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Risk Management
Internal USAID Literature Review

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Internal USAID Literature Review

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KSC Research Series

ABSTRACT:

Risk management (RM) has become an increasingly recognized field within the international development community. During recent decades, donors have encountered an increased volume and complexity of risks. As a result, agencies are dealing with a risk climate that is growing increasingly more complex and prone to significant operational shocks.

The purpose of this paper is to present a review of USAID's experience with risk management. USAID does not have a corporate strategic framework on risk management. Absent an integrated risk management that supports a consistent approach to risk management both vertically and horizontally, its focus over the last 35 years has been more on its myriad development programs and sector-specific approach to risk management. More recently, however, USAID has incorporated a RM approach in its internal management and financial controls, business systems modernization, as well as information systems safety. Although an official RM policy (specific to financial accountability) did not appear until 2002, USAID's programmatic experience with RM dates back to the late 1970s. A significant jump in the number of USAID activities that employ a RM approach can be seen in the 1990s and 2000s. Appendix B, *USAID Programmatic Experience*, provides more information on USAID programs with a RM focus.

Other bilateral and multilateral donors have set the stage for RM in the development community. A number have RM policies and/or guidelines are in place, including DfID, AusAID, CIDA, NORAD, SIDA, and JICA. Others incorporate a more peripheral RM approach, specific to programming, such as GIZ (formerly GTZ) and its disaster risk management guidelines. Multilateral donors, such as the World Bank, the International Fund for Agricultural Development (IFAD), and United Nations also feature solid RM policies, as does the European Commission.

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Introduction

Risk management (RM) has become an increasingly recognized field within the international development community. Although initially developed in the private sector, more and more public entities, including USAID and other donors, have begun considering how to integrate RM into their business practices. During recent decades, the expansion of mandates and operations of most foreign assistance agencies, together with unstable environments, has resulted in an increased volume and complexity of risks encountered by these organizations. In addition, donors are confronting myriad challenges, such as a wide range of mandates and limited resources, complex organizational structures and extensive decision-making processes, numerous objectives and lack of capacity, as well as reform backlogs. As a result, donor agencies are dealing with a risk climate that is growing increasingly more complex and prone to significant operational shocks.

Managing risk is not a linear process; rather, it involves balancing a number of interwoven elements. A 2008 OECD study reports the following types of risk most often recognized by bilateral donors:[1] (Note: different donors define and group these risks in different ways)

- Financial management risks
- Fiduciary risks including corruption
- Other governance risks
- Developmental risks
- Risks to partnership and dialogue
- Related risks to the donor's reputation

USAID and Risk Management

USAID does not have a corporate strategic framework on risk management. Absent an integrated risk management that supports a consistent approach to risk management both vertically and horizontally, its focus over the last 35 years has been more on its myriad development programs and sector-specific approach to risk management. More recently, however, USAID has incorporated a RM approach in its internal management and financial controls, business systems modernization, as well as information systems safety. Although an official RM policy (specific to financial accountability) did not appear until 2002, USAID's programmatic experience with RM dates back to the late 1970s. A significant jump in the number of USAID activities that employ a RM approach can be seen in the 1990s and 2000s. Appendix B, *USAID Programmatic Experience*, provides more information on USAID programs with a RM focus.

Definitions

The official definition of risk available in the Automated Directives System (ADS) relates to management's responsibility for internal control. The optional policy guidance *Managing Risk in USAID* (Chapter 596saa, August 2002)[2] is referenced in ADS Chapter 596 *Management's Responsibility for Internal Control* (partial rev. August 26, 2011).[3] Chapter 596saa contains a Risk Assessment Guide, which measures: General Control Environment; Inherent Degree of Risk; Programming; Administrative Management; Financial Management; and Acquisition and Assistance. It defines **risk** as "the potential for loss, harm, or danger in an operation."

> "By properly managing risk, USAID can improve the effectiveness and efficiency of its operations, while reducing the likelihood of waste, loss, and mismanagement. Managers of USAID assessable units (Bureaus, Offices, and Missions) are responsible for risk management and can most efficiently conduct risk assessments. Many of the same sources of information that are used to determine the adequacy of management controls, i.e., management knowledge, management reviews, audits, program evaluations, etc., also provide information that is helpful in assessing risk levels and appropriate controls to use in order to properly manage risk."[4]

ADS Chapter 596 states that "Internal control must provide an assessment of the risks the Agency faces from both external and internal sources."[5] This policy defines **risk assessment** as "the identification and analysis of risks to achieving Agency objectives, and determining how to manage those."[6] It maintains that "a precondition to risk assessment is the establishment of clear, consistent Agency objectives. Once risks have been identified, they must be analyzed by the responsible officials (Agency managers). Analysis includes the following:

- Estimating the risk's significance
- Assessing the likelihood of its occurrence
- Deciding how to manage the risk and the actions to be taken."[7]

This chapter stipulates that the Bureau for Management, Office of the Chief Financial Officer, Audit Performance and Compliance Division (M/CFO/APC) is responsible for providing guidance on conducting periodic risk assessments (pertaining to internal control and audit management).[8]

Evolution of USAID's Definitions

These definitions of **risk** and **risk assessment** appear to be the first "official" classifications put forth by USAID. ADS Chapter 596 was first issued in August 1997, with subsequent revisions. Prior to the 2011 revision, a 2008 version[9] also refers to *Managing Risk in USAID* and contains the same definition of risk assessment. Most references to risk in Agency documentation (including variations such as risk management, risk mitigation, risk reduction, risk analysis, risk assessment, etc.) revolve around risks in USAID's development programs – i.e., credit risk analysis, disaster awareness and long-term risk reduction, mitigating health risks, managing risks and opportunities for vulnerable populations, training in environmental impact and risk assessment, and so on.

USAID Programmatic Risk Management Experience

Although an official RM policy did not appear until 2002, USAID's programmatic experience with risk management dates back to the late 1970s.

- The first documented reference of RM in the Development Experience Clearinghouse (DEC) database is from a 1977 *Productive Credit Guaranty Project in Paraguay*,[10] which required the application of RM principles to a loan guaranty system.
- In the early 1980s, a RM model was introduced into training activities for credit union strengthening. In 1987, the Housing Guaranty Program also began using RM techniques to mitigate the inherent risks of dollar lending for local currency earning ventures. Later the same decade, RM gained ground when OFDA initiated a shift in its disaster management framework to include a multi-course RM training program.
- The 1990s saw a jump in the number of USAID activities that employ a RM approach.
    - In 1990, USAID first used Comparative Risk Analysis (CRA).[a] It was anticipated that CRA would be an important tool to help missions develop country-specific environment strategies and to help host countries set priorities. The concept, however, did not gain traction. By 1999, only two CRAs had been conducted, in West Bengal, India, and Khulna, Bangladesh. See *Comparative Risk Assessment: Lessons Learned* (1999)[11]
    - In the early 1990s, USAID's natural resources management programs in Africa began to incorporate RM principles as a way to address policy-related uncertainty.
    - During the same decade, a *Risk Management Manual* [12] was developed for Indonesia's Private Participation in Urban Services (PURSE) project.

