



AAAG MODEL GOVERNMENT-WIDE INTEGRATED RISK MANAGEMENT GUIDE

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ABBREVIATIONS AND ACRONYMS

COSO	Committee of Sponsoring Organizations of the Treadway Commission
DRR	Disaster Risk Reduction
FSR	Financial Stability Report
GDP	Gross Domestic Product
GFSM	Government Finance Statistics Manual
GW-IRM	Government-wide Integrated Risk Management
ICT	Information and Communication Technology
IFAC	International Federation of Accountants
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
ISO	International Organization for Standardization
IRGC	International Risk Governance Council
M & E	Monitoring and Evaluation
ML/TF	Money Laundering and Terrorism Financing
MOU	Memorandum of Understanding
NDMU	National Disaster Management Unit
NGOs	Non-Governmental Organisations
NRA	National Risk Assessment
NRCC	National Risk Coordination Council
NRP	National Risk Profile
NSS	National Security Strategy
OECD	Organisation for Economic Co-operation and Development
PFM	Public Finance Management
SDGs	Sustainable Development Goals
UK	United Kingdom
UN	United Nations
UNECE	United Nations Economic Commission for Europe
UNDRR ROA	United Nations for Disaster Risk Reduction Regional Office for Africa
UNISDR	United Nations International Strategy for Disaster Reduction
VUCA	Vulnerabilities, Uncertainty, Complexity and Ambiguity

DEFINITIONS AND TERMINOLOGIES

Capacity building -Efforts aimed to develop human skills or societal institutional, financial, political infrastructures within a community or organisation needed to reduce the level of national critical risk.

Climate change -The climate of a place or region is changed if over an extended period (typically decades or longer) there is a statistically significant change in measurements of either the mean state or variability of the climate for that place or region.

Cascading effects- Multiple self-reinforcing feedback mechanisms whereby a shock to one system triggers consequences in various connected subsystems.

Crisis - A situation in which the adverse outcomes from national critical risk become so severe and generalized that the functioning of the system is threatened.

Disaster- A serious disruption of the functioning of a community or a society causing widespread human, material, economic or environmental losses which exceed the ability of the affected community or society to cope using its own resources.

Early warning -The provision of timely and effective information, through identified institutions, that allows individuals exposed to a hazard to take action to avoid or reduce their risk and prepare for effective response.

Emerging risks – New risks or known risks that become apparent in new context and conditions.

Entity specific risks - Risks that can be managed entirely within a single entity's operations and can generally be well understood and effectively managed through straight forward entity risk management processes.

Forecast -Definite statement or statistical estimate of the occurrence of a future event.

Governance - Refers to the actions, processes, traditions and institutions by which authority is exercised and collective decisions are taken and implemented.

Government-wide Integrated Risk Management (GW-IRM) - A continuous, proactive and systematic process to coordinate governance of national critical risks.

Hazard- A potentially damaging physical event, phenomenon or human activity that may cause the loss of life or injury, property damage, social and economic disruption or environmental degradation.

Mitigation - Structural and non-structural measures undertaken to limit the adverse impact of various hazards.

Monitoring -The continuous or periodic review and overseeing by stakeholders of the implementation of an activity, to ensure that input deliveries, work schedules and target outputs are proceeding according to plan.

National Critical risks - Strategically significant risks due to their unforeseen pathways resulting in adverse impacts of national significance.

Idiosyncratic risk – Risk that is not correlated to overall market risk – it is the risk of price change caused by the unique circumstances of a particular security, or the risk that is sector-specific or firm-specific.

National risk assessment – A process that collects information and assigns a value to national critical risks at a strategic, national level for the purpose of informing priorities, developing or comparing courses of action, and informing decision making.

National risk profile- A description set of critical risks relating to the whole country or a part of the country.

National risk register - A repository of all the critical risks identified in a country.

Preparedness- Activities and measures taken in advance to ensure effective response to the impact of hazards.

Recovery- Decisions and actions taken after a disaster with a view to restoring or improving the pre-disaster living conditions of the stricken community, while encouraging and facilitating necessary adjustments to reduce disaster risk.

Response- The provision of strategic assistance or intervention during or immediately after a disaster to enhance opportunities and reduce threats.

Resilience/resilient -The capacity of a system, community or society potentially exposed to hazards to adapt, by resisting or changing in order to reach and maintain an acceptable level of functioning and structure.

Risk - In the context of this guide, risk is defined as the probability of harmful consequences, or expected losses (deaths, injuries, property, livelihoods, economic activity disrupted or environment damaged) resulting from interactions between natural or human-induced hazards and vulnerable conditions.

Risk assessment - A methodology to determine the nature and extent of risk by analysing potential hazards and evaluating existing conditions of vulnerability that could pose a potential threat or harm to people, property, livelihoods and the environment on which they depend.

Risk governance- The totality of actors, rules, conventions, processes and mechanisms concerned with how relevant risk information is collected, analysed and communicated.

Risk management- The design and implementation of the actions and remedies required to avoid, reduce, transfer or retain the risks.

Risk management process- Systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.

Shock- a change in the world that may be positive or negative and that may occur gradually or suddenly.

Stakeholder- a person or entity that can affect, be affected by, or perceive themselves to be affected by a decision or activity.

Sustainable development -Development that meets the needs of the present without compromising on the needs of future generations.

Systematic risk - This risk includes all the unforeseen events that happen in everyday life, thus, making it beyond the control of the investors. Systematic risk impacts the entire industry rather than a single company or security.

Systemic risk - describes an event that can spark a major collapse in a specific industry or the broader economy.

Uncertainty- The lack of precise knowledge of the input values which is due to measurement error or to lack of knowledge of the steps required, and the pathways from hazard to risk, when building the scenario being assessed. It is the state of not knowing how or whether potential events may manifest.

Vulnerability- The conditions determined by physical, social, economic and environmental factors or processes, which increase the susceptibility of a community to the impact of hazards.

Whole-of-Government Approach ("WGA") - The joint activities performed by diverse ministries, public administrations and public agencies in order to provide a common solution to particular set of problems or issues.

Whole-of-society approach - The involvement of all stakeholders, from individuals to government entities, businesses and non-governmental organizations.

FOREWORD

The Government has always had a critical role in protecting its citizens. However, handling national critical risk has become more central to the work of government in recent years.

We live in unpredictable and troubled times. In such uncertainty, the country faces several national critical risks that may jeopardize and harm its interests, interests of citizens and businesses. In the face of these uncertainties, the need for a Government-wide integrated risk management guide cannot be overemphasized.

In view of this, the African Association of Accountants General, proposes this broader model of government risk management guide. This guide is positioned as a guide to countries of Africa in establishing Government-wide integrated risk management (GW-IRM) framework using a holistic approach to enhance the government risk capacity. The Association intends that this guide if well adopted and adapted will improve the ability of Africa and member countries of Africa to anticipate, prepare for and handle a wide range of possible crises and global shocks.

The process of formulating this model involved a conduct of situational analyses. The analysis revealed gaps in Africa's risk management interventions, including low-risk ownership in governments across the continent, lack of in-country coordination mechanism of national critical risk management efforts across member countries of Africa.

The model anticipates that countries may have existing mechanisms that respond to national critical risks and disasters in the member countries of Africa. It therefore aims to present an alternative approach to guide the process of developing new frameworks and strengthen already existing frameworks to improve risk management capacities in the public sector in Africa.

This guide outlines specific objectives including developing a legal and institutional framework and coordinating country-wide risk management activities to foster national resilience and responsiveness to critical risks. The framework will include the establishment of respective National Risk Coordination Council across member countries of Africa, agencies whose key role would be to coordinate in-country national critical risk management activities across the respective countries of Africa.

Finally, this framework is presented as a benchmark guide that will provide reference to agencies in public sector across Africa in risk management in a manner to ready Africa to respond to national critical risks facing each country. This will enable the countries of Africa to be more resilient to critical risks whenever they emerge.

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PREFACE

Risk occurrence in in public sector and specifically Africa is imminent, so risk management must be a priority strategic intervention to the governments across the continent for the safety of her people, the environment and the general well-being of the national economies of Africa.

In one way or another, Africa has all witnessed the impact of national critical risks across its member countries. The latest one being the Covid-19 pandemic that has held the world hostage, ravaging and devastating lives and economies, not only in Africa but across the globe.

