



To what extent did African countries prepare mechanisms to ensure transparency and accountability of the COVID-19 extra-budgetary funds?

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The COVID-19 pandemic presented an unprecedented crisis and, in such cases, the need to err on the side of over-preparedness is justified. In all ways – scale and speed in response efforts (no regrets policy), as opposed to a wait-and-see approach, is the preferred option. The World Bank estimated the required additional funding for COVID-19 preparedness and response in sub-Saharan Africa over a period of 250 days to be in the range of US\$23.54 billion – \$53 billion depending on the social distancing measures employed [1]. Countries employed several mechanisms to finance the COVID-19 response, including reallocating funds away from non-priority areas, releasing supplementary budgets, and creating of special funds [2]. We reviewed the mechanisms used to ensure transparency and accountability of the COVID-19 extra-budgetary funds in African countries. We focused on three parameters: 1) the presence and nature of the management and oversight structures, 2) spending, and 3) accountability modalities.

Countries employed several mechanisms to finance the Covid-19 response among these, the creation of special extra budgetary funds. While budgetary sources have mechanisms to ensure transparency and accountability through Public Financial Management (PFM), it is not clear if this is the case for the extra-budgetary sources. The need to relax standard PFM measures should not play against putting in place basic accountability and transparency principles.

MEASURES TAKEN TO FINANCE THE COVID-19 PANDEMIC

As shown in **Table 1**, extra-budgetary funds whose sources of funding, management & oversight and spending modalities varied were prominent in African countries. The establishment of such funds is meant to ensure an agile response to address existing delays and rigidities in public financial management systems (PFM) that would make it difficult to effectively respond to emergencies (especially where misalignments may impede the use of existing systems) [3]. Misalignments arise in systems that allocate budget by prescribed line items with minimal flexibility in the face of an emergency. In some countries, such flexibility is a legislative issue at parliamentary levels.

which results in a relaxation of the standards procedures. Given the unprecedented scale of this health crisis as well as the financial resources required to respond to it, a rather more scrupulous and scrutinous oversight and accountability framework needs to be in place [11] because of the important incentive for corruption and theft of public money this crisis creates [12].

Fourteen out of the 22 African countries that allocated extra-budgetary COVID-19 funds did not provide any information on at least one of the three parameters analyzed. The management and oversight of COVID-19 extra-budgetary funds were held by ministries of health and the treasury in only three countries (Benin, Botswana, and Djibouti). Eleven countries employed ad hoc measures, including setting up independent committees and structures to manage COVID-19 funds.

We underscore the need for strong institutions and PFM systems that are adaptable to shocks and can manage financial processes of governments including in emergency response settings.

The dramatic increase in the amounts and speed of spending created by the COVID-19 crisis, as well as distractions or standards relaxation hindering oversight mechanisms created incentive for corruption [1,2]. Among the 14 African countries, the lack of explicit transparency and weak oversight could exacerbate fraud and mismanagement of these public funds [13], deeply impacting public trust [14]. According to IMF, less than a year into the pandemic, dozens

of corruption media reports and other criminal activities related to COVID-19 spending were unveiled [4].

The lack of information around the management and oversight of these public funds and accounting mechanisms poses a major threat to their effective use. Stakeholders such as civil society organizations and development partners (besides the entities assigned the management of these funds) have a limited role in monitoring the spending of these public funds, which negatively impacts their transparency and accountability [15,16].

A study conducted in Nigeria [16] showed that the lack of transparency and accountability around COVID-19 funds was found to be a factor for political distrust which, in turn, undermines the government response to the pandemic. Generally speaking, tolerating malfeasance and poor management of funds hurts long-term government legitimacy and helps increase the spread of virus among the most vulnerable [13]. Therefore, putting in places accountability mechanisms for public funds not only helps manage resources better, but also contributes substantially to increasing public compliance to the government response efforts and building public trust, especially in low- and middle-income countries [16,17], where corruption stands between an effective collaboration between the government and the public. The COVID-19 pandemic, with its unprecedented scale, should be an opportunity to re-establish public trust in governments that have long carried a legacy of mismanagement and corruption [17].

