USAID Government to Government Risk Management: Lessons from Malawi, Ghana, and Jordan

Government to Government Webinar Series #2
May 27, 2021

PEPFAR
U.S. President's Emergency Plan for AIDS Relief

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USAID PEPFAR G2G PARTNER GOVERNMENT SERIES

A Four Part Webinar Series

PART 1	**THURSDAY, MARCH 18** • 8-9:30 a.m. ET Introduction to Working with USAID on Government to Government Agreements	LINK TO RECORDING
PART 2	**THURSDAY, MAY 27** • 8-9:30 a.m. ET USAID Government to Government Risk Management: Lessons from Malawi, Ghana, Jordan	LINK TO RECORDING
PART 3	**THURSDAY, JULY 1** • 8-9:30 a.m. ET USAID Government to Government Design and Co-Creation	COMING
PART 4	**THURSDAY, SEPTEMBER 23** • 8-9:30 a.m. ET USAID Government to Government Implementation	COMING

WEBINAR PROCEDURES

1. Please put your country's name in the chat box to help us know who is on the line.

2. The recording and presentation for today's webinar will be emailed to attendees and also saved on ASAP's website www.intrahealth.org/asap-resources

3. Please use the Q&A for any questions. We will answer most of them in the Q&A box live and at the end of the presentations and all questions will be responded to afterwards and shared via email.

4. Please raise your hand if you would like to speak and you will be unmuted. The raise hand icon is on the bottom of your screen.

5. Please complete the poll during the last 15 minutes of the webinar to inform our future sessions.

PRESENTATION OUTLINE

I. Welcome
   Kathy Body, USAID Deputy Chief Financial Officer for Overseas Operations

II. Overview of USAID G2G Risk Assessment and Mitigation Process
   Ciara Douse, Program Analyst, USAID Office of the Chief Financial Officer

III. Country Examples of USAID G2G Risk Process
   Malawi and Risk Assessments: *Francis Mawapasa (USAID), Madalitso Maganga (USAID), Teddie Mandala (ASAP/DAI)*
   Ghana and Risk Mitigation Plan and Mitigation Measures: *Abigail Awadey-Dunyo (USAID) and Yunus Abdunlai (Global Communities)*
   Jordan and Risk Mitigation and Government Response: *Ala Shalan (USAID) and Aous Qutaishat (Jordan Independent Election Commission)*

IV. Questions and Discussion

WELCOME

Kathy Body
Deputy Chief Financial Officer for
Overseas Operations M/CFO

II. RISK / CAPACITY ASSESSMENT AND MITIGATION

Ciara Douse, USAID M/CFO
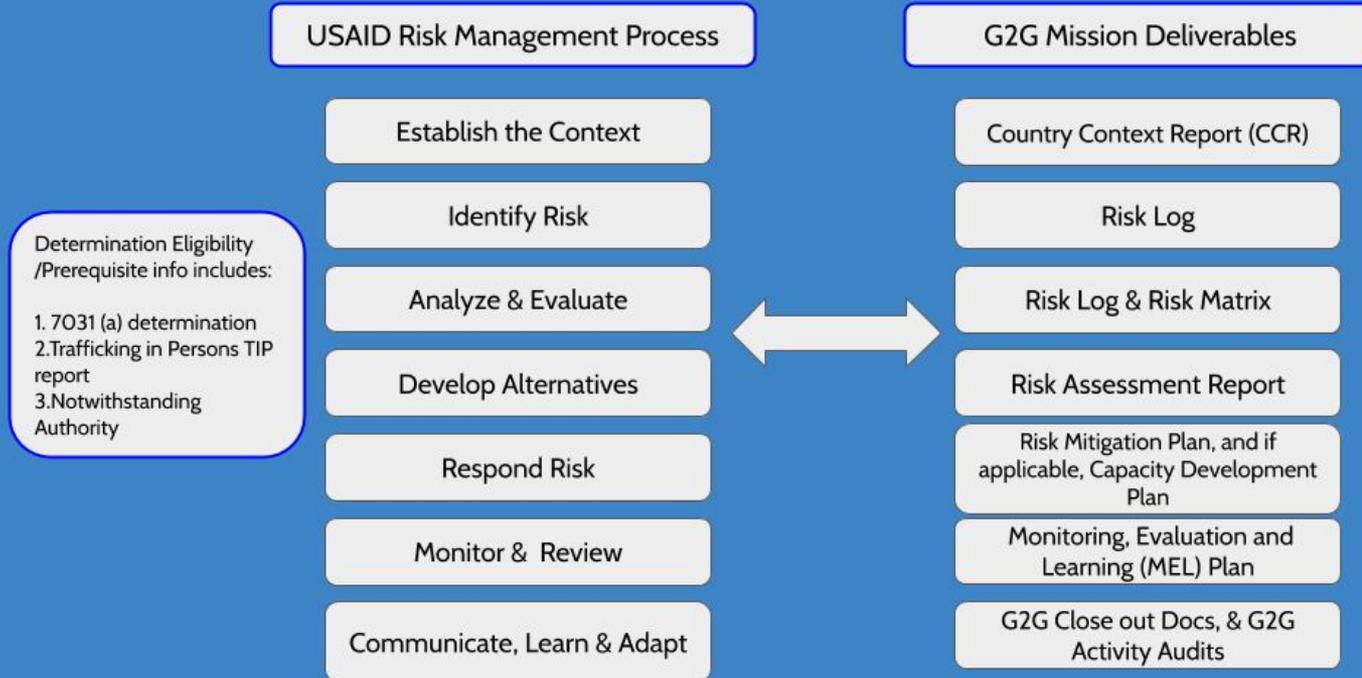
GOVERNMENT TO GOVERNMENT (G2G) RISK MANAGEMENT

The G2G risk management process **does not aim to control or avoid all risks**, but rather to take advantage of opportunities, while **reducing or mitigating threats to maximize the overall likelihood of achieving our objectives.**

AGENCY RISK APPETITE – (As of June 2018)

RISK CATEGORY	OVERALL RISK APPETITE
Programmatic	HIGH
Fiduciary	LOW
Reputational	MEDIUM
Legal	LOW
Security	LOW
Human Capital	MEDIUM
Information Technology	MEDIUM

The G2G Risk Management process includes a holistic review of all risks.

