

GOVERNANCE COVID-19 RESPONSE

Agile Treasury Operations during COVID-19

April 16, 2020

Summary

COVID-19 may well establish a new normal and an emergency call for process efficiencies, digital government, and preparedness.

Agile treasury operations are critical and essential to support responses to the spread and treatment of coronavirus disease 2019 (COVID-19). In many cases, this approach requires open and new ways of thinking ranging from making cash available to pay for public services, to processing and disbursing payments with minimum bureaucratic layers, to reporting in a timely and accurate manner to ensure transparency. Organized around three core areas of treasury operations, this note provides suggestions and guidance in three action areas:

1. Ensure business continuity for treasury operations

- ✓ Put in place a **Treasury Crisis Management Committee** to develop and execute a business continuity plan for treasury covering spatial distancing, staff deployment, and interim emergency treasury instructions
- ✓ Prepare and deploy a **communication plan and strategy that aims** to provide accurate and consistent information
- ✓ Regularize **home-based work** (HBW) where feasible through urgent measures

2. Operationalize emergency arrangements. These include revised procedures for disbursements, payments, and cash management

- ✓ Put in place **amended instructions** for interim emergency treasury operations
- ✓ Prioritize payment processing based on a **tiered response**; for example, payments that can be continued, accelerated, or suspended
- ✓ **Review cash management**, treasury single account, and funds flow arrangements. Aggregate idle cash into the consolidated fund; allow funds to flow quickly and directly to service delivery units and subnational governments;
- ✓ **Accept digital documents** provisionally as legal where there is ambiguity in law

- ✓ **Enhance fiduciary oversight and reporting** mechanisms to maintain transparency and trust in the government's disbursements and payments related to COVID-19

3. **Manage the post-pandemic environment — recovery, reconstruction, and resilience**

- ✓ Develop or strengthen the government's **business continuity plan, disaster recovery plan, and disaster risk financing strategies so that it explicitly considers dealing with viral contagion risk and the ensuing protracted emergency**
- ✓ Support the government's broader GovTech efforts to promote online services by further **eliminating the use of cash** in government transactions and **promoting paperless processes**
- ✓ **Strengthen information technology security and infrastructure** including system capabilities

This note is one of a series on [Governance & Institutions responses to COVID-19](#), prepared under the guidance of Ed Olowo-Okere, Global Director. This note was overseen by Nicola Smithers and Jim Brumby. The team was led by Khuram Farooq, and comprised: Srinivas Gurazada, Leah April, Jiwanka Wickramasinghe. For further information on this issue please contact kfarooq@worldbank.org.

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1. Context

Coronavirus disease 2019 (COVID-19) threatens institutions and lives in ways that will have profound effects on client countries and the World Bank's efforts to improve the lives of the poorest and most vulnerable. For now, many developing countries are experiencing fewer health impacts related to COVID-19 than more developed countries, but the window of opportunity to react is narrowing rapidly. Governments are mounting national efforts, but the institutional capacity to coordinate and quickly scale up pandemic response varies significantly. As a result, to date, the Bank is making available \$14 billion to finance a fast-track package with the goal of strengthening the COVID-19 response in developing countries and shortening the time to recovery.

Today, in the context of a historic pandemic, finance ministers around the world face a difficult question: how to deal with this national crisis within the budget available amid an already fiscally stressed situation? Guidance from the World Bank's public sector and financial management team focuses on the core decision-making and management systems of government. It also addresses the central nervous system associated with resource management — the administration, allocation, release, disbursement, and reporting of resources.

The COVID-19 pandemic differs profoundly from the past natural disasters and represents a set of unique challenges. Building on previous experiences that destabilized the governments and economies, this note calibrates lessons to reflect today's unique realities. In particular, the ongoing public health challenge of COVID-19 means that the capability to respond through human action and interaction is and potentially will be severely compromised for a significant time because of spatial distancing imperatives. Because the pandemic cuts across continents and economies, the ability of high-income countries to support developing countries will be strained. Nevertheless, governments around the world are expected to provide sufficient resources for the health sector while balancing and funding the costs of remote work across the public sector.