[a] Comparative risk analysis (CRA) is defined in the literature as a framework for systematically evaluating risk reduction programs and budgets for the purpose of ascertaining whether different approaches or different priorities might go further or faster to produce environmental improvements. Essentially, it is an attempt to see if an organization is getting optimal returns from its programming.

- The Pastoral Risk Management Project (PARIMA) of the Global Livestock Collaborative Research Support Program (GL-CRSP) initiated a risk mapping exercise in 1998 to improve interventions for pastoral development in northern Kenya and southern Ethiopia.[13]
- In 1999, USAID's Development Credit Authority (DCA) was formed as a new credit-financing mechanism.

- A number of programs with a RM theme were established early in the 2000s, as well, including those centered on banking supervision, anticorruption compliance, customs reform, economic governance, agricultural risk reduction, e-government, civilian police training, and the continuation of disaster risk reduction.
  - Of note is OFDA's 2003 shift in approach in the Latin America and Caribbean (LAC) region, which placed a greater emphasis on RM. A primary goal of its Risk Management Program (RMP) is to empower national risk management stakeholders with disaster preparedness and response capacity. Two training courses build RM capacity within and across organizations.[14]

Note: see Appendix D (page vi below), *USAID Programmatic Experience with Risk Management*, for more details on USAID programs with a RM focus.

USAID Operational Involvement with Risk Management

In addition to a programmatic focus, USAID has established a number of internal operational guidelines with a focus on RM:

USAID *Forward*

The *USAID Policy Framework 2011-2015*[15] focuses on USAID *Forward*,[16] which includes investing resources in promising high-risk/high-return projects that produce breakthrough innovations.

Open Government Initiative

As part of the ongoing Open Government Initiative,[17] and specific to the 2009 Recovery Act, USAID has launched several in-house RM groups in order to maintain alignment with guidelines set forth by the Act, as well as OMB directives and mandates. Note: the status of these groups is unknown.

Fiduciary Risk

Internal Controls

In 2002, USAID issued the *Managing Risk in USAID*[18] optional policy guidance, which is related to the Federal Managers' Financial Integrity Act (FMFIA) of 1982.[b] This is referenced in *ADS Chapter 596 Management's Responsibility for Internal Control* (partial rev. August 26, 2011).[19]

Conducting risk assessments was one technique identified by the Government Accountability Office (GAO) in 1999 to enhance federal agency internal controls. To meet this requirement, USAID's Office of Inspector General (OIG) conducted a series of risk assessments between 2002 and 2006 (see list in Appendix A). A 2007 GAO report[20] outlines weaknesses in USAID's risk assessment process, with a focus on the Improper Payments Information Act (IPIA) (Public Law 107–300—November 26, 2002).[21] Recommendations were for USAID to expand IPIA guidance specific to performing risk assessments, develop and utilize a risk assessment matrix, and create a recovery auditing program to identify overpayments to contractors due to payment errors.[22]

[b] FMFIA requires agencies to establish management controls and financial systems which provide reasonable assurance that the integrity of federal programs and operations are protected.

Public Financial Management – Use of Partner Country Systems

Per the Accra Agenda for Action,[23] a pilot program was launched in 2010 – the Public Financial Management Risk Assessment Framework (PFMRAF) – to help USAID Missions identify and mitigate the fiduciary risk encountered when aligning donor assistance with a partner country's PFM system. See *ADS Chapter 220 - Use of Reliable Partner Country Systems for Direct Management and Implementation of Assistance* (Chapter Issuance Date: 08/16/2011).[24]

General Budget Support

A discussion on use of partner country systems necessitates supplementary dialog on the issue of GBS. Under this funding mechanism, donor funds are channeled directly to recipient government's budget, using its procurement and accounting systems. As noted in a *2005 USAID/PPC evaluation*,[25] "Tolerance for risk often determines a donor's willingness to use GBS, which relies on a host government's financial management and procurement systems."[26] It found that limited managerial capacity to implement projects was identified as the greatest single obstacle to rapid transfer of donor resources to GBS.[27] As a result, USAID's use of GBS has been limited in recent years to situations of high U.S. foreign policy importance.[28] Despite its being considered vulnerable to weaknesses in PFM systems, a *2002 DfID paper*[29] highlights potential advantages of GBS: "It can strengthen local ownership and make governments more accountable to their people. It can enhance long term financial planning by recipient governments. It provides greater incentives for both donors and recipient governments to strengthen the effectiveness of government systems. And it enables substantial savings in the transaction costs of aid delivery."[30]

Information System Security

The Office of the Chief Information Officer (CIO) supports RM activities within and across CIO projects. It developed a standardized set of risk procedure[c] as part of the Risk Management Plan to facilitate this process.[31] CIO utilizes a *Risk Management Manual (RMM)* (2006, draft),[32] which addresses the need to institutionalize the RM process at the project, program, and enterprise levels. RMM is a guide for how CIO manages project and organizational risks. See also *Information Technology Strategic Plan 2011-2013*;[33] *System ISSO Handbook, Version 1.1* (May 2010);[34] and *Risk Assessment Guidelines – A Mandatory Reference for ADS Chapter 545* (New Reference: June 1, 2006.[35] The CIO web page[36] also offers two guidance documents on cost-benefit-based risk analysis.

Business Systems Modernization

USAID's Business Systems Modernization (BSM)[37] vision, launched in 2002, included strengthening leadership and governance capabilities to mitigate Agency transformation risks. USAID created a Program Management Office (PMO) to assist the Business Transformation Executive Committee (BTEC). PMO created a Risk Management Program (RMP)[38] in order to "address an Agency need to institutionalize the risk management process at the project, PMO, and enterprise levels." In 2006, a draft *PMO Risk Management Manual*[39] was published. It defines risk identification, analysis, validation, control, and reporting procedures used by the OCIO. An automated risk tracking system, Risk Radar, was used to help project managers identify, prioritize, and communicate project risks in a flexible and easy-to-use manner. In April 2007, PMO and the Office of Information Resources Management (IRM) were combined and reorganized as the Office of the Chief Information Officer (OCIO).[40] See *USAID PMO Guidebook* (2002)[41] and *PMO Overview* (2004).[42]

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[c] The CIO's RM plan includes: 1) standard procedures to support the identification and assessment of risks; 2) standard procedures to support the development of mitigation/contingency plans; 3) standard procedures to monitor and report risk status; 4) measures for determining when actions are required for risk; and 5) standard tools for the tracking and management of risks.

