GRENADA
How Disaster Resilient is Grenada’s Public Financial Management?

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**
- Well-defined legal framework for prompting timely and flexible fiscal response to natural disasters.
- Centralized authority for coordinating all disaster response assistance.
- A gender directorate exists to promote inclusiveness of disaster-response activities.
- Existence of policy for climate change and disaster risk-informed public investment planning.

**Budget Appropriation**
- Ex ante access to several disaster risk-financing instruments to support response to disasters.
- Legally established contingencies' fund line item that is capitalized through several means.

**Financial Management Controls**
- Controls in place to reduce the risk of fraud while facilitating post-disaster spending.
- Adequate infrastructure to undertake internal audits of post-disaster spending.

**Public Procurement**
- Contract management functions and responsibilities are clearly defined and assigned.
- Procuring entities can use negotiated procurement to expedite disaster response.

**Public Investment and Asset Management**
- Use of standardized appraisal methodologies that incorporate climate change adaptation elements.

### Key Challenges

#### Legal and Institutional Framework
- No procedures to govern auditing of disaster-related expenditures.

#### Budget Appropriation
- Limited access to financial instruments to support disaster response.
- Uneven compliance with requirement for spending units to collect sex-disaggregated data.

#### Financial Management Controls
- External auditing of disaster-related expenditures is not frequent or routine.
- Finance ministry does not have a plan or strategy for securing IT systems or recovering critical data.

#### Public Procurement
- Lack of emergency procurement manuals or operating procedures or both to clarify how procurement should be conducted in times of urgency.

#### Public Investment and Asset Management
- No mechanisms for fast-tracking the appraisal, selection and approval of urgent disaster recovery public investments.
- Lack of operational clarity on the establishment and management of a standardized register of physical assets.

### Opportunities

#### Legal and Institutional Framework
- Development and dissemination of a comprehensive set of operating rules to accelerate the reallocation, execution, accounting, reporting, and audit of disaster-related expenditures.

#### Budget Appropriation
- Evaluation of the prevalent disaster risk-financing mix to ensure value for money among the tiered options.
- Greater emphasis to strengthen gender sensitivity and inclusiveness in resource planning as well as emergency response.

#### Financial Management Controls
- Building audit staff capacity to apply risk-based approaches to auditing.
- Creation of IT manual to document critical IT processes and data recovery plans.

#### Public Procurement
- Creation of emergency procurement manuals to clarify how procurement should be conducted in times of urgency.

#### Public Investment and Asset Management
- Documented procedures instituted for fast-tracking the appraisal, selection, and approval of urgent disaster recovery public investments.
- Development of disaster responsive asset management policy and registry.