COMMENTARY

Covid-19 and fund mismanagement in Malawi: A major challenge to its effective pandemic containment

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1 | INTRODUCTION

The emergence of Coronavirus disease (COVID-19) in 2019 in China which later spread worldwide presented significant funds and resources acquisition and management challenges, particularly on the abilities of economically constrained countries to gather funds to purchase necessary resources needed to fight COVID-19. As the pandemic struck, governments, unprepared, were tasked to pull resources together within a short period of time, hugely outside their fiscal budgets as countries themselves struggled with the economic disturbance caused by the pandemic and tried to find means to reopen the economy.1 Sourcing these funds was one thing, but managing them was yet another critical aspect to ensure meticulous channeling of funds toward effective activities to combat the pandemic. For Malawi, however, effective management of COVID-19 funds, it emerges, was a big challenge.

The World Bank acknowledges that misuse of public funding is not new in many countries, yet, the COVID-19 pandemic seemed to have fueled the malpractice at a time when proper management of resources was more than desirable.2 Efficient running of COVID-19 response programs hinges, in part, on the availability of necessary resources. Proper management of financial and human resources ensures that there is efficiency and no wastage, therefore making these resources available for end-user.3

2 | MALAWI COVID-19 PANDEMIC PREPAREDNESS

In March 2020, the government of Malawi through the Ministry of Health (MoH) rolled out its initial 4-month (March to June 2020) National COVID-19 Preparedness and Response Plan. The plan outlined the government’s approach to dealing with COVID-19, from technical aspects to administrative (financial and resource) requirements. The Malawi government required 213 million United States Dollars (USD) to be able to implement the plan, however, the government fell short of 194 million USD to fully cover the financial cost of implementing the plan.4 This meant that the Malawi government had to source to amend the deficit. In a revised 6-month (July to December 2020) response plan, the government had managed to raise about 102 million USD, reducing the deficit to 109 million USD.4

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It was evident that the budgetary deficit of the National COVID-19 Preparedness and Response Plan needed to be covered if the plan was to be implemented without major setbacks, at least on the financing aspect. Various stakeholders working with the government of Malawi initiated fundraising appeals to help raise funds. The initiative run by the Scotland–Malawi Partnership is one example of such kinds of initiatives to help the Malawi government respond to COVID-19 effectively. In April 2020, the World Bank approved 37 million USD towards COVID-19 response for the government of Malawi. In the same month, US government provided 4.5 million USD to support Malawi’s efforts to minimize its financial challenges against COVID-19 response.

3 | MANAGEMENT OF RESOURCES FOR COVID-19 RESPONSE

For an effective operation, the COVID-19 response plan was divided into clusters designed to tackle numerous aspects ranging from health to security. Funding was generally streamlined according to these clusters, with each cluster being assigned to a responsible head. While the operation of the clusters was not independent of another cluster, resource acquisition and accountability were in the hands of the individual clusters.

Decisions on funds distribution and use of resources were being made in cluster meetings held on Thursdays. Resources were distributed using the need-based assessment method as per the national response plan to emergencies. The health cluster led by the MoH was tasked with preventing, rapidly detecting, and effectively responding to any COVID-19 outbreak to reduce morbidity and mortality in the country. Based on the COVID-19 preparedness and response plan, dated April 8, 2020, the total amount budgeted for was 20,722,305 USD.

4 | EMERGING RESOURCES MISMANAGEMENT

Earlier evaluations by the Office of the Ombudsman in 2020 revealed that the central government had concentrated power leaving out some important sections of the local government consequently limiting their efficiency against COVID-19, attracting public displeasure. The Office of the Ombudsman found a lack of transparency in the meticulous operations of the task force leading the COVID-19 fight, followed by grandiloquent misuse of the funds meant for personal protective equipment (PPE) and other essential equipment as well as a lack of accountability mechanisms to effectively buy public trust and fight the pandemic rendering the entire implementation of the COVID-19 response plan ineffective.

Funds that were collected through the Department of Disaster Management Affairs (DoDMA) amounted to 14.4 million USD with 50% donated by the Reserve Bank of Malawi as part of its social responsibility. However, it was reported that instead of contributing the funds to the Gifts and Donations account of the Reserve bank, they were coursed through the Governor’s Office account which is used to entertain the visitors of the Governor. This created unprecedented chaos. These funds were also as a consequence wrongly transferred into DoDMA’s account. This mistake was as a result rectified when the money was transferred to the Ministry of Finance (MoF) account as stipulated by the Public Finance Management Act which gives the authority to release funds to the public to the office of the Secretary to Treasury.

The report by the office of the ombudsman went further to indicate that when the funds were made available for implementing planned activities, items were bought at bloated prices, as well as acquired using unacceptable and unethical procurement methods. Some funds were used on extravagant hotel meals and personnel went to receive allowances above expected rates. The report also noted that the presence of two accounts at DoDMA and MoF created chaos. This resulted in clusters being unable to collect funds from DoDMA’s accounts because the funds were not easily accessible despite the funds lying idle in MoF duplicate accounts, thus further delaying people from accessing health in time and also abusing their right to quality health care. One notable consequential instance was that health workers in one facility downsized their tools citing the inability to honor contractual obligations on the part of the government.

