Effective institutions and systems of public financial management (PFM) play a critical role in the preparation and response to disasters. Strong PFM ties together often scarce available resources with their appropriate and sustainable use to ensure that governments can function reasonably well even in times of disasters.

Figure 1: Extent to which disaster resilience and recovery considerations are integrated into key PFM functions and processes.

NOTE: The assessment is based on the “Disaster Resilience and Recovery Public Financial Management Review”, developed by the World Bank Group’s Governance Global Practice, Latin America and Caribbean Team in 2019. It is an analytical instrument that seeks to help countries build resilient, responsive public financial management 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 disasters, without loss of the integrity and accountability. The DRR-PFM review focuses on five key elements of the PFM system: legal and institutional foundations; budget appropriation arrangements; financial management controls; procurement arrangements; and public investment and asset management. Countries assessed in the sample include Antigua and Barbuda, Belize, Dominica, Grenada, Guyana, Jamaica, St. Lucia, and St. Vincent and the Grenadines.
KEY STRENGTHS

**LEGAL AND INSTITUTIONAL FRAMEWORK**
- Defined protocols on who and when to declare disaster events that have implications for accelerated public spending.
- A legal framework that includes flexibilities to adjust the budget to finance unforeseen disaster expenditures.

**BUDGET APPROPRIATION**
- Availability of and access to several funding sources for responding to disaster events.

**FINANCIAL MANAGEMENT CONTROLS**
- Capacity to prepare environmental and social impact assessments of budget policies.
- Existence of contingencies’ fund for unplanned expenditures arising from natural disasters.

PUBLIC PROCUREMENT
- Clearly defined protocols for emergency procurement in the legislation.
- Pre-assigned contractors facilitate expedited disaster response.

**KEY CHALLENGES**

**LEGAL AND INSTITUTIONAL FRAMEWORK**
Post-disaster budget execution practices are not formalized. No documented instructions exist for accelerating disbursements and the flow of funds in post-disaster situations.
National disaster plan is in need of updating.

**BUDGET APPROPRIATION**
No operating rules for the contingencies’ fund, including level of capitalization, accumulation rules, and investment rules.
Sex-disaggregated data are not readily available to inform resource allocations for post-disaster response.

**FINANCIAL MANAGEMENT CONTROLS**
Very few performance audits of post-disaster expenditures are carried out to verify economy and efficiency in the use of post-disaster funds.
Information systems and vital records remain vulnerable to disasters due to lack of off-island data storage options.

**PUBLIC PROCUREMENT**
Lack of procurement planning and limited use of data to proactively inform purchasing decisions.
Operating procedures for emergency procurement are largely undocumented and lack Transparency.

**PUBLIC INVESTMENT AND ASSET MANAGEMENT**
Climate-informed selection criteria are not systematically applied in pre-appraisal of public investment projects.

**OPPORTUNITIES**

**LEGAL AND INSTITUTIONAL FRAMEWORK**
Processes in place to map, streamline, and document steps to expedite collection, expenditure, accounting for, and management of public funds in post-disaster situations.
Build on Dominica’s emergency preparedness and response capacity by developing a comprehensive disaster risk financing policy that will provide a national framework for programming and implementing disaster financing.

**BUDGET APPROPRIATION**
Regulations for operationalizing and maintaining the contingencies’ fund.
Improvement of gender sensitivity of disaster response resource allocation by strengthening the collection and use of sex-disaggregated data.

**FINANCIAL MANAGEMENT CONTROLS**
Implementation of an audit plan as well as mechanisms to track the implementation of audit recommendation.
Introduction of a policy to regulate the off-site management of critical ICT systems and data registers.

**PUBLIC PROCUREMENT**
Strengthening procurement planning by using contingent contracting strategies.
Creation of an emergency procurement manual or operating procedures or both.

**PUBLIC INVESTMENT AND ASSET MANAGEMENT**
Formal mechanisms established and documented for the appraisal, selection, and approval of public investments.