GOVERNMENT-RUN NATIONAL RELIEF FUNDS IN ASIA DURING THE COVID-19 PANDEMIC
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Executive Summary

As civic space constricts across Asia, some governments have established their own relief funds to address natural disasters or the COVID-19 pandemic. These government-run (or “national”) relief funds typically accept both public and private donations, but are established and managed by governments, often for the purpose of meeting humanitarian needs. They have existed in certain contexts and regions (for instance, in South Asia, Eastern Europe, and Central Asia) for some time, but are not well-documented or understood – particularly in terms of their impact on civil society.

The COVID-19 pandemic ushered in more examples of relief funds being established by governments. In some cases, such funds were criticized for lacking transparency and public accountability, or siphoning resources away from civil society. In a time of growing crises, there is a need to scrutinize the impact of such national disaster relief funds on civil society as well as on humanitarian assistance, and to learn more about how these funds operate.

This paper explores government-run relief funds established for the purpose of COVID-19 pandemic response, and how these funds impacted civil society in countries in Asia. At least six countries have set up national relief funds to address COVID-19, namely: India, Indonesia, Pakistan, the Philippines, Sri Lanka, and Vietnam.

Most of these countries created national relief funds in March 2020, after the World Health Organization (WHO) declared COVID-19 a global pandemic. The funds were established either by executive order of the Prime Minister or President, or by a law passed in parliament.

In each of the six countries, a national relief fund was created despite another disaster relief fund already existing. Once the COVID-19 relief fund was established, the governments received substantial donations from individual donors, domestic and international public and private organizations, and foreign governments. They then purportedly used these funds to provide for COVID-19 vaccine development/procurement/distrib-
tribution, economic assistance such as cash or livelihood guarantees, food distribution, medical assistance, and public health advocacy.

According to practitioners, academics, and civil society leaders interviewed for this research, as well as desk research from media coverage and other reports, every fund studied was subject to numerous criticisms, including a lack of accountability and transparency. In some cases, national relief funds became a vehicle of systematic corruption and bribes. Additionally, despite urgent appeals to donors to raise money for the relief fund, in at least one case study country (India) only one-third of the amount raised had been spent.\(^1\) Rather, the focus on resource generation has often corresponded with a general neglect to deliver public services and curtail the COVID-19 pandemic. Furthermore, national governments have largely not coordinated with civil society to disperse these funds and reach communities in need.

In short, national relief funds have often diverted resources away from civil society, further restricting the operational and funding space for non-profits, which is already shrinking in low-and-middle income countries in Asia. By actively competing for philanthropic resources and taking an adversarial approach to civil society, many of these governments have politicized resource distribution, weakening the humanitarian response and their own non-profit sector.

\(^{1}\) As of August 1, 2022.
1. Introduction

This paper analyzes national relief funds set up for the purposes of addressing the COVID-19 pandemic in six Asian countries (India, Indonesia, Pakistan, Philippines, Sri Lanka, and Vietnam). In some cases, funds were criticized for lacking transparency and public accountability, or siphoning resources away from civil society. These funds were created at a period of narrowing civic space in Asia, which has seen increasing restrictions on civil society, including on funding—and in particular foreign funding. In a time of growing crises, there is a need to scrutinize the impact of such national disaster relief funds on civil society as well as on humanitarian assistance, and to learn more about how these funds operate.

BACKGROUND ON NATIONAL RELIEF FUNDS

Government-run relief funds are not a new phenomenon. Perhaps the most common are natural disaster relief funds, often administered by a disaster management or emergency response agency.

For example, the New Zealand National Emergency Management Agency oversees the Natural Disaster Fund.2 Similarly, in Nepal, following the 2015 earthquake, the government required all donations for earthquake relief to be routed through the Prime Minister's Disaster Relief fund.3

Health and medical treatment-related government relief funds are also very common. The Bulgarian Government previously ran the Fund for Medical Treatment of Children, which was transferred to the National Health Insurance Fund in 2018.4 In India and Sri Lanka, government-run relief funds for medical issues exist and pre-date the COVID relief funds discussed further in this paper. In Hungary, the government runs a general national relief fund that accepts charitable donations and provides tax benefits.5

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3 https://reliefweb.int/report/nepal/nepal-quake-fund-move-pr-fiasco
5 https://cof.org/country-notes/nonprofit-law-hungary
Against this backdrop, according to a study done in 2020 by the International Monetary Fund Fiscal Affairs Department (“IMF study”), more than forty countries across Africa, Asia, Europe, and Central and South America have established some type of extrabudgetary fund to support the COVID-19 pandemic response efforts.6

These extrabudgetary funds are created in a number of ways: through presidential decrees, new legislation, amendments to legislation, or even ministry regulations.7 They include the types of charitable relief funds examined in this paper, which in general qualify as a charitable or public benefit entity, afford tax benefits, and solicit public donations, while being managed by government personnel and/or agencies.

Extrabudgetary funds are attractive because they allow the raising of public and private resources, typically disallowed by standard budget practices; they bring together different sectors and levels of government; and they can bypass processes that may take more time and slow down crisis response.8 However, extrabudgetary funds also pose many risks. They are often created in a “legal vacuum” due to the exigent circumstances of a crisis.9 They are also often insulated from budgetary and accountability processes, opening the door to potential financial malpractice and corruption.10 Moreover, these funds tend to operate in the same space as civil society organizations and often draw from the same funding sources as other nonprofit organizations. The IMF study highlights that extrabudgetary funds are often suboptimal and should be designed and managed carefully in the exceptional situations that justify their use.11

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7 IMF study, p. 4.
8 IMF study, p. 2.
9 IMF study, p.3.
10 IMF study, p. 3.
11 IMF study, p. 2.
2. COVID-19 National Relief Funds in Asia

In the three years since the publication of the IMF study in 2020, many countries in the Asia-Pacific region have created and managed national relief funds to respond to the COVID-19 pandemic. This section examines six case studies in Asia, all of which raise questions related to transparency, accountability, and proper management. This paper also examines the impact of these national relief funds on civic society.

The six COVID-19 national relief funds case studies are India, Indonesia, Pakistan, the Philippines, Sri Lanka, and Vietnam. Other countries in the Asia-Pacific region with COVID-19 national relief funds include China, Nepal, and Timor-Leste. These countries were not included due to a lack of available and verifiable data.