Reengineering

In the mid-1990s, USAID's Reengineering initiative[43] encouraged the use of more ambitious strategic objectives and more creative and risk-taking management approaches. This included Management Challenge #4: *Balancing Accountability with the Need to Address Significant Development Objectives*. "If accountability is defined as managing to achieve results, SO teams will be encouraged to define more ambitious strategic objectives and employ more creative and risk-taking management approaches."[44]

Other Agency Sector-specific Policy / Guidance on Risk Management

Development Credit Authority

The *USAID Development Credit Risk Assessment Handbook* (2006)[d] defines risk assessment as "the process of determining the probability of adverse outcomes, which most likely result in negative cash flows. The higher the level of risk, the greater the probability of negative cash flows and resulting loss to the U.S. Government. Risk assessments result in the determination of an ordinal risk score, which is then used to determine the expected cost to USAID of an activity."[45] Under this model, USAID focuses on risks in four areas: (i) country risk, (ii) borrower risk, (iii) lender risk, and (iv) transaction risk. DCA must meet USG mandates vis-à-vis *OMB Circular A-129*.[46] DCA currently offers its own internal training sessions to educate staff on conducting risk assessments, as well as a mentoring program that matches experienced assessors with those just starting out.[47] See: *Development Credit Authority 2004 Operations Manual*,[48] as well as *ADS Chapter 249 - Development Credit Authority* (March 2007),[49] and *ADS Chapter 623 – Financial Management of Credit Programs* (September 2008).[50]

Violent Extremism and Insurgency

Given the high degree of physical, psychological, programmatic and financial risk inherent in insecure environments, USAID published *The Development Response to Violent Extremism and Insurgency* (September 2011).[51] This guidance includes "identification of risks to the Agency, our partners and related development investments, as well as a plan to mitigate risk."[52] Using an entrepreneurial approach,[e] USAID staff is encouraged to take risks, adapt to incorporate lessons learned, and build on success. As a result, USAID agrees to support staff with training, confidential consultations, physical fitness opportunities, and benefits. Internally, it also pledges to develop new policy guidance on risk management in high threat environments, in order to facilitate program analysis, design, and implementation, in accordance with this policy.

Prior to the VEI policy, in January 2011, USAID Administrator Dr. Rajiv Shah issued Administrator's Stabilization Guidance[53] with regard to the Agency's work in Pakistan and Afghanistan. It includes a section on taking calculated risks.

[d] This Handbook provides risk analysis guidance for DCA consolidated credit activities, focusing on methods necessary to assess different types of risks. At this time, the Handbook is unavailable online. It is being updated, with a new version expected in 2012. Per USAID's Chief Risk Officer, Alice Miller, the most significant change to the Handbook will be adopting the CAMELS rating system to fit with an increase in DCA's dealings with microfinance institutions (Source: Interview with Alice Miller, November 30, 2011).

[e] Defined as "requir[ing] a different risk management approach and intensive monitoring and evaluation efforts to learn quickly from efforts, to expand effective interventions, and limit unsuccessful projects. Along with supporting informed risk management and innovative monitoring and evaluation practices, USAID will continue to review and disseminate best practices associated with a locally driven, entrepreneurial approach to responding to violent extremism and insurgency." http://inside.usaid.gov/PPL/offices/p/upload/VEI_Policy_Final.pdf

Conflict Mitigation and Management

In April 2005, USAID/CMM published *Conflict Mitigation and Management Policy*,[54] which states that "stability no longer characterizes [USAID's] operating environment and its assistance needs to adapt to manage positive change. Part of that change involves recruiting and training a new cohort of development officers conversant with conflict and instability, willing to take risks, able to think in new ways about old problems, and willing to question whether the Agency is using U.S. assistance as strategically as it might in high-risk environments." An accompanying *Implementation Guidelines*[55] piece echoes the CMM Policy: "Risk-taking, boldness, and innovation are encouraged—and indeed will be necessary—if the Agency is to develop cutting-edge approaches that mitigate and manage instability, fragility, extremism, and conflict. Over time, implementation of activities in these categories should become part of standard USAID practice."

Humanitarian Assistance and Disaster Risk Reduction

USAID/DCHA Office of U.S. Foreign Disaster Assistance (OFDA) maintains regional offices worldwide to assist in responding to disasters and to develop risk management strategies.[56] The *Field Guide for Disaster Assessment and Response*[57] defines risk as the "[p]robability of exceeding a specific value of social, environmental, and economic damages, in a given place and during a specific exposure time." Investments in prevention, which include disaster risk reduction, are key to saving lives and resources by fostering greater resiliency when crisis hits.

Feed the Future

By coordinating with the private sector and sharing risks in pursuit of food security, the U.S. Government can increase its collective effectiveness and impact. At the July 2011 *Feed the Future CSO Stakeholder Meeting*, speakers from USAID's Bureau for Food Security and others discussed the use of risk transfer mechanisms/insurance for poor smallholder farmers as a way to protect against shocks and build resilience.[58] *Feed the Future Guide* (May 2010) emphasizes investments in: 1) "Increase[d] access to sound and affordable financial and risk management services, such as insurance instruments, savings accounts, loans, and other financial tools that assist male and female small-scale producers, laborers and SME owners;"[59] and 2) "Build[ing] in-country capacity to manage risk through early warning systems and markets for micro-insurance, including health, life, and other products tailored to the needs of vulnerable households and communities."[60]

Civilian Law Enforcement

In *A Field Guide for USAID Democracy and Governance Officers: Assistance to Civilian Law Enforcement in Developing Countries* (January 2011), steps to mitigate risk when designing and implementing USAID civilian police assistance programming are categorized.[61]

Risk Management Training at USAID

There are a number of on-line courses related to risk management that needs to be reviewed, updated and modified and/or removed. These include: Analyzing Project Risk; Approaches to Risk Management; Decisions and Risk; Financial Risk Management; Planning and Identifying Project Risk; Responding to and Controlling Project Risk; Risk Basics; Risk Strategies: The Cutting Edge; Risk, Response, and Recovery; and Strategic Planning and Risk Management.

More recently, the Training Quality Assurance Council (TQAC) discussed *TQAC Proposal - Draft Competencies for Mass Atrocities* (October 2011),[62] which presents USAID draft competencies for a new Atrocities Prevention Board, which is part of the interagency *Presidential Study Directive on Mass Atrocities (PSD-10)*.[63] The goal of PSD-10 and of the launch of the Atrocities Prevention Board is to create a comprehensive USG policy framework and an interagency mechanism for preventing and responding to mass atrocities and genocide. A risk-based approach is proposed in the design of USAID's competencies, which would be targeted at USAID-wide, DCHA and BS-76, and Leadership.