It can be stated with some level of certainty that most Africa countries lack robust and coordinated approaches to management of national critical risks, thus, the objective of the Association in presenting this model framework to help guide and direct the risk management efforts across the continent of Africa. The guide will enable the member countries of Africa to ward off national critical risks or wade through them with minimal damages instead of coming out of them with full-blown losses.

This guide is intended to guide the processes to design, implement, conduct and continuous improvement of a government-wide integrated risk management framework that will integrate the management of national critical risks across the member countries of Africa. The model guide is presented in five chapters addressing the background information, situational analysis of the risk management process, the policy statements, implementation frameworks and monitoring and evaluation. The successful adoption, adaptation and implementation of this guide will entrench a whole of government perspective to management of national critical risks across the continent.

In adopting this Guide and embedding its principles within public sector professional practice, Member Countries are collectively positioned to strengthen resilience, foster sustainable economic growth, and safeguard the well-being of their citizens. AAAG underscores the importance of continuous monitoring, evaluation, and refinement of the Risk Management Framework to ensure that identified risks are effectively mitigated and that guide objectives are fully realized. Through sustained commitment, peer learning, and institutional accountability, governments across the continent can enhance their capacity to anticipate and manage critical national risks, thereby promoting enduring economic, political, and social stability.

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Chief Executive Officer

EXECUTIVE SUMMARY

The African Association of Accountants General (AAAG) presents this **Model Government-Wide Integrated Risk Management (GW-IRM) Guide** as a strategic reference framework to support Member Countries in strengthening their national capacity to anticipate, assess, manage, and respond to critical risks that may threaten economic development, public welfare, fiscal stability, service delivery, and national resilience.

The Guide responds to the growing reality that governments operate in an environment marked by vulnerability, uncertainty, complexity, and ambiguity. Across Africa, public institutions face interconnected risks arising from climate change, public health emergencies, financial and economic shocks, cyber threats, geopolitical instability, infrastructure disruption, terrorism, major accidents, and other systemic pressures. These risks often cut across institutional mandates and sectors, making fragmented or entity-specific risk management approaches insufficient for the scale and complexity of national challenges.

The purpose of the Guide is therefore to provide Member Countries with a coherent, coordinated, and systematic approach for embedding risk management across government. It promotes a **whole-of-government and whole-of-society approach**, ensuring that national critical risks are identified, assessed, prioritised, treated, monitored, and reported in an integrated manner. The Guide further emphasises the importance of embedding risk considerations into national planning, budgeting, policy formulation, public investment decisions, performance management, internal control, and accountability systems.

For purposes of this Guide, **national critical risks** are understood as strategically significant risks that may have adverse implications for national interests, economic performance, fiscal sustainability, public welfare, security, and societal well-being. The Guide groups these risks into nine broad thematic areas: natural disasters; threats to public health and the environment; major accidents; disruption to critical infrastructure; cyber threats; subversion, extremism, and terrorism; geopolitical threats; financial and economic threats; and climate-related uncertainties. These categories provide a structured basis for national risk identification, assessment, coordination, and response.

The Guide recognises that many African countries already have sectoral policies, disaster response mechanisms, fiscal risk reporting practices, and institutional arrangements for managing specific risks. However, these mechanisms are often dispersed across institutions and may not provide a consolidated national view of risk exposure. The GW-IRM approach is therefore intended to complement, strengthen, and integrate existing frameworks by establishing a common risk language, shared methodologies, clear accountability arrangements, and coordinated national risk governance structures.

The Guide is structured into six chapters.

Chapter One introduces the background, rationale, objectives, guiding principles, scope of application, and thematic categories of national critical risks. It establishes the case for a

government-wide approach by demonstrating that national risks are increasingly interconnected, cross-sectoral, and capable of generating cascading effects across public finances, infrastructure, service delivery, economic activity, and social stability.

Chapter Two presents the situational analysis. It reviews the current risk environment across African countries and highlights key challenges, including fragmented risk ownership, uneven institutional capacity, weak coordination, limited integration of risk into planning and budgeting, and inadequate consolidation of national risk information. This chapter provides the analytical foundation for establishing a more systematic and coordinated risk management approach.

Chapter Three sets out the policy statements and strategic commitments required to operationalise government-wide integrated risk management. These include the development of enabling legal, policy, and institutional frameworks; strengthened coordination of national risk management activities; promotion of risk-informed decision-making; establishment of crisis management arrangements; investment in capacity-building and awareness programmes; and mobilisation of adequate resources for implementation.

Chapter Four outlines the national critical risk management process. It provides a structured approach for establishing context, identifying risks, analysing their causes and consequences, evaluating them against agreed criteria and risk appetite, selecting appropriate treatment measures, and monitoring and reviewing risk outcomes. This chapter translates the policy intent into a practical risk management cycle that can be applied across government.

Chapter Five presents the implementation framework. It details the governance, coordination, administrative, legal, and institutional arrangements required to give effect to the Guide. It emphasises the need for clear roles and responsibilities, including central executive leadership, a central risk coordination mechanism or unit, ministries, departments, agencies, state-owned enterprises, finance institutions, audit and oversight bodies, and other relevant stakeholders. The chapter also underscores the importance of integrating GW-IRM into public sector systems and activating coordinated responses when national risk events occur.

Chapter Six provides the monitoring and evaluation framework. It establishes the basis for tracking implementation progress, assessing effectiveness, supporting accountability, and informing continuous improvement. The chapter recognises that risk management frameworks must remain adaptive to changing national, regional, and global conditions, and must be periodically reviewed to remain relevant to country-specific contexts.

Through this Model Guide, AAAG seeks to support Member Countries in strengthening public sector governance, enhancing fiscal resilience, improving financial accountability, and building states capable of anticipating and managing complex and interconnected risks. The Guide is intended to be adaptable to each country's constitutional, legal, institutional, and administrative context, while promoting common principles and practices that advance sustainable development, political stability, economic resilience, and social well-being across Africa.

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CHAPTER ONE: INTRODUCTION

This chapter provides the background of the Government-wide integrated risk management guide and underscores its rationale, objectives, the guiding principles and the risk themes.

Background

Countries across the world have faced natural and man-made risks emanating from within and outside their boundaries. These risks occur quickly and through unforeseen paths resulting in vulnerabilities, which impact public finances and consequently disrupt societal wellbeing. Examples of world events that shocked the world economy includes: The First World War 1914-1918, The Second World War 1939-1945, The Third World War, The North-South divide (1980s), The Y2K Bug (1999- 2000) and Economic crisis such as the Great Depression 1932; the Suez Crisis 1956; the International Debt Crisis 1982; the East Asian Economic Crisis 1997-2001; the Russian Economic Crisis 1992-1997, the Latin American Debt Crisis in Mexico, Brazil and Argentina 1994-2002, and the Global Economic Recession 2007-2009.

Global financial crises, political instability, terrorism, migration, wars, commodity price fluctuations, extreme poverty, adverse weather conditions such as droughts and floods, earthquakes, communal conflicts, diseases and more recently COVID -19 pandemic have sent financial and economic shocks that have disrupted the world economy and caused social instability. This is amplified by negative aspects of globalization that include possible disruptions in communication, trade, transport and financial systems. The effects of such shocks linger for years, and recovery and reconstruction efforts are constrained by limited resources and slow emergency responses.

Governments must pursue opportunities and make investments in areas that spur economic and social development to achieve respective country's national competitive advantage. Failure to pursue opportunities leads to missed development goals and leaves countries less resilient to negative shocks.

In the recent past, the continent has been exposed to several critical risks that have threatened her security and economic stability, safety and security interests. Some of the national risks and challenges experienced in the past include terrorism, external aggression, (intercountry conflicts), public debt, public expenditure pressure, serious crime, ethnic conflict, extreme poverty, inadequate infrastructure, weak accountability systems and corrupt practices, food insecurity, commodity price fluctuations and disruptive technologies. This calls for the Government to enhance risk management capabilities to make risk informed decisions about the future environment.

It can be demonstrated that public and business entities have focussed on management of entity specific risks that may hinder achievement of their objectives. Individuals and households focus on managing idiosyncratic risks which affect their welfare. Some risks are systematic and are caused by economic, political, geopolitical, and social factors which are beyond the control

of Government, businesses and households. These risks can only be managed at country or international level.

