

The Role of Public Financial Management in Strengthening Health Emergency Preparedness and Response

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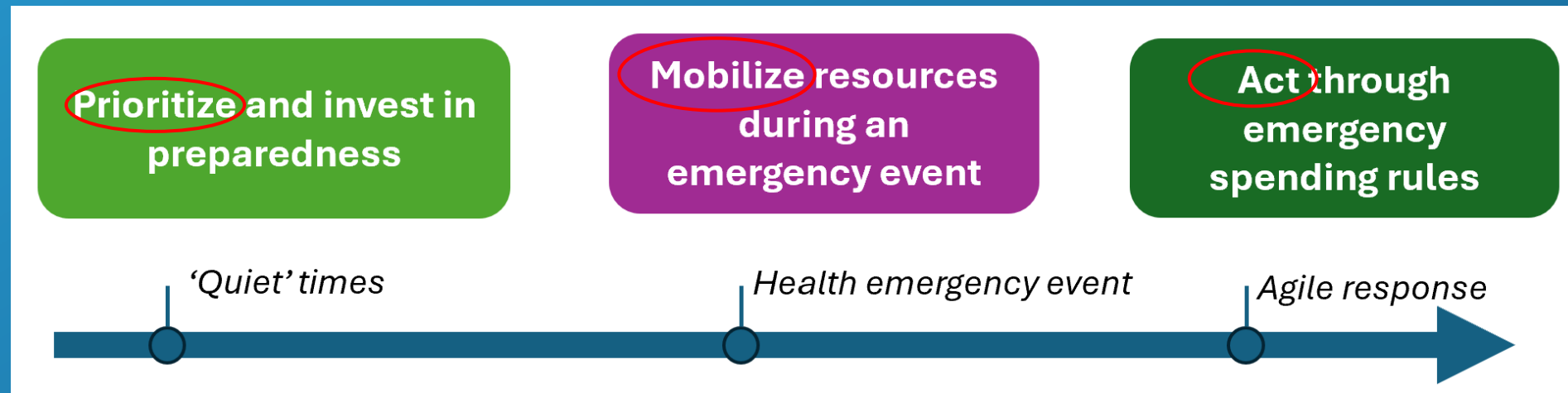
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PFM Arrangements for Health Emergencies

A Framework: *Prioritize, Mobilize, Act (PMA)*



Stage 1: Prioritize and Invest During Quiet Times

What makes this stage so difficult?

- Political commitments are short lived
- Lacking clarity on what preparedness spending means
- Many stakeholders involved
- Limited accountability

How to address it?

- Commit to process target (not spending target)
- Set up institutional arrangements that cut across sectors
- Monitor and track targeted interventions in the budget

Benefits of a Clear Strategy on Stage 1

- Clarity in country on PPR priority activities
- Identify budget needs for implementation
- Legitimacy through legislative debate
- Having identified activities in the budget (explicitly), allows for tracking during implementation and periodic reporting
- Rally a regional agenda
- Gives meaning to the 'how much' question and helps identify financing gap
- Helps governments commit

Although it is difficult to develop global PPR spending estimates...

...it is possible:

- ✓ to identify what priority PPR investments are at the country level
- ✓ If these have been budgeted
- ✓ And if these are implemented
- ✓ What gaps remain

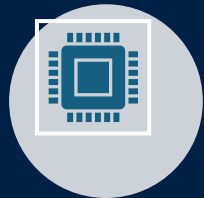
Stage 2: Mobilize as efficiently as possible

- ✓ Mobilization strategy needs to be specific to country context. There are multiple options.
- ✓ Repurpose available budget allocations first (no additional money).
- ✓ Mobilize through a supplementary budget (additional money)
- ✓ Mobilization strategy should be deliberate (not rushed and opportunistic)
- ✓ Mobilization strategy needs to be efficient (minimize cost of capital)