Mission Directors' Feedback

In 2009, USAID published *Training Needs Assessment Report*,[64] where 63.9%[f] of supervisors identified Risk Taking as one of eleven critical skill areas. Overall, 52.6% of supervisors identified Risk Taking as *the most critical* skill for their staffs. Another training needs assessment is currently underway.[65] This sentiment was mirrored in Mission Director Consultations conducted in summer 2011 (June,[66] July,[67] and August[68]). In addition to general discussions on balancing risk and results-driven development, it was noted in the June Consultation that, specific to the challenges and opportunities of USAID *Forward* and Implementation and Procurement Reform (IPR), "Danger of strong commitment to IPR objectives may lead to diminished flexibility and/or greater risk aversion to using host-country systems at the missions, e.g. as a result of mission directors shouldering accountability through Responsibility Determinations."

Best Practices and Lessons Learned in Risk Management Programming

A search of the Development Experience Clearinghouse (DEC) database shows a shortage of evaluations pertaining to USAID's use of RM. The most significant assessment available is of OFDA/LAC's Risk Management Program (RMP), which sought to empower national RM stakeholders with disaster preparedness and response capacity. Lessons emerged, including: [69]

- Operationalizing risk management principles takes time to achieve;
- Introducing hazards issues into standard course content in primary and secondary schools is expected to increase risk perception, and to slowly lead to a "cultural mindset of risk prevention."
- Small client budgets, lack of continuity/high rate of attrition among recipients of training, institutional turn-over, institutional territorialism, and little institutional or external support for risk prevention and mitigation programs hinder RMP's ability to place greater weight on community-based emergency preparedness, response, and risk prevention activities.
- OFDA/LAC needs to form closer alliances with "third generation" NGOs, which provide opportunities to deepen not only first response, but also strengthen development-oriented efforts at risk and vulnerability reduction.
- Forming public-private alliances could assist national institutions aimed at risk management, relief and reconstruction, which are struggling to find funding.

Another evaluation, *USAID Development Assistance Programs and Corruption* (2003),[70] focuses on risk assessment (RA) as key to building a broad accountability strategy. Lessons include:

- RAs should be tailored to the specific program or project;
- A good RA requires a realistic evaluation of potential implementers or partners. If they are weak and notably corrupt, direct cash transfers should be avoided. If political/humanitarian concerns or agreement obligations require cash transfers, set meaningful criteria that can be measured; aggressive monitoring should be planned and financed as part of the program package.
- Careful screening of possible recipients can reduce corruption risk while permitting other obligations to be met. Take care to avoid high-risk programs/partners in high-risk environments.
- In very high-risk situations, gradual disbursement of funds, combined with aggressive auditing and monitoring techniques, may be the only way to prevent loss to fraud, waste and abuse. Alternatively, in low risk situations, gradual disbursement and constant monitoring may retard project progress without providing any greater level of accountability.

[f] Statistics based on 158 responses.

U.S. Government Approach to Risk Management

Risk assessments are often used by the federal government to estimate the risk posed to the public by exposure to a chemical or the potential failure of a bridge or other engineered structure. Government agencies use risk assessments in setting safeguards for the workplace, consumers, human health and the environment.

Proposed Risk Assessment Bulletin

In January 2006, the Office of Management and Budget (OMB) issued a Proposed Risk Assessment Bulletin,[g] which aimed to improve the quality of federal agencies' risk assessments by setting new standards. After a brief period for public comment and interagency review, the Bulletin was never finalized. In September 2007, the *Memorandum for the Heads of Executive Departments and Agencies*,[71] with the subject "Updated Principles for Risk Analysis," concluded that OMB "decided not to issue the bulletin in final form. Rather, we are issuing this Memorandum to reinforce generally-accepted principles for risk analysis upon which a wide consensus now exists." The memo presents Principles of Risk Assessment, Principles of Risk Management, Principles of Risk Communication, and Principles for Priority Setting Using Risk Analysis.

OMB Circular A-123

OMB Circular A-123 provides guidance on and defines management's responsibility for internal control in Federal agencies. The latest revision (2004) contains a section on Risk Assessment, which focuses on the process of identifying internal and external risks that may prevent an organization from meeting its objectives.[72]

McKinsey & Company Working Paper

In May 2011, McKinsey & Company published *Strengthening Risk Management in the US Public Sector*,[73] which presents five recommendations for strengthening RM in the public sector: 1) create transparency both internally and externally; 2) develop a "risk constitution;" 3) initially focus on modifying a few core processes; 4) establish a dedicated risk-management organization; and 5) build a risk culture. This report acknowledges that RM is often more difficult for public-sector institutions than for private companies, based on a number of challenges.

Other Donor Experience with Risk Management

An examination of bilateral donors finds that a number have RM policies or guidelines in place, including DfID, AusAID,[h] CIDA, NORAD, SIDA, and JICA. Others incorporate a more peripheral RM approach, specific to programming, such as GIZ (formerly GTZ) and its disaster risk management guidelines. Multilateral donors, such as the World Bank, International Fund for Agricultural Development (IFAD), and United Nations also feature solid RM policies, as does the European Commission. IFAD is considered a pioneer of sorts in the implementation of its risk management approach (called enterprise risk management, or ERM).[74] The European Commission is relatively advanced in its ERM implementation (introduced in 2005), as compared to the United Nations.

See accompanying paper *Other Donors' Approach to Risk Management*, for a brief description of each donor's RM model.

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[g] See Congressional Research Service report entitled *OMB's Proposed Bulletin on Risk Assessment* (June 2006) for more information.
http://www.denix.osd.mil/cmrmd/upload/CRSRL33500-OMBRISKASSESSMTBULLETIN.PDF

[h] AusAID appears to be the first bilateral donor to incorporate a RM policy, in November 1999.