A range of financial tools may be available to governments, and in particular, ministries of finance may be drawing on a range of financial tools in times of emergency. These include reserve funds, contingent spending arrangements, contingent loan facilities, and risk transfer instruments. Practices are also being adopted to facilitate the rapid availability and flow of funds and resources for COVID-19. They include:

- Allowing budgets allocated for other purposes to be used to fight COVID-19 with the option of budget re-allocation after the danger passes
- Channeling funds from existing contingency budgets and national disaster response funds into the health sector
- Issuing supplementary grants
- Requesting additional financing for existing donor-funded operations and requesting new investment and policy lending operations from multilateral development agencies such as the World Bank

Resources required to support emergency response measures include:

- Purchasing supplies, such as masks, ventilators, and test kits and repurposing facilities as quarantine sites, isolation wards, hospitals, and temporary test sites
- Deploying human resources while simultaneously operationalizing spatial distancing, providing hazard pay, employing temporary employees, and testing the capabilities of mobile and information and communication technology systems
- Expanding economic and social safety nets through cash grants or rations to households and putting in place special stimulus packages to support businesses

All these measures need to be achieved while at the same time ensuring the continued timely payment of salaries, benefits, and other pre-existing high-priority expenditures. As ministries of finance across the globe allocate financial resources, the execution and reporting of them are likely to represent the biggest bottlenecks and pain points. **Effective and well- functioning treasury operations are paramount to an effective pandemic response.**

This note is organized around the three areas of agile treasury response to COVID-19:

- Ensuring business continuity
- Operationalizing emergency arrangements for core treasury functions, including disbursements, payments, and management of cash
- Managing the post-pandemic environment — recovery, reconstruction, and resilience

2. Agile Treasury Response: Ensuring Business Continuity

Ensuring business continuity of treasury operations will require responsiveness and flexibility, while also providing the necessary controls to support value for money, minimize fraud and corruption, and maintain citizen trust and confidence. Many cases will require open and new ways of thinking about treasury operations from making cash available efficiently to pay for public services, to processing and disbursing payments with minimum bureaucratic layers, to reporting in a timely and accurate manner to ensure transparency. Past health crises, including Ebola virus disease, severe acute respiratory syndrome, and swine flu, indicate that while accountability and transparency requirements may need to be modified during emergency situations, these guiding principles should not be done away with. This calls for *an agile approach to treasury operations*.

Agile treasury operations should ensure efficiency, flexibility and responsiveness in treasury operations without compromising transparency, integrity and accountability. This approach should be reflected in the *four major areas* of the pandemic response: (i) internal coordination, (ii) business process review, (iii) consistent communication, and (iv) monitoring and responding to feedback. These pillars and associated actions are described below at a broad level, which can be customized to the local context.

Internal Treasury Coordination

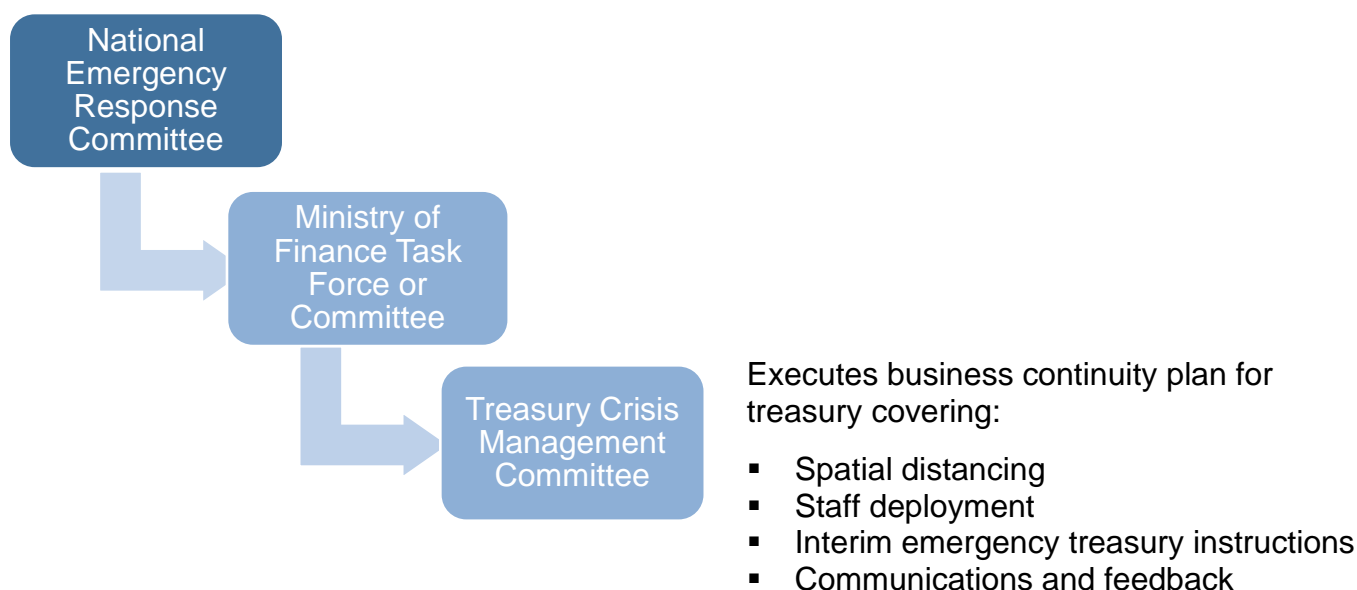
Objective: To minimize the impact of disruption while applying spatial distancing.