Policy Rationale and Purpose

Rationale

From the perspective of the Association of African Accountants General (AAAG), the fundamental responsibility of government extends beyond crisis response to the sustained safeguarding of national resilience in the face of evolving and interconnected risks. Across the continent, governments and economies are increasingly operating in environments characterized by vulnerability, uncertainty, complexity, and ambiguity (VUCA). These conditions amplify fiscal, operational, and systemic risks, placing growing pressure on public institutions to deliver services, protect public resources, and maintain public trust.

AAAG observes that, in many jurisdictions, risk management practices remain fragmented, sector-specific, and insufficiently integrated into core public financial management, planning, and decision-making processes. This lack of coordination constrains governments' ability to develop a comprehensive understanding of national critical risks and weakens their capacity to anticipate and manage shocks with significant fiscal, economic, and social implications. Addressing these challenges requires a holistic, structured, and forward-looking approach that aligns risk governance with national development priorities and strengthens accountability across the public sector in Africa.

Policy Objective

The objective of this Guide is to guide Member Countries in establishing and operationalizing a **Government-Wide Integrated Risk Management (GW-IRM) framework**, grounded in a whole-of-government and whole-of-society approach. The Policy seeks to enhance national risk management capacity by strengthening governments' ability to systematically identify, assess, prioritize, and manage national critical risks, including those arising from global shocks and long-term structural trends.

From an AAAG standpoint, an effective GW-IRM framework requires the establishment of coherent policies, robust governance arrangements, clearly defined processes, adequate resources, and enabling information systems that facilitate coordination among key public and private sector stakeholders. Such a framework supports the generation and use of reliable national risk information to inform policy choices, fiscal planning, and investment decisions, thereby strengthening country resilience while optimizing the use of public resources.

By embedding integrated risk management within public financial governance, the GW-IRM framework enables governments to address complex, long-term policy challenges—such as urbanization, infrastructure development, demographic transitions, and climate-related risks—in a fiscally sustainable manner. Ultimately, the Policy aims to support Member Countries in achieving durable economic growth, social stability, and institutional resilience at a lower overall fiscal and societal cost.

Benefits of Implementing GW-IRM

Risk management is an integral part of governance that enables a proactive approach to identifying, assessing, managing national critical risks and informing risk-based decision making which promotes improvement, efficiency and effectiveness in government operations. It also allows for suitable systems of accountability which promote compliance with laws and regulations.

The GW-IRM approach considers national critical risks in a consistent manner using common criteria. It combines risk reduction vehicles and methods in a manner to complement the existing risk management practices.

A GW-IRM approach will be a major step towards managing the complexity inherent in the many critical risks facing the country through an integrated, transparent, continuous, multi-stakeholder process that coordinates risk assessment and risk reduction efforts. It will thus increase the systematic integration of the risk factors into a large number of day-to-day and strategic decisions and help to more efficiently allocate scarce risk reduction resources as well as monitor progress on multiple fronts.

The specific benefits of GW-IRM include, among others:

- a. Improved accountability and better governance.
- b. Consistent identification and prioritization of the national critical risks facing the country.
- c. Improved understanding of risk interdependencies to enhance governance of national critical risks.
- d. Support risk informed decision making by comprehensively considering options within the larger context and across multiple risks.
- e. Enhancing communication and coordination through among others, common risk language, risk processes and systems across Government and its stakeholders.
- f. Provide decision makers with a complete dashboard of exposure and possible solutions that integrates national critical risk information to foster effective decision making.
- g. Position the country as one of the more active countries around the world on national critical risk management, which in turn can serve as a strong signal for foreign investors.
- h. Greater awareness about the national critical risks facing the country and the ability to respond effectively.

Policy Objectives

The overall objective of the Government-Wide Integrated Risk Management Policy is to ensure the implementation of an effective risk management framework that is consistent with achieving Africa's blueprint Africa Union Agenda 2063, the Sustainable Development Goals the country's development blueprint and the country's economic blueprint.

The specific objectives of the Government-Wide Integrated Risk Management Policy are:

- a. To develop a policy/legal and institutional framework to support Government-wide integrated risk management.
- b. To effectively coordinate Government-wide risk management activities and foster national resilience and responsiveness to national critical risks.
- c. To promote risk informed decisions across Government through foresight analysis and risk assessments.
- d. Develop crisis management strategy to enhance emergency responses.
- e. Develop capacity building programs to enhance risk management capabilities in the public sector and other stakeholders.
- f. To develop and implement sensitisation and awareness creation programs to entrench risk management culture in the Country.
- g. To mobilise resources, including advocating for establishment of specific funds for national critical risk management strategies and programmes.

Governing Values and Principles Guiding Government-Wide Integrated Risk Management

The Policy will be guided by the following principles:

a. Integration of risk management approaches

Risk management will be an integral part of government activities including governance, planning and performance management processes at both the strategic and operational level.

b. Transparency and Accountability

Adequate information will be disseminated on implementation of this Policy for the government and all key actors to undertake their responsibilities effectively.

All resources utilized for Government-wide integrated risk management will be accounted for and results disseminated in formats that are easily accessible to relevant stakeholders.

c. Inclusivity

Appropriate and timely involvement of stakeholders enables their knowledge, views and perceptions to be considered. This results in improved awareness and informed risk management decisions. All relevant stakeholders will collaborate to ensure that Government-wide integrated risk management is executed to the benefit of the people of Africa.

d. Risk Culture

The effect of human behaviour and cultural factors on all aspects of risk management will be considered as they have the potential to facilitate and hinder achievement of the Government-wide integrated risk management objectives.

e. Responsiveness

Government-wide integrated risk management is tailored to respond to the Government priorities, risk culture, risk management capacity, and stakeholder interest.

f. Sustainability

Government-wide integrated risk management processes will monitor the utilization of resources to provide reasonable assurance that the needs of the present have not compromised the ability of future generations to meet their own.

g. Holistic

The implementation of Government-wide risk management policy adopts a holistic approach to management of national critical risks.

h. Stakeholder involvement

Government-wide integrated risk management approach will involve participation and communication with stakeholders to improve their risk awareness and enhance their role in risk mitigation.

Attributes of National Critical Risks

The list of risks that can affect a country is virtually infinite and criteria are needed for their identification and disclosure. The threats and risks facing society which will be the scope of this policy can be summarized into eight themes:

- a. **Natural disasters:** Extreme weather events which to a large extent are attributed to climate change, (e.g., drought, floods, lightning attacks) wildfires and earthquakes can have serious consequences for society.
- b. **Threats to public health and the environment:** Due to the possible destabilising impact, the focus of the National Risk Profile (NRP) will be on the risks of a large-scale outbreak of an infectious disease, such as a Covid-19 pandemic and animal disease crises. Also relevant, the potential impact of a food crisis and an environmental disaster is estimated as being high.
- c. **Major Accidents:** This theme covers all accidents which can result in social destabilisation, such as transport-related accidents. The chance of such accidents occurring is estimated as being high and if they occur the impact can be significant.
- d. **Disruption of Critical Infrastructure:** The emphasis is on the possible vulnerabilities of critical infrastructure and the potential impact of failure. The focus in this theme is on

the impact of the disruption of the infrastructure (e.g., power, ICT, transportation networks, water quality), irrespective of the applicable circumstances and the reason for the failure. The failure of several critical processes (as a consequence of cascading effects) has the greatest impact.