RISK MANAGEMENT PROCESS AND KEY DELIVERABLES

USAID Risk Management Process	G2G Mission Deliverables
Establish the Context	Country Context Report (CCR)
Identify Risk	Risk Log
Analyze & Evaluate	Risk Log & Risk Matrix
Develop Alternatives	Risk Assessment Report
Respond Risk	Risk Mitigation Plan, and if applicable, Capacity Development Plan
Monitor & Review	Monitoring, Evaluation and Learning (MEL) Plan
Communicate, Learn & Adapt	G2G Close out Docs, & G2G Activity Audits

Determination Eligibility /Prerequisite info includes:

1. 7031 (a) determination
2. Trafficking in Persons TIP report
3. Notwithstanding Authority

RISK ASSESSMENT APPROACH

WHO: The Partner Government Systems Team (PGST), often with support from contracted staff or consultants and Partner Government Ministries with a key role in the financing or technical work (*i.e.,* Ministry of Health, Ministry of Finance, Ministry of Education, District Health Council, Provincial Health Office, etc.)

WHAT: Key informational consultations and understanding the nature and functionality of partner government systems.
Example documents reviewed:
- Policies and guidelines
- Human resource personnel file
- Procurement process
- Sample budget and payment process
- Audit report

WHEN: Starts after initial consultations. Takes between 2-6 weeks.

TIP: Virtual Risk Assessments can be done during COVID.

Photo: Risk assessment at Ministry of Youth and Sport, Namibia

ASSESSMENTS AREAS

RISK ASSESSMENT *(TO BE TAILORED)*

- Budget
- Procurement
- Cash Management and Treasury
- Accounting and Reporting
- Human Resources and Payroll
- Internal Controls
- Information Technology
- Governance
- Fraud

TECHNICAL AND MANAGEMENT CAPACITY ASSESSMENT

Targeted technical capacity reviewed on specifics for the outcomes to be achieved.

Photo: Risk assessment at Ministry of Youth and Sport, Namibia
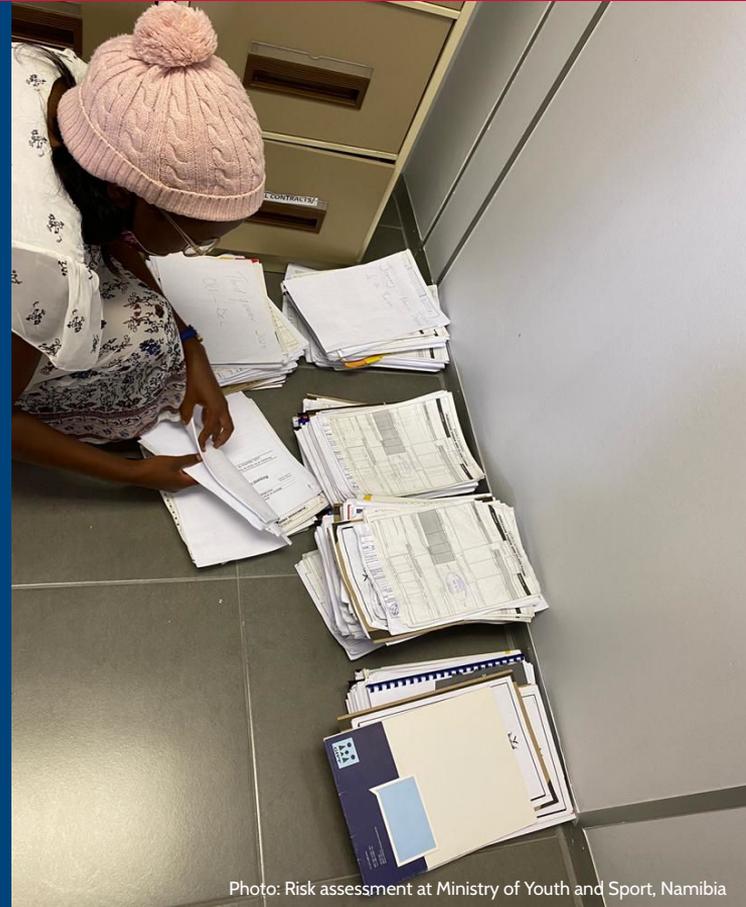
ANALYZE AND EVALUATE RISKS

USAID prioritizes risks based on their impact and probability.

A Risk Rating Matrix is an approach to rate/score risks on impact and probability and prioritize risks.

RISK MATRIX

USAID Risk Rating Matrix - Chart 3

IMPACT		Remote	Occasional	Probable	Frequent
	Catastrophic	High	Critical	Critical	Critical
	Serious	High	High	Critical	Critical
	Marginal	Medium	Medium	High	High
	Negligible	Low	Low	Medium	Medium
		Remote	Occasional	Probable	Frequent
			PROBABILITY		

RISK MITIGATION PLAN

A Risk Mitigation Plan is **developed jointly with USAID and Partner Government** based on the risk matrix to address and monitor risks.

