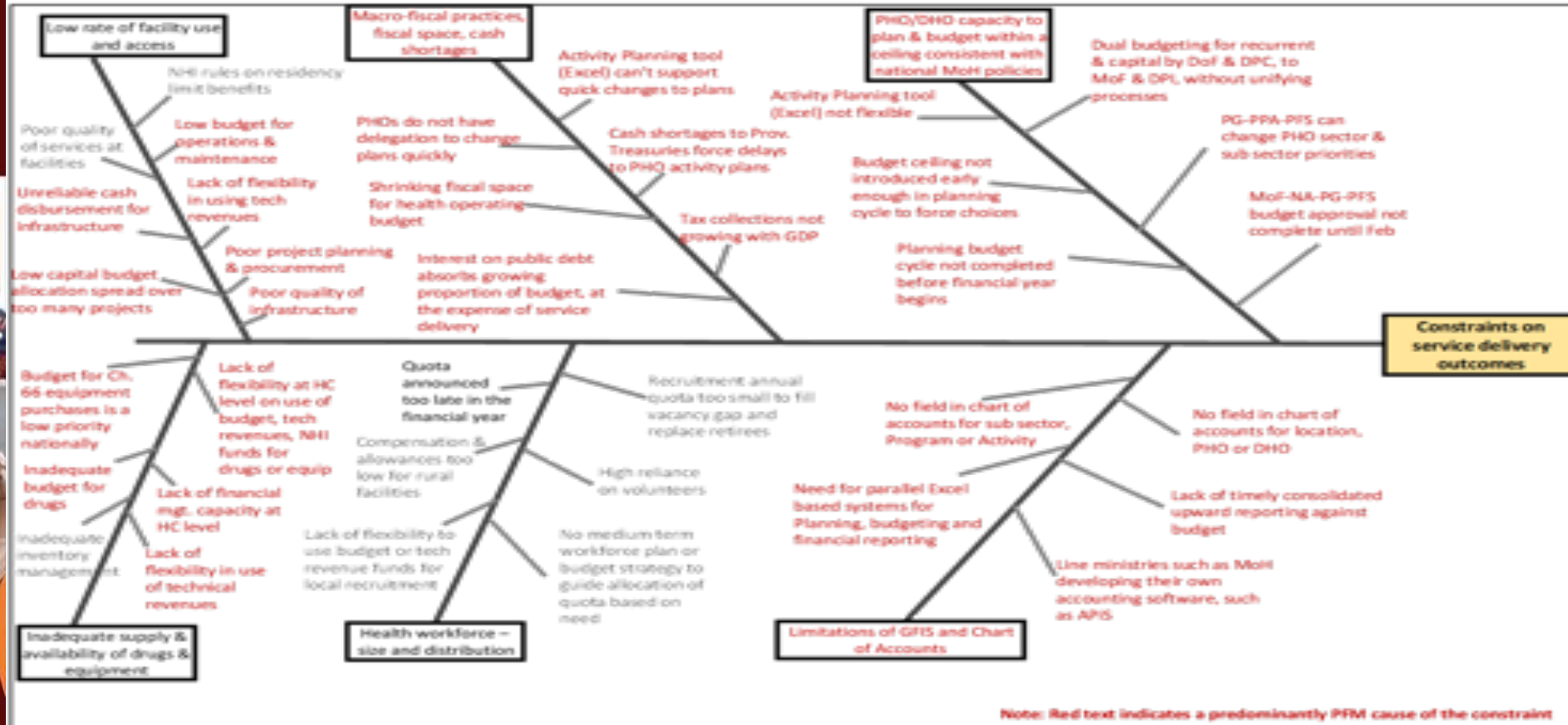
**FinHealth :
PFM IN HEALTH TOOLKIT**



FinHEALTH : WBG Tool for improving Service Delivery in Health Sector

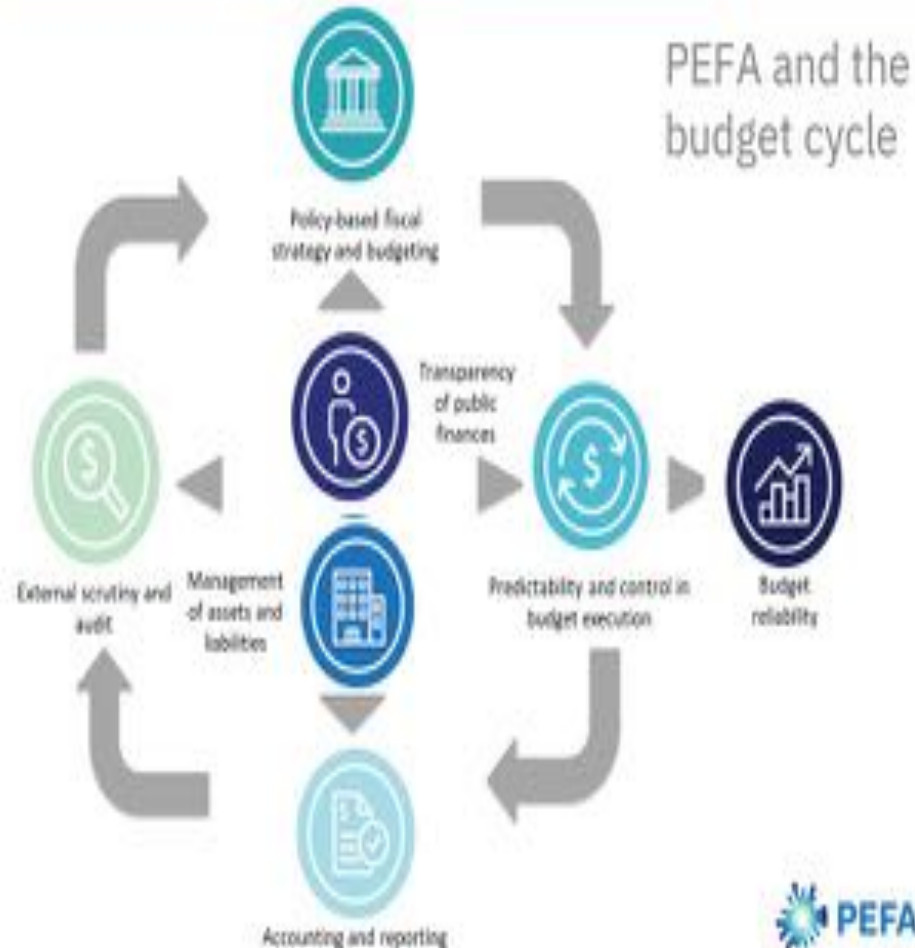


FinHealth : PFM IN HEALTH TOOLKIT



- **Triangulation** : maps and examines associations between three variables at play - PFM, HF and HSD
- Starts from problems at the point of service delivery (e.g. PHC) and goes upwards
- Analyzes the demand and supply side bottlenecks for service delivery
- Fishbone approach (Ichikawa) to unpack and understand service delivery issues at micro level
- **Service Delivery Orientation to Analysis** ; in H1-H24 functions – **Budget formulation** (Strategic Planning, Budget preparation); **Budget Execution** (Flow of Funds, Management of Physical Inputs, Accounting and Reporting); **Budget Evaluation** (Oversight and Transparency)
- Develops a contextualized and sequenced short to medium term action plan

PEFA STRENGTHENED APPROACH TO SERVICE DELIVERY



- Taking advantage of the PEFA assessment, through a set of diagnostic questions, assess the extent to which the PFM performance enables efficient service delivery.