Appendices

Appendix A

USAID Risk Assessments

The U.S. General Accounting Office (GAO) reported in *Standards for Internal Control in the Federal Government* (November 1999)[75] that internal controls should provide reasonable assurance that USAID objectives are being achieved, operations are effective and efficient, and assets are safeguarded. Conducting risk assessments is one technique identified by the GAO to enhance internal controls. In order to meet this requirement, USAID's Office of Inspector General (OIG) conducted a series of risk assessments between 2002 and 2006:

Risk Assessment of USAID/Liberia's Major Activities (March 2006)
http://www.usaid.gov/oig/public/fy06rpts/7-669-06-001-2.pdf

Risk Assessment of the Impact of BearingPoint's Restructuring on USAID/Egypt Programs (July 2010)
http://pdf.usaid.gov/pdf_docs/PDACS084.pdf

Risk Assessment of USAID/Morocco's Management Controls After the Reduction-in-Force (Oct 2004)
http://pdf.usaid.gov/pdf_docs/PDACD282.pdf

Report on Risk Assessment of USAID/Kosovo (PD-ACA-369, July 2004) PDF available upon request

Risk Assessment of Major Activities Managed by USAID/Pakistan, Report no. 5-391-04-001-S (Oct 2003) http://pdf.usaid.gov/pdf_docs/PDACR962.pdf

Risk Assessment of Major Activities Managed by USAID/Afghanistan (March 2003)
http://pdf.usaid.gov/pdf_docs/PDABY037.pdf

Risk Assessment of USAID-financed Assistance to West Bank and Gaza [Strip] (March 2003)
http://pdf.usaid.gov/pdf_docs/PDABY038.pdf

Risk Assessment of Major Functions within USAID/Mexico (June 2003)
http://www.usaid.gov/oig/public/fy03rpts/1-523-03-003-2.pdf

Risk Assessment of USAID Financed Assistance to Nigeria (Dec 2002)
http://pdf.usaid.gov/pdf_docs/PDABX393.pdf

Risk Assessment of Major Functions within USAID/Ecuador (Oct 2002)
http://pdf.usaid.gov/pdf_docs/PDABY041.pdf

Risk Assessment of Major Functions within USAID/Guatemala (Oct 2002)
http://pdf.usaid.gov/pdf_docs/PDABY039.pdf

Risk Assessment of Major Functions within Consolidation, Property and Services Division of the Office of Administrative Services, Bureau for Management (PD-ABW-888, Sept 2002) PDF available upon request

Risk Assessment of Major Functions within Overseas Management Support of the USAID Bureau for Management (PD-ABW-890, Sept 2002) PDF available upon request

Risk Assessment of Major Functions within Consolidation, Property and Services Division of the Office of Administrative Services, Bureau for Management (PD-ABW-888, September 2002) PDF available upon request

Risk Assessment of Major Functions within Overseas Management Support of the USAID Bureau for Management (PD-ABW-890, September 2002) PDF available upon request

Risk Assessment of Major Functions within the Information and Records Division of the Office of Administrative Services, Bureau for Management (PD-ABW-889, Sept 2002) PDF available upon request

Risk Assessment of Major Functions within the Office of the Director of the Office of Administrative Services, Bureau for Management (PD-ABW-887, Sept 2002) PDF available upon request

Risk Assessment of Major Functions within the Travel and Transportation Division of the Office of Administrative Services, Bureau for Management (PD-ABW-891, Sept 2002) PDF available upon request

Risk Assessment of Major Functions within USAID/Haiti (July 2002)
http://pdf.usaid.gov/pdf_docs/PDACP026.pdf

Appendix B

USAID Development Experience Clearinghouse (DEC) Documents

Policy Documents with a Focus on Risk Management

USAID. September 2011. *The Development Response to Violent Extremism and Insurgency: Putting Principles into Practice. USAID Policy*. http://inside.usaid.gov/PPL/offices/p/upload/VEI_policy_Final.pdf

USAID. Partial Revision Date: 08/26/2011. *ADS Chapter 596. Management's Responsibility for Internal Control*. http://www.usaid.gov/policy/ads/500/596.pdf

USAID. Chapter Issuance Date: 8/16/2011. *ADS Chapter 220 - Use of Reliable Partner Country Systems for Direct Management and Implementation of Assistance*. http://www.usaid.gov/policy/ads/200/220.pdf

USAID. 2011. *USAID Policy Framework 2011-2015*. http://www.usaid.gov/policy/USAID_PolicyFramework.PDF

Feed the Future. May 2010. *Feed the Future Guide*. http://www.feedthefuture.gov/sites/default/files/resource/files/FTF_Guide.pdf

Feed the Future. No date. *Feed the Future Results Framework*. http://www.feedthefuture.gov/sites/default/files/resource/files/FTF_Results_Framework-1.pdf

USAID/DCHA. August 20, 2009. *USAID/DCHA Office of U.S. Foreign Disaster Assistance (OFDA) Guidance for Disaster Planning and Response – FY 2010*. http://www.usaid.gov/policy/ads/200/updates/iu2-0908a.pdf

USAID. Revision Date: 9/23/2008. *ADS Chapter 623 – Financial Management of Credit Programs*. http://www.usaid.gov/policy/ads/600/623.pdf

USAID. Revision Date: March 2007. *ADS Chapter 249 - Development Credit Authority*. http://www.usaid.gov/policy/ads/200/249.pdf

USAID. 2006. *USAID Development Credit Risk Assessment Handbook*. Unavailable in PDF.

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Other Selected USAID-funded Documents with Risk Management Themes

A field guide for USAID democracy and governance officers: assistance to civilian law enforcement in developing countries (Jan 2011) http://pdf.usaid.gov/pdf_docs/PNADU808.pdf
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Foreign assistance: State Department foreign aid information systems have improved change management practices but do not follow risk management best practices (GAO, November 2008) http://pdf.usaid.gov/pdf_docs/PCAAB817.pdf
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Understanding risk management (August 2008) http://pdf.usaid.gov/pdf_docs/PNADN470.pdf
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Risk management strategy (Apr 2007) [55 p.] http://pdf.usaid.gov/pdf_docs/PNADT750.pdf
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Disaster risk management in Asia: a primer (2005) http://pdf.usaid.gov/pdf_docs/PNADL277.pdf
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Evaluation of USAID/OFDA/LAC risk management program (Dec 2004) http://pdf.usaid.gov/pdf_docs/PDACD076.pdf
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Due diligence model for risk management: six customs due diligence models -- final report (Aug 2004) http://pdf.usaid.gov/pdf_docs/PNADB288.pdf
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Project Management Office risk management plan (Sep 2003) http://pdf.usaid.gov/pdf_docs/PNACU483.pdf
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Guarantees for rural financing: a guide to USAID's new mechanism (June 2003) http://pdf.usaid.gov/pdf_docs/PNADA744.pdf
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Technical report: summary of credit risk management policies and processes for private and public sector operations (Nov 2001) http://pdf.usaid.gov/pdf_docs/PNACX620.pdf
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Fighting global corruption: business risk management (May 2001) Rev. ed.
http://pdf.usaid.gov/pdf_docs/PCAAA979.pdf

Selected issues related to project design and implementation in a reengineered USAID (May 1995)
http://pdf.usaid.gov/pdf_docs/PNABW866.pdf