The plan is **finalized** with USAID and Partner Government **and included in the final award.**

Risk Mitigation Plan responses often **become milestones in G2G award.**

Risk Mitigation Plan is **a living document.**

Illustrative - Risk Mitigation Plan

Identified Risk	Impact	Prob.	Risk Rating	Response Measure	Responsible Parties	Timeline for Completion	Periodicity of Review
Lack of proper accounting and verification of fixed assets provides inadequate control over fixed assets. Assets can be easily removed or lost from the district premises without management's knowledge.	Marg.	Occas.	Med.	1.Prepare a complete fixed asset register with all required data. 2. Establish procedures for conducting annual inventory of fixed assets. 3. Reconcile the fixed asset registry to the annual inventory.	1. Partner government financial analyst 2. Partner government Finance Director 3. Partner government financial analyst and Director reviews.	1. Prior to project initiation 2.Procedure – prior to project initiation. 3. Inventory – at end of year 1 and thereafter; reconciliation – semi-annually.	1 & 2. Review before project initiation. 3. Quarter after year end (review inventory) and; thereafter throughout the LOP. **NOTE: USAID project mgr. responsible for monitoring and follow-up on risk response measures.**

III. COUNTRY EXAMPLES

THREE COUNTRY EXPERIENCES

RISK ASSESSMENTS

Malawi: District Health Council and Ministry of Finance

RISK MITIGATION PLAN

Ghana: Ministry of Local Government and Rural Development

GOVERNMENT RISK RESPONSE

Jordan: Independent Election Commission

MALAWI SPEAKERS

Francis Mwapasa
Financial Analyst
USAID Malawi

Madalitso Maganga
Financial Analyst
USAID Malawi

Teddie Mandala
Technical Assistance Provider
ASAP/DAI Project

MALAWI G2G PROGRAMMATIC OBJECTIVE

To improve health outcomes for HIV/AIDS, maternal, child, neonatal health, nutrition for children under five and pregnant women, voluntary family planning services, and case management of orphans, vulnerable children (OVC) in Zomba District Council.

Severe shortage of trained and qualified health and social welfare professionals to deliver priority health services at all levels.

———————————————

High HIV prevalence and incidence.

———————————————

High maternal mortality at 439 deaths for every 100,000 live births. Adolescent pregnancies comprise 20 percent of maternal deaths.

———————————————

High burden of infant and child mortality/morbidity, as well as stunting.

Vacancy rates for health sector are between 48-51%

WHO: At least 4.45 skilled health workers per 1000 people to realize SDGs. **Malawi has 0.5**

77,430 — SDG threshold (need)

24,678 — Country's staff establishment (demand) (excl. HSAs)

9,976 — Nr. of health staff (supply) (excl. HSAs)
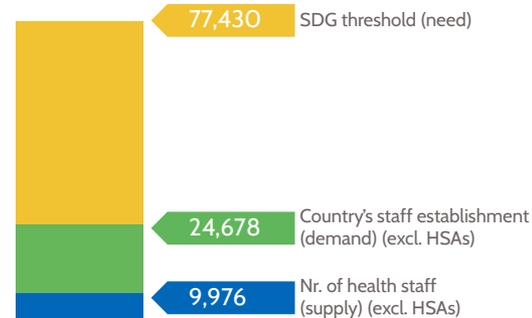
MALAWI G2G MODEL

USAID

Ministry of Fin. Agreement

Zomba District Council Agreement

Mangochi District Council Agreement

- Ministry of Finance Assessment
- Department of Human Resource & Development Risk Assessment
- Ministry of Local Government & Rural Development Risk Assessment
- National Local Government Finance Committee Risk Assessment
- Local Government Service Commission Risk Assessment
- Reserve Bank of Malawi Risk Assessment
- Ministry of Health / Ministry of Gender and Social Welfare Consultations

Zomba District Council (ZDC) Risk Assessment

MHDC Risk Assessment

<===Consultations with top Gvt at Principal Secretary level===>

<===District Commissioners, their Directors and Subordinates were interviewed.===>

Although the G2G main focus is on HRH and service delivery in District Councils, the nature of payroll payments for targeted cadres meant that the Central Government also needed to be part of project. Hence the agreement with the MoF.

MALAWI RISK ASSESSMENTS:
2 Tools and 2 Approaches

	Zomba District Council	Ministry of Finance
Assessment Tool	USAID adapted and tailored standard USAID Risk Assessment Questionnaire (Public Financial Management Risk Assessment Framework)	USAID worked with outside contractor (ASAP Project) on Risk Assessment tool, tailored to specific areas of salary support and payroll for Human Resources
Assessment Team	USAID team conducted risk assessment with Government of Malawi	ASAP Contractor with USAID team conducted risk assessment with Government of Malawi

Photo: ZDC Risk Assessment Team During Field Visit

MALAWI RISK ASSESSMENT:
Timeline for Zomba District Council Risk Assessment

Senior Ministry sent official communication to staff at ZDC about assessment so everyone was aware the interviews were sanctioned by leadership

Through the whole assessment process, there was constant communication between USAID and Government of Malawi

KICK OFF:
Meeting with USAID and GoM (MoLG, MoH, NLGFC)

Risk Assessment Fieldwork:
USAID Risk Assessment Team interview and testing work completed in Zomba (1 week)

November, 2019

December, 2019

October, 2019

November 2019

Senior Ministry leadership participated and invited relevant finance/budget audit, HR, and planning staff

Desk Review and Interview Planning:
USAID Risk Assessment Team requested documents for desk review and interview scheduled early to ensure sufficient time to schedule and review

During fieldwork, uncovered the need to assess Ministry of Finance, given role in salary support

Risk Assessment Report
USAID and Zomba District Council developed Risk Assessment Report based on prioritized risk and impact

MALAWI RISK ASSESSMENT
Details on **Ministry of Finance** Risk Assessment

A total of 22 Ministry of Finance staff were interviewed from the following offices:

- Accountant General
- Budget & Aid
- Reserve Bank of Malawi
- Department of Human Resources Management
- Local Government Service Commission

March-July, 2020: Total of 5 months to finalize Risk Assessment *(from Kick Off to Final Report)*