Step 1: Constitute a Treasury Crisis Management Committee

Committee membership. The committee should be led by a high-level official with representation from key treasury functions, human resource and administration, IT, and legal, medical, and communication expertise.

Alignment. The committee should align its plans to support the guidelines issued by higher level committees at the national and ministry of finance level.

Figure 1. Line of Sight: Alignment of Treasury with National Priorities



Step 2. Operationalize Spatial Distance

The top priority of the committee should be to operationalize spatial distancing while ensuring minimum disruption to core treasury operations. Suggested guidance includes:

- Issue detailed administrative guidelines, covering various aspects of spatial distancing
- Designate one operational manager as the single point of contact to issue instructions and coordinate
- Develop detailed written procedures for actions and instructions to be issued by phone including arrangements and timing for receipt of required documentation
- Issue instructions on receiving official postal mails and transmitting them to homes of officials and staff where relevant
- Assess technologies available for document management systems

Step 3. Deploy Staff

Much is being learned about protecting staff from exposure to the coronavirus, limiting its spread, and maintaining operations.

Assess staffing. Prepare a staff-roster of essential and nonessential staff. If the technology infrastructure for home-based work (HBW) is not available or deemed appropriate, issue a rotation or batch policy for minimum staff levels required at the office for most essential services. Special consideration should be given for vulnerable staff, such as those 60 years of age and older, people with pre-existing conditions and special needs, pregnant women, and parents with younger children.

Maximize HBW. The level of preparedness for HBW will vary in different settings. Remove early adoption problems where technology infrastructure is available but not yet tested or used before. In other settings, encourage information technology staff to implement technologies to enable HBW, such as online, remote access to the Integrated Financial Management Information System (IFMIS) through the issuance of time-based digital tokens as a form of two-factor authentication; document management system access and interface with IFMIS; virtual private network connections; broadband access; use of freely available video or audio conferencing systems (e.g., Skype, WhatsApp, WeChat); and implementing extra security measures if staff use personal computers at home to access office applications. Design forms and tools that would allow manual execution of processes and facilitate uploads later into the IFMIS.

Succession plan. Prepare a succession plan to mitigate against the chance a committee member or single point of contact is unable to perform his or her duties

Contact information. Circulate contact information of key staff.

Communication Planning

Objective: To provide accurate information and guidance to staff, alleviate concerns, and enhance trust.

Step 1. Prepare and Execute a Communication Plan

Communicate, communicate, communicate, and then tell everyone what you just communicated. One of the committee's roles is to provide consistent, clear, and concise messaging of information for central treasury staff and finance and treasury officials at the spending agencies and local governments. Develop a communication plan and designate a spokesperson. Establish mechanisms for communication with staff working from home or on leave. Make available a contact list. Communication would be in line with the general communication from the government but customized to the needs of the treasury and finance staff.

The online portal of the ministry of finance could be a good vehicle to communicate consistently. Inform staff about misinformation from social media and provide them with reliable information from sources, such as the central government, ministry of health, and World Health Organization. Communicate consistent messages about the importance of staff health while balancing the needs of business continuity to minimize the pandemic's impact on the treasury to ensure service provision and other essential government functions.

Formal office memos will be limited. Mechanisms to communicate with clients through other means (e.g., phones, texting, WhatsApp) can be used to obtain feedback and address issues and concerns.

Monitor and Iterate the Business Recovery Plan

Objective: To apply lessons learned and improve continually.

Step 1. Prepare Monitoring Plan

The situation will likely change very rapidly by the day. Consistent monitoring and openness to reiterate and update the business recovery plan based on feedback from the line ministries, departments, agencies, and subnational governments should be part of pandemic response planning.

