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

Government to Government Webinar Series #2
May 27, 2021
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

PART 2
THURSDAY, MAY 27 • 8-9:30 a.m. ET
USAID Government to Government Risk Management: Lessons from Malawi, Ghana, Jordan

PART 3
THURSDAY, JULY 1 • 8-9:30 a.m. ET
USAID Government to Government Design and Co-Creation

PART 4
THURSDAY, SEPTEMBER 23 • 8-9:30 a.m. ET
USAID Government to Government Implementation
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.
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
Kathy Body
Deputy Chief Financial Officer for Overseas Operations M/CFO
II. RISK / CAPACITY ASSESSMENT AND MITIGATION

Ciara Douse, USAID M/CFO
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.

The G2G Risk Management process includes a holistic review of all risks.
RISK MANAGEMENT PROCESS AND KEY DELIVERABLES

USAID Risk Management Process
- Establish the Context
- Identify Risk
- Analyze & Evaluate
- Develop Alternatives
- Respond Risk
- Monitor & Review
- Communicate, Learn & Adapt

G2G Mission Deliverables
- Country Context Report (CCR)
- Risk Log
- Risk Log & Risk Matrix
- Risk Assessment Report
- Risk Mitigation Plan, and if applicable, Capacity Development Plan
- Monitoring, Evaluation and Learning (MEL) Plan
- 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.
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
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.
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

<table>
<thead>
<tr>
<th>Identified Risk</th>
<th>Impact</th>
<th>Prob.</th>
<th>Risk Rating</th>
<th>Response Measure</th>
<th>Responsible Parties</th>
<th>Timeline for Completion</th>
<th>Periodicity of Review</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
<td>Marg.</td>
<td>Occas.</td>
<td>Med.</td>
<td>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.</td>
<td>1. Partner government financial analyst 2. Partner government Finance Director 3. Partner government financial analyst and Director reviews.</td>
<td>1. Prior to project initiation 2. Procedure – prior to project initiation. 3. Inventory – at end of year 1 and thereafter; reconciliation – semi-annually.</td>
<td>1 &amp; 2. Review before project initiation. 3. Quarter after year end (review inventory) and; thereafter throughout the LOP.</td>
</tr>
</tbody>
</table>

**NOTE:** USAID project mgr. responsible for monitoring and follow-up on risk response measures.
III. COUNTRY EXAMPLES
THREE COUNTRY EXPERIENCES

Malawi: District Health Council and Ministry of Finance

Ghana: Ministry of Local Government and Rural Development

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
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
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 the project. Hence the agreement with the MoF.
## MALAWI RISK ASSESSMENTS: 2 Tools and 2 Approaches

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

**Photo: ZDC Risk Assessment Team During Field Visit**
MALAWI RISK ASSESSMENT:
Timeline for Zomba District Council Risk Assessment

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

October, 2019

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

November, 2019

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

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

December, 2019

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

November 2019

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

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

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
## Malawi Risk Assessment: Results

### Ministry of Finance Risk Assessment Results

<table>
<thead>
<tr>
<th></th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
<th>Critical</th>
<th>Total Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>0</td>
<td>2</td>
<td>5</td>
<td>9</td>
<td>16</td>
</tr>
<tr>
<td>%</td>
<td>0%</td>
<td>13%</td>
<td>31%</td>
<td>56%</td>
<td>100%</td>
</tr>
</tbody>
</table>

### Zomba District Council Risk Assessment Results

<table>
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<tbody>
<tr>
<td>Value</td>
<td>5</td>
<td>10</td>
<td>25</td>
<td>49</td>
<td>89</td>
</tr>
<tr>
<td>%</td>
<td>6%</td>
<td>11%</td>
<td>28%</td>
<td>55%</td>
<td>100%</td>
</tr>
</tbody>
</table>
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.
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

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)
- 10 Districts
- 1 Regional Dept.

Higher Risk (Subcontract)
- 7 Districts
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

CONTINUED TRACKING OF ALL RISKS

Field Visits & Observations
Review of Documentation
PFM Review Meetings
Certification of Excellence *(not done)*

GOAL
Reduce the likelihood of risks occurring through appropriate internal control measures
### MEASURING PROGRESS: PFM RISK MITIGATION PLAN SCENARIOS

<table>
<thead>
<tr>
<th>THEMATIC AREA</th>
<th>RISK OBSERVATIONS</th>
<th>MITIGATION MEASURES</th>
<th>EXAMPLES OF REDUCED RISKS/IDEAL SYSTEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting &amp; Reporting</td>
<td>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.</td>
<td>Prepare fixed asset register (FAR) with pertinent data on all fixed assets (<em>i.e.</em>, maintenance records, notes of change in asset management).</td>
<td>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.</td>
</tr>
</tbody>
</table>
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.
USAID/JORDAN
PORTFOLIO COMPOSITION

Obligations as of March 31, 2021

Other Program Assistance 56% $537 million
Partner Government Systems 44% $422 million
USAID/JORDAN PORTFOLIO COMPOSITION

Obligations as of March 31, 2021

G2G: Gov To Gov
HCC: Host Country Contracts
JFA: Joint Financing Agreements
USAID/JORDAN
POPULATION AND FAMILY HEALTH PROGRAMMING

Obligations as of March 31, 2021

$849 million

$111 million

$27 million

$84 million

Health: 12%
Other Sectors: 88%
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
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
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” |
### 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
1. Strengthening the Capacity of Partner Governments through Government-to-Government (G2G) Assistance (ADS 220)


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.