- Fieldwork took a total of 21 days
- Risk Assessment Report completed two weeks following fieldwork
- Finalized during COVID lockdowns

A total of 13 documents were reviewed:

- PFM Act 2003 & procedure manuals
- Audit reports
- IFMIS Operational Manual
- MoG IT system management policies
- HRMIS Operational Manual, policies, procedures, and internal control documents
- GoM establishments staff positions/vacancy document
- Bank Letters from Budget & Aid
- Sample agreements with other International Partners
- IFMIS System set and security controls (passwords set up)
- GP 5A form
- Salary authorization memos from controlling officers
- Payment vouchers
- LGSC minutes, recruitment process, and personnel management documents
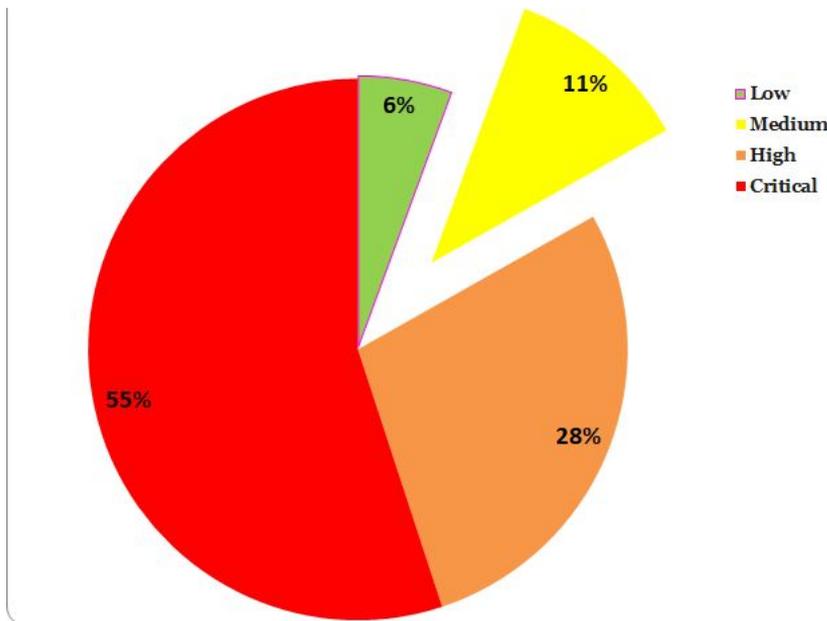
MALAWI RISK ASSESSMENT: RESULTS

Ministry of Finance Risk Assessment Results
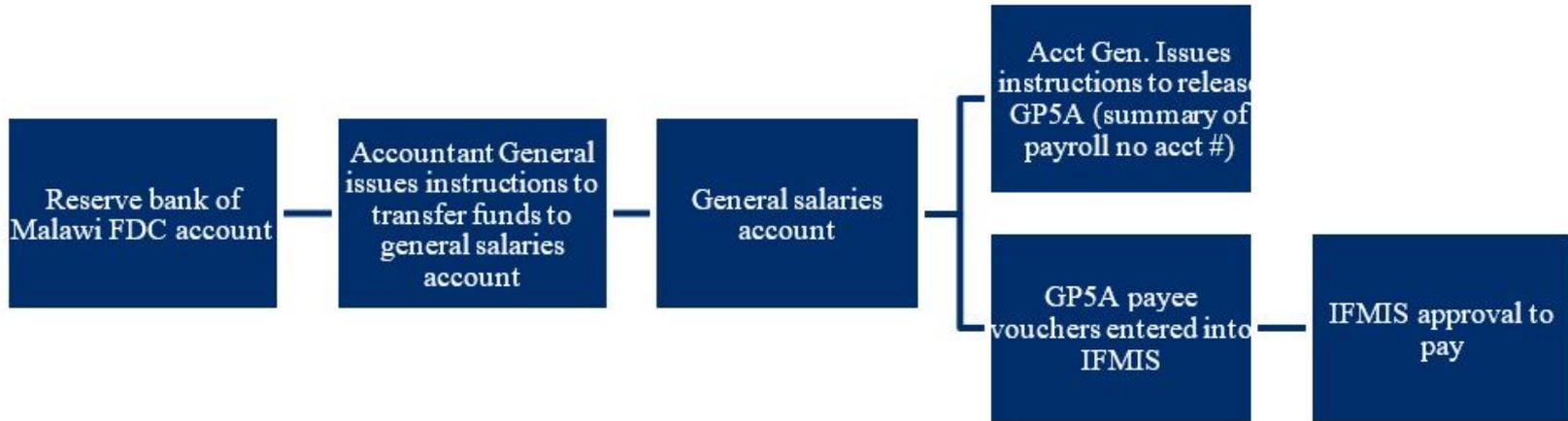
Low	Medium	High	Critical	Total Risks
0	2	5	9	16
0%	13%	31%	56%	100%
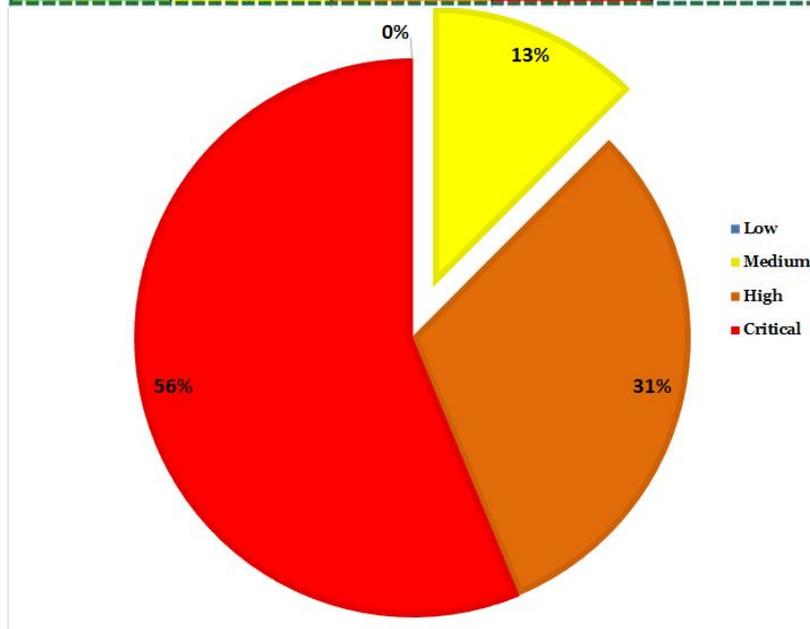
Zomba District Council Risk Assessment Results

