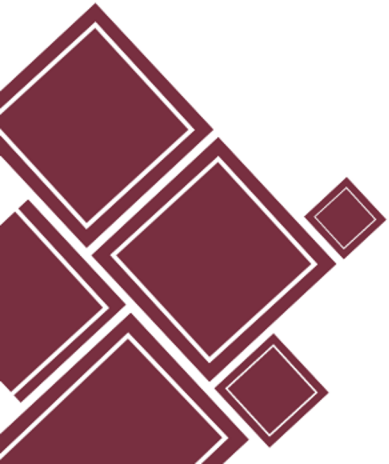


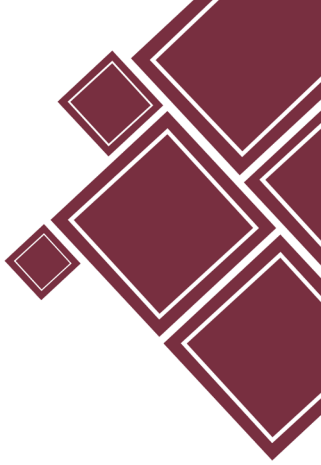
Disaster Resilient and Responsive Public Financial Management

W.L. Terence Ho
Lee Kuan Yew School of Public Policy

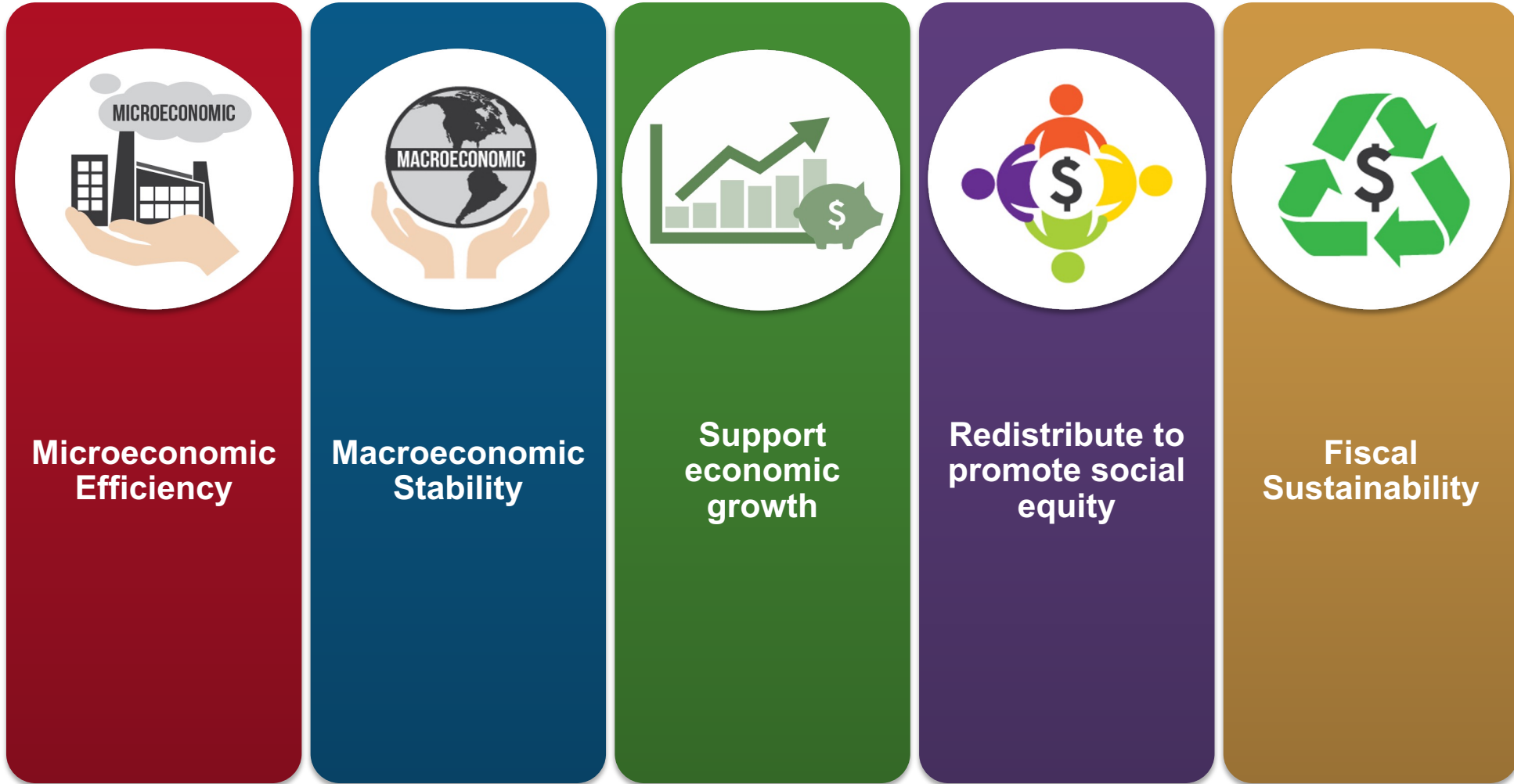


Agenda

- **Aims of Fiscal Policy**
- **Disaster Resilient and Responsive PFM Framework**
- **Singapore Institutional Arrangements and Systems**
- **Budget Components, Planning and Budgeting Process**
- **Budget Management Framework, Procurement and Audit**
- **Case Study: COVID-19 Pandemic Support Measures**



Aims of Fiscal Policy

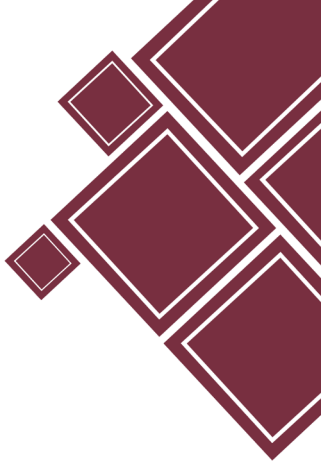


Source: Singapore Ministry of Finance

Aims of Fiscal Policy



- Co-payment to prevent over-consumption e.g. healthcare
- Using market mechanisms and price signals for allocation of resources e.g.
 - Setting price: Electronic Road Pricing
 - Setting quantity: Vehicular Certificate of Entitlement
- High taxes on demerit goods e.g. alcohol, tobacco
- Subsidies for merit goods e.g. housing, education



Aims of Fiscal Policy



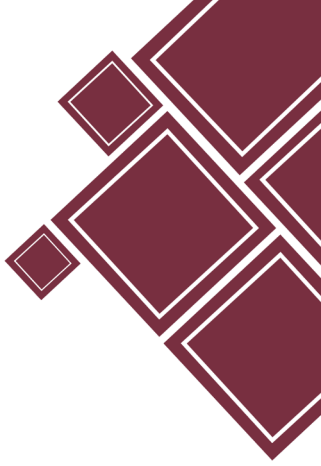
- Counter-cyclical fiscal policy
 - Accumulate surpluses in years of good economic growth
 - Prepared to run deficits during economic downturns
- Automatic stabilisers
 - Pro-cyclical taxation i.e. higher tax revenues in years of strong growth
 - Ministries' budget growth is pegged to smoothed GDP growth
- Discretionary transfers and tax rebates
 - To cushion economic downturn
 - Can be implemented quickly and efficiently



Aims of Fiscal Policy



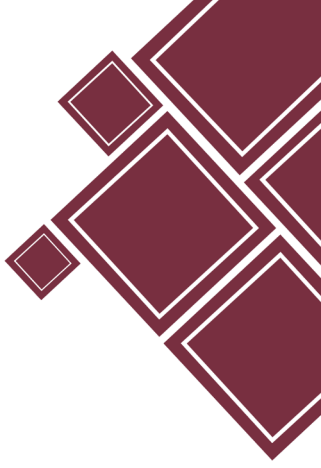
- Competitive taxes to encourage work and investment, and to support innovation, enterprise and job creation
- Invest in long-term economic capacity e.g. infrastructure, skills



Aims of Fiscal Policy



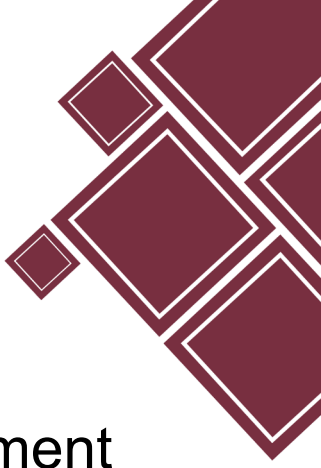
- Maintaining a progressive system of taxes and benefits
 - Those who are better-off contribute more
 - Everyone receives benefits, but less well-off receive the most
- Social investments e.g. housing, education
- Structural Transfers e.g. wage supplement for lower-income workers



Aims of Fiscal Policy

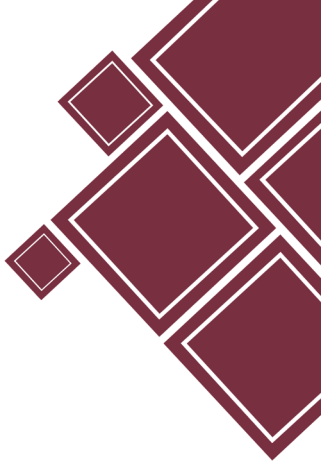


- Live within means
 - Singapore has Constitutional safeguards to limit total expenditure to total revenue over each term of government
 - Any surplus over term of government swept into Past Reserves
 - Budget management framework fosters prudence and channels resources to Whole-of-Government priorities
- Reserves
 - Critical resource that contributes significantly to national budget, as well as serves as safeguard for “rainy day”
 - Reserves protection framework: 50% of Net Investment Returns spending rule



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Disaster Resilient and Responsive Public Financial Management (DRR-PFM)



