

## Disaster Response - A Public Financial Management Review Toolkit (PD-PFM) - World Bank



### Objective and features

#### 1. Objective

PD-PFM aims to help countries build resilient, responsive PFM systems by pinpointing critical PFM policies, practices, and procedures that can be strengthened to improve a government's capability to respond more efficiently and effectively to natural disasters and other catastrophic events, without loss of integrity and accountability.

#### 2. Institutional coverage

National governments.

#### 3. Technical coverage

The tool has adopted a simple engagement framework that focuses on the minimum information required to facilitate and operationalize responses in line with country needs. It covers legal and institutional foundations, budget appropriation, financial management controls, and public procurement.

#### 4. Application method

Custodian.

### Methodology

#### 5. Methodology

The PD-PFM Review comprises four modules, consisting of specific indicators. The modules of the PD-PFM Review can be applied separately, allowing countries to assess their capability in specific areas:

**Module 1: Legal and Institutional Foundations** assesses the public finance operational framework that is instituted to expedite the government's response, during and after natural disasters and similar emergencies. Post-disaster PFM rules and institutional arrangements for managing post-disaster financing are used as indicators.

**Module 2: Budget Appropriation** assesses the country's national budget to finance timely post-disaster relief and recovery operations. Budget planning and budget flexibility for disaster relief are used as indicators.

**Module 3: Financial Management Controls** assesses the following requirements:

- appropriate supervision of officers and separation of financial duties to mitigate the risk of corruption.
- adequate record keeping allowing proper monitoring and audit.
- sufficient information system resiliency using post-disaster expenditure controls.

Post-disaster spending traceability, external control and legislative scrutiny, and resiliency of information systems and vital records are used as indicators.

**Module 4: Public Procurement** reviews the scope of operational tools at the implementing agency level to guide expedited purchases using procurement planning for emergencies, emergency procurement procedures, and model documents for emergency procurement. Module 4 also assesses the extent to which disaster response considerations are integrated into key PFM functions and activities as indicators.

#### 6. Benchmarking system

There is a list of key interview questions and the different aspects of the PFM system that pertain to each question. Each indicator has several dimensions. The indicators are assessed based on the existence of a function or process using a three-point scale: Yes = 1, Partial = 0.5, or No = 0. The summary score is calculated by adding together the scores for each indicator and expressing the final score as a percentage of the potential score if all indicators were scored as 1. The summary score can be used to provide an overall assessment of the degree of integration of disaster response considerations across the PFM system. The extent to which disaster-response considerations are integrated into PFM functions are assessed in five categories:

- **Low (or no) Integration** – an aggregate score of less than 25 percent indicates a low level of awareness of post-disaster response as a functional imperative of the overall PFM system.
- **Basic Integration** – an aggregate score between 25 and 50 percent signals that disaster response awareness is still limited.
- **Moderate Integration** – an aggregate score between 50 and 75 percent denotes that disaster-response considerations are integrated in most key PFM functions.
- **Advanced Integration** – an aggregate score between 75 and 90 percent denotes that disaster-response considerations are integrated in most PFM functions.
- **Full Integration** – an aggregate score of over 90 percent denotes that disaster-response considerations are integrated in all the key PFM functions.

#### 7. Linkage to PEFA framework

The following aspects of the PEFA framework are linked: budget documentation (PI-5), budget preparation process (PI-17), legislative scrutiny of budgets (PI-18), procurement (PI-24), and external audit (PI-30).

#### 8. Complementarity with PEFA framework

PD-PFM assesses the disaster response indicators that are integrated into the PFM functions.



### Development and use

#### 9. Development and coordination

Some countries that were often affected by hurricanes, storms, and other natural disasters had struggled to perform rapid assessments to enable timely fund disbursement, and because of corruption, they had faced challenges to manage the relief funds effectively. The PD-PFM Review tool, which incorporates disaster risk management, was developed to address the gap in a PFM review framework.

During the development of the tool, the following were consulted: reports and reviews of climate change approaches, PEFA (A01), GRPFM (D09), PIMA (B12), MAPS (B17), CCBII (D07), CPEIR (D06), Climate Change Policy Assessment, UN Framework for Information and Communications Technology Policy Reviews, and Disaster Risk Finance Diagnostic.