- e. **Cyber Threats:** Focused on disruption of digital systems and disruption of internet, as well as cyber espionage and cybercrime. Cyber threats can cause both direct and indirect damage owing to substantial data leak or the corruption of key systems.
- f. **Subversion, Extremism and Terrorism:** This theme covers various types of social threats. The focus is on large-scale disorder, subversive practices which threaten, among other things, our open society, and (possible) consequences of extremism and terrorism. Insidious processes play a role in this which sometimes and often unexpectedly manifest themselves in incidents such as disorder or an attack.
- g. **Geopolitical Threats:** Geopolitical threats stem from the interaction of geography, power, and political interests at regional and global levels. They include competition over territory, maritime and airspace domains, natural resources, and strategic infrastructure, as well as disputes over borders and spheres of influence. In the current global risk environment, these threats also extend to strategic rivalries between states, regional conflicts, sanctions, trade and supply-chain disruptions, and the weaponization of energy, food, finance, cyber, and space domains. Together, these dynamics pose significant risks to national sovereignty, economic stability, public finances, and overall societal well-being.
- h. **Financial and Economic threats:** Financial and economic threats are systemic shocks or crises that disrupt the stability and integrity of a country's financial and economic system beyond normal economic fluctuations. They include financial sector instability, debt and currency pressures, inflation, illicit financial activities, and external shocks that undermine fiscal sustainability, economic confidence, and inclusive growth.
- i. **Climate related uncertainties:** priority must be place on management of long-term environmental and climate-related threats that have the potential to disrupt national stability, weaken economic performance, increase fiscal pressures, and undermine social well-being. Climate-related risks are systemic in nature, cutting across sectors and institutions, and often act as risk multipliers by intensifying the frequency, severity, and interconnectedness of other national critical risks, including natural disasters, food insecurity, health emergencies, infrastructure failure, displacement, and economic shocks. This policy therefore recognises climate sustainability as a strategic risk governance issue requiring early identification, continuous assessment, mitigation, adaptation, and resilience-building across government. It calls for the integration of climate-related risk considerations into national planning, budgeting, infrastructure development, public investment decisions, and disaster preparedness frameworks, so as to reduce vulnerability, strengthen national resilience, and safeguard long-term fiscal and developmental sustainability.

While these nine (9) thematic risk categories are presented separately for purposes of clarity and analysis, in practice they are deeply interconnected and often mutually reinforcing. A shock in one risk domain can rapidly cascade into others—natural disasters can disrupt critical infrastructure and economic activity; public health crises can trigger social instability and fiscal stress; cyber and geopolitical threats can undermine financial systems and essential services. This interdependence underscores the need for an integrated, forward-looking risk management approach that recognizes systemic linkages, anticipates cascading impacts, and promotes coordinated responses across institutions and sectors. Addressing national critical risks in isolation is therefore insufficient; resilience is best achieved through a holistic framework that enables governments to manage complexity, reduce vulnerabilities, and safeguard long-term economic, social, and political stability.

Scope of Application

This Model Policy can be applied across the public sector and covers all public institutions, entities, and bodies involved in the formulation, financing, delivery, and oversight of public functions and services. It may also extend, where relevant, to non-state actors whose activities have a direct or indirect impact on public interest, national resilience, or the continuity of essential services. In such instances, application of the Policy shall be guided by applicable legal, regulatory, and governance arrangements to ensure coherence, accountability, and effective risk management across institutional boundaries.

CHAPTER TWO: SITUATIONAL ANALYSIS

This situational analysis examines the prevailing national and transboundary risk environment across African countries with the objective of identifying gaps in the management of national critical risks. It provides the analytical basis for establishing a systematic, coordinated, and government-wide approach to risk management that supports sustainable development, resilience, and public sector effectiveness.

Current Status

Across the African continent, countries are increasingly exposed to a complex and evolving spectrum of national critical risks that pose significant challenges to economic growth, social stability, and public welfare. These risks include natural disasters, public health and environmental threats, major accidents, disruption of critical infrastructure, cyber threats, subversion, extremism and terrorism, geopolitical tensions, and financial and economic shocks.

Climate change has intensified the frequency and severity of natural disasters such as droughts, floods, storms, wildfires, and landslides, with disproportionate impacts on vulnerable populations, food security, infrastructure, and public finances. Public health threats, including pandemics and animal disease outbreaks, continue to demonstrate the destabilizing effects of systemic health crises, often compounding existing social and economic vulnerabilities. Environmental degradation and pollution further exacerbate these risks, undermining livelihoods and long-term development prospects.

Many African countries experience recurring major accidents, particularly in transport, mining, and industrial sectors, often linked to infrastructure deficits, rapid urbanization, and weak regulatory enforcement. Disruptions to critical infrastructure—such as electricity, water supply, transport networks, and digital connectivity—remain a significant risk, with cascading effects across multiple sectors of the economy and public service delivery.

Cyber threats are growing rapidly across the continent, driven by increased digitalization, expanding internet access, and the use of digital platforms for government, financial, and social activities. These threats include cybercrime, data breaches, online fraud, misinformation, and the use of digital platforms for extremist recruitment and coordination, necessitating coordinated and proactive responses.

Social risks related to subversion, extremism, and terrorism persist in various regions, often fuelled by underlying factors such as youth unemployment, inequality, governance deficits, and cross-border instability. Radicalization increasingly affects diverse demographic groups and is facilitated through both physical and digital channels, posing long-term risks to social cohesion and national security.

Geopolitical risks affecting African countries include regional conflicts, cross-border insecurity, global power rivalries, sanctions regimes, trade disruptions, and external economic policy shocks. These risks can strain public finances, disrupt supply chains, and limit policy space for

development. Financial and economic threats—such as debt distress, inflationary pressures, currency volatility, illicit financial flows, and exposure to global commodity price fluctuations—further compound these challenges and undermine fiscal sustainability.

While many governments have introduced sector-specific policies, fiscal risk disclosures, and institutional arrangements to manage risks, risk management practices across the public sector remain uneven. Some public institutions in many African countries have established formal risk management frameworks, while others operate with limited capacity and maturity. Risk information is often dispersed across multiple sectoral reports and institutions, limiting the ability of governments to develop a consolidated and strategic view of national critical risks.

Overall, risk management across the public sector in many African countries remains fragmented, with limited integration into national planning, policy design and formulation, budgeting, decision-making, and performance management systems. The absence of a government-wide integrated risk management framework constrains the ability of governments to anticipate shocks, manage cascading risks, and respond effectively to complex crises.

Key Actors

The management of national critical risks requires the coordinated involvement of a broad range of actors across government and society. Key actors typically include:

- a. Central executive authorities and coordinating offices.
- b. Line ministries and sectoral authorities
- c. Sub-national and local governments.
- d. State departments, agencies, and public bodies.
- e. State-owned enterprises and public corporations.
- f. Regulatory and oversight institutions.
- g. Research institutions and expert bodies.
- h. Private sector entities, particularly operators of critical services.
- i. Development partners and regional organizations.
- j. Civil society organizations and non-governmental actors.
- k. Communities and community-based organizations

Effective risk management depends on clearly defined roles, coordination mechanisms, and information-sharing arrangements among these actors, as elaborated in the implementation framework.

Review of Existing Policies, Legal and Regulatory Frameworks

Across Africa, governments have undertaken various reforms aimed at strengthening governance, accountability, and public financial management. Many countries have legal and regulatory provisions that directly or indirectly address aspects of risk management, fiscal responsibility, internal controls, and oversight.

Public financial management frameworks in several jurisdictions require the identification and disclosure of fiscal risks, including contingent liabilities, public debt exposures, and macroeconomic uncertainties, as part of the budget process. Accounting and oversight frameworks often assign responsibility to public sector leaders and accounting officers for the efficient, effective, and transparent use of public resources, including the management of fraud, losses, and operational risks.

Despite these provisions, risk-related mandates are frequently dispersed across multiple laws, policies, and institutions, resulting in overlaps, gaps, and limited consolidation of risk information. Oversight bodies, such as supreme audit institutions and legislatures, play a critical role in providing assurance on governance, risk management, and internal controls; however, their effectiveness is often constrained by fragmented risk reporting and limited integration of risk considerations into strategic decision-making.

This Model Policy recognizes existing legal and institutional mandates for managing specific categories of risk and seeks to complement them by providing a unifying, government-wide framework. The objective is not to replace sectoral responsibilities, but to enhance coordination, coherence, and integration of risk management practices within a comprehensive national risk governance architecture.

2.3.2 Global Trends in Country Risk Governance

Several international bodies have set out standards to standardize and benchmark mark the practice of risk management. Key among them is the UN, EC, OECD, Basel, ISO, COSO and IRGC. These standards include:

- (i) Organisation for Economic Co-operation and Development, **OECD Recommendation on the Governance of Critical Risks**. This standard promotes an integrated, whole of government, all-hazards and trans-boundary approach to country risk governance.
- (ii) The International Risk Governance Council, **IRGC Risk Governance Framework**. IRGC recommends adopting an integrative approach to risk governance. IRGC is an independent non-profit organisation that provides policy makers, regulators, risk managers and other key decision-makers with evidence-based recommendations about risk governance.
- (iii) United Nations International Strategy for Disaster Reduction UN Office for Disaster Risk Reduction (**UNISDR**), **Sendai Framework for Disaster Risk Reduction 2015-2030**. This Framework aims to guide the multi-hazard management of disaster risk in development at all levels as well as within and across all sectors and is mandatory for UN member states.
- (iv) International Organization for Standardization, **ISO 31000:2018 Risk management – Guidelines**, provides a common approach to managing any type of risk and is not industry or sector specific.