Low	Medium	High	Critical	Total Risks
5	10	25	49	89
6%	11%	28%	55%	100%

MALAWI G2G: SALARY PAYMENTS FLOW OF FUNDS

FIGURE 2: PHASE I SALARY PAYMENT PROCESS

- Critical to first understand the context and the flow of funds.

- A detailed visual map of the flow of funds ensures a thorough understanding of the systems to be utilized during the G2G implementation.

- This map helps the assessment team identify which systems need to be reviewed during the Risk Assessment process.

MALAWI G2G RISK ASSESSMENT LESSONS LEARNED

- Senior leadership engagement from Government Malawi was critical at start.

- Early planning stages are important for success of the assessment.

- Flexible and tailored approaches for risk assessments of different government partners was utilized effectively.

- A technical assistance partner or subject matter expert helps keep the assessment process on track.

- Linkages of Risk assessment findings to Fixed Amount Reimbursement (FAR) milestones are critical.

- Important that Government Partners understand USAID's G2G programs and assessment expectations, along with the general timelines connected with the assessments and implementation assistance.

- Building rapport with government counterparts ensures best results from assessment

Final Signing of Malawi G2G Agreement with US Amb. Scott rep. (USAID/M) and Minister of Finance F. Mlusu (GoM)

GHANA SPEAKERS

Abigail Awadey- Dunyo
USAID Ghana, Financial
Management Office

Yunus Abdulai
Technical Assistance Provider,
Former Chief of Party
Global Communities

GHANA G2G BACKGROUND

GHANA'S G2G HISTORY

- Started G2G over 10 years ago

- Has signed over 30 Implementation Letters with the GoG at both the national and subnational level.

- USAID support in Ghana is geared towards working with Ministries, Research Institutions, Educational Sector, Health, Audit, and Governance.

USAID/Ghana has conducted one country context assessment with one update and over 50 risk assessments, mostly by USAID staff.

GHANA G2G BACKGROUND

AGREEMENT TYPE:

RING II (starting 2021) is a five-year G2G cost reimbursement activity with the Ministry of Local Government, Decentralisation, and Rural Development (MLGRD) (national level), working with 4 Regional Coordinating Councils and 17 Metropolitan, Municipal, and District Assemblies (MMDAs) with Health, Education, and Democracy and Governance funding.

RATIONALE:

- Transfer management burden to the government
- Reduce the number of implementation letters to be signed
- Promote ownership, use and strengthen the government's systems
- Provide visibility of the project to the Ministry of Finance
- Using the government system-Aid on Budget.

SUPPORT:

Designed a Technical Assistance award to help build the government counterpart's system.

GHANA G2G RISK MITIGATION PLANNING EXPERIENCES - Risk
Risk Mitigation Plan (RMP) Best Practices

DRAFTING THE RISK MITIGATION PLAN:

- The RMP must be SMART and some resolutions require behavior change approaches

- Formed a smaller USAID team (FM, Legal, Contract, Tech teams, & Program Office, Education, DRG) to review the risk and propose solutions

- Shared the RMP with the GoG to respond to it

- Identified interventions that needed to be included in the design, other areas may be appropriate for consideration by other offices

RING II G2G RISK MITIGATION PLAN

No.	Identified risks	Potential adverse effect of the risk	Impact	Probability	Risk Rating	*Final Mitigation Measures	Timelines	Responsible party
	Entity Features							
1	**Inadequate Internally Generated Funds (IGFs)**	Inadequate funds do not only affect the ability of the MDAs, RCCs, and MMDAs to accomplish their objectives and mandates but potentially puts at risk other funds under their control.	Marginal	Occasional	Medium	The RING II activity will not focus on interventions to assist with improving the generation of internally generated funds (IGFs).		USAID
	The amount of IGFs collected appears inadequate to supplement GoG funds.					MLGRD should encourage the MMDAs to explore strategies of increasing internally generated funds to support activities.		MMDAs
						The MLGRD and RCCs should regularly monitor all beneficiary institutions to ensure accountability of USAID funds.		MLGRD and RCCs
						MLGRD is working with MMDAs to improve on the revenue base and IGF through street naming and property addressing, valuation of Software for building permit, collection and business operation permit, guideline for internally generated fund improvement and collection properties and introduction revenue software (DLREV).		MLGRD and RCCs

APPROACHES TO RESPOND TO RISKS:

- Have a TA to assist with capacity-building

- USAID staff conduct regular monitoring

- Use GoG training institutions to implement some training interventions

- Have a mission MEL award that provides guidance on monitoring

- USAID Risk Response Plan tracked regularly to inform monitoring

GHANA G2G RISK MITIGATION PLANNING EXPERIENCES
Risk Mitigation Plan (RMP) Best Practices


FINALIZING THE RISK MITIGATION PLAN

- MLGRD reviewed the Risk Assessment Report and Risk Mitigation Plan (RMP)