- Diagnostic questions are mapped to the relevant PEFA framework indicators and cover the entire budget cycle.
- No score. Analysis to be presented as a separate annex to the main PEFA assessment report.
- SD programs should be selected carefully.
- A thorough analysis of the specific SD arrangements should be provided.
- Currently being pilot tested in: Can Tho province in Vietnam, 4 subnational governments in Ukraine, and South Africa (tbc)

THE HEALTH FINANCING

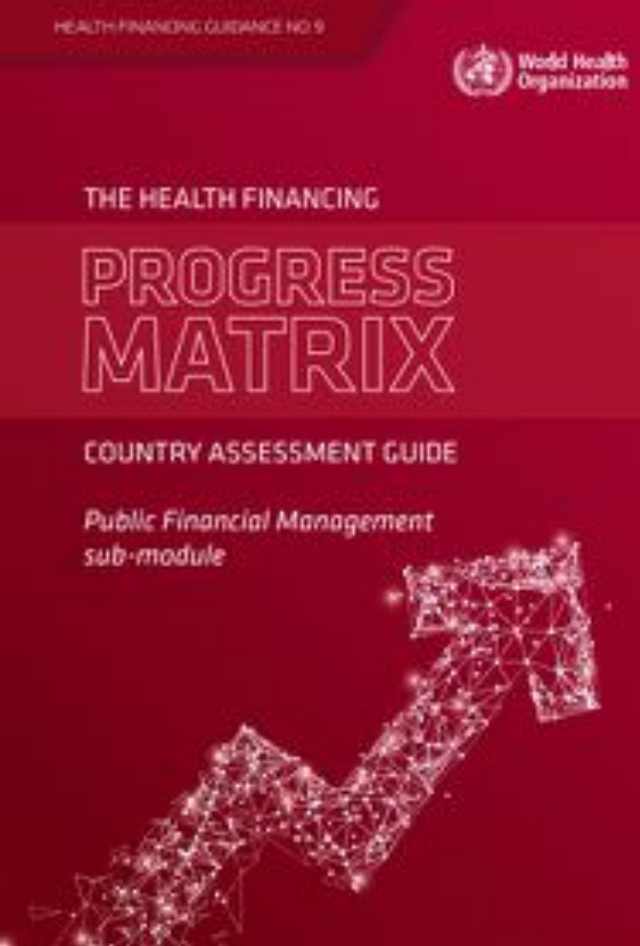
PROGRESS MATRIX

COUNTRY ASSESSMENT GUIDE

Public Financial Management
sub-module

PFM Module - WHO Health Financing Progress Matrix

- Standardized assessment of country HF policies against 19 “*desirable attributes*”
- 33 questions across seven assessment areas, one of which is PFM
- Five dedicated PFM questions; eight additional questions mapped as PFM-relevant
- These thirteen questions constitute a close look at PFM issues, fully embedded within the health financing framework.