Pillar 1 DRR-PFM Institutional Arrangements



Pillar 2 Resilient Information Systems and Records



Pillar 3

Planning
and
Budgeting
for Disaster
Risk
Management



Pillar 4

Disaster-
Informed
Public
Investment
and Asset
Management



Pillar 5

Budget
Management,
Control, and
Reporting
during
Disasters



Pillar 6

Disaster-
Responsive
Public
Procurement



Pillar 7

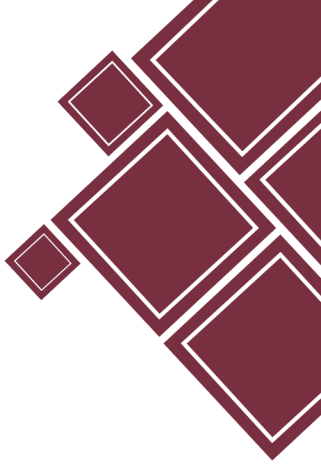
Disaster-
Responsive
Audit and
Oversight



Pillar 8 Social Inclusion

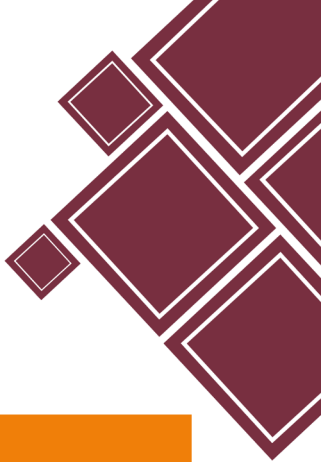
DRR PRM Assessment

- Focuses on **rapid onset disasters** caused by natural hazards, but also relevant for building resilience and responsiveness for pandemics
- **Biological**
 - Epidemics
 - Insect and animal pest infestation
- **Metereological and Hydrological**
 - Hurricanes, tropical cyclones, tornados
 - Storms, intense rainfall, flooding
 - Heatwaves
- **Geophysical**
 - Earthquakes
 - Volcanic eruptions
 - Tsunamis



Extraordinary challenges imposed on PFM systems

- Urgent demands on governments for relief and recovery
- Disrupt economic activity and the normal operations of governments.



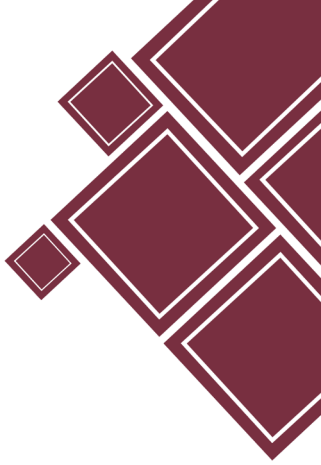
PFM Objective	Normal Circumstances	DRR-PFM Context	DRR-PFM Response
Sustainability	Aggregate expenditures and deficits are consistent with a sustainable macro-economic framework and level of debt.	Reduced revenues and unanticipated expenditures may increase deficits	Risk management provides for risk retention and risk transfer mechanisms to accommodate additional financing needs
Policy Alignment	Public funds are applied in support of the government's development policy objectives.	Resources may have to be reallocated from development policies to disaster response and recovery.	Resilient systems anticipate the potential need for disaster response and allow flexibility to reallocate resources.
Efficiency	Outputs are delivered at lowest cost. Value for money considerations encompass costs to society as well as to the public sector	Supply disruptions may hinder and increase the cost of the delivery of public services and the recovery of assets	Planning and expedited procedures help mitigate the risk of supply disruptions and sudden price spikes

Extraordinary challenges imposed on PFM systems

PFM Objective	Normal Circumstances	DRR-PFM Context	DRR-PFM Response
Effectiveness	Public funds are applied in a manner that successfully achieves the intended outcome	Government priorities shift towards disaster response, recovery, and reconstruction.	Budget and procurement systems adapt to new policy priorities and facilitate achievement of disaster response, recovery, and reconstruction goals.
Transparency & Accountability	Public funds are applied transparently for the intended purposes, with reliable systems of internal and external control	Expedited procedures may lead to a relaxation of controls , increasing the risks of waste and abuse , and may hinder reporting .	Control systems anticipate the need for not only expedited expenditure, but also audits , and retain the ability to track and report on expenditure ex-post .
Equity	Public funds are allocated fairly, in a manner that is inclusive of all social groups and takes account of needs	Needs may be unevenly weighted towards some segments of the population on a temporary basis	Government identifies and targets adversely affected populations and responds to their needs
Timeliness	Public funds are executed expeditiously following SOPs	Govt must respond to immediate threats to persons/property, restore economic activity during recovery.	Government uses expedited operating procedures to meet disaster response & recovery needs.

1) DRR-PFM Institutional Arrangements

- Important to have **clarity of roles and responsibilities** within government for adequate, effective, and inclusive **preparation for, response to, and recovery from** disasters.
 - E.g. authority, criteria to declare emergency
 - Authority to direct or coordinate emergency response
- Need for close collaboration between central finance and national disaster management agencies
 - Mechanisms for collaboration and communication among agencies
- Public finance officers should be **trained to perform roles** in support of emergency response
- **Business continuity plans** including work-from-home



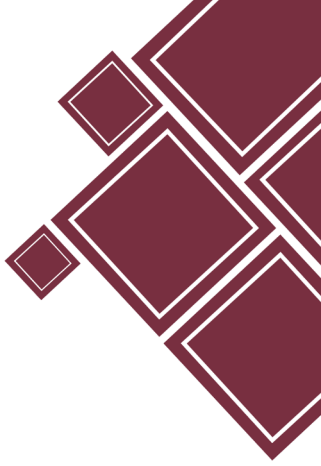
2) Resilient Information Systems and Records

- Need to manage PFM functions and information systems so that they can maintain **business continuity** and **digital records** through disaster events and disruptions to normal operating conditions
 - **Disaster-resilient data storage** e.g. cloud, offsite
 - **Remote working capability** e.g. videoconferencing, access to PFM systems, electronic document acceptance/signature
 - **Prioritised list of IT systems** with max. tolerable outage
 - **Business continuity plan** in case of system failure
- Having **robust backup routines** and adequate arrangements for the **continuity of data centers** are critical to improved disaster resilience.
 - Resilience of data to physical hazards and power interruptions
 - Backup routines and frequency



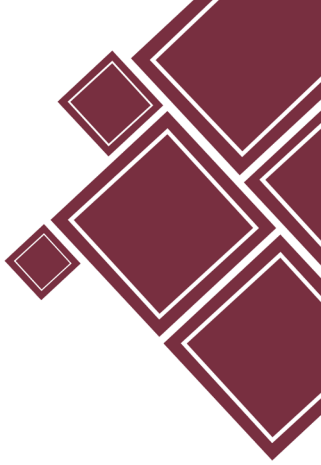
3) Planning and Budgeting

- Planning and budgeting processes should support the timely, efficient, and responsible use of funds for
 - **Ex ante disaster risk management** and
 - **Ex-post response and recovery** activities
- Ministries of finance should proactively assess risks and help ensure that funding mechanisms are available to address the foreseeable impacts of disaster events.
 - **Fiscal risk statement** that quantifies direct costs, contingent liabilities and fiscal impact in short, medium and long-term
 - Regularly **review resource allocations** for disaster risk reduction, resilience, response, and recovery, taking into account updated **risk assessments**
- Financing of disaster response and recovery
 - Dedicated **contingency, reserve and/or stabilization funds** and contingent financing instruments
 - **Risk transfer instruments** such as indemnity, parametric insurance, catastrophe bonds etc. with reasonable coverage of Govt's risks including contingent liabilities

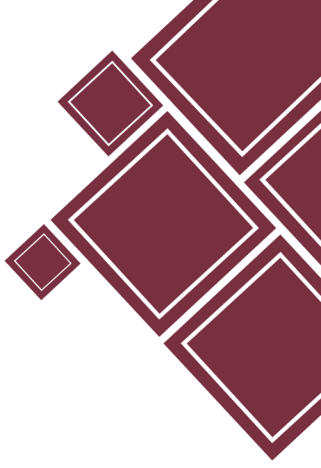


4) Disaster-Informed Public Investment and Asset Management

- Disaster risks should be integrated into
 - the **investment project identification, appraisal, and selection** processes
 - **asset management policies**
- **Project design, physical placement, and construction** should consider vulnerability to natural hazards using projections of the frequency and intensity of extreme weather events over the assets' intended lifetime.
 - **Identify hazard risks** and mitigation measures
 - Set **risk tolerance/resilience standards** for physical infrastructure
 - Set **maintenance guidelines**
 - Maintain **asset registry** and **digital asset management information system**
- Countries can use a variety of arrangements to monitor physical assets, including employing geo-referenced platforms as a tool for disaster risk management.