- MoF and GoG Institutions required to respond to the RMP

- GoG recommendations/resolutions included in the Risk Mitigation Plan

- Formed a joint GoG (MoF and MLGRD) and USAID technical working group to support G2G risk mitigation and implementation.
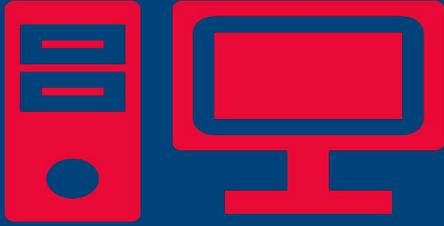
PFM RISK ASSESSMENT FRAMEWORK RESULTS

ASSESSMENT OUTPUTS:

Funding streams assigned

Risk Mitigation Plan to address all risks identified

Assessment

Lower Risk (G2G)

Higher Risk (Subcontract)

10 Districts

7 Districts

1 Regional Dept.
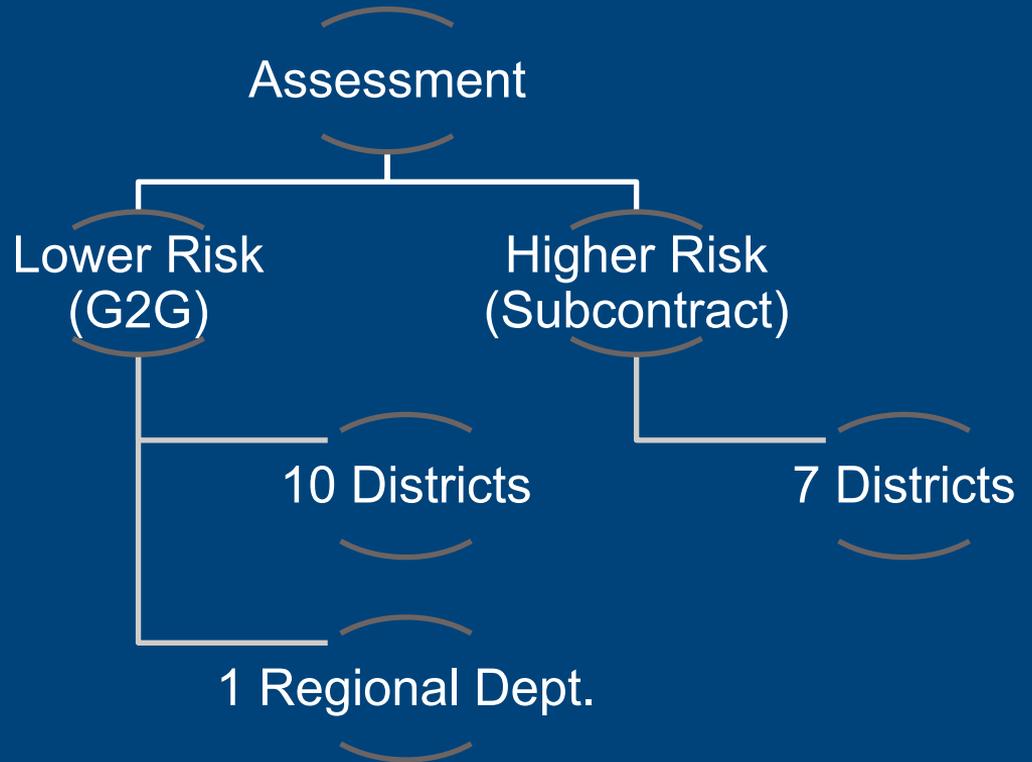
METHODOLOGY: Risk Mitigation Plans called for risks to be addressed through a number of complementary channels
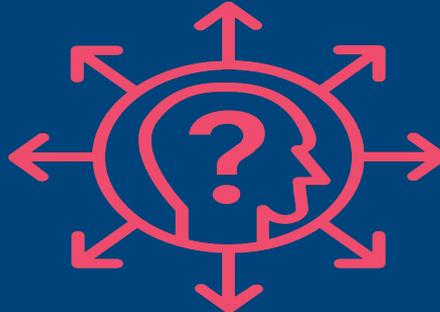
Email Communication & ICT Coaching

Practical Case Studies
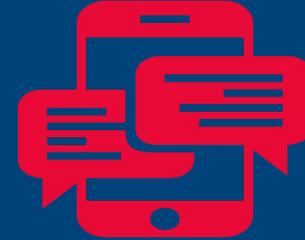
Messaging Platforms

Interactive Trainings

One-on-One PFM Technical Assistance Support

Phone Support/Coaching

Approaches are Needs-Based & Tailored to Existing Skills

MEASURING PROGRESS – KEY ACTIONS

Field Visits & Observations

Review of Documentation

PFM Review Meetings

Certification of Excellence
(not done)

CONTINUED TRACKING OF ALL RISKS

GOAL

Reduce the likelihood of risks occurring through appropriate internal control measures

MEASURING PROGRESS:
PFM RISK MITIGATION PLAN SCENARIOS

THEMATIC AREA	RISK OBSERVATIONS	MITIGATION MEASURES	EXAMPLES OF REDUCED RISKS/IDEAL SYSTEM
Accounting & Reporting	Fixed assets are managed in a rudimentary method, if at all; only records on the location and cost of the asset, with no other pertinent information.	Prepare fixed asset register (FAR) with pertinent data on all fixed assets (*i.e.,* maintenance records, notes of change in asset management).	FAR, with the minimum relevant data as required, are prepared and in operation by the assembly. Quarterly Internal Audit Reports capture asset management as part of the test areas.

LESSONS LEARNED/BEST PRACTICES

- Leadership engagement is crucial in implementing the mitigating plans and for continuous compliance and sustainability.

- Staff technical capacity was very critical in implementing risk mitigation measures – where there was capacity, implementation was easier. Where gaps existed, the TA had to invest more heavily to fill the gap.

- TA engaged subcontractor with two dedicated PFM Specialists who supported the target GOG entities throughout the process – training, coaching, monitoring, and one-on-one support.