- (v) Committee of Sponsoring Organizations of the Treadway Commission, **COSO Enterprise Risk Management Integrating with Strategy and Performance** provides a Framework for boards and management in entities of all sizes.
- (vi) UN Economic Commission for Europe (**UNECE**), **Risk Management in Regulatory Framework: Towards a better Management of risks.**

In addition, the following budgeting and financial reporting standards require disclosure of risk information to inform decision making.

- (a) International Federation of Accountants (IFAC) Framework: Good Governance in the Public Sector.
- (b) International Public Sector Accounting Standards (IPSAS) which require mandatory disclosure in notes to financial statements of contractual contingent liabilities.
- (c) IMF Government Finance Statistics Manual, GFSM 2014, which require mandatory disclosure of key contingent liabilities is required as a memorandum item to the balance sheet.
- (d) IMF Fiscal Transparency Code require governments to disclose, analyse, and manage risks to the public finances and ensure effective coordination of fiscal decision-making across the public sector.

A survey carried out in 2016 indicated that 34 of the 39 OECD members had adhered to the recommendation on the Governance of Critical Risks. Other Countries that have implemented the recommendation include Costa Rica, Colombia and Morocco.

Leading examples are the UK and Netherlands. The National Security Strategy of the Netherlands indicates: "Central to this strategy (National Security Strategy) is an integrated, whole-of-government, and all-hazard approach to Dutch national security" (2016); and the UK: National Risk Register of Civil Emergencies (2020) considers risk related to natural hazards, major accidents, terrorist and other malicious attacks.

Challenges

There are a number of challenges that are hindering the management of critical risks across government, these include:

- a. **Lack of a comprehensive Government-Wide Integrated Risk Management Framework:** Although coordination mechanism exist to address specific types of risks such as fiscal, disaster and security risks, there is no Government-Wide Integrated Risk Management Framework and strategy that identifies and sets priorities, develops standards, goals and clarifies roles and responsibilities for management of all the national critical risks.
- b. **Inadequate Risk Preparedness:** The speed of change in technology, cultures, innovation, climate and environment have heightened exposures and vulnerabilities to emerging risks and inadequate technical capacity to anticipate

results in a reactive approach to risk management. Risk preparedness increases after a disaster but can abate over time reducing risk resilience to respond and recover from the next crises.

- c. **Inadequate Risk Management Capabilities:** Although risk management is a management responsibility, in most public entities the role of risk management has been assigned to internal auditors. This creates independence challenge as internal auditors are supposed to provide assurance on how the entity manages risks and contributes to weak risk ownership and accountability.

In addition, lack of comparable methods, and differing approaches and protocols for assessing and managing the same risks across government, public entities and social groups makes risk prioritization difficult.
- d. **Inadequate Crisis Management Capacity:** There is inadequate crisis management capacity to coordinate resources to prepare for unexpected and emerging national risks of high uncertainty and impact and to support contingency planning.
- e. **Inadequate Risk Communication and Stakeholders' participation:** There is low risk awareness and understanding of risks leading to inadequate consideration and indecision among stakeholders. Insufficient monitoring and reporting mechanism for key risk indicators makes it difficult to measure the performance of decision makers and to hold them accountable for their risk management choices.
- f. **Unsupportive Risk Culture:** Existing culture that does not support effective risk management in certain areas such as lack of an effective approach to integrate the implications of national critical risks with strategic planning and performance management.
- g. **Inadequate Risk Data.** Poor data governance and insufficient data hinders successful implementation of risk management. Poor data collection and analysis impedes the implementation of Government-wide risk management approach.

SWOT Analysis

This sub-section analyses elements within and without control that will guide the identification of strategies that enhance implementation of the GW-IRM policy.

Strengths

- (i) Supportive legal framework that requires establishment and implementation of entity risk management.
- (ii) Existing risk management capabilities in some key sectors and awareness among public officers.
- (iii) Existence of International and local networks
- (iv) Existence of risk financing systems.

Weaknesses

- (i) Low risk ownership in government and the assumption that risk management is an internal audit function.
- (ii) Lack of an agency to coordinate risk management in Government.
- (iii) Limited technical knowledge and skills in risk management.
- (iv) Inadequate allocation of resources to risk management implementation.
- (v) Inadequate integration of risk management with performance management and decision making within Government entities. Risk Management indicators are not included in MDAs Annual Performance Contracts.
- (vi) Insufficient laws, legal statues, regulations, policy and procedures to support Government-Wide Integrated Risk Management.
- (vii) Inadequate national critical risk anticipation capacity.

Opportunities

- (i) More collaborations with private sector such as Public Private Partnerships initiatives.
- (ii) Benchmarking with the environmental sector in member countries risk management.
- (iii) Existence of professional bodies that support risk management capacity building.
- (iv) Existing international risk management frameworks and guidelines supporting GW-IRM.
- (v) Benchmarking with International Countries that are at high level of maturity in management of critical risks such as Morocco and OECD countries including United Kingdom and Netherlands.

- (vi) Capability to apply modern software and hardware infrastructure and suitable data base in risk management.
- (vii) Application of modern technology solutions incorporating artificial intelligence in risk mapping, analysis, evaluation and monitoring.

Threats

- (i) Lack of supportive risk culture to implement risk management. Low adherence to national values and principles.
- (ii) Lack of risk management architecture including risk managers, standards, methodologies tools and systems.
- (iii) Inadequate appreciation of the criticality in risk management due to political economy.
- (iv) Lack of compliance with existing legal frameworks.
- (v) Social and economic disparities within member countries.
- (vi) Novel risks that are difficult to anticipate.

CHAPTER THREE: POLICY STATEMENT

This chapter details the strategies the Government will undertake to establish and implement Government-wide integrated risk management approach.

3.1. To develop a policy/legal and institutional framework in order to support Government-wide integrated risk management.

The government is committed to establish a legal framework through an Act of Parliament to support establishment of a comprehensive Government wide integrated Risk Management Framework as the foundation for enhancing national resilience and responsiveness. This policy will advise on appropriate risk governance structures and systems to manage the country critical risks.

3.2 To effectively coordinate Government-wide integrated risk management activities and foster national resilience and responsiveness to national critical risks.

To coordinate management of national critical risks, support policy implementation, connect policy agendas and align competing priorities, the Government will establish a National Risk Coordination Mechanism. The mechanism is proposed to work closely with other institutions charged with management of specific risks. To promote risk informed decisions across Government through foresight analysis and risk assessments.

From the perspective of the Association of African Accountants General (AAAG), promoting risk-informed decision-making across government is fundamental to strengthening public financial governance, resilience, and sustainable development. Governments are encouraged to institutionalize foresight analysis and continuous risk assessment as core elements of policy formulation, planning, budgeting, and resource allocation. Through structured national critical risk assessment processes—underpinned by harmonized methodologies, shared data, and coordinated institutional arrangements—governments can better anticipate emerging, evolving, and systemic risks, including low-probability but high-impact events.

AAAG emphasizes the importance of leveraging existing analytical capacity within public institutions, academia, and specialized agencies to generate credible, forward-looking risk intelligence that informs strategic choices and fiscal priorities. By embedding these practices within a government-wide risk governance framework, decision-makers are better equipped to mobilize resources proactively, manage uncertainty, and respond effectively to complex and interdependent risk exposures across the public sector.