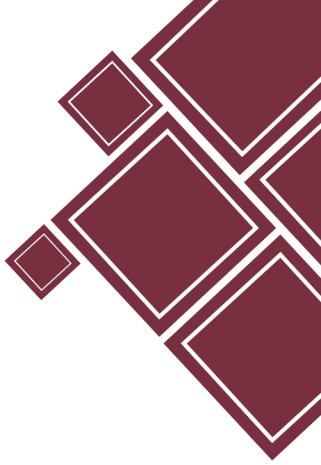
5) Budget Management, Control and Reporting



- Govts must act expeditiously to provide relief for affected populations and restore services.
 - **Flexibility for reallocation of funds** without onerous processes
 - **Provisions/escape clauses** for fiscal rules
 - Provisions in loans/funding agreements for **deferral of servicing, accelerated drawdown or other adjustments** in the event of a disaster
- However, urgency is not incompatible with **adequate control and accountability**. Controls needed to ensure that resources are used as intended in a **transparent** manner
 - Treasury should minimally be kept informed of all fund flows
- Govts should demonstrate that funds are **allocated fairly** and support those most in need.
 - Specify entitlements for households, individuals and businesses
 - Tracking of expenditure by beneficiary group
- Financial transactions for post-disaster response and recovery should be **tracked and verified ex-post**
 - Timely reporting and retention of documents
 - Audits of post-disaster response and recovery

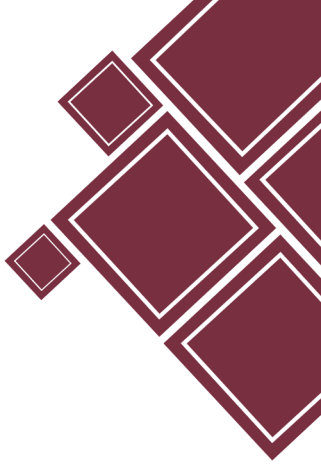
6) Disaster-Responsive Public Procurement

- Governments can **prepare plans** during normal operating conditions for expected emergency and disaster-related procurement needs.
 - May include multiyear procurement plans
 - Extrapolate from historical disaster response to estimate future needs
- This includes **market research, sourcing strategies, framework agreements, and memoranda of understanding.**
 - End-to-end supply chain visualization to plan response to supply disruptions
 - Pre-identify suitable potential and alternative suppliers
 - Contract flexibility e.g. higher volumes purchased following disaster
- Governments can also use **expedited procurement procedures** and training programs to be effectively implemented when needed.
 - Thresholds and SOPs to be set



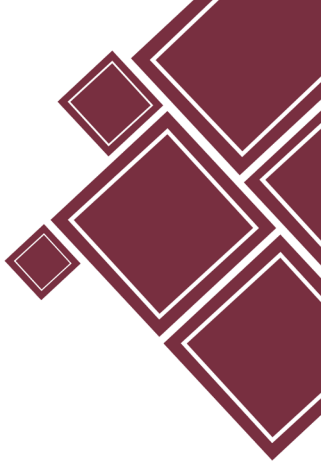
7) Disaster-responsive audit and oversight

- **Audit Institutions, the legislature, and the public** all have a role to play in reviewing and scrutinising disaster-related expenditures to
 - ensure compliance with legislation and regulations and
 - discourage fraud, waste, and abuse.
- **Scope, timelines and guidelines** should be defined for disaster audits
- Results should be reported to legislature
- Ensure that audit recommendations have been implemented
- Hold public consultation on disaster response, recovery and reconstruction



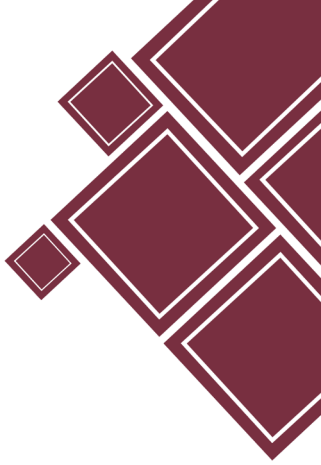
8) Social Inclusion

- Governments should **identify the needs of different segments of the population** and address these needs in plans, budgets, and program implementation in response to disasters.
- **Collection and analysis of disaggregated data** plays a key role in **understanding social inclusion gaps** and informing the policy design.
 - Plans and policies should take into consideration impact on social inclusion

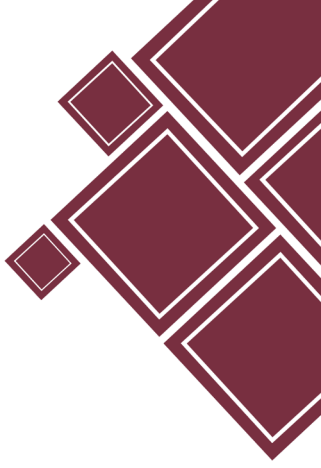


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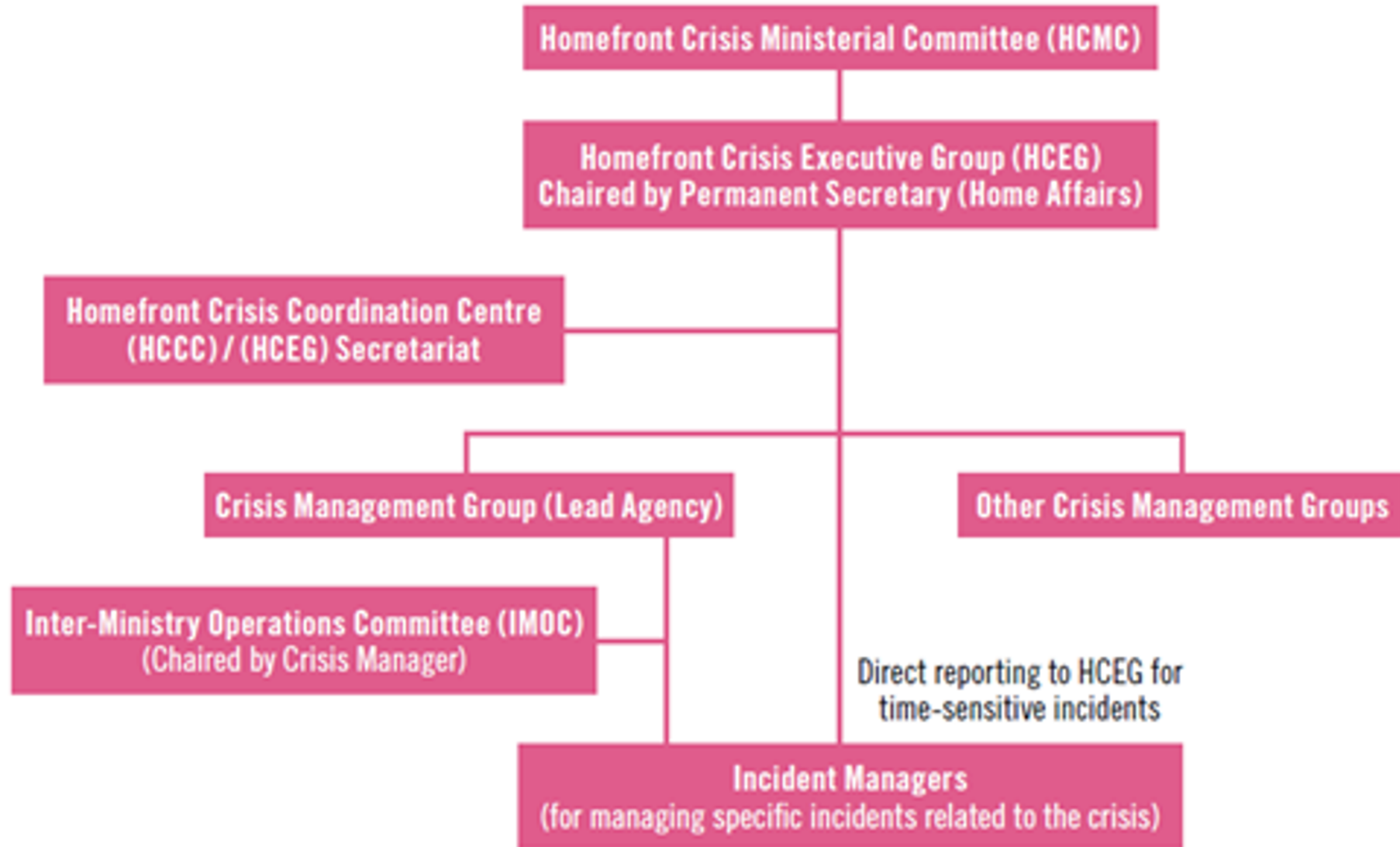


Institutional Arrangements – Peacetime and Crisis



- **Strategic Budget Review Meetings**
 - Annual discussions between Ministry of Finance and other govt ministries on budget needs and contingencies
- **Cluster Meetings**
 - Annual discussions between MOF and ministries within the same cluster for “whole-of-government” coordination/planning
- **Homefront Executive Crisis Group (HCEG)**
 - Began as Executive Group to coordinate responses among security agencies following a 1974 ferry hijacking
 - Activated for SARS outbreak in 2003 and reorganised into HCEG in 2004
 - *“A shared language and culture across the Public Service eases coordination among agencies during crisis management.”*
 - Disease Outbreak Response System Condition (DORSCON) framework - when DORSCON is elevated to Yellow, the Crisis Management Group for Health is activated to lead the WOG management of disease outbreaks.

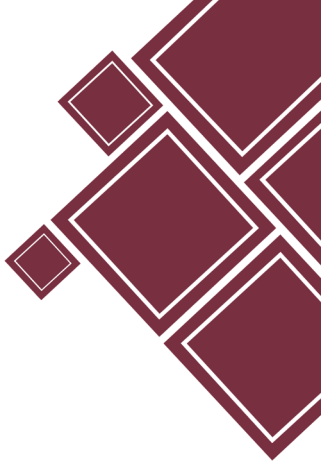
Homefront Crisis Command Structure



Source: National Security Coordination Secretariat, 2006

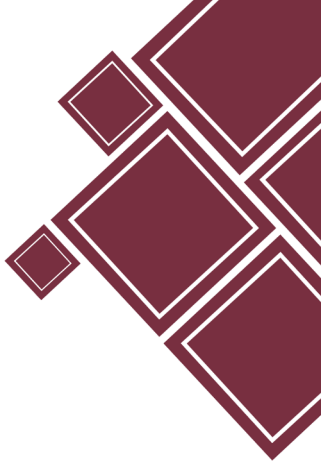
iBudget System

- Supports budget management and reporting, as well as data analysis
 - Provides “single source of truth” (common data) for MOF as well as line ministries
- Planning
 - E.g. Provides visibility of pipeline projects, lifecycle costs
- Reporting
 - E.g. Generates reports comparing planned and actual expenditure
- Data Analysis
 - Enables analysis of budgetary trends



