



**FISCAL AFFAIRS**

# **Public financial management and COVID-19**

**JOINT VIENNA INSTITUTE  
JUNE 19, 2020**

Michelle Stone  
Public Financial Management I Division  
Fiscal Affairs Department, IMF HQ

# Outline

1. Introduction – Current challenges for public financial management
2. IMF special notes on PFM and COVID-19
3. Note 1 – Preparing PFM systems for emergency response
4. Resources

# I. Context for PFM managers

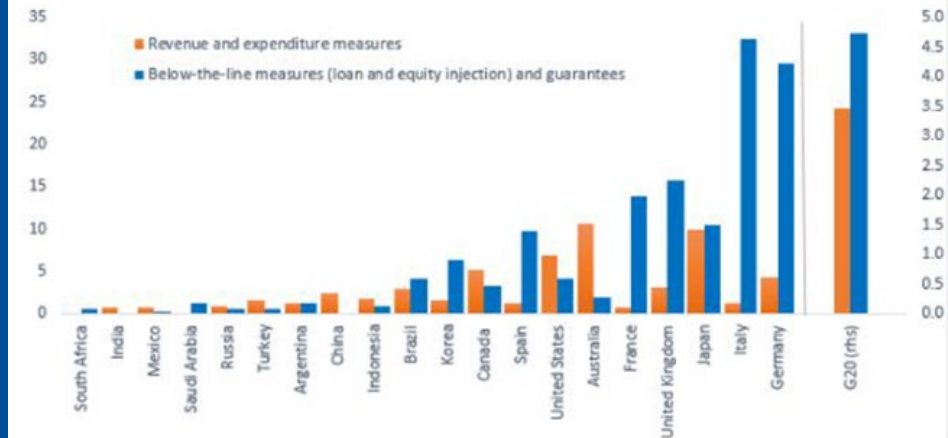
In April, WEO forecast global **GDP growth at -3 percent** for 2020

**79 million cases** of coronavirus globally and more than **429,000 deaths\***

**IMF emergency financing US\$24,727 million** for 69 countries

By June, massive **fiscal measures exceed 10 trillion** globally

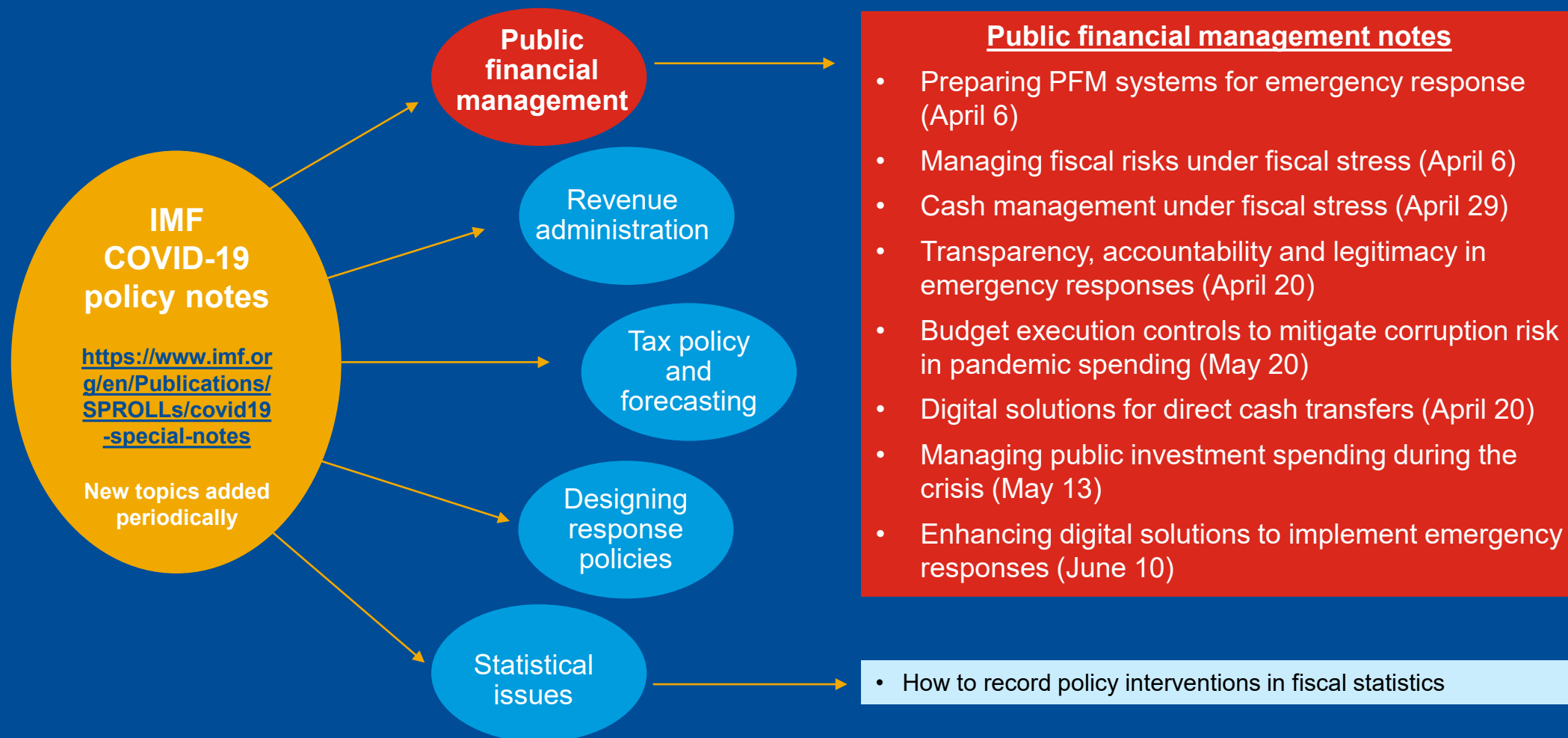
**Announced Fiscal Measures in G20 economies (Percent of GDP)**