3.3. Develop crisis management strategy to enhance emergency responses.

In line with its mandate to promote sound public financial governance, institutional resilience, and effective stewardship of public resources, the Association of African Accountants General (AAAG) advocates for the strengthening of adaptive crisis management capacity across

governments. In this regard, governments are encouraged to develop and implement comprehensive crisis management strategies that enable coordinated planning, communication, and mobilization of resources across public institutions and broader response networks. Anchored within existing legal and institutional frameworks, such strategies should promote effective information sharing, engagement of technical expertise, and strengthened crisis leadership, while supporting government-wide preparedness for recovery and reconstruction. Through robust coordination mechanisms, governments can enhance their ability to manage crisis impacts, restore essential services, and reinforce long-term national resilience. Develop capacity building programs to enhance risk management capabilities in the public sector and other stakeholders.

From an advisory standpoint, the Association of African Accountants General (AAAG) underscores that sustainable implementation of government-wide risk management frameworks is contingent upon deliberate and sustained investment in institutional and human capacity across the public sector. Governments are encouraged to strengthen risk management capabilities through structured training programs, professional certification pathways, and the establishment of dedicated risk management cadres within public institutions. Such initiatives should be complemented by knowledge-sharing platforms and peer learning across countries to promote consistency and maturity of practice. AAAG further advises governments to foster a culture of innovation and continuous improvement, leveraging data, digital tools, and forward-looking analytical methods to enhance flexibility and adaptability in responding to emerging and complex risks. By professionalizing risk management and encouraging innovation, governments can improve coordination, strengthen decision-making, and build resilient public institutions capable of managing uncertainty in a rapidly evolving global environment. To develop and implement sensitisation and awareness creation programs in order to entrench risk management culture in the Country.

3.4 To mobilize resources, including advocating for establishment of a fund for national critical risk management strategies and programs.

Effective implementation of government-wide integrated risk management frameworks requires the mobilization and sustainable allocation of adequate resources, including financial, human, technological, and institutional capacities. Governments are encouraged to establish enabling financing arrangements that support timely and flexible deployment of resources for the prevention, mitigation, and response to national critical risks. This may include dedicated risk management financing mechanisms, integrated within existing public financial management systems, as well as the mainstreaming of risk management activities within the budgets of public institutions at all levels. By ensuring predictable funding, skilled personnel, and appropriate risk management systems and infrastructure, governments can strengthen preparedness, enhance coordination, and improve the effectiveness of risk management interventions across the public sector.

CHAPTER FOUR: NATIONAL CRITICAL RISK MANAGEMENT PROCESS

4.1 Introduction to Risk Management Process

Management of national critical risks shall be guided by a structured, continuous, and government-wide process designed to systematically identify, analyse, evaluate, treat, and monitor risks that may affect the achievement of national objectives. This process provides a coherent framework for translating risk awareness into informed decision-making and coordinated action across all levels of government. It shall be embedded within national planning, public financial management, and governance systems to ensure that risk considerations are integrated into policy design, resource allocation, and institutional performance. Through this structured approach, government is enabled to proactively manage uncertainty, strengthen national resilience, and safeguard long-term economic stability and sustainable development.

4.2 Scope, Context and Criteria

Establishment of scope, context, and criteria shall provide the foundation for the management of national critical risks. At the national policy level, this process shall define the parameters within which risks are identified, analysed, evaluated, and managed, ensuring alignment with national priorities, fiscal strategy, and development objectives.

Government shall assess both the internal environment—including institutional capacity, governance structures, policy frameworks, and public financial resilience—and the external environment, including global economic trends, geopolitical dynamics, climate change, technological disruption, and other transboundary risks. This ensures that risk management is grounded in a realistic and forward-looking understanding of national exposure to systemic shocks.

The scope shall define the breadth and depth of risks to be considered, including cross-sectoral and cascading risks affecting economic stability, infrastructure, service delivery, and societal well-being. Risk criteria shall establish the basis for evaluating risks, incorporating economic, fiscal, legal, environmental, and social considerations, as well as national risk appetite and tolerance levels. Together, these elements provide a consistent and policy-aligned foundation for managing national critical risks.

4.3 Objectives of National Risk Management

The objectives of national risk management shall support the effective achievement of government priorities and may be categorised as follows:

- a. **Strategic Objectives** – High-level national goals aligned with the country's development vision and policy priorities.

- b. **Operational Objectives** – Efficient, effective, and ethical delivery of public services, including the safeguarding of public resources.
- c. **Reporting Objectives** – Reliability, transparency, and accountability in financial and non-financial reporting.
- d. **Compliance Objectives** – Adherence to applicable laws, regulations, and government policies.

These objectives shall guide the identification, assessment, and management of risks across all levels of government.

4.4 Introduction to the Risk Management Process

Management of national critical risks shall be guided by a structured, continuous, and government-wide process designed to systematically identify, analyse, evaluate, treat, and monitor risks that may affect the achievement of national objectives. This process provides a coherent framework for translating risk awareness into informed decision-making and coordinated action across government.

Embedded within national planning, budgeting, and governance systems, the process shall enable proactive management of uncertainty, strengthen resilience, and support sustainable development outcomes.

4.5 Process Overview

The national risk management process shall follow a logical and sequential approach which shall focus on:

- Establishing national objectives and context;
- Identifying risks arising from domestic and global environments;
- Analysing risks to understand their causes, likelihood, and impact;
- Evaluating risks against established criteria and national risk appetite;
- Determining and implementing appropriate risk treatment strategies; and
- Monitoring, reviewing, and reporting on risk management outcomes

This process shall be supported by continuous communication, coordination, and institutional learning to ensure responsiveness to emerging risks and evolving national priorities.

4.6 Risk Identification

Risk identification shall constitute the entry point of the national risk management process and shall be undertaken within the established national context and objectives. The designated coordinating authority shall lead a structured and forward-looking process to identify events, trends, and conditions that may affect national outcomes.

This process shall extend beyond institutional boundaries to encompass macroeconomic conditions, geopolitical developments, climate and environmental factors, technological changes, and socio-economic dynamics. It shall recognise that risks may arise from both domestic and external sources and may interact in complex and cascading ways.

Events identified may have negative, positive, or mixed impacts. Negative events represent risks that may undermine economic stability, service delivery, and public confidence. Positive events may present strategic opportunities to enhance resilience, accelerate growth, and improve national competitiveness. Effective risk identification shall therefore support both risk mitigation and opportunity realisation.

All identified risks shall be formally documented in a national risk register, with clear ownership, defined causes and implications, existing controls, and assessed inherent and residual risk levels to support subsequent analysis and decision-making.

4.7 Risk Analysis

Risk analysis shall deepen the understanding of identified risks by examining their causes, interdependencies, and potential impacts across the national system. It shall adopt a forward-looking perspective, recognising that risks are increasingly interconnected, transboundary, and influenced by global dynamics.

Analysis shall assess both the likelihood of occurrence and the severity of impact, including direct and indirect effects on economic stability, public finances, infrastructure, service delivery, and social cohesion. Risks shall be evaluated using a standardised national risk rating framework and categorised as:

- **Extreme** – Catastrophic or systemic impacts requiring immediate, highest-level intervention
- **High** – Significant disruption requiring urgent management attention
- **Medium** – Moderate impacts requiring targeted mitigation and monitoring
- **Low** – Limited impacts manageable through routine processes

The analysis shall distinguish between **inherent risk** (prior to controls) and **residual risk** (after controls), enabling assessment of the effectiveness of existing policies and interventions and identifying areas requiring further action.

4.8 Risk Evaluation

Risk evaluation shall determine the significance of risks and inform decisions on prioritisation and treatment. It shall involve comparing analysed risks against national risk criteria and risk appetite, taking into account economic, fiscal, legal, environmental, and social considerations, as well as stakeholder expectations.

The evaluation process shall guide decisions on:

- The urgency and prioritisation of intervention
- The nature and scale of required policy and operational responses
- Governance, oversight, and reporting requirements
- Monitoring and review mechanisms

Risks exceeding national tolerance thresholds shall be prioritised for immediate and sustained action, with appropriate escalation and resource allocation.