INDIA

PM CARES

PM CARES is subject to numerous exemptions, including reporting requirements and funding limitations with which other NGOs and public entities have to comply.

The Prime Minister’s Citizen Assistance and Relief in Emergency Situations Fund (“PM CARES”) was established on 27 March 2020 as a charitable trust with the purpose of providing relief related to public health emergencies and granting financial assistance.\(^{12}\) Since its founding, PM CARES has drawn much criticism for the Fund’s lack of transparency and financial accountability, particularly as India’s closing civic space has made it increasingly difficult for NGOs to raise funds and operate in country.

PM CARES was set up and registered as a trust by the Prime Minister, who is also the Chair of the Board with the authority to nominate three other trustees to the Board. The Board of Trustees is responsible for overseeing and managing the PM CARES fund. Other mandatory trustee members include various government agency heads, such as the Minister of Defence and the Minister of Finance.\(^{13}\) To date, the Prime Minister has nominated two former members of the government and the former chair of the Tata Group conglomerate.\(^{14}\)

From its inception, the government has granted PM CARES exemptions from numerous funding restrictions and reporting obligations to which NGOs and other charitable organizations are subject under Indian law. It is unclear whether the fund is a public or private entity,\(^{15}\) and to what level of oversight and management it is subject.

\(^{12}\) [https://www.pmcares.gov.in/en/web/page/about_us](https://www.pmcares.gov.in/en/web/page/about_us)

\(^{13}\) Trust Deed Provision 6.2.

\(^{14}\) [https://www.pmcares.gov.in/en/web/page/about_us](https://www.pmcares.gov.in/en/web/page/about_us)

\(^{15}\) The PM CARES fund was initially announced on March 27 as a private fund, despite its formation by the Prime Minister and management by government officials. However, on May 26, 2020, the Corporate Affairs Ministry retroactively added PM CARES to the Companies Act as of March 28. [https://www.ndtv.com/india-news/pm-cares-public-or-private-fund-document-reveal-contradiction-2339381](https://www.ndtv.com/india-news/pm-cares-public-or-private-fund-document-reveal-contradiction-2339381)
Information Access and Financial Oversight

Part of the confusion over PM CARES’ status as a public entity arose from a request under the Right to Information Act, 2005 (RTI Act) for information regarding the fund, which the government refused to provide. Under India’s RTI Act, “public authorities,” which include entities established by federal and state governments, are required to disclose documents and information.

On December 24, 2020, the government replied to the request for information under the RTI Act, claiming that the PM CARES fund was not subject to information disclosure because it receives private funds and is “administered by private individuals as trustees.” However, the trust deed of PM CARES, available on the fund’s website, makes it clear that the Board Trustees are members of the board “ex-officio,” or by virtue of their positions in the various government agencies.

Despite PM CARES’ status as a public fund and its management by members of the government, particularly the Prime Minister in whose name the fund is established, the government has declined to provide information about the fund, although it later made available financial audits of the fund from 2020 to March 2022 on the official website. Similarly, the government has also asserted that PM CARES does not fall within the authority of the Comptroller and Auditor General of India but would instead be audited by independent auditors.

The lack of transparency is inconsistent with the level of scrutiny that NGOs have experienced in India, including instances where NGOs have been declared by courts and administrative bodies as “public authorities” subject to information disclosure under RTI, even where such NGOs receive private funding.

Foreign Contributions

Nonprofit organizations that receive foreign funding are subject to onerous registration and reporting requirements and other limitations under the Foreign Contributions Regulation Act (FCRA). Under new amendments made to the FCRA in 2020, registered nonprofits are further restricted and are permitted to use only 20% of foreign funding for administrative expenses. There is also a complete prohibition on sub-granting of FCRA funds to other organizations. The FCRA and its new restrictions have presented significant challenges to nonprofit organizations, many of which were supporting communities and responding to their urgent needs during the COVID-19 pandemic.

17 Trust Deed Provision 6.2.
18 https://theleaflet.in/pm-cares-fund-why-we-should-lift-the-veil-to-demand-accountability/
By contrast, the government exempted PM CARES from the Foreign Contributions Regulation Act (FCRA), permitting the PM CARES fund to receive and use unlimited foreign funding.22

**Tax Exemption and Corporate Funding**

Donations to the PM CARES fund are 100% tax-exempt under the Income Tax Act 1961. They can also count towards the 2% obligated Corporate Social Responsibility expenditure by corporations under the Companies Act 2013.23 By contrast, donations to non-profit organizations in India are limited to a 50% deduction of the contribution.24 Nonprofits that receive corporate social responsibility (CSR) funding are pressured into utilizing CSR funding on activities, or else the un-utilized funds are returned to the companies or diverted into the PM CARES funds, or another government-managed fund.25 The government has also directly appealed to corporations to give to PM CARES as part of their CSR expenditure obligations.26 As a result, the government has effectively incentivized and diverted significant corporate philanthropic funding to PM CARES. According to civil society testimonials, this siphoning of funding away from the non-profit sector led to significant layoffs and funding shortfalls among specific non-profit service providers and other charitable organizations.27

*PM CARES has raised questions of impact and effectiveness, increasingly facing criticism for mishandling and misappropriation of funds.*

From the outset, the public questioned the necessity of PM CARES, which was established in 2020 despite the existence of an already active Prime Minister’s National Relief Fund (PMNRF). PMNRF was established in 1948 as a public trust managed by a committee of government officials and corporate representatives and is similarly exempted from provisions of the FCRA.28 As of December 2019, the PMNRF had an unspent balance of 3,800 crore rupees (approximately $461.6 million USD).29 Given the similarities of the two funds, the establishment of PM CARES has faced significant public opposition, including a petition to the Supreme Court for a merger or transfer of funds from PM CARES to PMNRF, which was dismissed in August 2020.30 One civil society leader

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27 Commentary from civil society experts provided to ICNL, 7.13.2023 - notes on file.


from India suggested that the motivation behind the creation of a new PM CARES fund could have been “to build a new brand or to create a brand that was closely linked to the Prime Minister himself.”