Sources: National authorities; and IMF staff estimates as of April 8, 2020.

Note: G20 = Group of twenty. G20 aggregates are calculated using PPP-adjusted GDP weights

## II. IMF special series notes on COVID-19 topics



# III. COVID-19 poses acute challenges for public financial management

## Immediate response

- Enabling continued health and social welfare services
- Enabling effective functioning of government

## Supporting policy responses to cushion the economy

- Policies to support individuals, businesses, market liquidity

## Protecting medium-term fiscal sustainability

- Fiscal impact of policy responses,
- Fiscal risks (new and old)

# Preparing PFM systems for emergency response (1)



## Ensuring additional budget funding is available if needed

- Examine legal framework and capacity to support spending
  - contingency appropriations, emergency spending provisions, capacity to reallocate funds, supplementary budgets
- Make pre-emptive changes where needed if parliament may not be able to operate continuously
- Examine potential external funding sources
  - e.g. IMF emergency assistance, development partners

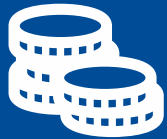


## Identify scope to reprioritize spending

- Identify low-priority spending
- Capital program

Managing public investment during the crisis

# PFM systems and emergency response (2)



## Ensuring liquidity, and recalibrate debt and cash requirements

- Importance of integration between cash and debt managers
- Closely monitor cash balances
- Determine hierarchy of cash releases to support high priority spending
- Look for new sources of cash i.e. outside treasury single account

Cash management under fiscal stress



## Budget execution

- Enable continued disbursement of funds
- Balancing speed of disbursement and control
  - Delegations, pre-audit
- Importance of ex post audit to support accountability

Budget execution controls to mitigate corruption risk in pandemic spending

Transparency, accountability and legitimacy in emergency response

Digital solutions for cash transfers

# PFM systems and emergency response (3)



## Tracking and reporting emergency response measures and fiscal developments

- Real time monitoring of budget and economy (use spending and revenue information, frequently updated)
- Publication of response measures and estimated costs, supplementary budgets
- Management of fiscal risks
  - Gatekeeper for new risks to make sure potential costs understood
  - Monitoring and mitigating fiscal risks