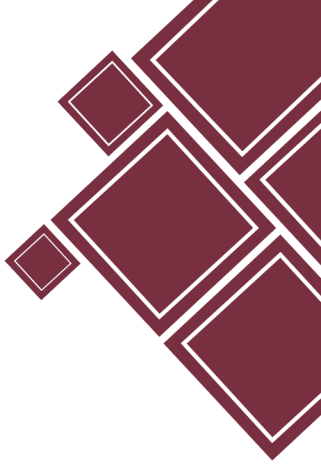
Government Electronic Business (GeBIZ) platform

- Government's one-stop e-procurement portal
- Publishes all Govt tenders and quotations
- Allows suppliers to search for government procurement opportunities, download tender documents, and submit their bids online.
- Tender results are published and visible to the public
- Supports the procurement principles of fairness and transparency



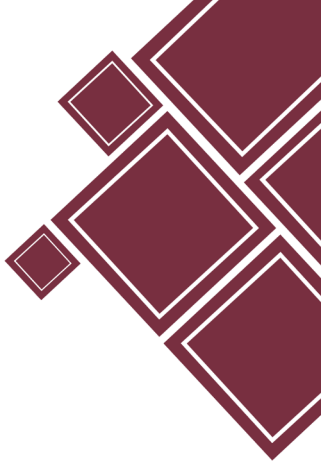
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Components of Singapore's Budget

- The Budget records expenditure approved by Parliament for each FY (1 Apr to 31 Mar)
- Ministries can spend only from expenditures voted to them in Parliament through the Supply Bill
- Overall Budget Surplus/Deficit sums up the Government's budget position for that FY
- Only includes revenues that the Government can spend under Constitutional principles



	Revised FY2020 \$ billion	Estimated FY2021 \$ billion
A OPERATING REVENUE	64.61	76.64
Less:		
B TOTAL EXPENDITURE	94.06	102.34
PRIMARY SURPLUS / DEFICIT	(29.45)	(25.70)
Less:		
C SPECIAL TRANSFERS	53.59	4.86
Special Transfers Excluding Top-ups to Endowment and Trust Funds	36.27	4.86
BASIC SURPLUS / DEFICIT	(65.72)	(30.57)
Top-ups to Endowment and Trust Funds	17.32	-
Add:		
NET INVESTMENT RETURNS CONTRIBUTION	18.14	19.6
OVERALL BUDGET SURPLUS / DEFICIT	(64.90)	(11.01)

A Operating Revenue

- Operating Revenue comprises **3 key categories**:
 - o Tax Revenues
 - o Fees and charges, and
 - o Other miscellaneous revenue
- **Tax revenues form ~90%** of Operating revenues

	Revised FY2020	Estimated FY2021
	\$ billion	\$ billion
Operating Revenue	64.61	76.64
Corporate Income Tax	13.74	17.97
Personal Income Tax	12.77	12.37
Withholding Tax	1.54	1.65
Statutory Boards' Contributions	2.52	2.51
Assets Taxes	3.09	4.74
Customs, Excise and Carbon Taxes	3.51	3.77
Goods and Services Tax	9.90	11.34
Motor Vehicle Taxes	2.21	2.52
Betting Taxes	1.85	2.41
Stamp Duty	3.66	4.25
Other Taxes	3.78	6.43
Vehicle Quota Premium	2.28	2.28
Fees and Charges (Excluding Vehicle Quota Premiums)	3.32	3.91
Others	0.45	0.49

B

Total Expenditure

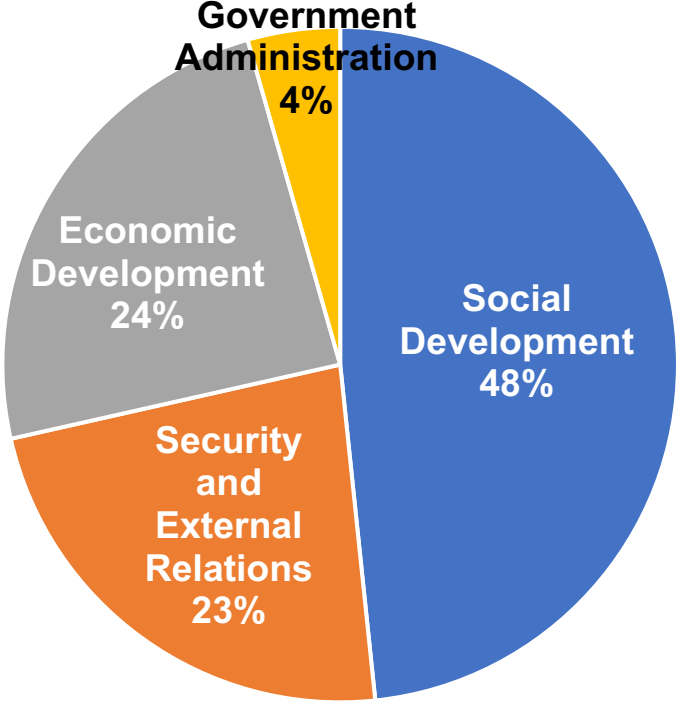
Operating Expenditure	Development Expenditure
<ul style="list-style-type: none">• Running Costs<ul style="list-style-type: none">○ Expenditure on Manpower○ Other Operating Expenditure○ Grants and Subventions to organisations such as statutory boards• Transfers to individuals (e.g. Workfare) and organisations (e.g. VWOs)	<ul style="list-style-type: none">• Government Development i.e. expenditures on projects undertaken directly by the Government• Grants and capital injections to statutory boards and other organisations (e.g. autonomous universities) for development projects



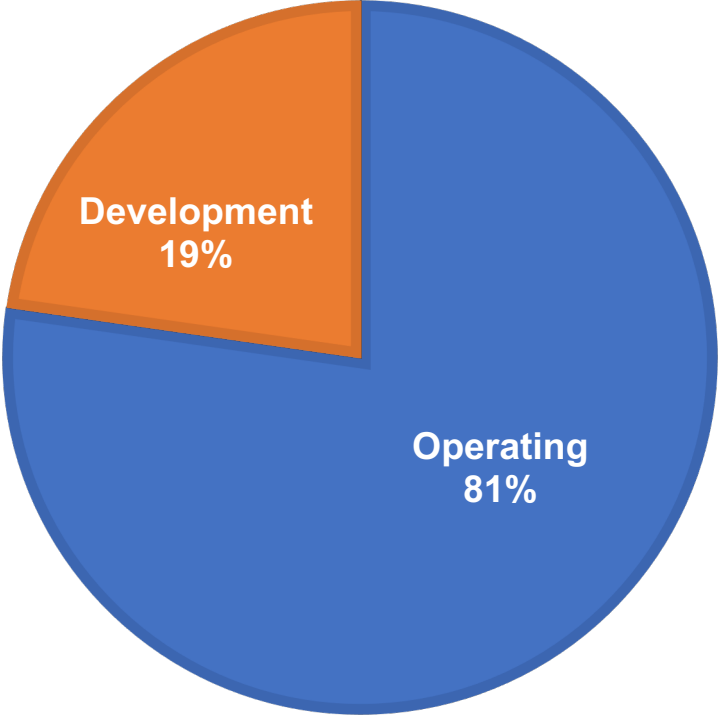
B Total Expenditure

FY2021 Estimate
Government Expenditure: \$102.34 billion

Breakdown by Sector

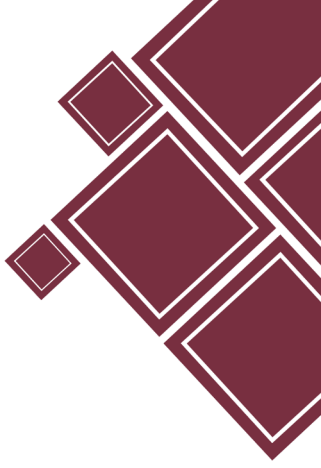


Breakdown by Expenditure Type



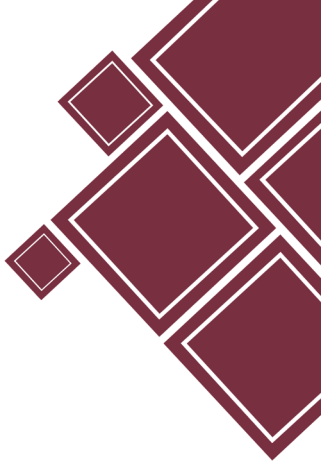
C Special Transfers

- **Special Transfers and Top-ups to Endowment and Trust Funds** are discretionary one-off measures undertaken by the Government
 - Considerations include: state of the economy, fiscal situation
- Examples of **Special Transfers**
 - Wage Credit scheme (co-payment of salary increases)
 - Service & Conservancy Charges rebate
 - Top-ups to CPF and post-secondary education accounts
- Examples of **Govt Endowment Funds**
 - Lifelong Learning Endowment Fund
 - Community Care Endowment Fund
- Examples of **Govt Trust Funds**
 - Pioneer Generation Fund
 - National Productivity Fund