PM CARES has also raised questions regarding the sources of its funding. By March 2021, PM CARES had raised about $1.4 billion rupees (approximately $17 million USD). According to media reports, India’s private sector contributed 53% of donations (roughly $742 million rupees) and the public sector contributed 42% ($602 million rupees). One of the largest Indian conglomerates, Tata Trust, contributed over $192 million (almost 15% of the fund’s total). Russian state-owned defense exports company, Rosoboronexport, India’s largest source of arms imports, donated $2 million USD to PM CARES. TMC Member of Parliament (MP) Mahua in a speech to Parliament stated that the PM CARES Fund was a “black hole” with no accountability, claiming the Indian government failed to return donations made by Chinese firms like TikTok, which the government had banned in the aftermath of the Ladakh stand-off between India and China.

These contributions were criticized for their significant diversion from the government’s previously stated stance of accepting donations for PM CARES only from NRIs (non-resident Indians), PIOs (persons of Indian origin), and international foundations.

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31 Interview with Indian civil society actor, March 28, 2022.
32 https://www.thehindu.com/news/national/pm-cares-collects-10990-crore-only-spends-36/article38394144.ece. The article refers to 10,990 crore rupees, and one crore is equal to 10,000,000 rupees. When converted into USD this is equivalent to just under $1.4 billion.
37 ANI, “PM CARES FUND is black hole of lies, corruption: Congress,” Available at: https://sg.news.yahoo.com/pm-cares-fund-black-hole-081118695.html
The government reported in March 2021 an expenditure of only about a third of the total 10,990 crore rupees collected since 2020.\textsuperscript{39} In March 2022, the government reported expenditures of once again about a third of the total remaining 9,100 crore rupees collected during Fiscal Year March 2021 to March 2022. As of March 2022, the latest information available on the PM CARES official website, PM CARES still maintained a balance of more than 5,415 crore rupees (approximately $6.5 million USD).\textsuperscript{40}

The public has raised questions over the use of funds received and why a significant proportion of the funds remain unspent. The PM CARES website claims that some of the funds have been used to purchase 50,000 ventilators.\textsuperscript{41} However, an RTI request made to the Ministry of Health revealed that only about 17,100 ventilators were allocated or dispatched as of July 20, 2020.\textsuperscript{42} Many of the ventilators paid for and dispatched were later found to be defective or otherwise lying idle.\textsuperscript{43} In the 2021-2022 financial audit statement from PM CARES, one line item indicated that the government spent approximately 8.3 million rupees on 50,000 ventilators to government hospitals as of March 31, 2022.\textsuperscript{44}

In August 2020, the Prime Minister’s office announced PM CARES’ funding of two hospitals in Bihar ahead of assembly elections in the state in October 2020; other states with higher numbers of COVID cases did not receive equivalent resources, raising questions about the motivation behind the move.\textsuperscript{45}

According to the Fund’s financial statement, the allotted sum of 100 crore for vaccine development was also not disbursed.\textsuperscript{46} In response to questions raised by the opposition in February 2022, the government announced that several planned initiatives would be funded through PM CARES.\textsuperscript{47} However, the government has not yet released the 2022-2023 financial statement for PM CARES.

**PM CARES has diverted funding from nonprofit organizations already impacted by the COVID-19 pandemic and closing civic space in India.**

Indian nonprofit organizations experienced numerous challenges during the COVID-19 pandemic. In addition to meeting increased demand for humanitarian and other forms

\textsuperscript{40} Audited financial statement 2022. The most recent financial statement available on the PM Care website is from the Fiscal Year of 2021-2022. The website remains active as of December 2023 and provides methods to donate to the fund. https://pmcares.gov.in/en/web/page/about_us.
\textsuperscript{41} https://www.pmcares.gov.in/en/web/page/faq.
\textsuperscript{44} https://pmcares.gov.in/assets/donation/pdf/Audited_Statement_2021_22.pdf.
of assistance, organizations had to contend with less funding while simultaneously responding to burdensome regulations. Many organizations experienced shortfalls in funding. For example, 52% of nonprofit organizations had to reduce their annual budget during 2020–21, on average slashing their budgets by 32%. Simultaneously, nonprofit organizations contended with increasing restrictions to funding under the FCRA as well as re-registration and other burdensome administrative requirements.

PM CARES exacerbated these challenges by diverting funding away from nonprofit organizations, creating a government-established fund unencumbered by the numerous restrictions nonprofit organizations face. One study found that PM CARES appropriated nearly one-third of India’s annual CSR grants.49 Research on the impact of COVID-19 on NPOs in India underscores the view of one CSO leader that PM CARES has effectively “deprived CSOs of financial resources, as a major chunk of Corporate Social Responsibility (CSR) funding got diverted into PM CARES.”50

PM CARES appeals to donors as an attractive fund compared to nonprofit organizations for numerous reasons. It is not subject to foreign funding restrictions under the FCRA, unlike donations to nonprofit organizations. PM CARES donations are 100% tax deductible, whereas donations to nonprofit organizations are typically limited to a 50% deduction. This means that PM CARES can receive more CSR funding from companies than other nonprofit organizations. These incentives, coupled by the fund’s apparent affiliation with the government, from its name to the involvement of government officials in its fundraising and appeal, all contribute to the diversion of funds from nonprofit organizations.

The diversion of funding to PM CARES means that financial resources were centralized and taken away from organizations doing grassroots and locally-focused work to combat COVID-19.
and fulfill other urgent needs of local communities. As one civil society interviewee in India explained, “when you spend money in a centralized fashion, you lack local customization,” which negatively affects small grassroots organizations. PM CARES also diverted resources from nonprofit organizations that focused on issues other than COVID. As a result, nonprofit organizations working on other urgent needs, including those that have arisen from COVID, were also left with reduced funding.

**INDONESIA**

Rekening Hibah Dan Donasi COVID-19/National Finance and Financial System Stability Policy for Handling Coronavirus Disease 2019

In 2020, Indonesia passed an emergency law which set out the various sources, uses, and managing institutions for funds collected and used to respond to COVID-19. The fund established in the law, referred to as the “Rekening Hibah Dan Donasi COVID-19” (“Rekening COVID-19”) on the official government website, is focused on the economic recovery of the country given the impact of COVID-19. The law provided a broad range of powers for the President and the government to allocate and utilize the funds. The Indonesian COVID-19 Response Acceleration Task Force formed to coordinate the handling of the pandemic announced that the funds collected would be prioritized to support medical personnel and frontline medical workers.