- The mitigation plans were implemented strategically; some high priority areas were tackled first.

- The supply side of PFM is very important but the demand side must push to complement. People and NGOs must demand transparency and accountability.

- We saw improvement in the implementation of the mitigation measures with the full engagement of the Internal Audit Units.

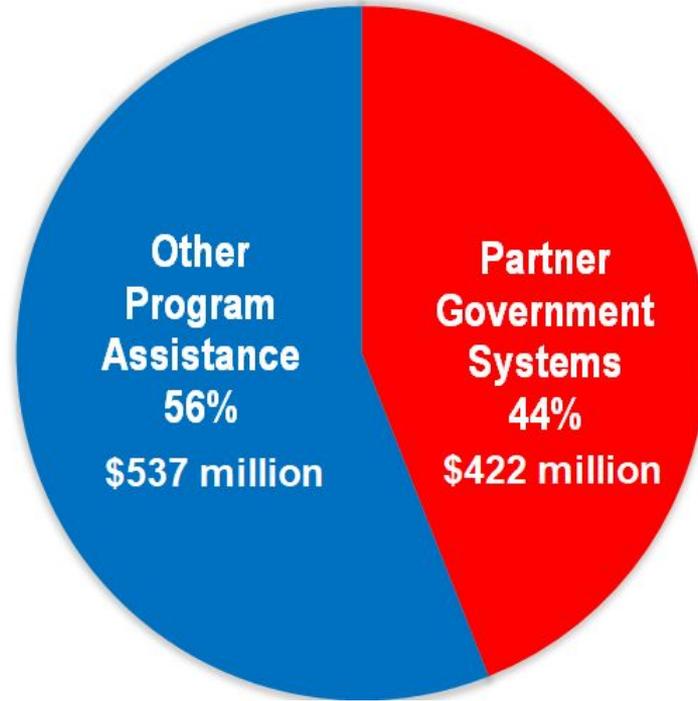**VIDEO ON GHANA RING PROJECT:**
www.globalcommunities.org/node/38365

JORDAN SPEAKERS

Ala Shalan
USAID/Jordan

Aous Qutaishat
Jordan Election Commission

USAID/JORDAN PORTFOLIO COMPOSITION

Other Program Assistance
56%
$537 million

Partner Government Systems
44%
$422 million

Obligations as of March 31, 2021
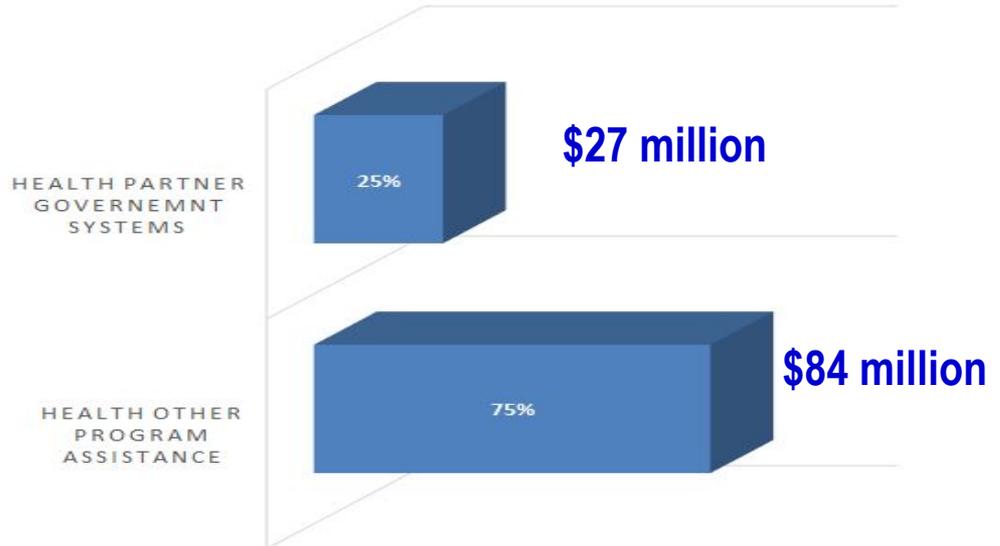
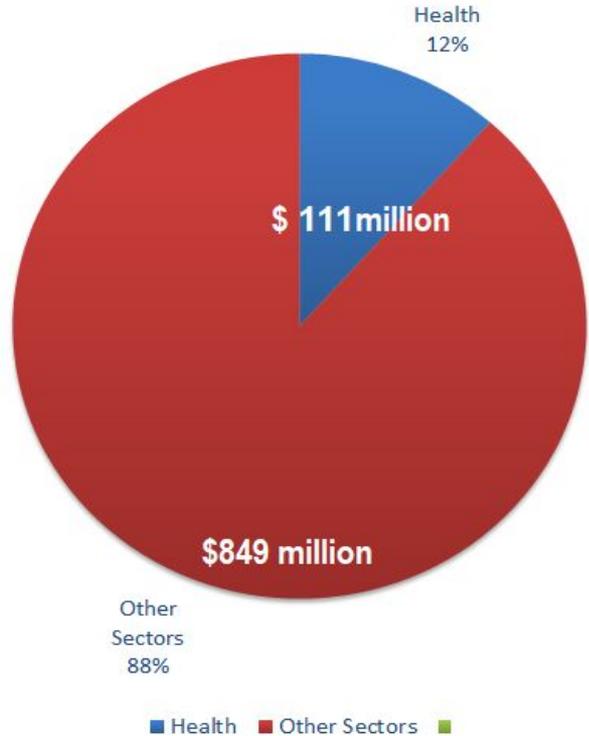# USAID/JORDAN PORTFOLIO COMPOSITION
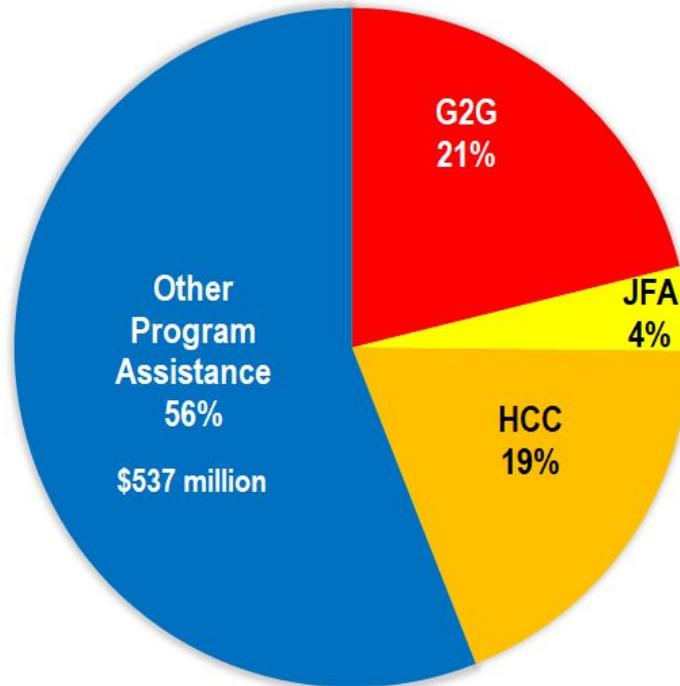
G2G: Gov To Gov
HCC: Host Country Contracts
JFA: Joint Financing Agreements