D

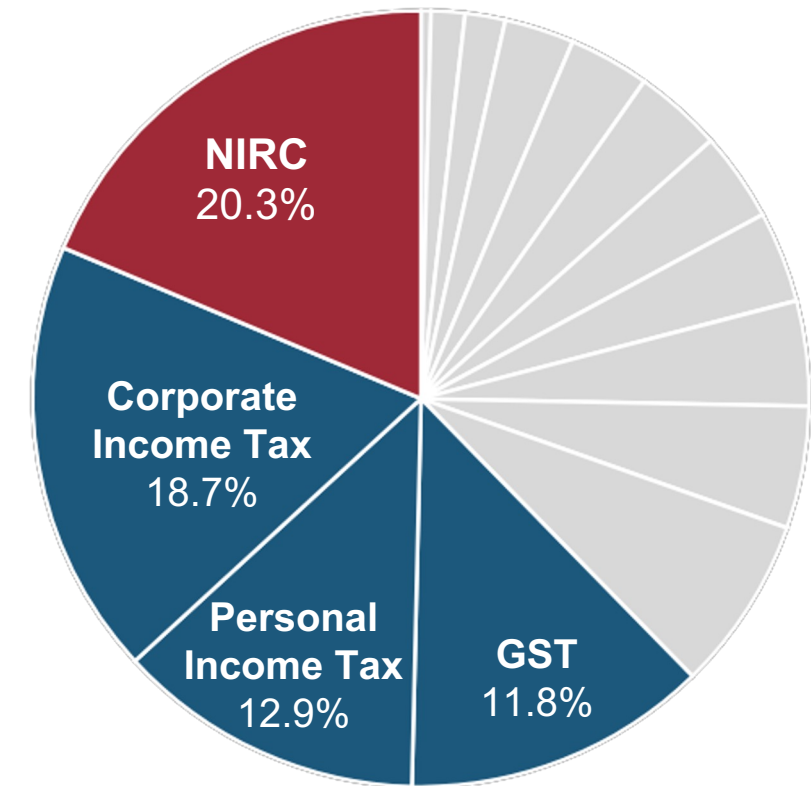
Net Investment Returns Contribution (NIRC)



FY2021 Estimate

Overall Revenue
\$96.2 billion

- **Net Investment Returns Contribution**
 - Expected long-term real return on net assets invested by state investment agencies (up to 50%); and
 - Actual dividends, interest and other income from remaining assets (up to 50%)
 - Use of expected long-term returns allows the Government to spend from both realised and unrealised capital gains
- **Returns on reserves currently largest single contributor to revenue (20.3% based on FY21 Estimate)**
 - Larger than any of corporate income tax, personal income tax, GST



Expenditure and Top-Ups



- **Heads of Expenditure**

- Budget divided into Expenditure “Heads” corresponding to each Government Ministry and Organ of State
- Parliamentary approval for appropriation is at the level of Expenditure Heads
- Transfers/virements across objects of expenditure (e.g. development, operating or manpower) within each Head are left to the discretion of ministries, but transfers across Heads are not permitted except when there is a transfer of functions between ministries

- **Supplementary Supply Bills**

- There is a process for seeking supplementary budget from Parliament in the course of the financial year through a supplementary supply bill
- Typically at mid-point of financial year, but off-cycle bills may be tabled if there is a need

- **Final Supply Bill**

- As soon as financial year ends the Minister for Finance tables Final Supply Bill containing any sums which have not yet been included in any Supply Bill.
- This is enacted by Parliament as a Final Supply Act.

Budget Process

1. Government approves the annual revenue and expenditure estimates

3. Introduction of the supply bills & Debate on Budget Statement

5. President's assent is sought for enactment of Supply Bill



2. Budget Day:
Delivery of Budget Statement
Min(F) to indicate whether annual Budget
is likely to draw on Past Reserves



4. Consideration of
Estimates: Committee of
Supply stage

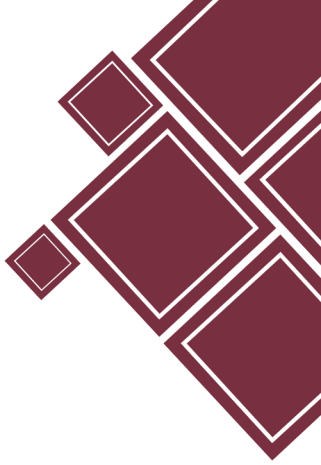


6. Parliament approves the
Budget by passing the Supply
Bill

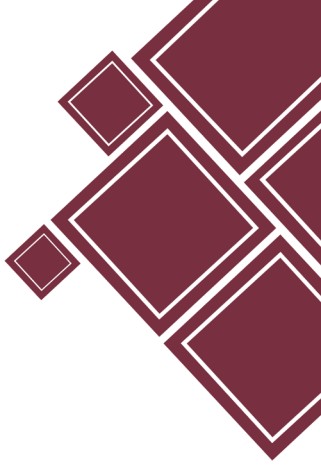


Principles for Effective Spending

- **Ensure fiscal prudence** e.g. through targeted spending
 - e.g. means-tested benefits
- **Focus on outcomes**, not amount spent
- **Intervene upstream** where possible
 - e.g. public housing, education
- Government spending should **reinforce individual and community efforts**
 - e.g. “many helping hands”, tax incentives for charitable giving



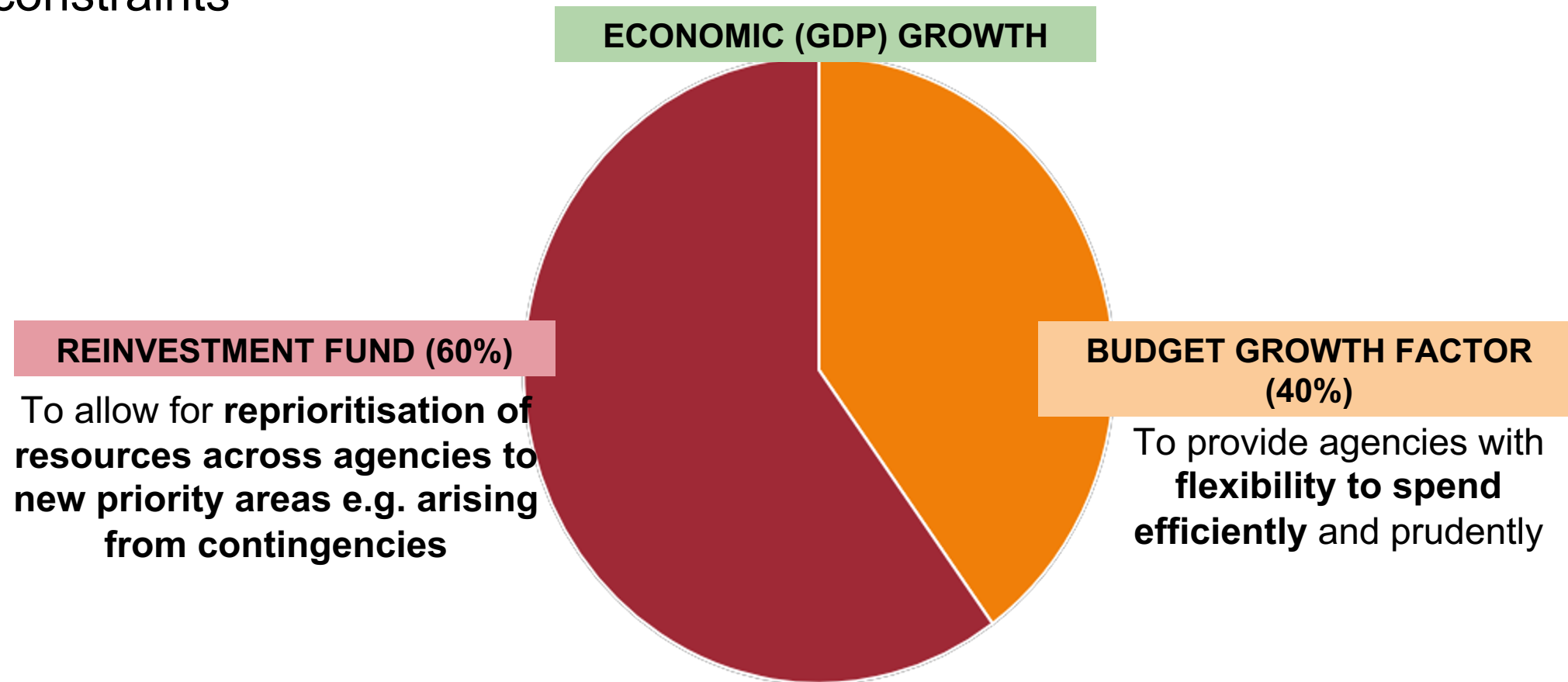
Funding Principles and Design considerations



- **Provide ministries with planning certainty, flexibility**
- **Facilitate reprioritisation, provide for contingencies**
- **Design funding for incentive alignment**
 - To ensure skin-in-the-game, sometimes partial co-funding by requesting agency. For cross-agency innovative projects, require demand validation.
- **Right-Pricing**
 - Recovery of costs through fees and charges reduces over-consumption and provides incentive for streamlined regulation. Separately provide targeted assistance. Encourage supplier competition even for Government provided services (e.g. schools, hospitals).
- **Manage risk-reward**
 - Reward ministry for fiscal prudence, marksmanship and rigorous policy evaluation. De-risk pilots to encourage innovation.

Block Budget Framework

Block Budget growth and Reinvestment Fund are sized as a percentage of smoothed GDP to limit expenditure growth in line with macroeconomic constraints



Block Budget Framework

- **Block budget cap**

- o Fixed during budget negotiations between MOF & ministries
- o Provides certainty to ministries for their budget planning

- **Budget growth factor**

- o Ministries' budgets grow by 40% of the sGDP growth rate

The diagram illustrates the formula for calculating the FY07 Budget. It features three main components: a money bag icon on the left labeled 'FY07 Budget', an equals sign, a large bracketed box containing the text '1+ Budget Growth Factor', a multiplication sign 'X', and another money bag icon on the right labeled 'Previous FY budget OR New Block Budget'. The money bags are orange with green outlines and a green ribbon at the top. The text 'FY07 Budget' is in black, and '1+ Budget Growth Factor' is in orange. The text 'Previous FY budget OR New Block Budget' is in black.