Step 2. Appoint a Feedback Officer

To help the committee understand what is working well and what is not, it could appoint a staff member to serve as the point person for receiving feedback from ministries, departments, and agencies. This can be done by establishing a WhatsApp number, creating a WhatsApp group, creating an email service account, or establishing regular video conferencing with health authorities and other essential government responders through free tools like Zoom, Skype, or WhatsApp and other mechanisms. Flexibility for localized and regional responses should be adopted as the nature and context of their situation will be very different from headquarters. Based on feedback, the procedures can be adjusted to minimize risk and maximize efficiency. Through regular internal team meetings, the lessons learned can be reviewed and incorporated in the next iteration of the plan.

3. Agile Treasury Response: Operationalizing Emergency Arrangements for Core Treasury Functions

Objective. To rapidly operationalize emergency treasury operation processes that enable timely emergency response, while respecting the principles of efficiency, accountability, transparency, responsiveness, and reliability.

Determine Legal Provisions and Critical Business Functions

Step 1. Assess Existing Legal Provisions to Deal with Emergencies

Most countries already have legal frameworks to address emergencies, such as interim emergency instructions, in some settings. Governments can invoke provisions and either formulate or put in place revised procedures that give flexibility for a more efficient, timely response. In many countries, the declaration of an emergency provides the authorizing environment.

Step 2. Identify Critical Business Functions

This step includes a rapid business impact analysis (BIA) and risk-based approach to business continuity. The BIA identifies treasury instructions that can be suspended or delayed as well as critical business functions that address the pandemic in the context of a dynamic deteriorating fiscal situation for which many financial management systems, laws, and regulations are ill equipped to address. Chief financial officers, treasury officers, and auditors of financial reports will need to assess the impact of COVID 19 at an early stage of the financial reporting and audit process.

Flexible and Agile Systems: Getting the Job Done

In India, general financial rules codify the modified approaches in emergency situations (e.g., no pre-payment is required from local bodies for medicines supplied by the government during epidemics). In the Latin America and Caribbean Region, government can suspend selected treasury instructions and issue interim emergency instructions. These instructions cover a wide range of treasury activities, including governing receipts, disbursements, and accounting for public funds and public resources during the disaster period to facilitate a rapid response.

Carry Out Rapid Business Process Review and Issue Interim Treasury Instructions

Key considerations in the review and revision of instructions for three critical business functions: (i) payment processing, (ii) cash management, and (iii) fiduciary oversight and reporting are outlined below. The feasibility of the arrangements, relevant to the context, should be considered.

i) Payment Processing

Step 1. Prioritize Payments Based on a Tiered Response

Interim instructions and arrangements can consider tiered responses for payments processing — payments that can be continued, accelerated, or suspended.

- **Continue direct transfers:** Certain payments are high volume and have low periodicity and low risk. Debt repayments, fiscal transfers, subsidies, and grants should be reviewed and continued if possible.
- **Payroll:** Ensure timely payment of salaries and benefits, while simultaneously restricting changes to the payroll. Only most urgent and critical changes could be processed, such as retirement payments or medical advances.
- **Suspend some payments:** Give special consideration to reprioritizing capital expenditures. Except for payments in the pipeline for previously completed work, capital expenditure payments will ease because social distancing will require workers to suspend work at project sites. Other types of payments, such as travel advances and training, could also be suspended.
- **Fast-track payments:** Mechanisms for the fast-tracking of payments related to COVID-19 could have priority given that staffing will be below normal levels. Many client countries in Africa, Europe and Central Asia, and South Asia do not have technology facilities for HBW. An injection of enabling technology — with support from teams among the World Bank’s Governance; Macroeconomics, Trade, and Investment; and Finance, Competitiveness, and Innovation Global Practices — to enable remote connectivity on a limited basis for essential treasury staff could be considered and funded through current or new emergency operations. Leveraging existing payment schemes and methods could be considered to fast-track payments. An example is Pakistan’s mechanism for identifying, registering, and making payments to the poor. This system is being scaled up to provide immediate assistance to poor citizens who are most affected by the lockdowns and economic hardships.