The National Disaster Mitigation Agency (NMDA, Badan Nasional Penanggulangan Bencana) has not provided information on the COVID-19 fund since July 2020. At that time, the NMDA published a graphic that summarized the amount of donations as totaling 159,876,705,552 Indonesian Rupia (Rp), or approximately $10.6 million USD. Of the total amount, only about $1.8 million USD (Rp 27,343,365,000) had reportedly been spent (as of July 2020 according to the NMDA website).

The management of the COVID-19 fund has been reported to lack transparency, despite the involvement of multiple government agencies. The NDMA has served as the head of the COVID-19 Response Acceleration Task Force and managed the use of COVID-19 funds. However, the head of NDMA also requested the Corruption Eradication Com-

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51 Interview with Indian civil society actor, March 28, 2022. Similar sentiments were echoed by an interviewee who is heading a CSO in Nepal. He noted, “civil society in Nepal are operating in every district [county]. They operate as professional organizations that are not politically biased and want to help people... When government amasses all the donations to themselves, they are taking resources away from civil society.” He further argued that “if government does not trust civil society with money, they can at least use their expertise and grassroots understanding of causes. The government in Nepal is not even doing that.” Interview with Nepalese civil society actor, April 5, 2022.

52 See Law No. 2/2020 on National Finance and Financial System Stability Policy for Handling Corona Virus Disease 2019 (COVID-19) Pandemic and/or in Order to Face Threats that Endanger the National Economy and/or Financial System Stability.

53 https://www.bnpb.go.id/infografis/rekening-hibah-dan-donasi

54 https://bnpb.go.id/berita/bantuan-masyarakat-diprioritaskan-untuk-tenaga-medis-covid19

55 https://www.bnpb.go.id/infografis/rekening-hibah-dan-donasi

56 https://infopublik-id.translate.goog/kategori/sorot-politik-hukum/448999/awasi-bersama-donasi-covid-19?_x_tr_sl=auto&_x_tr_tl=en&_x_tr_hl=en&_x_tr_pto=wapp.
mission and the Finance and Development Supervisory Agency to support the management of the COVID-19 fund. The two institutions have not issued any public reports on the management of the account, despite the fact that Rekening COVID-19 is governed by the same regulations and laws on transparency that apply to other government ministries’ accounts.

Government spending related to COVID-19 in Indonesia has been subject to criticism for misuse and lack of transparency. The Indonesian Corruption Watch (ICW) faulted the government management of the COVID-19 response budget and the procurement of medical equipment. Specifically, several contracts made by the Ministry of Health were found to violate procurement laws by exceeding the maximum budget or selecting companies with insufficient experience in medical equipment. The former Minister of Social Affairs, Juliarto Batubara, was convicted of accepting Rp 32.4 billion (approximately $2.2 billion USD) in bribes from private contractors supplying COVID-19 food aid packages. Elected officials have also misrepresented funds used to provide vaccines or food aid allocated from the national COVID-19 fund as their own personal donations in order to win voter support.

The impact of the national COVID-19 fund on civil society has been significant and largely negative, diverting funding from


62 In one of the interviews conducted with an Indonesian civil society leader, it was shared that the pandemic funds have been misused by local political actors during the regional elections. This individual stated that, “the incumbent of the mayor or the governor who ran for the elections claimed that the money distributed to the citizens (as donations) are from him/her, not from the state budget.” Interview with Indonesian civil society actor, April 15, 2022.
CSOs without providing state support to CSOs. One civil society interviewee noted that government-collected COVID-19 relief funds could have gone to smaller organizations; instead, the government did not direct any relief funding to CSOs during the pandemic, while COVID-19 restrictions prevented small organizations from fundraising effectively. The interviewee stated that small organizations “did not have capabilities to do online fundraising, especially the organizations whose operations [could] not be conducted online, such as homeless shelters or shelters for domestic violence survivors.” Instead, the government prioritized economic recovery and strategic infrastructure projects during the pandemic, such as moving the capital city to East Kalimantan Province. A combination of this approach, and a blatant disregard for the Delta variant surge in Indonesia paralyzed the country’s health system in 2021, leaving citizens to pay the price. As one commentator noted, “the success of pandemic handling was because of citizens’ strong awareness to help each other, not because of the government.”

Furthermore, government-run relief funds in Indonesia have created a precedent around state control of foreign funds, and corresponding opacity about how these funds are used and from whom they are received. As noted by one Indonesian interviewee, “we know that the government has raised a large amount of funds from foreign governments to purchase vaccines, but we have no idea of the use of such funds. The government is trying to control international funding directly so that it can manage and decide which civil society groups can access this funding.” Similar concerns were raised by another Indonesian interviewee, who noted:

The government is getting stronger and does not like criticism from civil society. They have not given us answers about transparency in spending during COVID-19. Instead, they created pandemic laws to directly control the funding and decide who can access it. Meanwhile, they have imposed restrictions on demonstrations and protests, making it difficult for civil society to organize. So, it appears the government has taken a two-step approach, focused on favoring select organizations or causes and then restricting the democratic space under the pretext of COVID-19.

63 Interview with Indonesian civil society actor, April 15, 2022.
64 Interview with Indonesian civil society actor, April 15, 2022.
65 Interview with Indonesian civil society actor, April 15, 2022.
In March 2020, the Government of Pakistan set up the Prime Minister's Relief Fund for COVID 19 (CRF) to offset the impact of the pandemic. Limited information is available online regarding the legal structure and regulatory framework of the Fund. CSO interviewees from Pakistan believe that the CRF is set up as a charitable trust or not-for-profit organization.

The CRF publicized itself as an appeal for donations from overseas Pakistanis. Various Pakistani embassies and consulates urged Pakistani diaspora communities to give to the Fund. Other details regarding the donors and amounts of donation are unavailable. Then-Prime Minister Imran Khan also appeared on national television to solicit donations to CRF.

