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, effective, and accountable public financial management (PFM) systems by providing a comprehensive diagnostic tool. The PD-PFM Review is designed to help countries assess their capacity to respond to disaster risks and improve their ability to respond more efficiently and effectively to natural disasters and other catastrophic events, with a focus on integrity and accountability.

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 capacity in specific areas.

Module 1: Legal and Institutional Foundations assesses the public finance operational framework that is institutionalized 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 assessed in this module.

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 assessed in this module.

Module 3: Financial Management Controls assesses the following requirements:
- Appropriate supervision of officers and separation of financial duties to minimize the risk of corruption.
- Adequate record-keeping allowing proper monitoring and audit.
- Efficient information systems to support post-disaster expenditure controls.
- Post-disaster spending transparency, internal control, and legislative capacity, and timeliness of information systems and related records.

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 practice or process using a three-point scale: Yes = 1; Partial = 0.5; 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 (up to 45): Integration
- Moderate integration
- Advanced integration
- Full integration

7. Linkage to PFM framework
The following aspects of the PFM framework are linked to disaster management: financial management, budget management, and public procurement. The PD-PFM Review includes indicators that assess the extent to which disaster response considerations are integrated into key 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 in managing 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 considered: reports and reviews of climate change approaches, PFM (A07), GRPFM (D09), PIMA (B12), MAPS (B17), CCBII (D07), CPEIR (D06), Climate Change Policy Assessment, UN Framework for Information and Communication Technology Policy Reviews, and Disaster Risk Finance Diagnostic.

A rapid review assessment module was piloted in 2018 to learn what the design of an action plan should address specific issues in a timely fashion. 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, the approach of the assessment, and the scope of the 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 ease of usability, there will be an Excel-based tool that embeds all the methodology for the scoring. An automated report is generated based on a country’s response to the questionnaire. A user guide is finalized.

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

10. Assessment management
Stages in the assessment cycle are as follows:

- Stage 1: Tool 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 procedures/committees, and various PFM or disaster risk assessments) to ascertain that an enabling environment and key disaster response considerations 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 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 obtaining 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 others 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 for further collaboration - such as the case of IMF regional center - as many organizations are taking keen interest in the developments in this domain.