Testing hypotheses and managing risks (Sep 1994) http://pdf.usaid.gov/pdf_docs/PNABT343.pdf
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Foreign exchange risk management techniques for AID's housing guaranty program (Apr 1987)
http://pdf.usaid.gov/pdf_docs/PNAAZ133.pdf

Risk management handbook for the public private partnerships in the water sector (no date)
Project title: Private participation in urban services (PURSE)
http://pdf.usaid.gov/pdf_docs/PNACL948.pdf

Appendix C

Non-USAID Resources

Aid Risks in Fragile and Transitional Contexts: Improving Donor Behaviour (OECD, 2011)
http://www.gsdrc.org/go/display&type=Document&id=4091

Organizational Restructuring Among Aid Donors (Devex, September 2011)
http://www.devex.com/en/articles/organizational-restructuring-a-growing-trend-for-aid-donors?source=ArticleHomepage_Center_2

Next USAID Innovation: Learning from Failure (June 2011)
http://www.devex.com/en/articles/next-usaid-innovation-learning-from-failure

Equipping USAID for Success (CSIS, 2009)
http://csis.org/files/publication/090709_pcr_briefing_usaid.pdf

Statement of Senator Patrick Leahy At A Hearing On The FY 2012 Budget Request For The USAID (April 2011)
http://leahy.senate.gov/press/press_releases/release/?id=4b58f662-572a-4fa4-9ae5-fdb6b2dc9f3a

GAO Improving Foreign Assistance Management
http://www.gao.gov/highrisk/agency/usaid/improving-foreign-assistance-management.php

Appendix D

USAID Programmatic Experience with Risk Management

The following citations were obtained via a search of the USAID Development Experience Clearinghouse (DEC) database. Search terms used include Risk; Risk Management; Risk Assessment; and Risk Analysis. No date or geographic limitations were set. Programmatic examples of the Agency's work using a risk-based approach are presented, by decade. The oldest reference is from 1977, a credit guaranty program in Paraguay.

Quick List of USAID Programs Using a Risk Management Approach:

Paraguay's Productive Credit Guaranty Project
Credit Union Strengthening
Housing Guaranty Program
OFDA/LAC's Disaster Risk Management Training Program
Comparative Risk Analysis (CRA) – Environmental Health Project
Africa's Natural Resources Management (NRM) program
Housing Finance System Expansion Program
Private Participation in Urban Services project (PURSE)
Pastoral Risk Management Project
Development Credit Authority
Risk Management Computer-Based Training (SEGIR project)
Risk Management of Chemical Hazards in the Food Industry (LEO Export Business Project)
Anti-corruption compliance programs
Jordan's e-Government Programme's Risk Management Process
BTEC's Risk Management Program (RMP)
AMIR 2.0 Customs Due Diligence Models
Custom Reform (Southern Africa Global Competitiveness Hub)
Customs Reform and Modernization Project (CRM) (AMIR 2.0)
Iraq Economic Governance II Project
Nepal Earthquake Risk Management Program (NERMP)
Community-based Earthquake Risk Management Project (Dhaka City)
Georgia Agricultural Risk Reduction Program (GARRP)
FACTS Info
Civilian police programming

Expanded List of USAID Programs Using a Risk Management Approach:

1970s:

- 1977: The **Productive Credit Guaranty Project** in Paraguay sought to increase opportunities for profitable and productive investment by incorporating into the institutionalized credit system small entrepreneurs who have not previously been able to obtain such credit. It required the application of risk management principles to a loan guaranty system. This application was new in Paraguay, but the technology existed within the banking system to carry it out.[76]

1980s:

- 1980: Grant to WOCCU/CUNA was utilized to assist the **Malawi Union of Savings and Credit Cooperatives Organization (MUSCCO)** in developing a national credit union system to provide needed savings and credit services to low income people in Malawi, especially rural areas. Training included risk management program operations, in addition to other relevant topics.[77]

- 1982: African Cooperative Savings and Credit Association (ACOSCA) created its Risk Management Department in 1973. Beginning in 1982 (?), USAID began funding the **Support to Regional Organizations (ACOSCA) project**, with training and RM targeted as priority services. The overall goal was to improve ACOSCA's income generating capability, expand its training program, and emphasize increased services to Francophone Africa.[78]
- 1987: Office of Housing and Urban Programs published a report on the utilization of foreign exchange risk management techniques for its **Housing Guaranty Program**, in order to mitigate inherent risks which result from dollar lending for local currency earning ventures. These included swaps, collateral accounts, local currency guaranties, and a revolving credit facility.[79]
- 1989: OFDA/LAC, with support of OFDA/Washington under the Prevention, Mitigation, and Preparedness (PMP) program, initiated the multi-course **OFDA/LAC Risk Management Training Program (RMTP)**. This was based on constraints observed in the institutional capacity to respond to disasters and on hazard assessments made throughout the region.
  - "A natural evolution in the [OFDA/LAC] training program has been a shift in emphasis from "Disaster Management," … to "Risk Management Training". The latter underscores three major points: (1) a better understanding of hazards and their causes and effects; (2) analysis of vulnerability; and (3) assessment of risk**.**"[80]

1990s:

- 1990: As reported by the Environmental Health Project (EHP), USAID first used **Comparative Risk Analysis (CRA)** as an input for introducing environment sector strategies in 1990. By 1999, it had commissioned ten assessments for selected cities, countries, and regions (i.e., Cairo, Egypt; Central America); this included helping central and local governments in host countries set priorities for their ongoing domestic environmental programs (i.e., Bangkok, Thailand; Ahmedabad and Asansol-Durgapur, India; Lima, Peru; and Khulna, Bangladesh).[81]
  - **EHP** was designed to help USAID missions and host country governments address the full range of environmental health problems. USAID anticipated that CRA would be an important tool for helping missions develop country-specific environmental health strategies and for helping host country governments set program priorities. However, the demand for CRAs among USAID missions and bureaus turned out to be much lower than anticipated, especially among mission health officers. By 1999, the EHP briefer reports that only two CRAs had been conducted, in West Bengal, India, and Khulna, Bangladesh. Both assessments supported programs in urban environmental management. Note: these two CRAs do not appear in the Agency's DEC documents database.
- Early 1990s: as part of USAID's reengineering efforts, Africa Bureau began to incorporate principles of RM into its **Natural Resource Management (NRM) program**.[82]
  - In 1994, for instance, the Environmental Policy and Training (EPAT) Project reported on the use of integrated RM to address the NRM framework's limited ability to minimize policy-related uncertainty.[i] A study conducted in 1992/93 found that, because NRM projects are inherently risky, hypothesis testing is central to NRM program management.
  - One issue paper written as part of the EPAT project states: "Dealing explicitly with risk is important to the reengineering of USAID for the following reasons:
  - Adoption of Strategic Objectives will expand narrow definitions of success and require USAID managers to be responsible for understanding more risk factors than they previously have;