As of August 2022, the CRF had raised around 4.9 billion PKR ($21 million USD), 4 billion PKR ($17 million) of which was raised within a month of launching the CRF. The Government reported that a total of 9,553,022 beneficiaries were served as of August 3, 2022, with a total disbursement of 113.75 million PKR, which falls far below the total amount of funds raised.

Since the start of the CRF, concerns have been raised over the lack of transparency and misuse of funds. There is little publicly available information about how the funds are intended to be used, and no detailed information about how funds have been expended. Despite some provincial administration’s claims that the funds have helped government relief efforts, an inquiry carried out by the National Accountability Bureau (NAB) discovered financial discrepancies in the 4 billion PKR raised in the first month. The audit process revealed financial irregularities related to about half the funds, 2 billion PKR. Examples of discrepancies include funds improperly used for COVID testing, the purchase of expensive oxygen tanks that amounted to almost 800 million PKR, and unapproved expenditures made to healthcare personnel involved in rapid response.
teams. The report was released to the public after pressure from the IMF, which expressed grave concerns.

Opposition leaders criticized then-Prime Minister Imran Khan for using the CRF for his own political agenda. Shahbaz Sharif, who became the new Prime Minister of Pakistan as of April 2022, claimed that Khan used the federal funds for his “personal enrichment” and demanded a parliamentary monitoring committee be set up.

Beyond CRF, there have been broad concerns regarding Pakistan’s handling of COVID-related funds. A report released by the Auditor General of Pakistan (AGP) claimed that irregularities around the Fund amounted to 40 billion Pakistani rupees ($226 million). The report came amidst complaints of hospital staff going unpaid and PPE going missing, and “showed irregularities in procurement, payments to ineligible beneficiaries, cash withdrawal through fake biometrics and the procurement of sub-standard goods by the state-owned Utility Stores Corporation of Pakistan (USC).”

Given the change in power in Pakistan in 2022 and the subsequent arrest of former Prime Minister Imran Khan, it is not clear how the CRF will continue to be managed or regulated.

**SRI LANKA**

**Itukama Fund**

Sri Lanka created and managed a COVID-19 national relief fund from March 2020 to October 2022. The “COVID-19 Healthcare and Social Security Fund” (“Itukama Fund”) was established by President Rajapaksa to mitigate and control the spread of COVID-19 and support related social welfare programs. The purposes of the Itukama Fund also include providing essentials to vulnerable groups, strengthening public healthcare systems including remote area testing and treatment, and meeting healthcare and safety needs of health sector employees.

The Itukama Fund was not the first relief fund created by the Government. A separate fund, the President’s Fund, was established under the Act No. 7 of 1978 to (1) provide financial assistance to Sri Lankan citizens and for medical treatments approved by the

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Board of Governors of the President’s Fund; and (2) grant financial bursaries to students from low-income families. Like the Itukama Fund, the President’s Fund is supported by public donations, as well as the Development Lotteries Board.\(^8^2\) Despite its potentially duplicative nature, the government proceeded with the creation of the Itukama Fund. The Itukama Fund was established with an initial donation of 100 million Sri Lanka Rupees (LKR) (approximately $312,510 USD) diverted from the President’s Fund.\(^8^5\)

The Itukama Fund was managed by a 17-member committee headed by the Central Bank Governor. Other members include government agency leaders such as the Director General of Health Services and the Chief Financial Officer at the Presidential Secretariat, as well as the Chairman of the company Lanka Sathosa.\(^8^4\) The committee was responsible for managing the fund, including investing the funds, securing necessary purchases of medicine and testing kits, and carrying out other stated objectives.\(^8^5\) According to the fund’s website, different categories of fund expenditures were administered by the relevant government agency, such as the Ministry of Health and the Ministry of Defence.\(^8^6\)

The Itukama Fund was managed and funded separately from the funding received from foreign INGOs and institutions that also went toward COVID-19 response. For example, Sri Lanka received $128.6 million USD from the World Bank for COVID-19 emergency response,\(^8^7\) as well as $150 million USD from the Asian Development Bank in the form of a loan to purchase vaccines and improve vaccination information and delivery systems.\(^8^8\) With various streams of funding, the government clarified that the contributions of foreign institutions and INGOs would be received and managed by the Treasury, and that funds would not go toward the Itukama Fund, even though the Media Minister stated to the press that the Itukama Fund also accepted foreign donations.\(^8^9\) The Itukama Fund’s website shows that many of its major donors were Sri Lankan and international corporations, and the majority of donations were from private companies.\(^9^0\) For example, Cargills (Ceylon) PLC, Akbar Brothers (PVT) LTD, and Fonterra Brands Lanka (PVT) LTD had each donated LKR 50 million (approximately $157,000 USD) as of August 31, 2021.\(^9^1\)

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89 https://www.themorning.lk/articles/136121.
The Itukama Fund has been subject to criticism for misappropriation and mishandling. Information revealed from a Right to Information request, circulated on social media, showed that only 6% of the fund had been spent as of May 10, 2021, drawing outrage online.\(^2\) Only LKR 7.75 million (approximately $24,238 USD) out of the LKR 1.75 billion (approximately $5.47 million USD) collected as of spring 2021 had been used for the purchase of ICU beds, one of the critical needs of COVID-19 patients.\(^3\) Similarly, only LKR 45 million ($140,741 USD) had been allocated for vaccination expenses, LKR 194 million for the purchase of ten ambulances ($606,750 USD), and LKR 42.6 million ($133,235 USD) were spent on PCR test-related expenditures.\(^4\) Transparency International has also reported allegations of widespread embezzlement of relief funds in Sri Lanka, including allegations of missing or misused COVID-19 relief payments that were managed by the village consul governments, often without any clear tracing mechanisms or accountability.\(^5\)

On October 20, 2022, the President’s Office publicly announced that the Itukama Fund was closed, although no specified reasons were provided for its closure. According to the announcement, about LKR1.99 billion ($6.38 million USD), had been used to provide PCR tests, awareness programs, quarantine activities, hospital beds, and vaccination programs.\(^6\) However, the website of the Itukama Fund only displays the breakdown of expenditures as of October 31, 2020.\(^7\) The outstanding sums, LKR 2.16 million ($6,925 USD), of the Itukama Fund were credited to the President’s Fund for “surgery and medical aid assistance.”\(^8\)