Step 2. Institute Digital Payments Wherever Possible

Cash payments contradict the spatial distancing objective and physical currency (cash and coins) can be a breeding ground for germs and viral contamination. In China, the Ministry of Commerce issued instructions to avoid cash payments and instead use digital payment to minimize human touch. In India, GooglePay is extensively used by citizens. Authorities could explore similar options to operationalize digital payments through off-

the-shelf technologies; for example, linking the operational accounts of ministries, departments, and agencies for petty cash to the payment app where appropriate. Direct cash transfers for social safety net payments (G2P) should be the prime target for mobile payment. Mobile money is a great example of how people can respect spatial distancing.

Exploring Payment Options

The overwhelming majority of countries uses bank accounts for disbursement of payments. The pandemic offers an opportunity to explore different forms of digital payments — G2G (government to government), G2P (government to person), and G2B (government to business) — through different channels, primarily focusing on mobile money and ATM cards.

ii) Cash Management and Fund Flow

Objective. To ensure the government has the right amount of money in the right place at the right time to meet its obligations in the most cost-effective way.

Treasuries in most governments will be facing severe challenges on cash management. Though the cash situation in most economies for the first quarter of 2020 has not been impacted by the pandemic, the outlook for future quarters is grim. The currency in many economies is undergoing drastic revaluation because of a very large drop in economic activities, which is contributing to a deteriorating cash situation as large forex debt repayments become due for payment. Overdrafts from the central bank could lead to violating fiscal deficit targets inconsistent with fiscal responsibility laws or International Monetary Fund (IMF) program where applicable. Revenues also will take a big hit. All these factors will severely constrain the treasury's ability to make cash available to the front-line service delivery agencies at both the central and subnational levels of government where it is most needed.

Using Blanket Authorization in India

The Government of India provides blanket authorization by allowing the current budget lines of the health sector to be used for responses related to COVID-19. This approach helps expedite implementation and enables availability of funds at the front line of the delivery mechanism being put in place.

Step 1. Adopt Emergency Measures for Cash Management and Funds Flow

Efficient cash management and timely flow of funds to support the COVID-19 response expenditures and other priorities are critical treasury operations. Measures can include:

- **Sweep all public sector funds into the treasury single account (TSA):** Many treasuries across the world will face an additional liquidity crunch as a result of the

pandemic and will need to be able to access all available resources, including those of their central banks, in their respective balance sheets. In cases where large sums of government funds will be sitting idle outside of TSA, treasury should consider emergency measures to sweep these funds into the consolidated fund or TSA to meet the liquidity challenges.

- **Ring-fence donor funds within TSA:** Donors need assurance that the funds provided for the emergency response are not used for purposes other than the COVID-19 response. A ring-fenced arrangement, under which donor funds are placed in a separate bank account but linked to and routed through the consolidated fund, is an option to mitigate the immediate risk, as was done in many operations in Africa during the Ebola crisis. This is a stopgap exercise.
- **Establish Special Purpose Fund Accounts:** These accounts could be established to receive COVID-19 related donations from a variety of sources: development partners, communities, businesses, individuals, and diaspora. Mechanisms to ensure transparency of disclosures, accounting, and use of these funds through periodic special audits must be in place to help ensure public trust. Social audits can be considered where trusted community advocates would be embedded in the formal audit mechanisms providing the day-to-day oversight of the Special Purpose Trust Fund.
- **Review and adjust spending authorizations to allow funds to flow quickly:** This may involve short-term centralization of spending authority to allow fund flow in environments where many spending officers may not be at their duty station or where demand for funds is extremely urgent. Under normal circumstances, front-line service delivery units cannot spend budget without first obtaining spending authorization that triggers budget releases by the ministry of finance or treasury usually at the aggregate level and releases from a ministry headquarters at the detailed level. Typically, in many jurisdictions, this process is long and multi-layered. The interim instructions must consider what is the most efficient way to provide spending authority, such as transferring spending authority from agencies to treasury or completely centralizing spending authority on the premise that the treasury is likely to have greater continuity than most agencies.
- **Provide Blanket authority:** In some jurisdictions, e.g., India, the ministries of finance have provided blanket spending authority to the health departments.
- **Maintain close coordination with Parliament:** Liaising with the legislative branch of government is essential to facilitate the approval of any additional government expenditure during the pandemic. If the legislature needs to be recalled to approve any changes in expenditure through supplementary budget processes (either in real time or through ex post measures), it would be appropriate to ensure that the clerk of parliament or the speaker of the house or equivalent is kept in the loop.
- **Send additional funds through the intergovernmental fund transfer system:** Subnational governments in many countries are at the forefront of providing health care response but depend on fiscal transfers from the central government budget. To enable them to perform effectively while facilitating social distancing, consider

ways to cut intermediary steps and arrange as much as possible the most direct fund transfers mechanisms.