Turning to spending modalities, in ten (Benin, Cameroon, Mali, Mauritania, Niger, Sierra Leone, Togo, Tunisia, Uganda, and Zimbabwe) out of 22 countries, the areas/interventions to be supported by the COVID-19 special funds were not stated. In some countries (Kenya, Liberia, Botswana), the areas to be funded using these funds were broad and multiple. Several questions arise regarding the focus of these funds – should they complement available funding, ie, focus on funding gaps/unfunded areas? Should they seek to harness available opportunities that are not routinely incorporated in government funding? Should they do both, depending on the context? While the former seeks to minimize duplications in funding (requiring the supported areas to be explicit), the latter seeks to ensure that non-traditional sources (in the case of Africa, the private sector) are pooled into the overall response. Although we did not undertake an extensive review of the allocation patterns to analyse the areas and interventions funded by the different sources, duplications are visible in some of the countries (DRC, Djibouti, Kenya, Lesotho, Liberia, Mauritius) where funds were reportedly allocated to “routine response interventions” which should ideally be funded from government budget sources. The focused support in the utilization of these funds in Equatorial Guinea, Gabon and South Africa is especially noteworthy. Ghana presents an example of pooling private sources of funding into the overall response.

Zannath and Gurazada [9] elaborate key principle that warrants consideration in setting up emergency funds. These include the need to ensure complementarity between the different funding streams; enhancing and communicating protocols to minimize waste, fraud and corruption; establishing reporting arrangements that link outputs and outcomes to availed funds; enhancing oversight credibility through the involvement of supreme audit institutions or a credible external audit firm and; civil society playing a watchdog role. The World Bank [18] on the other hand, underscores simplicity in the systems; discretions to ensure agility whilst ensuring transparency and accountability; creating room for the public and civil society to monitor the use of resources; laying emphasis on areas with potential risk eg, economic support packages; communicating and enforcing anti-corruption measures and; implementing review mechanisms ‘keeping an eye on the rearview mirror’ alongside response efforts.

CONSIDERATIONS IN BUILDING BACK BETTER

Building strong institutions

The principles detailed by Zannath and Gurazada [9] and the World Bank Group [18] stress a need for strong institutions capable of developing comprehensive plans, ensuring coherence in implementation, undertaking review and accountability and establishing structures that engender participatory processes. Facing such a large crisis where the funds can come from multiple sources, governments and other stakeholders must collaborate to streamline and synergize all efforts for better effectiveness and efficiency [14]. The COVID-19 pandemic is a reminder that building institutional and systems capacity should be a continuous national and international effort to sustain the delivery of better health outcomes during and after the pandemic [19].

Strengthening government legitimacy

The Nigeria example highlights how lack of transparency and accountability around COVID-19 funds contributed to political mistrust [16] which can negatively impact the uptake of interventions. A major consideration in addressing this challenge is enhancing transparency through timely sharing of information, protocols, and expenditure data. Governments need to exploit the opportunities offered by digital technologies to share information, mobilize communities, and ensure meaningful participation of stakeholders. Digital technologies such as business intelligence tools could also be used to monitor COVID-19 funds. Funding- and program-related information should be made public and accessible online as a sign of the governments' continued commitment to good governance and transparency principles [4].

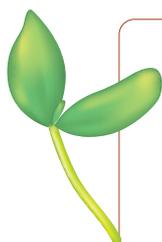
Risks such as collusion, overpricing, and hidden contracts need to be mitigated. Public contracts and all the information related to the companies awarded contracts (including payments) need to be publicized. Open measures allow for stronger oversight mechanisms through greater reliance on bottom-up social accountability, while public participation in monitoring and exercising accountability help expose and reduce corruption [4]. While encouraging citizens' active participation in such accountability and transparency efforts, it is important to consider whistle blower protection to avoid fear of retaliation [4,14,19].

Build resilient public financial management systems

We draw from the work of Gupta et al. [3] who advocate for inbuilt flexibility that allows for swift reallocation, response plans, and interventions. Equally important is the need to stipulate clear roles in budgeting (especially in decentralized settings) and modalities to ensure the accelerated release of public funds. The key consideration in these arguments hinges on building agile PFM systems that serve to manage financial processes of governments, including emergency response settings.

POLICY RECOMMENDATIONS AND CONCLUSIONS

Despite the enormous burden on countries to plan, respond, and recover from the current pandemic, emphasizing efficient oversight mechanisms is paramount for a successful response. While the need to relax standard PFM measures is expected, this should not mean that basic accountability and transparency principles cannot be established. This is particularly important for African countries because of the history of fragility of institutional bureaucracy and the public distrust in governments. We underscore the need for strong institutions and PFM systems that are adaptable to shocks. Despite the great challenges it brings, this unprecedented crisis offers an opportunity towards re-establishing trust between governments and communities, creating a historic momentum and a space that fosters cross-sector and multi-stakeholder collaboration for a more streamlined and efficient use of public resources. This serves to empower citizens and enhance their participation in good governance to share the burden on public institutions.



Disclaimer: The views expressed in this viewpoint are authors' views and not the views of the organisations they work for.

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