92 https://colombogazette.com/2021/05/10/controversy-surrounds-itukama-covid-fund/.
93 https://www.themorning.lk/articles/136121.
PHILIPPINES
Bayanihan Acts Funds

On March 23, 2020, the Philippines passed an umbrella COVID-19 pandemic response bill called “Bayanihan to Heal as One Act.”\(^9\) The use of the term, Bayanihan—the Filipino custom of communities coming together, now commonly used to refer to volunteering—drew criticism from some who believed the government was co-opting the term for political ends, particularly in light of the government’s militarized approach to pandemic response and civil society.\(^10\)

The Act does not explicitly establish a standalone fund for the collection and distribution of donations for COVID-19 relief. Instead, the Act allows for both the reallocation of the federal budget to address the pandemic and the acceptance of donations to be used toward COVID-19 response expenditures.\(^11\) In addition, the Act formalizes a partnership with the Philippine Red Cross as the primary “humanitarian agency that is auxiliary to the government giving aid to the people, subject to reimbursement,” presumably from the COVID-19 funds collected by the government under the Act.\(^12\) On July 27, 2020, the Act was extended due to the continuing COVID-19 pandemic crisis.\(^13\) A second Bayanihan Act was passed in September 2020 to extend relief measures for COVID-19 [collectively referred to as “Bayanihan Acts”].\(^14\)

The Bayanihan Acts provide the government broad discretion to implement emergency measures, and donations to the COVID-19 funds collected by the government enjoy special tax advantages. For instance, the Acts allow for discretionary exemptions in the procurement laws for purchase of COVID-19-related goods.\(^15\) Shortly after the passage of the first Bayanihan Act, the Bureau of Internal Revenue published Revenue Regulation No. 9-2020, allowing 100% deduction for donations for COVID-19 relief if they are donated to the “National Government or any entity created by any of its agencies (including public hospitals)” or nonprofit organizations and NGOs that are accredited.\(^16\) The Office of Civil Defense (OCD), which oversees the COVID-19 donation and utilization of the COVID-19 fund, falls under the Philippines’ National Disaster Risk

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9 See Bayanihan to Heal as One Act, Republic Act No. 11469, March 2020.
11 https://legacy.senate.gov.ph/Bayanihan-to-Heal-as-One-Act-RA-11469.pdf; see sections (j), (l), (v) and (y).
Reduction and Management Council (NDRRMC). As of March 2022, private organizations or NGOs accounted for 66.8% of donations received by the OCD.\textsuperscript{107}

Since 2020, funding collected by the government under the Bayanihan Acts has faced criticism for mismanagement, abuse, and corruption. In August 2020, the state auditors found deficiencies amounting to P67.3 billion (approx. $1.19 billion USD) in the public COVID-19 fund administered by the Department of Health.\textsuperscript{108} The deficiencies included P11.9 billion (approximately $219 million USD) appropriated for strengthening the Department’s capacity, distributions of funding to personnel in the form of cash allowances and gift certificates, and unused medical equipment and COVID-19 supplies that amount to P69.9 million ($1.24 million USD). The audit report ultimately found that the deficiencies were “counter-beneficial” to the government’s need to provide medical and emergency relief.\textsuperscript{109}

A congressional investigation examined the expenditure of 67 billion Philippines pesos (approximately $1.19 million USD) of pandemic funds toward medical equipment contracts to Pharmally Pharmaceutical Corporation.\textsuperscript{110} The hearings revealed that Pharmally secured 10 billion pesos ($177 million USD) in contracts between 2020 and 2021, despite it being a “small, newly created firm that lacked the capital, track record, and credibility to handle big-ticket government procurement.”\textsuperscript{111} Pharmally’s guarantor, shareholders, and suppliers have been flagged for their connections to President Duterte, financial fraud, and tax evasion cases.\textsuperscript{112} The Commission of Audit also revealed that the Department of Health bought overpriced items from Pharmally’s private contractors without requiring documentation.\textsuperscript{113}

The misuse and mismanagement of COVID-19 funds have led to failures to compensate healthcare workers according to the Bayanihan Acts, which entitles workers to risk allowances and hazard pay. In 2021, the second Bayanihan Act lapsed with P18.4 billion (approx. $328.6 million USD) unspent, leaving critical pandemic response programs unfunded, including for the hiring of health workers and testing services.\textsuperscript{114} Facing a surge in COVID cases and continued lack of compensation, healthcare workers led protests in response to allegations of misuse, calling for compensation and the resignation of Health Secretary Francisco Duque.\textsuperscript{115}

\textsuperscript{107} Data taken as of March 2022 from the Philippines OCD website, however, the data consolidated does not distinguish between donors of cash and in-kind goods. https://www.foi.gov.ph/requests?agency=OCD.


\textsuperscript{114} https://newsinfo.inquirer.net/1453777/bayanihan-2-lapses-leaving-many-covid-programs-unfunded.

On May 26, 2021, the Vietnamese government announced the formation of a special fund to support vaccination campaigns against COVID-19 throughout the country, the Fund for Vaccination and Prevention of Coronavirus Disease 2019 (VFVC). The fund was to be responsible for “arranging financial resources and materials for the procurement, production and the use of vaccines,” according to a government statement. The VFVC fund was established as a nonprofit, managed by a board founded by the Ministry of Finance and headed by the Deputy General Director of the State Treasury of Vietnam. The VFVC is subject to inspection and supervision by the Vietnam Fatherland Front (VFF), a political coalition organization that is aligned with the Communist Vietnamese Government. On June 2, 2021, the Government announced a funding base of about 44 billion VND (approx. $1.91 million USD), channeled through the State Treasury and the Bank for Investment and Development of Vietnam (BIDV) to the VFVC. Before the May 26 formation of the government fund, on March 31, 2021, the Government decreed that donations to eligible entities for the prevention and protection against COVID-19, would be eligible for deduction from corporate income tax (CIT). In June 2021, the Government issued a decree that donations to the VFVC would be treated according to the March 31, 2021 decree.