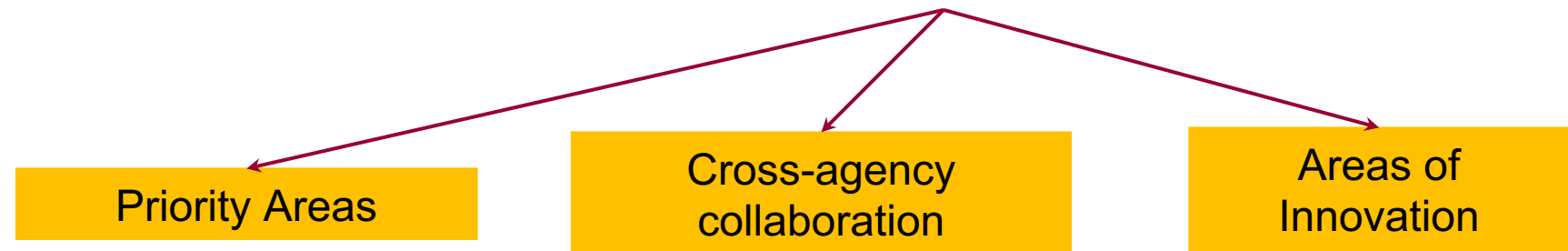
$$\text{FY07 Budget} = \left(1 + \text{Budget Growth Factor} \right) \times \text{Previous FY budget OR New Block Budget}$$

Reinvestment Fund

- 60% of smoothed GDP growth set aside in central pool for redistribution
- Ministries have to submit proposals to MOF to bid competitively for funds



Reinvestment Fund channels resources to:



Above the block funding for Ministries to fund additional projects

Gives MOF the flexibility to channel resources to achieve optimal whole-of-government outcomes or meet contingencies

Note: These are undertaken during budget formulation process for the next financial year. They do not replace the process of seeking approval from Parliament for budget appropriations, which is required before the ministry has the legal authority to spend.

Budget Flexibility Mechanisms

Provide ministries with the flexibility required to better manage their cash flows

3 Main Tools:

Advances

borrow



\$ Future years

Carry forwards

save



\$ Future years

Rollover

save



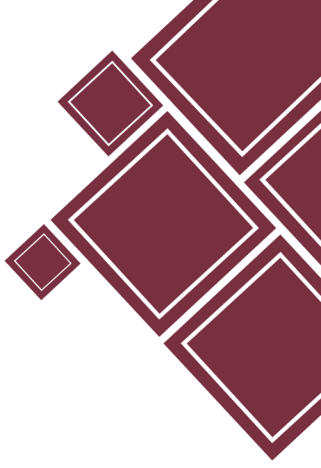
\$ Next year

Total budget

Operating budget

Note: These are undertaken during budget formulation process for the next financial year. They do not replace the process of seeking approval from Parliament for budget appropriations, which is required before the ministry has the legal authority to spend.

Fiscal Planning for Risks and Emergencies



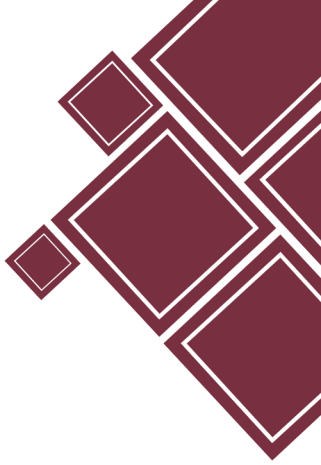
- **Fiscal Scenario Planning**
- **“Drawer Plans”**
- **Contingencies Fund / Development Contingencies Fund**
 - Each year, a sum is set aside in these funds for urgent and unforeseen needs
 - The Finance Minister may (with the President’s consent) make advances from the Contingencies Fund for expenditure for which no other provision exists
 - Advances to be voted through Supplementary Supply or Final Supply Bill
- **Past Reserves**
 - Net assets accumulated in previous terms of Government through persistent Budget surpluses
 - 50% of smoothed investment returns are used to fund current Govt expenditure
 - Balance serves as a rainy day fund which can be unlocked via a two-key system
 - the Govt needs the consent of the Elected President to tap on Past Reserves

Meeting Large Unexpected Expenditure

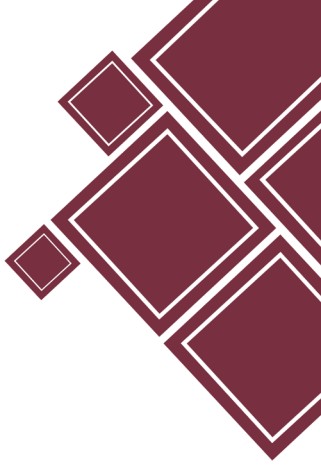
- Assess if it can be funded from Ministry's **savings on projects** that are cancelled or deferred (i.e. reallocation within Ministry's block budget)
- Explore **budget flexibility mechanisms** e.g. carry forward from next FY
- Consider tapping on **Reinvestment Fund** or central pool of funds
- Consider **reallocation at whole-of-govt level** (coordinated by Ministry of Finance)
- Tap on **Contingencies Fund**
- Seek **supplementary budget** through supplementary supply bill
- In extreme circumstances, MOF seeks President's approval to **draw on Past Reserves**

Agenda

- **Aims of Fiscal Policy**
- **Disaster Resilient and Responsive PFM Framework**
- **Singapore Institutional Arrangements and Systems**
- **Budget Components, Planning and Budgeting Process**
- **Budget Management Framework, Procurement and Audit**
- **Case Study: COVID-19 Pandemic Support Measures**



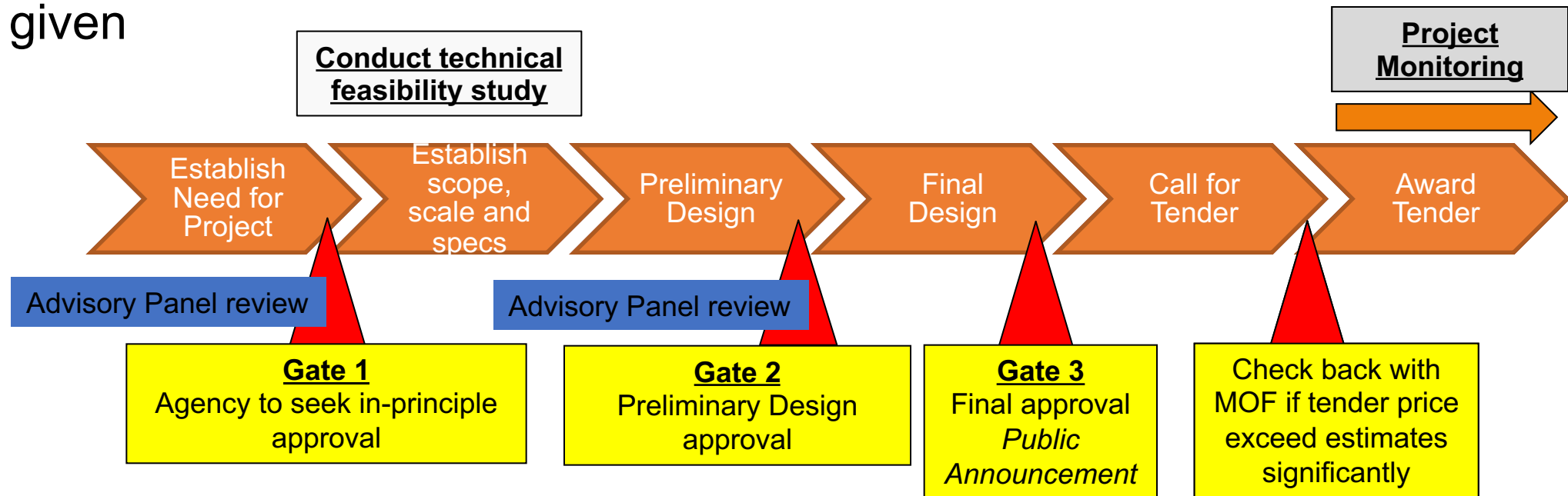
Development Projects – Principles and Considerations



- **Cost-Benefit Analysis**
 - Identify stakeholders, external costs (including on other agencies)
- **Risk Management Framework**
 - E.g. Provision for blast resistance, fire safety, sea level increase
 - Tradeoffs between risk and cost
- **Consider life cycle costs**
 - Maintenance, disposal (long funding tails)
 - E.g. To build versus rent
 - E.g. Public-Private-Partnerships and risk sharing, contingent liabilities

The Gateway Process for Mega Projects (>S\$500 million)

- Imposes “gates” at critical decision points
- Allows for alternative designs/solutions and risks to be considered
- Enables more accurate cost estimates to be obtained before approval is given



Value-for-Money Audits



Focus on Cost-Effectiveness viz. achievement of outcomes in cost-efficient way

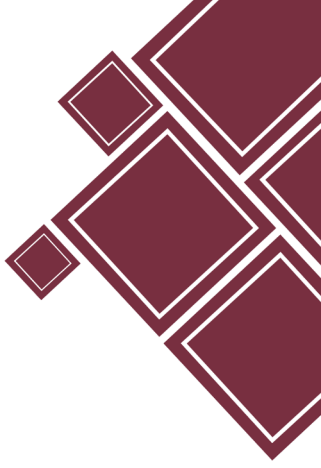
- **Effectiveness:** Spending must lead to the desired outcomes being achieved.
 - KPI monitoring
- **Economy:** Spending less without prejudicing required outcomes.
 - E.g. demand aggregation, procurement process
- **Efficiency:** Spending on the “right” resources to ensure optimal outcomes
 - E.g. utilisation of facilities, overlap with other programmes, keeping to construction schedule

Singapore Public Sector Outcomes Review (SPOR)

- The **biennial publication** takes stock of how Singapore has fared in key areas of national interest.
- Focuses on **whole-of-government outcomes and indicators** that reflect current and emerging policy concerns and issues.
- Coordinated by the Ministry of Finance with inputs from all ministries
- Reports the strategies, programmes, and resources that are employed by public agencies to achieve these outcomes.