- **Set up pooled procurements at the central level to alleviate bottlenecks and price gouging:** In India, the Union Government has instituted pooled procurement and payment mechanism to purchase COVID-19 related medical supplies. In Pakistan, the national government is establishing a pool mechanism to consolidate the requirements of subnational governments and procure medical supplies. The national government will sign and pay for vendor contracts and later recover the cost from subnational governments either as a deduction from fiscal transfer or reimbursement.
- **Disburse directly to service delivery units:** Due to the emergency, some ex-ante controls for payment processing could be lifted based on a fiduciary risk assessment. Funds could be disbursed directly to a service delivery unit's operational bank accounts being used for petty cash (imprest). The limits of these accounts for imprest funds could be increased to enable them to respond efficiently. Audits would be conducted later to ensure funds were used for their intended purpose.
- **Manage liquidity to ensure new arrears do not accumulate:** The economic shutdown suggests that nearly every business and household will encounter a cash flow crisis. Governments will need to put in place measures to ensure they do not contribute to the problem where spending agencies procure goods and services for COVID-19 responses within budget limits but are unable to pay creditors and vendors because cash is not available for release. While a moderate amount of accumulation of arrears may be unavoidable in some countries to meet urgent demands, processes can be put in place to avoid excessive accumulations.

iii) Fiduciary Oversight and Reporting

Objective: Ensuring transparency and that funds are used for their intended purpose.

Step 1. Publish Budget Execution Reports Very Frequently

Reporting will be a great challenge requiring special attention. The treasury should work carefully to ensure that expenditures related to COVID-19 can be reported through appropriate budgeting and accounting codes. IFMIS should be adjusted to reflect these changes at the appropriate level of granularity.

- **Publish very frequent budget execution reports, ideally daily or at least weekly, especially related to COVID-19:** To enhance trust and transparency, treasury can make special arrangements to publish timely, citizen-friendly reports (with daily balances where possible) on sources and uses of funds. Digital platforms can be created. Other mobile technology can be considered to broaden opportunities for citizens to provide feedback on the reports.

- **Generate work arounds where necessary to enhance expenditure tracking.** In cases where distinguishing specific COVID-19 expenses from regular expenses is not possible through the creation of budget and accounting lines, smart technology improvisations can help. For example, a simple approach could be to advise all spending agencies to add a small inconsequential fraction (e.g., 0.0324) to the amount (e.g., it records US\$100 as US\$100.0324) and later extract all amounts that have the fraction of 0.0324 as COVID-19 expenses.

Linking to the Treasury Single Account in Zambia

In Zambia, as in many countries, schools receive funds directly through bank accounts that are linked to the treasury single account. This model has proved successful and could easily be applied to health facilities.

Step 2. Strengthen Mitigation Controls and Institute Red Alerts to Detect Fraud and Corruption

- **Strengthen the quality of audits:** If controls are relaxed to speed up treasury operations, consider instituting mechanisms for enhanced review through internal audits. A typical approach is to perform a virtual post-audit and complete it immediately after transactions are recorded in the IFMIS.
- **Institute automated red alerts to combat fraud and corruption:** High-risk scenarios should receive special attention during times of disruption, including home-based on-line payment processing. System-generated alerts and additional control procedures should be deployed to mitigate the risk of fraud and corruption. A quick security review of web-based access to IFMIS can be carried out to identify vulnerabilities from the new arrangements.

Corruption: What to Look for

- Sudden spikes in otherwise dormant vendor bank accounts
- Creation of new employees
- Creation of new or changes in vendor bank accounts

Step 3. Devise Procedures to Accept Digital Documents

In many jurisdictions, digital documents are either not acceptable or not accepted in practice even though legislation does not clearly stop authorities from accepting digital documents.

- **Authorities can devise procedures** to accept payment-related supporting documents, such as vendor invoices, through scanned email attachments.

- **Enable simple tools to receive digital documents:** The departments responsible for accepting invoices could be encouraged to make arrangements for accepting digital documents, such as sending scanned attachments to an email account opened specially for this purpose. Internal control regulations and procedures could be amended and IFMIS systems configured to accept and process digital documents to facilitate a move to a complete paperless environment.
- **Propose interim measures where there is legal ambiguity on digital documents:** Digital documents could be accepted as interim documents and used for payment processing, subject to final delivery of paper documents in some settings.