Stage 2: Options to Mobilize

Type	Mechanism	Requirements	Benefits	Trade-offs
First line of defense through use of the existing government budget	Reallocation of budget	Appropriate PFM mechanism to reallocate budget	Access to resources without earmarked allocation or needing new financing source	having to forgo planned expenditures; limits to how much you can reallocate;
	Contingency budget line	Allocation within the annual budget	Access to quick funding without needing new financing source	Will always be limited to small share of budget (e.g. 1-3% of total); limited oversight
Financing a response through issuance of a supplemental budget	Issuance of new debt	Access to capital markets	No opportunity cost to park capital	Can be costly if borrowing cost is high
	Contingency credit line	Access to credit line from creditors (e.g. MDBs)	Access to a lot of financing quickly on favorable terms; For IDA, expands total IDA allocation	Opportunity cost of using IDA allocations otherwise (ties down available IDA when not used)
	Reserve fund	Resources available to put aside into a reserve fund	Access to financing during emergency;	Opportunity cost for investing today
	Regional insurance mechanism	Willingness for pooling amongst regional peers	Quick access to resources; appropriate costing;	Markets not well developed and products not widely available
Reliance on external donor support	Budget support, investment financing, or in-kind support	Credible advance commitments from donors in case of an emergency event	Grants or made available at concessional rates	Unpredictable, especially if health emergencies are of global scope

Stage 3: PFM Arrangements to Spend, Agility and Accountability



Agile & Flexible Budgets: The pandemic underscored the need for budget processes that can rapidly reallocate resources and adapt to unforeseen crises, moving beyond rigid annual cycles.



Strengthened Fiscal Buffers: Countries with stronger pre-existing fiscal reserves and lower debt levels had greater capacity to respond without immediately resorting to unsustainable borrowing.



Transparent & Accountable Emergency Spending: While speed was critical, maintaining clear audit trails, robust procurement processes, and ex-post accountability mechanisms were vital to prevent misuse and ensure public trust.



Effective Digitalization of PFM Systems: Digital tools for payments, expenditure tracking, and reporting proved essential for efficient and timely delivery of emergency support and services.



Integrated Risk Management & Contingency Planning: The crisis highlighted the importance of proactively identifying risks (e.g., health shocks, supply chain disruptions) and developing credible contingency plans *before* they materialize.



Clear Communication & Coordination: Successful responses involved strong coordination across government levels and clear communication with the public on response measures and their rationale.

Country Examples

1. Liberia

- Liberia's improved public financial management (PFM) system enabled a swift and effective response to the 2014-2016 Ebola outbreak
- Simplified financial controls, procurement procedures and other measures (i.e., expedited reallocation, special spending rules, emergency funds) allowed for rapid deployment of resources, equipment, and timely payment to health workers.
- These emergency measures were key to containing the outbreak and led to lasting reforms in Liberia's financial management practices.

2. Germany

- PFM played a key role in the COVID-19 crisis response.
- The government approved a supplementary budget of over €150 billion in March 2020, facilitated by streamlined legislative processes and emergency financial provisions
- Immediate additional funding for healthcare services, equipment (i.e., ventilators) and research to develop vaccines
- Efficient financial controls and transparent reporting ensured that funds were allocated appropriately, enhancing public trust, ultimately resulting in lower mortality rate compared to many other countries.

Country Examples

3. New Zealand

- New Zealand ensured transparency and accountability in its COVID-19 relief efforts by managing funds through the COVID-19 Response and Recovery Fund.
- The government published detailed reports and conducted public audits on funding decisions and expenditures, maintaining openness (i.e., public audits, comprehensive data releases) throughout the pandemic.
- These practices fostered public trust and promoted the effective use of resources during the crisis.

4. Rwanda

- Rwanda established contingency budget lines and emergency spending protocols, enabling rapid allocation of funds to the health sector during crises like Ebola (2018) and COVID-19.
- Streamlined procurement processes facilitated quick acquisition of medical supplies and construction of screening and treatment facilities.
- Effective coordination between the Ministry of Finance and the Ministry of Health ensured resources were efficiently directed to areas of greatest need.
- Proactive financial planning and transparent fund use helped Rwanda prevent the spread of Ebola and manage COVID-19 cases effectively.