The President of Malawi delivered a speech on February 14, 2021, in response to public indignation following the Ombudsman’s report of November 2020. The President expressed a lack of professional disposition and cited the existence of profound negligence among some civil and public servants and as a result directed suspension of heads of clusters for their inability to account COVID-19 funds and for defying presidential directive which commanded them to submit standard reports on a weekly basis. Notably, some clusters took more than 3 weeks to comply. A national expenditure audit was therefore instituted which revealed massive financial abuse as earlier indicated by the Office of the Ombudsman.

Following the presidential directive to institute an audit report of the abused funds, the Auditor General produced a report which indicated necessitous conditions for the abuse. The report notes that the clusters which used the funds were not provided with expenditure instructions, consequently rendering non-prioritization of expenditure returns. Failure to provide instructions also provided conditions for failure to use the funds or led to misallocation and misuse of funds to non-related COVID-19 issues. The report also noted a lack of adherence to open tendering in preference to requesting for quotation method contrary to instructions from the Malawi government chief procurement office.

5 | IMPACT OF UNAVAILABILITY OF RESOURCES ON COMBATING COVID-19

Issues of availability of resources towards reducing the impact of the COVID-19 pandemic have been the center of concern even in developed countries. The magnitude of the pandemic—its global spread
and the subsequent socioeconomic impact—placed extreme pressure on resource generation in terms of manufacturing and the eventual efforts by countries to acquire these resources for their use. Low-and middle-income countries have been greatly affected even with the availability of funds because of poor procurement standards which thwarted a timely response to the pandemic. For instance, the Central Medical Stores (CMS) took 170 days to provide the Ministry of Health with the right invoices to process payments. This prevented frontline health workers from accessing PPEs in various hospitals placing them in unsafe working environments.

The Malawi government COVID-19 Preparedness and Response Plan already highlighted the deficiency in funding and resources, triggering other partners to launch a resource mobilization campaign. One notable citizen-initiated resource mobilization campaign called Covid Response Private Citizens (CRPC) managed to raise about 300,000 USD that was used to buy essential COVID-19 response needs such as flow cytometers, oxygen concentrators, and PPE.

6 | RECOMMENDATIONS

1. Enhance accountability measures
   One obvious element from the report which was released by the Office of the Ombudsman was the lack of accountability on the use of COVID-19 funds aided by failure to enforce or submit timely expenditure reports. Although some control measures exist, it is evident that in many situations they were negligently followed or not adhered to. Officers, therefore, have to be given laid down guidelines that stipulate usage and reporting mechanism as well as providing quality control measures and minimize diverting from planned activities.

2. Transparent monitoring of COVID-19 funds expenditure
   In the absence of the report from the Office of the Ombudsman and the investigation by the Auditor General, the public would not have been aware of the expenditure of funds. Transparency provides an opportunity for checks and balances during various transactions and if such transactions make economical and administrative sense. The COVID-19 funds’ management in Malawi should be transparent, to minimize incidences of corrupt practices following the spread of the pandemic.

3. Provide clear guidance on the expenditure of funds
   In some instances, there was an impression that funds were disbursed to district councils without clear expenditure allocations. As such, on many occasions, end users spent the funds, technically, as they wished. To minimize risks, funds should be disbursed with strict expenditure guidelines while emphasizing the importance of adherence to guidelines. If expenditure outside the recommended expenditure plan is needed, then there must be a credible authority given the power of approval.

4. Engagement of interested partners
   The COVID-19 pandemic has affected almost every sector of society and as such, many players in the society are interested in the management and containment of the disease. It would be beneficial that the expenditure of resources and funds at all crucial points in government be in the interest of other players outside the civil service. This would guarantee, planning, monitoring, and advocating for improvements thereby minimizing fraud, abuse and offering quality services to the people.

5. Encouragement of private citizens involvement
   Malawi has seen the important role that private citizens play in helping contain the pandemic and minimizing COVID-19 deaths through the provision of necessary critical care equipment to facilities in some of the country’s major hospitals. The private citizens’ excellently coordinated response is a clear example that it is possible to minimize unnecessary expenditure of funds. The government of Malawi should encourage citizen lead initiatives particularly on matters of public health and economic and transparent financial management to ensure that the citizens’ voices are heard, and they use government-recognized advocacy platforms to improve affairs that promote community interests.

6. Systems reforms in civil service
   Malawi’s need for civil service reforms has been a long-standing discussion. The current misuse of COVID-19 funds brought light to the many gaps that exist in civil service on fiscal management systems and the need to implement reforms to improve operations of the civil service. This paper recommends the implementation of such reforms to bring sanity to the system in a quest to improve efficiency and accountability within the civil service.

7 | CONCLUSION

Lack of systems and guidelines targeting disaster management led to mismanagement of funds during the first wave of COVID-19 in Malawi. Evidence points out that key decision-making bodies in various district councils did not adhere to credible procurement procedures hence leading to abuse of resources. We recommend the implementation of systems and reforms to bring sanity, clarity, and transparency to the government systems. Implementation of reforms in government systems will require a strong political will to expedite the mindset change campaign.

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CONFLICTS OF INTEREST
The authors declare no conflicts of interest.

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