[i] The NRM framework "provides a basis against which policy outcomes can be measured, yet fails to identify extraneous variables and processes that affect behavioral change. The framework's ability to minimize policy-related uncertainty thus remains limited." Source: Gollin and Verdisco. September 1994. *Testing Hypotheses and Managing Risks*. USAID. Bur. for Global Programs, Field Support and Research. Ofc. Of Environment and Natural Resources (Sponsor) http://pdf.usaid.gov/pdf_docs/PNABT343.pdf (page 35)

- As perspectives and responsibilities broaden, levels of uncertainty about potential outcomes will rise and the need to make mid-course corrections and redeploy resources will increase. This will introduce new professional and personal risks to USAID managers and new financial risks to USAID contractors; and
- Success in this new mode will require rewarding USAID and contractor employees who acknowledge the riskiness of their efforts and respond to changes in innovative ways rather than avoiding, denying, or covering them up in order to keep money moving and prevent it from being diverted.

Thus, a re-engineered USAID will be a risk-embracing, rather than a risk-avoiding, organization. And building risk management capacity into agency structures and procedures will be key to future success."[83]

- 1992: Financial risk management in the formal sector housing finance industry was the primary focus of training and technical assistance in the first two years of the RHUDO/USAID's **Housing Finance System Expansion Program** (1992-1995).[84]
- 1996: The report *Comparative Deposit Profile and Comparative Risk Analysis of HFCs, Banks, and NBFCs*[85] was published for USAID's **Indo-US Housing Finance Expansion Program**. It provides risk profiles for housing finance companies (HFCs), non-banking financial companies (NBFCs), and banks. All highlight business risk – i.e., market position, operating efficiency, management evaluation, resources (funding sources), asset quality, regulatory aspects, capital adequacy, accounting quality, earnings, asset liability management, and liquidity risk.
- 1996: Indonesia's **Private Participation in Urban Services project (PURSE)** contributed to a fuller understanding of the issues in and action needed for sound risk management in public-private undertakings - including the development of operational guidelines and models for risk management and training in this very sophisticated subject area. The goal of PURSE was to expand private sector participation in the provision of urban services (especially water, wastewater, and solid waste management) in Indonesia. [86]
  - A *Risk Management Handbook* was developed for this project, which presents a detailed analysis of the risks associated with private sector participation in public infrastructure and the associated risk mitigation/allocation strategies available to the public sector.[87]
- 1997: the main objective of the **Pastoral Risk Management Project (PARIMA)** of the Global Livestock Collaborative Research Support Program (GL-CRSP) was to increase basic knowledge of various types of risk that affect indigenous populations residing in northern Kenya and southern Ethiopia. It was reported that better understanding of the complexity and intensity of risk—whether related to drought, market inefficiencies, or insecurity, for example—could improve ability to prescribe useful interventions for pastoral development. A risk mapping exercise was started in 1998, with a focus on studying target populations. While the main conclusion was that local priorities for risk management intervention vary according to landscape, fifteen major sources of risk were identified. This it was deduced that local solutions for risk management problem-solving would similarly vary.[88]
- 1999: USAID's **Development Credit Authority (DCA)** was implemented as a new credit-financing mechanism to address the need for financial resources to rural sectors. DCA covers up to 50 percent of private sector loans, providing a true risk-sharing element that encourages local institutions to take an active role in funding projects in new or underdeveloped areas. It also provides secure debt denominated in local currency, so exchange risk is eliminated.[89]

2000s:

- 2001: The SEGIR project (Support for Economic Growth and Institutional Reform) developed individual **Risk Management Computer-Based Training (CBT)** programs for commercial banks and bank regulators in Central and Eastern Europe. The programs were designed to be an introduction to the principles and practices of risk management within each context, i.e. commercial banking and commercial bank supervision.[90]

- 2001: USAID/Egypt's Agriculture LEO Export Business Project (AIEB) sponsored a short course entitled "**Risk Management of Chemical Hazards in the Food Industry**," which provided an overview of the most common chemical hazards present in food and food processing operations as well as their impact on public health.[91]
- 2001: in cooperation with USAID and a number of other U.S. Government agencies, the U.S. Department of State issued a report entitled "Fighting Global Corruption: Business Risk Management," as a way to "sharpen competitiveness" through **anticorruption compliance programs**. This included: getting full support of upper management; developing a corporate code of conduct; creating an organizational compliance structure; training and education; due diligence; auditing and internal accounting controls; compliance mechanisms; and discipline.[92]
- 2002: Jordan AMIR 2.0's **e-Government Programme's Risk Management Process** incorporated a risk management and assessment approach.[93]
- 2003: USAID created the Program Management Office (PMO)[j] to assist the Business Transformation Executive Committee (BETC) with support in forecasting, planning, managing, and monitoring business transformation and information technology projects.
- 2004: in Jordan, as part of the Achievement of Market-Friendly Initiatives and Results Program (AMIR 2.0), six **customs due diligence models** were developed as part of a wider holistic approach to lessen unauthorized access, inhibit illegal intrusion, deter tampering with facilities or merchandise in the import and export process that ensure compliant internal controls and documentation. Due diligence is described as "one of the main characteristics of a modern risk management system." A key recommendation is the need to build systematic risk management capacity necessary to allow customs to target scarce resources.[94]
- 2004: the Southern Africa Global Competitiveness Hub provided training in risk management in the **Custom Reform** component of its work plan (19 officials were trained in six countries: Botswana, Malawi, Mozambique, Namibia, Tanzania and Zambia). The training notes that "risk management is as much about identifying potential opportunities as it is about avoiding or mitigating losses. In the Customs context, it involves developing concrete information about existing and emerging threats, and developing compliance and enforcement strategies so efforts can be focused in probable areas of high risk. In the past, Customs dealt with risk on a one -dimensional plane – the potential existence of non-compliance. However, risk management decisions must also reflect a **balance between the level of risk in terms of adverse social and economic effects, and must show the benefits versus the costs associated with control activities**."[95]
- 2005: The final report from Jordan's AMIR 2.0 **Customs Reform and Modernisation Project (CRM)** states that "to ensure a "smarter" organisation Customs must adopt an intelligence-led risk managed approach." One of the program's objectives, *Continue to Support the Establishment of a Risk Management Co-ordination Unit (RMCU) and an Intelligence Unit within Jordan Customs*, includes Risk Management as a key decision-making tool. However, Jordan Customs reportedly was slow to recognize the importance of the RMCU. RM training was delivered to staff, but the organization did not formally adopt a methodology, nor did it require formal RM plans.[96]