Obligations as of March 31, 2021

USAID/JORDAN
POPULATION AND FAMILY HEALTH PROGRAMMING

Obligations as of March 31, 2021

USAID/JORDAN PARTNER GOVERNMENT SYSTEMS

Examples of Assessed Entities

- Ministry of Health
- Ministry of Education
- Ministry of Public Works
- Social Security Corporation
- National Aid Fund
- National Electric Power Co.
- Water Authorities of Jordan
- Independent Election Commission

USAID/JORDAN PARTNER GOVERNMENT SYSTEMS EFFECTS OF RISK ASSESSMENTS

Improved systems reduce USAID's risk

More effective and efficient assistance delivery

Improved impact and results

Other donors relying on the assessments

Better donor coordination

USAID/JORDAN AND JORDAN INDEPENDENT ELECTION COMMISSION G2G

Trust . Integrity . Impartiality

Established in 2012, the **IEC is the national electoral commission of Jordan**, responsible for administering and supervising elections under the Constitution of Jordan.

G2G with IEC started in 2019, with the purpose of improving political representation and accountability through high quality elections and increased civic engagement.

WHAT RISKS SHOULD BE INCLUDED IN THE RISK ASSESSMENT?

- Host Government way of doing business

- What are the possible conflicts?

- Way of doing business (laws, bylaws, regulations) to be synchronized as much as possible

- Governing law of the entity (with the particular focus on procurement , finance, HR, etc.)

- External risks to be analyzed in the same manner as internal risks to determine likelihood of occurrence, consequence, impact time frame, and impact horizon

- Prioritizing risks

- Impact time frame

Photo: USAID Jordan

RISK REVIEW

Should consider the following questions to validate a risk:

- Is the risk **based on relevant documentation** or individual/group knowledge?

- Does the risk **involve a change from the program/project/activity baseline plan?**

- Is the condition **factually true and supported by objective evidence?**

- Does the risk **impact at least one agency/program/project/activity requirement that can be objectively measured**, described, and characterized?

DEVELOP MITIGATION AND CONTINGENCY PLANS

- **Planning addresses** - action taken to address an activity's performance risk.

- Decisions and mitigation strategies are developed based on current knowledge of project/entity risks.

- The risk shall be further analyzed to ensure that the consequence and likelihood scores are correct, and that the risk has the correct owner.

THERE ARE FEW BASIC TASKS/ISSUES THAT NEED TO BE ADDRESSED AT THIS PHASE:

Intensified technical and management reviews	Implement the selected alternative
Generate a set of candidate risk response alternatives	Work needs to move on the partner's timetable
Conduct a risk analysis of each alternative	At times, more time is needed than was planned for
Deliberate and select an alternative for implementation	Work goes on a "case-by-case basis"

UNDERSTANDING PERSPECTIVES

USAID PERSPECTIVE

- Budgetary process
- Cash flow planning
- Financial management systems/automation
- Effective systems to safeguard inventory and fixed assets
- Compliance with donor requirements
- M&E reporting

HOST GOVERNMENT (IEC) PERSPECTIVE

- Revenues and expenditure are tied to that of the national budget allocation.
- Must follow government instructions and bylaws or amend laws.
- Consider whether required to use the central government's financial systems or when the local government's system can be used in its place.
- Synchronize donor requirements and establish mutual priorities, keeping in mind the prevailing/applicable laws.
- Government M&E depends on an annual intensive technical and management review plan, moving towards international best practices and ISO implementation

IV. QUESTIONS

Abigail Awadey- Dunyo
USAID/Ghana

Francis Mwapasa
USAID/Malawi

Teddie Mandala
ASAP/DAI Project

Yunus Abdulai
Global Communities

Q&A

Ala Shalan
USAID/Jordan

Madalitso Maganga
USAID/Malawi

Aous Qutaishat
Jordan Independent
Election Commission

RESOURCES

1. Strengthening the Capacity of Partner Governments through Government-to-Government (G2G) Assistance (ADS 220)

2. G2G Risk Management and Implementation Guide (ADS 220SAR)

3. Webinar Series #1: Introduction to Working with USAID on Government to Government Agreements   Slides | Recording

Next Webinar Series #3: G2G Co-Creation and Design - July 1

For specific country questions, please follow up with your in-country USAID Mission counterparts.

THANK YOU