4. Agile Treasury Response: Post-Pandemic Environment — Recovery, Reconstruction, and Resilience

COVID-19 may well establish a new normal for many aspects of how everyone works and functions. Future preparedness must be a high priority in treasury operations. Governments must think about second- and third-generation reforms beyond the immediate response in order to enhance business continuity, safety, and trust.

Figure 2. Phase of Disaster Response



Governments could consider the following approaches for recovery and reconstruction phases for better resilience:

Business Continuity Planning

- **Prepare or strengthen the treasury’s business continuity plan and disaster recovery plan.** This should draw lessons from COVID19, for example securing remote access to information systems, HBW and digital payments, plans should aim to mitigate key risks that would threaten treasury operations. These risks include:

- Inability to maintain critical operations (salary, pensions, fund transfers, reporting and vendor payments)
- Failure to protect assets (treasury personnel, public servants, citizens, and other stakeholders)
- Failure to meet legal or regulatory requirements
- **Strengthen IT security and infrastructure including system capabilities** for home-based access, among others.
- **Measure progress on recovery:** Treasuries could institute mechanisms to measure progress toward recovery and publish results. Promoting transparency, accountability, and efficiency could enhance public confidence in the recovery process.

Disaster Risk Financing Mechanisms

- **Anchor responses through a disaster risk financing strategy:** Many building blocks are available in times of emergencies. It is useful when they are anchored in a solid disaster risk financing strategy. Many Caribbean countries have a strategy with a layered approach toward managing the fiscal risks arising from emergencies and several tools available to optimize the government's financial response capacity without compromising fiscal balances or development objectives. These include reserve funds, contingent spending arrangements, contingent loan facilities, and risk transfer instruments.
- **Establish contingency funds:** Contingency funds with a robust governance can play a critical role. Setting up a contingency fund as part of the country's disaster risk financing strategy can ensure preparedness for accessing supplemental resources within public financial management rules. Unlike other disaster financing mechanisms, contingency funds can be accessed immediately to facilitate rapid, agile emergency response. Emphasis needs to be placed on robust governance mechanisms to ensure funds are only accessed in the case of true emergencies. Many countries have contingency funds, and where emergencies are defined narrowly as natural disasters, it may be appropriate to explicitly include health epidemics and pandemics such as COVID-19. If funds are accessed too easily or serve political purposes, and hence vulnerable to misuse for unintended purposes, strengthened oversight arrangements and disclosure requirements should be devised in the treasury rules. The governance of the contingency fund must be spelled out along with when funds can be used, ensuring links to the macro-fiscal framework and alignment with debt sustainability objectives and fiscal responsibility legislation.
- **Open Special Purpose Accounts:** Governments could also open up special purpose accounts to channel donations. Social audits and special purpose audits could be considered to ensure stronger oversight of these funds.

Systems Readiness

- **Expand the Coverage of Treasury Single Account:** Governments will be facing liquidity crunches. It is important now more than ever before to manage cash more efficiently by aggregating all government funds lying idle in many non-TSA accounts — running in the thousands in some jurisdictions — into the consolidated fund. Reforms in this direction should be fast-tracked.
- **Promote GovTech:** Treasury can support broader efforts by government to promote online services, including greater elimination of cash in government transactions, by introducing or further applying e-money and other e-payment methods and promoting paperless processes and services where possible.
- **Support stimulus package processes:** The loss of livelihoods and jobs will prompt many governments to prepare stimulus packages. During discussions, treasury should seek partnerships to find ways to manage cash more efficiently and ensure strengthened controls to contribute to providing the much-needed fiscal space for stimulus packages.
- **Strengthen the post-audit:** Since many payments during the response phase likely went through expedited channels, bypassing many established controls, it is important for treasury to plan post-audits of these payments in partnership with internal, third-party independent agents, and external audit mechanisms.
- **Coordinate with a Supreme Auditing Institution (SAI) for external oversight:** SAIs typically prioritize audits of expenditure and revenues of emergency transactions once an epidemic is over. Treasury needs to prepare, for example, by ensuring the necessary audit trails are established. SAIs may also take up performance audits of the government's COVID-19 response to strengthen systems for future emergencies. These reports provide valuable input into building resilience into systems.