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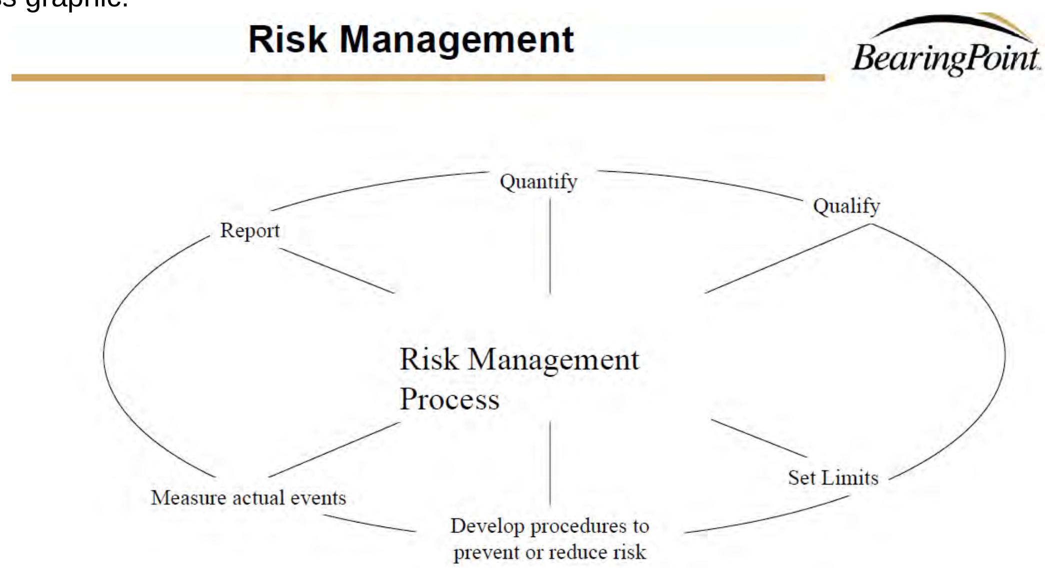
[j] In February 2002, USAID created a Business Transformation Executive Committee (BTEC), responsible for identifying and carrying out business transformation (BT) initiatives within the Agency. In May 2002, the Program Management Office (PMO) was established within the Office of the CIO, with the goal of supporting BTEC in helping to align business transformation projects with USAID priorities and in instituting an effective commonly accepted, and practiced methodology for managing and implementing these projects. Source: *USAID PMO Guidebook* (2002) http://pdf.usaid.gov/pdf_docs/PNACU482.pdf.

In April 2007, the PMO and the Office of Information Resources Management (IRM) were combined and reorganized as the Office of the Chief Information Officer (OCIO).
Source: http://spsinternal.usaid.gov/m/cio/BSE/Documents/Flash102.ppt

o 2007: a **Customs Risk Management Workshop** was held in Sana'a, Yemen. It defined risk management as "the systematic application of management procedures and practices providing Customs with the necessary information to address movements or consignments which present a risk." The goal was "to encourage & predict with confidence low risk shipments, then target those Customs transactions that are most likely non-compliant and direct inspection resources toward those targets."[97]

o 2006: a workshop, entitled "Introduction to Risk Management," was held in December 2006, as part of the **Iraq Economic Governance II Project**. It presents the following Risk Management Process graphic:[98]



o 2005-2007: in 2005, USAID/OFDA, in conjunction with the Asian Disaster Preparedness Center (ADPC), issued "Disaster Risk Management in Asia: A Primer," in response to a "long-felt need of a reference document on **disaster risk management** in Asia for practitioners to help them understand the recent concepts and advancements in understanding the risks and planning actions to reduce risks." This primer is a series of publications that demonstrate the use of tools and successful methodologies. It reflects the gradual shift from a top-down relief and response approach to a more intersectoral risk management approach that had begun to influence the way disaster risk reduction programs were, at the time, being planned and implemented. Many high level policy makers from the government sector and international agencies – including ADB, DfID, ECHO, UN agencies, USAID and the World Bank – recognize the importance of the participation of local government, NGOs, CBOs, civil society and communities in disaster risk reduction.[99]

o Between 2005-2007, the **Nepal Earthquake Risk Management Program (NERMP)** was implemented to institutionalize earthquake risk management practice in Nepal. This included:
- Developing curricula on disaster risk reduction and emergency response for secondary level school classes;
- Improving/modifying curricula and conducting training programs for school teachers on aspects of disaster risk management (DRM) including earthquake response in schools;
- Assisting in the development of a risk reduction and emergency response plan for Kathmandu's water supply system;
- Advocating disaster risk reduction and emergency response planning for other critical facilities;
- Assisting municipal wards in implementing community-based disaster risk reduction efforts;
- Providing technical assistance to municipalities to create DRM Committees in each ward;
- Providing technical assistance to municipalities for training their staff in aspects of DRM;

- Helping municipalities to develop a DRM plan including a plan for emergency response.[100]

- o Similarly, the **Community-based Earthquake Risk Management project** (in Dhaka City) was a pilot program in place to prepare the 16 urban communities for earthquake hazard. It organized the communities and activated service providers (organizations responsible for responding to earthquake hazard). The success of this initiative was based on the Ward Commissioners playing the lead role for organizing community activities and ensuing peoples participation.[101]
- o <u>2008</u>: The USAID-funded **Georgia Agricultural Risk Reduction Program (GARRP)** addressed the needs of nearly 40,000 farm families from the Shida Kartli region in their recovery from the economic impact of the conflict. The project addressed crucial food security and income generation issues in the affected communities of Kaspi, Kareli and Gori districts.[102]
- o <u>2008</u>: the Government Accountability Office (GAO) reported in November that "State/F is in charge of managing the development of core information systems for planning, budgeting, and reporting on U.S. foreign assistance programs. State and USAID operating units upload their operational budget plans into **FACTS**, and State/F is able to aggregate this data in **FACTS Info**.
  - These systems, however, face potential challenges to their continued development, because State/F has not fully developed the processes needed for managing risks.
  - Because neither FACTS II nor FACTS Info has fully followed formal processes for risk management, State/F cannot ensure that risks are identified, analyzed, tracked, and mitigated, increasing the likelihood that potential problems become actual problems.
  - State has taken steps to enhance its compliance with risk management. However, these actions do not reduce State's responsibility to carry out oversight of risk management to ensure success of the project.
  - Moreover, State/F did not mitigate a key risk that led to problems with the development of FACTS II. Without improved risk management processes, risks may not be effectively managed."[103]
- o <u>2011</u>: **Civilian Police Programming**.

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