Public financial management and COVID-19

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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

By June, massive fiscal measures exceed 10 trillion globally

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

IMF emergency financing US$24,727 million for 69 countries
II. IMF special series notes on COVID-19 topics

**Public financial management notes**
- Preparing PFM systems for emergency response (April 6)
- Managing fiscal risks under fiscal stress (April 6)
- Cash management under fiscal stress (April 29)
- Transparency, accountability and legitimacy in emergency responses (April 20)
- Budget execution controls to mitigate corruption risk in pandemic spending (May 20)
- Digital solutions for direct cash transfers (April 20)
- Managing public investment spending during the crisis (May 13)
- Enhancing digital solutions to implement emergency responses (June 10)

• How to record policy interventions in fiscal statistics

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**Revenue administration**

**Tax policy and forecasting**

**Designing response policies**

**Statistical issues**

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**IMF COVID-19 policy notes**

https://www.imf.org/en/Publications/SPROLLs/covid19-special-notes

New topics added periodically
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
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

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

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

<table>
<thead>
<tr>
<th>Country</th>
<th>Type of Emergency Financing</th>
<th>Amount Approved in SDR</th>
<th>Amount Approved in US$</th>
<th>Date of Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>Rapid Financing Instrument (RFI)</td>
<td>SDR 193.3 million</td>
<td>US$ 190.5 million</td>
<td>April 10, 2020</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>Rapid Financing Instrument (RFI)</td>
<td>SDR 288.2 million</td>
<td>US$ 261.3 million</td>
<td>April 20, 2020</td>
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<tr>
<td>Kosovo</td>
<td>Rapid Financing Instrument (RFI)</td>
<td>SDR 41.3 million</td>
<td>US$ 36.3 million</td>
<td>April 10, 2020</td>
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<tr>
<td>Moldova, Republic of</td>
<td>Rapid Credit Facility (RCF)</td>
<td>SDR 87.5 million</td>
<td>US$ 76.4 million</td>
<td>April 17, 2020</td>
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<td></td>
<td>Rapid Financing Instrument (RFI)</td>
<td>SDR 115 million</td>
<td>US$ 106.7 million</td>
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<tr>
<td>North Macedonia, Republic of</td>
<td>Rapid Financing Instrument (RFI)</td>
<td>SDR 140.3 million</td>
<td>US$ 101.83 million</td>
<td>April 10, 2020</td>
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<tr>
<td>Total Amount Approved</td>
<td></td>
<td>SDR 758.6 million</td>
<td>US$ 1,034.93 million</td>
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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

IMF Fiscal Monitor April 2020

Summary of IMF lending instruments

Summary of IMF emergency lending approved to date