4.9 Risk Treatment and Implementation

Risk treatment shall involve the selection and implementation of appropriate measures to manage risks in line with national priorities and capacity. It shall represent a strategic policy function through which government determines how best to prevent, reduce, transfer, or accept. Depending on the nature, scale, and transmission pathway of the risk, government may adopt one or a combination of the following treatment approaches:

- Avoidance** shall involve discontinuing, deferring, or redesigning a policy, activity, programme, or exposure that gives rise to an unacceptable level of national risk, including shifting to a more resilient or less vulnerable alternative.
- Reduction** shall involve implementing measures aimed at lowering either the likelihood of occurrence or the severity of impact through regulatory reform, strengthened controls, resilient infrastructure, improved preparedness, institutional capacity building, early warning systems, or contingency planning.
- Sharing or transfer** shall involve allocating part of the risk burden to other parties through mechanisms such as insurance, public-private partnerships, regional cooperation arrangements, contractual obligations, or other burden-sharing frameworks, provided that the receiving party has the capacity and clear agreement to assume such responsibility.
- Acceptance** shall involve a deliberate and informed decision that the risk falls within established national tolerance levels, or that further treatment would be disproportionate to the expected benefit. In such cases, the residual risk shall remain subject to continuous monitoring, review, and where necessary, escalation.

At the national level, risk treatment options are not necessarily mutually exclusive and may often need to be combined within an integrated response strategy. The choice of treatment shall therefore be informed by cross-government consultation and engagement with relevant stakeholders, including lead ministries, regulators, technical agencies, sub-national authorities, and where appropriate, private sector and international partners. This ensures that treatment measures are realistic, coordinated, and aligned with national capacities and responsibilities.

Ultimately, effective risk treatment strengthens the ability of government to move from risk awareness to decisive action. It ensures that national critical risks are managed through timely,

proportionate, and strategically coherent interventions that not only reduce exposure to harm, but also build resilience, protect development gains, and enhance the State's capacity to respond to an increasingly uncertain and interconnected global risk environment.

Treatment strategies shall be proportionate to risk levels, with Extreme and High risks receiving priority attention. Decisions shall balance costs and benefits while considering broader socio-economic, environmental, and governance implications.

4.10 Risk Treatment Planning and Monitoring

The development of risk treatment plans shall be formalised as a coordinated, whole-of-government process that translates policy decisions into actionable interventions. Each plan shall:

- Define the selected treatment strategy
- Outline policy, regulatory, and operational measures required
- Assign clear ownership and accountability
- Establish timelines, milestones, and performance indicators

To ensure consistency, accountability, and strategic alignment across government, the formulation of national risk treatment plans shall be guided by the following structured approach:

- Step 1: Treatment Strategy Selection** - The responsible authority shall define the most appropriate treatment approach for each national critical risk, including avoidance, reduction, sharing/transfer, or acceptance. This determination shall be informed by national priorities, fiscal capacity, institutional readiness, and the broader socio-economic and environmental implications of the risk.
- Step 2: Policy and Implementation Framework** - A formal risk treatment plan shall be developed, clearly outlining the policy measures, regulatory actions, operational interventions, and investment requirements necessary to manage the risk. This framework shall articulate how the selected treatment strategy will be implemented across relevant sectors and institutions, ensuring coherence with national development plans and fiscal frameworks.
- Step 3: Accountability and Governance** - Clear ownership shall be assigned at the appropriate level of government—whether at ministerial, agency, or inter-agency level—to ensure effective coordination, implementation, and oversight. For national critical risks, governance arrangements may include escalation to Cabinet, establishment of dedicated task forces, or designation of lead institutions to drive implementation and reporting.
- Step 4: Timeframes and Milestones** - Each treatment plan shall include defined timelines, milestones, and performance indicators to track progress and ensure timely

resolution or mitigation of the risk. For high-impact risks, accelerated timelines and continuous monitoring mechanisms shall be established to enable rapid response and adaptive management.

This structured approach shall ensure that treatment of national critical risks is not positioned as an isolated administrative task, but as a strategic policy instrument embedded within national planning, budgeting, and governance systems. It shall enable governments to move from risk identification and analysis to decisive, coordinated action—ensuring that national critical risks are systematically addressed in a manner that strengthens resilience, safeguards public resources, and supports sustainable and inclusive development outcomes. Implementation shall be supported by appropriate governance arrangements, including inter-agency coordination and escalation mechanisms for high-impact risks. Continuous monitoring, reporting, and review shall ensure that treatment measures remain effective and responsive to changing conditions.

4.11 Continuous Monitoring, Reporting and Learning

The management of national critical risks shall be an ongoing and adaptive process supported by continuous monitoring, regular reporting, and institutional learning. This shall ensure that emerging risks are identified early, existing risks are effectively managed, and lessons learned are incorporated into future decision-making.

Effective communication and coordination across government shall underpin this process, ensuring transparency, accountability, and sustained improvement in national risk governance.

CHAPTER FIVE: IMPLEMENTATION FRAMEWORK

5.1 Introduction

This chapter sets out the implementation framework that will guide the operationalization of the Policy at the country level. It defines the coordination, governance, and administrative arrangements required to translate policy commitments into effective action. The chapter outlines the institutional roles and responsibilities, as well as the legal, regulatory, and procedural reforms necessary to support coherent and consistent implementation. By establishing clear mechanisms for coordination, accountability, and oversight, the framework is intended to ensure that the Policy is effectively embedded within existing public sector systems and contributes to strengthened risk governance and national resilience.

5.2 Legal Frameworks and Institutional Arrangements

From a continental perspective, the Association of African Accountants General (AAAG) underscores the importance of a coherent policy, legal, and institutional framework in strengthening government-wide risk governance across African public sectors. Consistent with AAAG's mandate to promote sound public financial management, accountability, and effective stewardship of public resources, this framework is presented as a reference model to guide Member States in establishing coordinated, integrated, and sustainable arrangements for managing national critical risks.

AAAG recognizes that while institutional, legal, and administrative contexts differ across countries, the principles underpinning effective risk governance are universal. These include clear accountability, strategic coordination, integration of risk management within public financial management systems, and alignment with internationally recognized standards such as INTOSAI, COSO ERM, and ISO 31000. Accordingly, the framework supports governments in moving beyond fragmented and compliance-driven approaches toward risk management practices that inform decision-making, strengthen fiscal resilience, and safeguard development outcomes.

The sections that follow outline a generic and adaptable policy, legal, and institutional framework designed to clarify roles and responsibilities, strengthen coordination mechanisms, embed risk management within core public sector systems, and promote continuous improvement through oversight and learning. While not prescriptive, the framework provides practical guidance for Member States to design and operationalize arrangements that are proportionate to their risk profiles, capacities, and governance structures. Central to this approach is the establishment of a robust and enabling legal and regulatory environment that clearly defines mandates, authority, reporting obligations, and financing arrangements for risk coordination structures, supported where necessary by regulations, directives, and technical guidelines to ensure consistent and disciplined implementation across the public sector.

5.3 Roles, Responsibilities, and Accountability

The Association of African Accountants General (AAAG) underscores that the effectiveness of Government-Wide Integrated Risk Management (GW-IRM) is fundamentally dependent on the clear definition and consistent application of roles and responsibilities across government. Sound risk governance requires strategic leadership bodies to provide direction, policy coherence, and oversight, while management at institutional level assumes responsibility for identifying, assessing, and managing risks within their respective mandates. Accounting or authorized officers and senior management are accountable for embedding risk management into planning, budgeting, performance management, and internal control systems. In parallel, internal audit functions provide independent assurance on the adequacy and effectiveness of risk management and controls, while external oversight institutions exercise assurance and accountability in accordance with their constitutional and statutory mandates.

Building on this premise, this section sets out the roles and responsibilities of key institutions and stakeholders involved in risk governance, management, oversight, and assurance under the AAAG Model Government-Wide Integrated Risk Management (GW-IRM) framework. Guided by the responsibility matrix contained in this Policy, the framework clarifies who is responsible, accountable, consulted, and informed at each stage of the risk management lifecycle. This structured delineation is intended to reduce fragmentation, strengthen coordination, and ensure that risk ownership is embedded at the appropriate levels of government. The roles are designed to operationalize the GW-IRM framework in a manner consistent with the INTOSAI Three Lines Model, while remaining adaptable to diverse constitutional and administrative contexts across Member States. The roles and responsibilities of the key organs are as follows:

5.3.1 Central Executive Leadership

Central Executive Leadership—such as the Cabinet or Council of Ministers—provides the strategic authority and political stewardship necessary for the effective implementation of the AAAG Model GW-IRM framework. In this guiding role, Central Executive Leadership sets the tone for risk governance by endorsing the policy framework and national risk appetite, ensuring coherence between risk management, national development priorities, and fiscal objectives. It provides oversight of system-wide risk exposure, facilitates cross-government alignment, and authorizes the activation of coordinated responses to high-impact and systemic risks. Through resource allocation decisions and accountability mechanisms, Central Executive Leadership reinforces the integration of risk-informed decision-making across government and signals sustained commitment to resilience, stability, and sound public financial governance.