A rapid review assessment module was piloted in 2018 which allows the design of an action plan to address specific issues in realistic timelines. This tool has been applied in nine countries in the Caribbean to ensure that the core aspects of their PFM systems respond to a disaster as expected.

Disaster response toolkit 2.0 is underway. The update includes coverage of climate change considerations, widens the approach of the assessment, and expands the scope of application. Over time, governments will be able to conduct a self-assessment. WB can work with the governments, guide them through the process, and help on the application of the tool. For easier usability, there will be an Excel-based toolkit that embeds all the methodology for the scoring. An automated report is generated based on a country's responses to the questionnaire. A user guide is being finalized.

The actual implementation of the toolkit was funded by the Government of Canada under the Supporting Economic Management in the Caribbean Externally Funded Output (SEMCAR EFO).

#### 10. Assessment management

Stages in the assessment cycle are as follows:

- **Stage 1 – Desk Review:** This entails an in-depth evaluation of legislative, policy, and operational documents, assessments, and reports (such as the constitution, budget laws, financial regulations, parliamentary rules of procedure/conventions, and various PFM or disaster risk assessments) to ascertain that an enabling environment is provided to manage disaster response from a PFM perspective. A team of assessors reviews the current state of preparedness against the list of key interview questions. Once these practices are documented, they are confirmed in Stage 2.
- **Stage 2 – Country Visit:** The review team visits the country to map the PFM processes and practices that facilitate response to disasters. Through discussions with government authorities using key interview questions as a guide, areas of strength and vulnerability are identified. The output of Stage 2 is a report of the results with recommendations on ways to strengthen the identified vulnerable PFM areas.
- **Stage 3 – Validation and Action Plan Development:** In the final stage of the review, a validation exercise is conducted with key stakeholders and key areas for technical assistance is established. The team develops recommendations and works together with the government to formulate a prioritized reform strategy to address the key challenges identified in the prior two stages.

There are multiple reviews for enhancing the quality of the assessment. The quality assurance review entails technical review by the core staff team, country government review, internal management review, and country management review.

#### 11. Uses by the government and members of the PFM community

PD-PFM helps gauge the preparedness of a country's PFM systems in responding to natural disasters. The assessment findings are used by multilateral and bilateral institutions and other donors for an informed decision-making on the use of country PFM systems to provide the necessary financial assistance.

Assessment findings are used by Global Affairs Canada. Several initiatives are taken to foster collaboration - such as in the case of IMF regional center - as many organizations are taking keen interest in the developments in this domain.



#### 12. Sequencing with other tools

There are instances where the disaster response toolkit uses the findings from PEFA (A01) or from tools that look at expenditure management, hence it may be considered appropriate to conduct the assessment after a PEFA of other expenditure management assessment.

#### 13. PFM capacity building

Capacity-building programs are supported in the following domains, with an inherent focus on financing for disaster response mechanisms: (1) policies (laws, regulations, protocols, and written documentation); (2) human resource capacity (knowledge and skills building); and (3) information systems (building information system capacities to address challenges and facilitate quick response). Action plans are a part of the assessment process; they ensure that capacities are available and managed efficiently at all levels to facilitate quick response to a disaster.

#### 14. Tracking of changes and frequency of assessments

Governments can conduct the assessment of their interest. Successive PD-PFM reviews track the progress of reforms and adjust their design to target potential weaknesses and risks. Successive PD-PFM assessments do not necessarily entail fieldwork but involve a simple update of the reforms undertaken by the country.

#### 15. Resource requirements

The PD-PFM Review costs about US\$60,000 to US\$100,000 depending on the number of experts required. The time taken for the assessment is about a month - from the desk review to the actual acceptance of the action plan by the government. The resources and time required at each stage are one to two experts (1-2 weeks) for desk review, three to five experts (3-4 weeks) for fieldwork, one to two experts (1 week) for the final report.

### Transparency

#### 16. Access to methodology

Methodology is [available](#) and covers the assessment strategy (detailed list of scoring criteria), evaluation framework, key interview questions, and review process.

#### 17. Access to assessment results

WB maintains an internal repository of reports. If countries opt for public disclosure of the assessment, it is included in the WB's operation portal.