Transparency, accountability and legitimacy in emergency response

Management of fiscal risks under fiscal stress



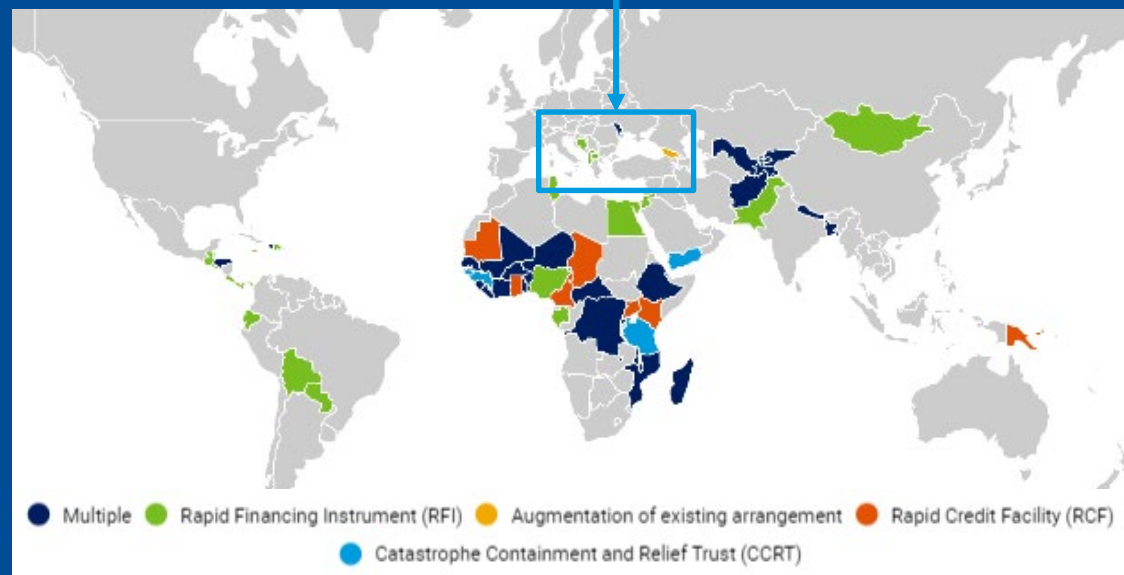
## Business continuity

- Crisis management team
- Remote and secure access to PFM systems and key information
- Planning for absence of critical staff/approvers



# IV. IMF emergency assistance in Europe

Country	Type of Emergency Financing	Amount Approved in SDR	Amount Approved in US\$	Date of Approval
Albania	Rapid Financing Instrument (RFI)	SDR 139.3 million	US\$ 190.5 million <sup>3</sup>	April 10, 2020
Bosnia and Herzegovina	Rapid Financing Instrument (RFI)	SDR 265.2 million	US\$ 361 million <sup>3</sup>	April 20, 2020
Kosovo	Rapid Financing Instrument (RFI)	SDR 41.3 million	US\$ 56.5 million <sup>3</sup>	April 10, 2020
Moldova, Republic of	Rapid Credit Facility (RCF) Rapid Financing Instrument (RFI)	SDR 57.5 million SDR 115 million	US\$ 78.4 million <sup>3</sup> US\$ 156.7 million <sup>3</sup>	April 17, 2020
North Macedonia, Republic of	Rapid Financing Instrument (RFI)	SDR 140.3 million	US\$ 191.83 million <sup>3</sup>	April 10, 2020
<b>Total Amount Approved</b>		SDR 758.6 million	US\$ 1,034.93 million <sup>3</sup>	



As at June 11, 2020

# Further information



IMF policy notes on how to respond to the crisis  
<https://www.imf.org/en/Publications/SPROLLs/covid19-special-notes>



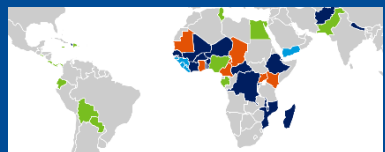
Policy tracker of global country level response measures  
<https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19>



IMF Fiscal Monitor April 2020  
<https://www.imf.org/en/Publications/FM/Issues/2020/04/06/fiscal-monitor-april-2020>



Summary of IMF lending instruments  
<https://www.imf.org/en/About/Factsheets/Sheets/2020/02/28/how-the-imf-can-help-countries-address-the-economic-impact-of-coronavirus>



Summary of IMF emergency lending approved to date  
<https://www.imf.org/en/Topics/imf-and-covid19/COVID-Lending-Tracker>