Regular vs Emergency Procurement



- Regular procurement (above small value purchase threshold) based on **open sourcing**
 - Tenders and quotations published on Govt procurement website GeBIZ
 - Ensures Fairness, Transparency and Value-for-Money
- **Limited tenders** or **direct contracting** permitted under specific conditions e.g. to protect public health or for national security (permitted by WTO's Agreement on Govt Procurement)
- During pandemic, govt directly reached out to suppliers with necessary resources and expertise e.g. to house at-risk persons or secure essential medical supplies
 - Similar Emergency Procurement procedures in other jurisdictions
 - Balance between urgency and value-for-money
 - As situation improves, larger proportion of procurement will revert to open sourcing

Safeguards for Emergency Procurement

- **Proper evaluation** and **approvals** still required
- Public agencies are expected to **assess** that the **quotes** from the suppliers are **reasonable**, by
 - comparing against prevailing market benchmarks, and
 - taking into account the time constraints and world-wide market situation.
- Transactions done are subject to **audit and compliance reviews**



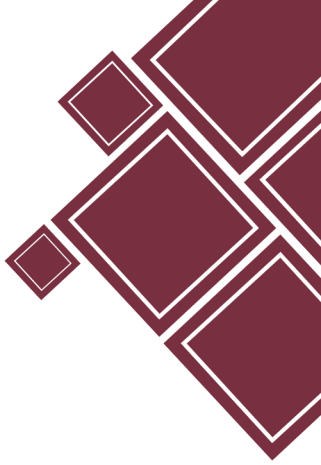
Audits and Oversight



- **Public Accounts Committee**
 - Parliamentary Select Committee that examines various accounts of the Government showing the appropriation of funds granted by Parliament to meet public expenditure
 - Assisted by the Auditor-General and has powers to send for witnesses, papers and records
- **Auditor-General's Office**
 - An independent organ of state that audits govt ministries, statutory boards and organs of state, as well as public funds and bodies administering public funds
 - Audit observations cover system weaknesses, non-compliance with control procedures or legislation, and instances of excess, extravagance, or gross inefficiency leading to waste in the use of public funds and resources.
 - Reports to the President, Parliament and the public, enhancing public accountability in the management and use of public funds and resources
- **Internal Audit / Value-for-Money Audits**

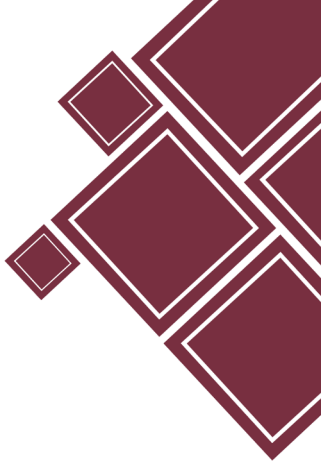
Means Testing

- Necessary to target financial support to those who need it most
- Can be based on
 - Individual or household income (e.g. per household member)
 - Lifetime income
 - Wealth (proxied by housing type in Singapore)
- Need to avoid
 - Gaming, fraud
 - Excessive administrative burden
 - “Cliff effect” which could also discourage income progression
- Considerations
 - Fairness (fine-tuning) vs Complexity
 - Psychological impact



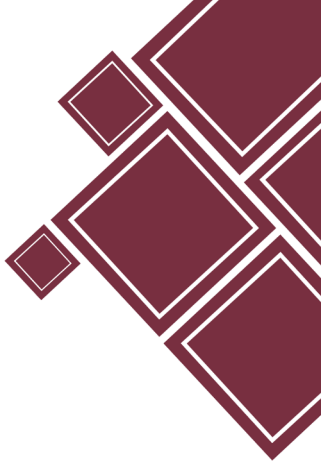
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Approach to Singapore's COVID-19 Response

- **Protecting lives**
 - Border closures
 - Circuit Breaker (April 2020)
 - Contact tracing, Safe Management Measures
 - Vaccination and booster drive
- **Protecting livelihoods**
 - Support for jobs, businesses, households
 - Job and training opportunities, incentives for job creation
 - Gradual re-opening, transition to endemic COVID-19



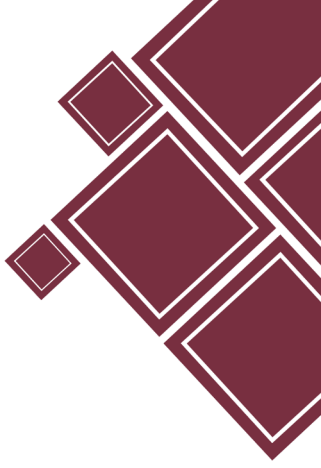
Strategy and Principles

- **Adaptability**
- Follow the science, **evidence-based approach** e.g. use of face masks
- **Balance** between protecting lives and livelihoods
- Initial period – **hold in place** (“suspended animation”)
 - Prevent indiscriminate cull of businesses and heavy job losses
 - Prevent unemployment scarring
- Allow for reallocation of resources through reskilling, some “**creative destruction**”
 - Acknowledge that some changes to economy will last years or be permanent
 - Take opportunity to accelerate trends such as digitalisation and home-based learning

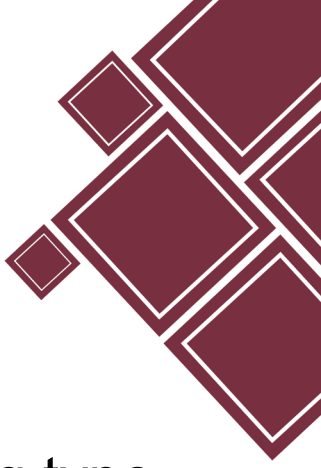


Overview of Support Measures

- **Saving jobs** (local employees, self-employed, foreign workers)
 - Jobs Support Scheme (wage support) given to employers of local workers; support varied according to sector and prevailing economic situation
 - Self-Employed Income Relief Scheme (\$9,000) for self-employed workers
 - Foreign worker levy waivers and rebates for employers of foreign workers
- **Keeping businesses going**
 - Corporate tax rebate
 - Cashflow and financing support
 - Property tax rebates/rental relief
 - Legal measures
 - Sectoral support measures



Overview of Support Measures (continued)



- **Supporting households and individuals**

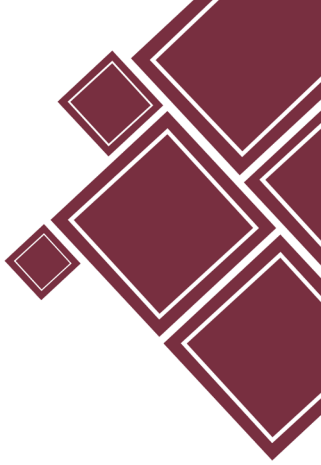
- Cash transfers to all citizen households
- Grocery vouchers, utility and conservancy charge rebates tiered by housing type
- Temporary, quick support for those who lost jobs or suffered significant income loss

- **Securing opportunities for locals**

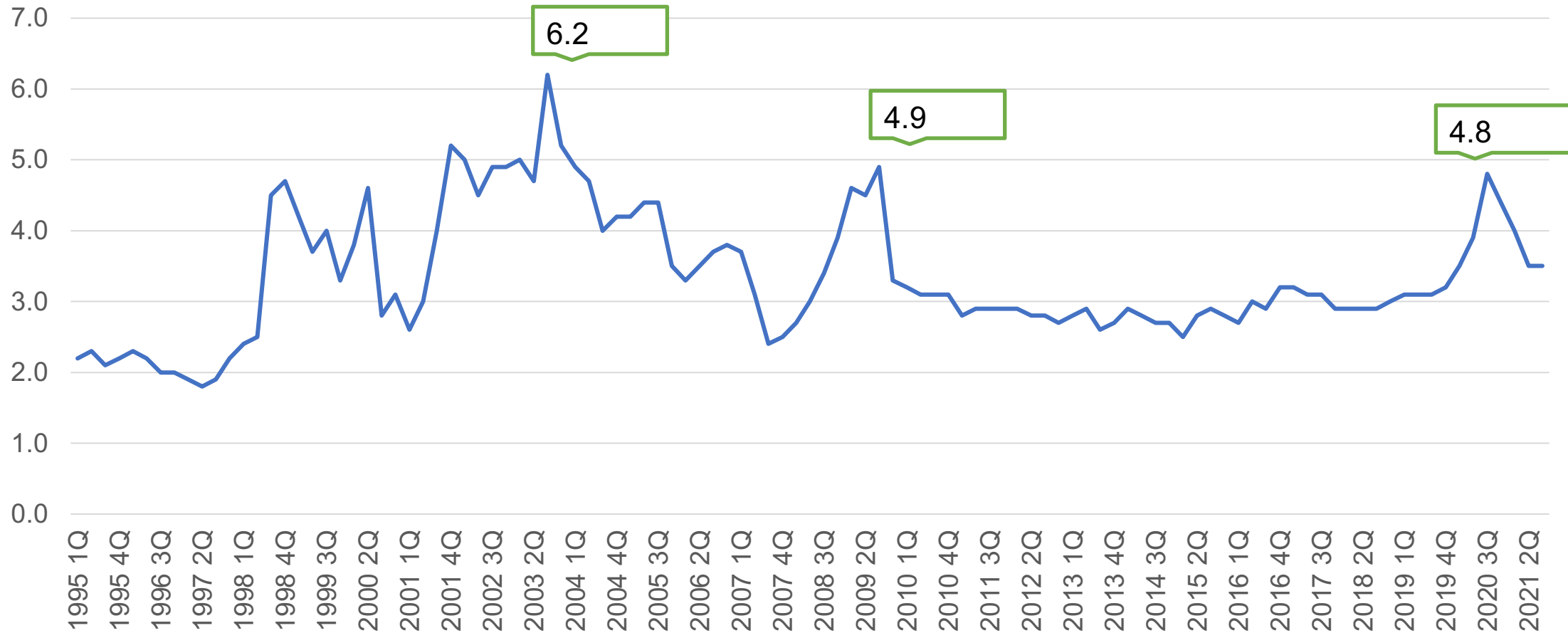
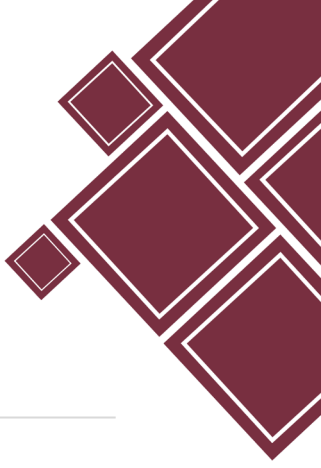
- Jobs and Skills Package aimed to create 100,000 opportunities for local workers within a year, comprising:
 - Public and private sector jobs (temporary and permanent) with Jobs Growth Incentive (wage support) to encourage hiring
 - Company traineeships (for fresh IHL graduates as well as mid-career workers, with allowances funded by Govt)
 - Training programmes designed and delivered by leading companies and IHLs, with allowances funded by Govt