The VFF Central Committee led efforts to fundraise in response to the COVID-19 pandemic as early as March 2020 and continued to do so for the VFVC in 2021. The President of the VFF Central Committee emphasized that the cash received would be transferred to the Ministry of Health to purchase essential medical equipment to address COVID-19.
In 2021, the Government withdrew about 373 billion VND to purchase vaccines, but the remainder of the funds were deposited at commercial banks to accrue interest, despite continued vaccine shortages, leading to public outcry. In response to the Government’s announcement that part of the VFVC would be utilized on domestic vaccine research, one health expert noted that neither the research expenditure nor the depositing of funds in banks was consistent with the original purpose of the fund, and both constituted misuse of the money.

Numerous transparency issues arose in connection with the VFVC and government spending on COVID-19. The Government has not released information regarding the VFVC’s investment income accrued in national banks. Vietnam has also experienced several scandals related to misuse and corruption around COVID-19 expenditures since the start of the pandemic. In 2022, several high-ranking government officials, including the health minister and the mayor of Hanoi, were removed and arrested for their involvement in a COVID test kit corruption scandal involving inflated prices of more than $21 million USD spent using public funds and more than $34 million USD spent using government funds.


million USD in bribes paid to officials.\textsuperscript{129} Several government officials were also investigated and disciplined for their inadequate oversight and corruption in the Ministry of Health and the Ministry of Science and Technology.\textsuperscript{130} Though unconnected to the VFVC itself, these scandals illustrate an environment in which COVID-related funds and expenditures were susceptible to corruption and misappropriation.

The misuse and mishandling of COVID-19 funds exacerbate the existing tolls of the pandemic in Vietnam, during which time residents have had to rely on mutual aid and creative methods for survival and care, spearheaded by many nonprofit and community organizations.\textsuperscript{131}

\begin{itemize}
  \item \textsuperscript{129} https://www.nytimes.com/2022/06/09/world/asia/vietnam-covid-test-scandal.html.
  \item \textsuperscript{130} https://www.rfa.org/english/commentaries/vietnam-scandal-06062022204716.html.
  \item \textsuperscript{131} In Vietnam, ‘Rice ATMs’ were set up in Ho Chi Minh City by an entrepreneur to lend to those in need. Citizens impacted by lockdowns could collect 3.3lbs of rice at any time of day with the touch of a button. This initiative sparked similar efforts in Hanoi and other regions. See Viet Quoc, Tran Hoa, Phan Duong, ”Rice ATMs’ dispense hope to Vietnam’s poor”, https://evnexpress.net/news/life/trend/rice-atms-dispense-hope-to-vietnams-poor-4084369.html. Civil society in Vietnam also established ‘hotlines’ to collect citizen input and send it to labor and provincial agencies distributing the aid. See VOA News, ‘For Vietnam’s Poor, Access To Relief Aid Key To Joining Re-Opening Economy’, https://www.voanews.com/a/covid-19-pandemic_vietnams-poor-access-relief-aid-key-joining-re-opening-economy/6191578.html.
\end{itemize}
3. Discussion: National Relief Funds during COVID-19

KEY FEATURES OF CASE STUDY RELIEF FUNDS

Each national relief fund in the case study countries was formed to address significant public health challenges posed by the COVID-19 global pandemic. In all six countries, the COVID-19 relief funds were established shortly after the start of the global pandemic in March 2020. The rationale for establishing these funds varies from country-to-country, though all of them were focused on responding to the COVID-19 pandemic in some aspect.

The legal organizational form also varied from country to country. In India, the fund was established as a charitable trust. In Vietnam and likely in Pakistan, the fund was established as a not-for-profit entity. In Sri Lanka, the fund was created by executive action and appears to be a government-managed fund. In the case of the Philippines and Indonesia, legislation created the fund as part of omnibus laws to address COVID-19.

Despite the differences in the legal underpinnings, the national relief funds were envisioned as attracting private funds to address public needs. All are (or were) managed by executive agencies or ministries, including the President or Prime Minister. All are (or were) funded through donations from private actors, including individuals.

KEY CONCERNS ARISING FROM CASE STUDY RELIEF FUNDS

Policy justifications for COVID-19 national relief funds abound: the need to address the COVID-19 pandemic quickly and to avoid ordinary budgetary processes which may delay relief efforts; the leveraging of private giving, including through crowd-funding and corporate support, to address a public health emergency; and the appeal of a relief fund as collective national action.

Yet questions remain: have government relief funds proved successful in meeting their goals? Have these funds led to a more effective response to COVID-19? Have they increased private giving to meet public health needs? If not, why not? What challenges have COVID-19 national relief funds faced? What impact have these relief funds had on civil society responses to the COVID-19 pandemic and other urgent societal needs? This section outlines some of the key concerns and challenges that arose across multiple case study relief funds.

Accountability and Transparency

The six case studies illustrate some common frailties and problems with national relief funds, including, among others, lack of transparency, links to corruption, failure to spend resources effectively, and failure to provide information.
In each case study, misuse and mishandling allegations followed the establishment, collection, and disbursement of the COVID-19 relief fund. Money that went into the funds, often subject to favorable treatment, often disappeared, remained unutilized or diverted to other purposes, or was otherwise not reported or publicized. In some case studies, the public questioned the intention and effectiveness of a national relief fund, particularly after reports of misuse and mismanagement are made public.

In some cases, the government did not make information on the funds, donors, or expenditures public and resisted attempts by the public to access the information. In the case of India, the government refused to provide information about the fund’s assets and expenditures under the national Right to Information Act (RTI Act). This is particularly troublesome in light of the fact that many NGOs and nonprofit organizations are expected to disclose organizational information, including on funding, under the same law. Despite public outcries of corruption and misappropriation of COVID-19 resources, such as in Sri Lanka, Vietnam, and Indonesia, there has been little accountability with regard to the misuse of national relief funds.

States have an obligation of transparency under international law. Article 19 of the International Covenant on Civil and Political Rights (ICCPR) guarantees the right to freedom of expression, which includes the right to “seek, receive, and impart information and ideas.” The freedom of expression includes the right of access to information. States have an obligation to ensure “easy, prompt, effective and practical access to such information” and should “proactively put in the public domain Government information of public interest.” States also have an obligation to transparency and accountability in health spending under the right to health, enshrined in Article 12 of the International Covenant on Economic, Social, and Cultural Rights.