Five dedicated questions analyzing PFM

Question 6.1	Is there an up-to-date assessment of key public financial management bottlenecks in health?"
Question 6.2	Does health budget formulation and implementation support alignment with sector priorities and flexible resource use?
Question 6.3	Are processes in place for health authorities to engage in overall budget planning and multi-year budgeting?
Question 6.4	Are there measures to address problems arising from both under- and over-budget spending in health?
Question 6.5	Is health expenditure reporting comprehensive, timely, and publicly available?

Questions mapped from other assessment areas addressing issues such as:

- *predictability in public revenues for health services*
- *stability in fund flow to providers*
- *the extent to which providers have financial autonomy*
- *whether PFM systems in place to support timely response to public health emergencies*

Why this approach?

- Multiple tools available / in development, but information not always brought together across disciplines, ministries, sectors
- Stakeholder engagement in problem solving as critical as diagnostic tool
- UNICEF value-add – long-term partnerships in health, social sectors, MF, subnational service delivery

What the approach involves:

Component 1: Problem identification:

- Uses mainly secondary sources and local knowledge rather than extensive new analysis
- Identifies and categorises challenges with framework of common PFM challenges (checklist) based on ODI research on relationship between PFM and health service delivery

Component 2: Facilitated problem resolution

- Focus on supporting government-led problem-solving, with facilitation support
- Learns from experience with Problem Driven Iterative Adaptation (PDIA) approach developed by Harvard

Lessons learned:

- Application in Uganda, Tanzania and Namibia 2018-2021
- Value in synthesizing insights across disciplines / sectors / levels of gov
- Identify suitable contexts / problems, consider space/commitment for reforms

Next steps:

- Guidance Jan 2022, including checklist, evidence base, lessons learned and practical resources

A Problem-Driven Approach to PFM Challenges in Health Service Delivery

Component 1:

What are the main problems?

Identify and categorise known problems using checklist based on common PFM challenges

Validate and prioritise findings with government and close partners / stakeholders

Synthesis and validation of insights from existing analysis (incl. MoH, MF, subnational / facility level analysis and compatible sectors), and government / stakeholder feedback.

Findings of the review will be discussed with government and close partners and used to find shared concerns between the Government and UNICEF.

IF CONDITIONS ARE IN PLACE TO CONSIDER COMPONENT 2

Component 2:

How can these problems be resolved?

Re-validation / problem definition

Facilitated problem-solving workshops or discussions, building on local knowledge and processes

Mechanisms for follow-up, monitoring and oversight

Identify priorities, develop a shared understanding of the problems and space to act

UNICEF support to facilitate a government-led process to understand and address priority problems, focusing on short-term actions

Establish teams and structures to take the work forward, clarify support needed from UNICEF and other partners.

Thank you!

We look forward to your insights



Country discussants

Adanna Chukwuma
World Bank, Armenia

Faraz Khalid
WHO, EMRO





5th Meeting of the Montreux Collaborative

Day 3 - Wednesday 17 November



5th Meeting of the Montreux Collaborative

13:00 – 14:30 CET : **Direct facility financing: what are the opportunities and challenges of PFM systems?**

Chair and moderator	Joe Kutzin (WHO)
Concepts and rationale of direct facility financing	Sophie Witter (Queen Margaret University Edinburgh, UK)
Tanzania: key lessons from aligning direct facility financing and the PFM system	Sheila O'Dougherty and Gemini Mtei (Public sector systems strengthening project, Abt Associates/USAID, Tanzania)
Discussion: Opportunities and constraints for scaling-up reforms	Nirmala Ravishankar (ThinkWell), Ayodeji Oluwole Odutolu (Global Financing Facility), Michael Borowitz (The Global Fund)
Questions and answers	With support from Federica Margini (UNICEF)



5th Meeting of the Montreux Collaborative

14:45 – 16:00 CET : **Health budget execution performance: how to get on the same page?**

Chair and moderator	Cheryl Cashin (Results for Development)
Assessing health budget execution performance: a country-level framework	Hélène Barroy (WHO), Moritz Piatti (World Bank)
Putting the framework into practice: evidence from Kyrgyzstan and Ukraine	Loraine Hawkins (health finance consultant)
Acting together: country and global reflections	Sabeen Afzal (Ministry of National Health Service, Regulation and Coordination, Pakistan), Fazeer Rahim (IMF), and Sally Torbert (IBP)
Questions and answers	With support from Amna Silim (WHO consultant)

Thank you!

We look forward to your insights