Cost of Support Measures

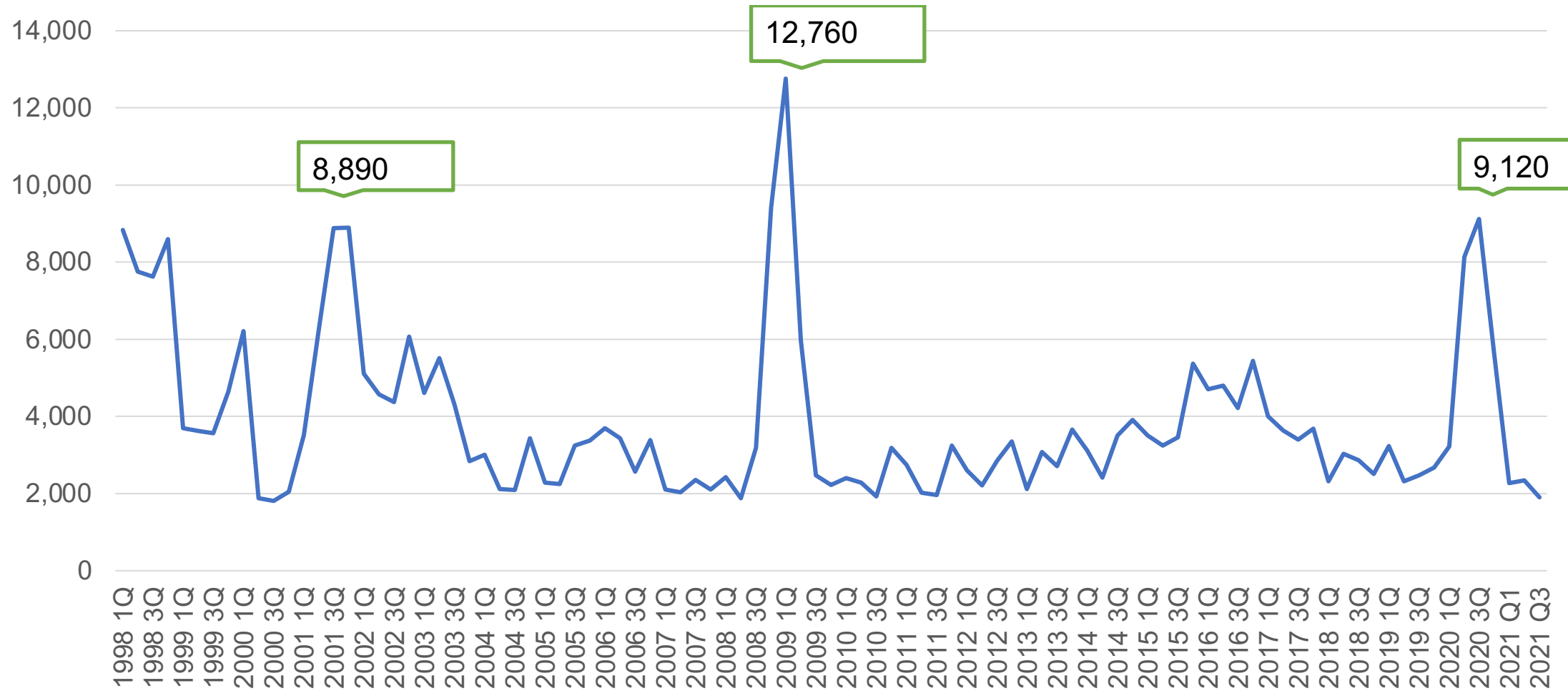
- **S\$92.9 billion** over 5 budgets (~20% of GDP)
- Approval granted for **S\$52 billion draw on Past Reserves**
 - Much larger than \$4.9 billion approved during the Global Financial Crisis
 - \$42.7 billion utilised in FY20, balance carried over to FY21
- FY20 **budget deficit of \$64.9 billion**, or **13.9% of GDP**, was the largest in Singapore's history
- According to Govt estimates, support measures would
 - Save about 155,000 jobs in 2020 and 2021,
 - Reduce rise in resident unemployment rate by about 1.7 %-points,
 - Prevent economy from contracting by a further 5.6% in 2020 and 4.8% in 2021.



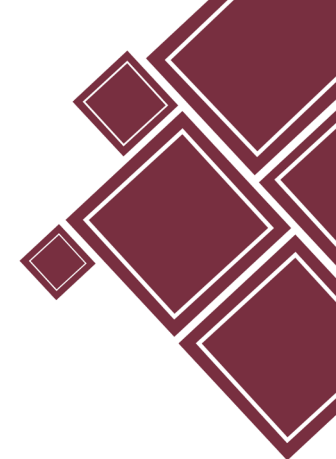
Quarterly Resident Unemployment Rate (SA) (%)



Quarterly Retrenchments



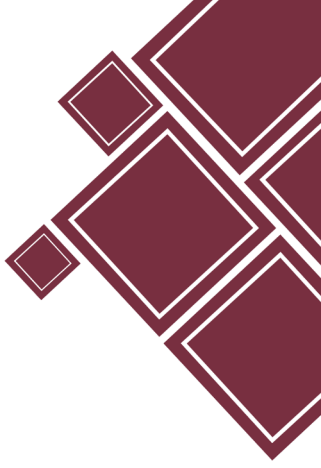
COVID-19 Fiscal Outlay in 2020



	Cost of COVID support measures
Unity Budget (18 Feb 2020)	\$6.4 billion
Resilience Budget (26 Mar 2020)	\$48.4 billion (+\$17 billion draw on Reserves)
Solidarity Budget (6 April 2020)	\$5.1 billion (+\$4 billion draw on Reserves)
Fortitude Budget (26 May 2020)	\$33 billion (+\$31 billion draw on Reserves)
Ministerial Statement - August (17 August 2020)	No additional outlay (\$8 billion from Budget savings elsewhere)
Total Sum	\$92.9 billion (\$52 billion draw on Reserves*)

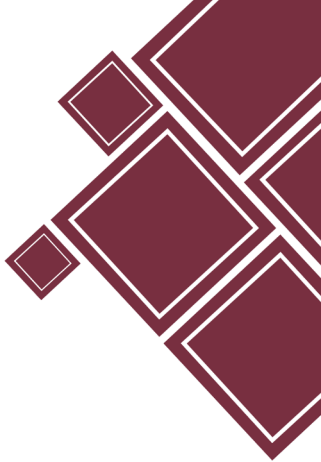
* \$42.7b of the \$52b was utilised in FY2020, with the balance to be deployed in FY20201, along with a further expected \$1.7b draw on Reserves.

Use of Contingencies Fund and Reallocated Funds



- Fortitude Budget 2020 set aside **\$13 billion in Contingencies/ Development Contingencies Fund**, on top of usual \$3 billion set aside annually
- Advance from this fund used to pay for \$1.4 billion in support measures for businesses and workers (in badly affected sectors such as F&B, retail and tourism) in Sep-Nov 2021 as COVID-19 cases rose and tighter restrictions on dining out and gathering sizes were imposed
- Advances replaced by Supplementary Supply Bill for FY2021
- Separately, a \$2 billion relief package during the 2021 Heightened Alert period was resourced through a reallocation of funds

Healthcare, Testing and Isolation Infrastructure



- Apr 2020 – need for **community care facility** to free up space in hospitals for the severely ill
 - Singapore Expo Convention Hall identified as suitable facility
 - Within 17 days, six halls with close to 5000 spaces had been prepared
 - GPConnect, an integrated clinical mgt and electronic medical records system, was used
- Aug 2021 – more than 90 hotels used as **quarantine/isolation facilities** for travellers
- Oct 2021 – MOH worked with public, private and community hospitals to set aside more **beds for COVID-19 patients**
 - increased beds from 900 to 2,500 over previous 3 mths
- Aug-Dec 2021 – Health Promotion Board partnered private providers (GPs, dental clinics, mall operators, hotel groups) to set up more **Quick Test Centres** (QTCs) for public to conduct self-administered COVID-19 tests under supervision by trained personnel.
- Dec 2021 – contingency plans to double number of **designated facilities for close contacts** of COVID-19 cases, in preparation for Omicron surge (can accommodate up to 12,000 people)

Audit Findings on Emergency Procurement

- Singapore Auditor-General's report for FY2021/22 called for “a reasonable level of governance and planning arrangements for use in an emergency”
- AGO found **lapses in COVID-19 spending on manpower, housing and catering** between Jan 2020 and Mar 2021
 - lapses in evaluating contractors' proposals
 - inadequate checks on the validity of payments (doubts on authenticity of documents)
 - discrepancies in payment claims (some overpayments and underpayments)
 - lack of supporting documentation (e.g. lack of documentation of third parties that recruited swab personnel volunteers at no charge)
- **Good practices** detected too
 - E.g. Singapore Land Authority engaged hotels on retainer basis and paid hotels only when they were activated as quarantine/isolation facilities
- Jan 2022 – MOF review of “**procure to pay**” **life cycle** for emergency procurement
 - Covers procurement, contract management and payment
 - “Fit for purpose” governance arrangements in emergency

Thank You