132 ICCPR, Article 19(2).
134 Id.
135 This paper does not focus on the right to health implications of the national relief funds under Article 12 of the International Covenant on Economic, Social, and Cultural Rights. Article 12 of the Covenant outlines States’ obligations during public health emergencies, such as epidemics, and State actions are also subject to requirements of transparency, accountability, and good management. For example, national health strategies and plans “should also be based on the principles of accountability, transparency and independence of the judiciary, since good governance is essential to the effective implementation of all human rights.” The Special Rapporteur on the right to health has identified that health sector corruption “is widespread and has serious consequences for the enjoyment of the right to health on the basis of equality and non-discrimination” and poses “a significant challenge to the delivery of quality healthcare.” ESCR Committee, General Comment 14, “The Right to the Highest Attainable Standard of Health (Art. 12),” para. 53, E/C.12/2000/4 (11 August, 2000).
Impact on Freedom of Association and Access to Resources

Civil society organizations have played a crucial role in responding to the COVID-19 pandemic in each case study country. In many instances, civil society organizations have had to operate under both the resource constraints created by the pandemic and closing or suppression of civic spaces.\textsuperscript{136} For example, in the Philippines, citizen initiatives setting up food pantries to stymie the economic downturn and rising poverty were suppressed by the military and police, who surveilled and harassed organizers.\textsuperscript{137}

International law and norms protect the right of associations to seek, receive, and use resources, including foreign funding. Article 22 of the ICCPR protects the right to freedom of association.\textsuperscript{138} According to the U.N Special Rapporteur on the freedom of assembly and association, the right to freedom of association includes the ability to “seek, receive and use resources—human, material, financial—from domestic, foreign, and international sources.”\textsuperscript{139} Under the right to association, States have an obligation to “establish and maintain an enabling environment in which associations can operate effectively, including fostering and facilitating their access to financial resources.”\textsuperscript{140}

States have both negative and positive obligations to fulfil the right to freedom of association and access to funding. States should enact positive measures to protect the freedom of association, including providing “tax benefits and other forms of public support to associations.”\textsuperscript{141} States should refrain from unduly restricting access to funding, such as prohibiting access to foreign funding. The Special Representative of the Secretariat of the Commission on Human Rights, Clement Nyaletsossi Voule, had reported on the impacts of government responses to the COVID-19 pandemic in Asia and the Pacific.\textsuperscript{136} For examples of government measures that impact civil society and civic space, see ICNL’s webpage, “Government Responses to COVID-19 in Asia and the Pacific,” https://www.icnl.org/post/analysis/government-responses-to-covid-19-in-asia-and-the-pacific.

\begin{itemize}
\item \textsuperscript{137} https://www.dw.com/en/covid-police-harassment-threatens-grassroots-community-pantries-in-the-philippines/a-57350186
\item \textsuperscript{138} All six case study countries have ratified the ICCPR. See https://tbinternet.ohchr.org/_layouts/15/TreatyBodyExternal/Treaty.aspx?Treaty=CCPR&Lang=en.
\item \textsuperscript{141} Report of the Special Rapporteur on association 2022, para. 12.
\end{itemize}
tary-General on the situation of human rights defenders has affirmed that “governments must allow access by NGOs to foreign funding as part of international cooperation, to which civil society is entitled to the same extent as Governments.”

In many of the countries highlighted in this paper, civil society organizations face a complex and burdensome system of restrictions when it comes to funding, in sharp contrast to the apparent ease with which national relief funds seem to solicit significant funding. In India, for example, nonprofit organizations face increasing restrictions when it comes to funding, and in particular foreign funding under the Foreign Contribution (Regulation) Act. In each of the six countries, civil society activists and human rights defenders also faced and continue to experience harassment and other forms of restriction by the authorities.

COVID-19 took place at a time when many countries in Asia experienced backsliding of human rights and democratic rule of law, which is reflected in the narrowing of the civic space. As a result, civil society organizations in the six case study countries face increasingly restrictive spaces in which to operate and do their work. Restrictions to foreign funding, tax benefits and economic activities hinder nonprofits’ ability to sustain themselves. Although governments are not obligated to ensure that civil society organizations receive the funding that they need, they are obligated to refrain from imposing undue burdens—administrative, financial, and legal—upon the civil society organizations.

Some civil society actors interviewed for the case studies reflected that national relief funds, due to their visibility and government backing, may have decreased funding going toward other nonprofit organizations and civil society groups. The consolidation and distribution of funds through government-run national funds was likely not the most effective way to utilize the money, particularly considering issues of mismanagement and corruption. Every relief fund studied was subject to corruption and a lack of transparency and accountability—arguably at a much higher degree than most nonprofit organizations, who are subject to reporting requirements, financial laws, and often fulfil numerous transparency requirements for their donors and beneficiaries. The more restrictive the civic space and national regulatory frameworks were for nonprofit organizations, the more the national relief fund seemed to have negatively impacted civil society organizations in-country, especially those who worked to respond to the glaring needs of communities during the COVID-19 pandemic.

4. Conclusion

The COVID-19 pandemic has triggered government responses that have placed severe pressure on civil society worldwide. Nonetheless, civil society has increased its role in serving the needs of affected communities. Rather than assist civil society, some governments established national relief funds which had the effect of generally competing with and/or weakening the non-profit sector, particularly when combined with other heavy restrictions placed on civil society.

This research found that national COVID-19 relief funds are further shrinking spaces for civil society in low-and-medium income countries by diverting the funds which might have gone to civil society into the coffers of government. To make matters worse, in many cases governments did not spend all of the money they raised on necessary COVID-19 relief, and in many cases funds raised have been implicated in cases of corruption and misappropriation. There were also major concerns regarding lack of transparency in the way national relief funds were created and issues related to opaqueness and accountability in their operations. National governments controlled and distributed the funds without actively engaging civil society expertise, making these funds more susceptible to corruption and usage for political mileage, rather than serving the people freely and fairly.

Overall, COVID-19 national relief funds exacerbated the tension between civil society and national governments by diverting funds away from civil society amidst further regulatory crackdowns on the sector, while being subject to misuse and corruption. The use of such institutions should be further studied and critically assessed, in terms of whether they achieve their intended effect, or cause more harm through waste and redirection of resources that are better utilized by non-profit and grassroots actors.