5.3.2 The Central Risk Coordination Mechanism/Unit

The Central Risk Coordination Mechanism serves as the operational and technical anchor for the implementation of the AAAG Model GW-IRM framework. It is responsible for translating policy intent into coherent, system-wide practice by establishing common standards, methodologies, and tools for risk management across government. In this role, the Mechanism coordinates national risk assessments, consolidates and analyses risk information from across the public sector, and maintains an integrated national risk profile to support informed decision-making. It facilitates cross-institutional collaboration, supports capacity development, monitors implementation progress, and provides timely risk intelligence to Central Executive Leadership. By acting as the hub for risk governance, the Central Risk Coordination Mechanism/Unit strengthens coherence, reduces fragmentation, and enhances the government's ability to anticipate, manage, and respond to national critical risks.

5.3.3 Ministries, Departments, Agencies, and State-Owned Enterprises

Ministries, Departments, Agencies, and State-Owned Enterprises (SOEs) constitute the primary risk owners within the AAAG Model GW-IRM framework and are responsible for the day-to-day identification, assessment, and management of risks within their respective mandates. In this role, MDAs and SOEs are expected to establish and maintain entity-level risk management structures, integrate risk considerations into strategic planning, budgeting, and performance management processes, and implement appropriate risk treatment and control measures. It is expected by this model policy that they will also be responsible for reporting significant and emerging risks, including those with potential national impact, through established coordination mechanisms. By embedding risk management into operational and decision-making processes, MDAs and SOEs play a central role in translating government-wide risk governance principles into effective practice and in strengthening the resilience, accountability, and performance of the public sector.

5.3.4 Role of Risk Oversight and Assurance Functions

Risk oversight and assurance functions play a critical role in safeguarding the integrity and effectiveness of the AAAG Model GW-IRM framework. Internal assurance providers—such as internal audit and other designated oversight functions—offer independent, objective assessments of the adequacy and effectiveness of risk management, internal controls, and governance processes within public institutions. They provide management and leadership with assurance that risks are being identified and managed in line with approved policies and standards, and that corrective actions are implemented where gaps are identified.

External assurance providers, including supreme audit institutions and other constitutionally mandated oversight bodies, deliver independent scrutiny of government-wide risk governance arrangements and the stewardship of public resources. Through audits, evaluations, and reporting to legislatures and the public, external assurance functions reinforce transparency, accountability, and public confidence. Together, internal and external assurance providers strengthen the overall system of risk governance by promoting discipline, learning, and continuous improvement, consistent with the INTOSAI Three Lines Model and international good practice.

5.3.5 Role of External Stakeholders

External stakeholders—including the private sector, academic and research institutions, civil society organizations, development partners, and other non-state actors—play an important complementary role in the implementation of the AAAG Model GW-IRM framework. Through the provision of data, research, technical expertise, innovation, and independent perspectives, these stakeholders contribute to more comprehensive risk identification, analysis, and foresight. They also support public awareness, community-level resilience, and accountability, particularly in areas where risks are complex, transboundary, or closely linked to social and economic systems. By engaging constructively with government through structured partnerships and information-sharing mechanisms, external stakeholders enhance the quality of risk governance and help strengthen collective capacity to anticipate, manage, and respond to national critical risks.

5.4 Integration with Public Sector Systems

This model presupposes that Risk management shall be embedded within existing public sector systems, including national development planning, policy design and formulation, budgeting, performance management, fiscal risk management, and asset and liability management frameworks. Risk information shall be systematically incorporated into decision-making processes to support prioritization of resources and achievement of strategic objectives. Information-sharing and reporting mechanisms shall be established to ensure that risk data is timely, reliable, and accessible to decision-makers and oversight bodies.

5.5 Activation of Government-Wide Risk Management Arrangements

The Association of African Accountants General (AAAG) affirms that the credibility and effectiveness of government-wide risk management frameworks are ultimately demonstrated through their timely activation in the face of emerging risks and crises. AAAG therefore emphasizes the necessity for governments to develop, institutionalize, and routinely update integrated risk management and crisis response plans that enable coordinated action across the public sector. Such plans should clearly articulate decision triggers, escalation thresholds, roles, and coordination mechanisms to ensure that high-impact risks are identified early and addressed decisively. When effectively activated, these arrangements safeguard continuity of essential public services, support prudent use of public resources under crisis conditions, and enable coherent recovery and reconstruction efforts that strengthen long-term national resilience.

5.6 Stakeholder Coordination and Collaboration

The Association of African Accountants General (AAAG) underscores that effective national risk governance is inherently collaborative and cannot be achieved by government acting in isolation. Given the increasingly interconnected and transboundary nature of risks facing African countries, AAAG advocates for structured and sustained engagement among public institutions, private sector actors, civil society organizations, research and academic institutions, and local communities.

Vide this model, AAAG encourages African governments to establish formal mechanisms that enable inclusive stakeholder participation, timely information sharing, and access to specialized expertise, including for risks that extend beyond national borders. Such collaborative arrangements strengthen collective situational awareness, enhance the quality of risk assessments, and support coordinated responses, thereby reinforcing public trust, regional solidarity, and resilient development outcomes across the continent.

CHAPTER SIX: MONITORING AND EVALUATION

6.1 Purpose

This scorecard serves as an Association of African Accountants General (AAAG) peer-review instrument to support Member States in assessing and strengthening the maturity, effectiveness, and impact of Government-Wide Integrated Risk Management (GW-IRM). It provides a structured, comparable, and evidence-based framework for collective reflection on how risk governance is embedded within public sector systems, informs policy and fiscal decision-making, and contributes to national resilience. Through peer review and shared learning, the scorecard enables Member States to identify systemic gaps, benchmark progress against regional and international good practice, and prioritize reforms that shall enhance accountability, fiscal sustainability, and development outcomes across the continent.

It is expected that each country will ensure that the policy objectives are monitored, tracked and evaluated. AAAG proposes that this would be achieved through development and implementation of monitoring and evaluation tools and performance indicators that are integrated in the annual plans and development planning processes across the implementing member countries.

6.2 Monitoring

It is projected that the overall in-country national risk coordinating unit shall systematically collect qualitative and quantitative data on implementation progress against policy objectives. This data will provide the country and other stakeholders with feedback on the extent of progress made towards achieving the set national risk governance objectives.

The process shall be guided by the following: Indicator identification; Indicator data; Frequency of data collection; responsibility for data collection; Data analysis and use; Reporting and Dissemination.

Monitoring will focus on assessing the effects of the various interventions against set objectives. Policy monitoring will involve gathering evidence on the policy during implementation and use the findings to influence future course of actions.

6.3 Evaluation

Evaluation will be undertaken to answer specific questions regarding performance of the implementation of this policy. The evaluations will mainly focus on whether results are being achieved or not. This can either be done internally by national risk governance coordinating unit or by external evaluators with stakeholders participating in all phases including planning, data collection, analysis, reporting, feedback, dissemination and follow-up actions taken.

The policy proposes the attached Monitoring and Evaluation Matrix for possible adoption and adaptation by countries electing to implement GW-IRM. The outline M&E is laid out in the attached Appendix 2.

6.4 Flexibility and Country Contextualization

This framework is intended to be adaptable to different constitutional, legal, and administrative contexts. Governments may tailor institutional arrangements, and implementation approaches to reflect national circumstances, capacities, and risk profiles, while adhering to the principles and objectives set out in this Policy.

Appendix 1 - AAAG MODEL GW-IRM – RACI MATRIX

Key Institutional Roles (Generic)

CEL – Central Executive Leadership (e.g. Cabinet / Council of Ministers)

CRCM – Central Risk Coordination Mechanism

MDA – Ministries, Departments & Agencies (incl. SOEs)

SNG – Sub-National Governments (where applicable)

IA – Internal Audit / Risk Oversight Functions

SAI – Supreme Audit Institution / External Oversight

STK – External Stakeholders (Private sector, academia, CSOs, partners)

1. Risk Governance & Policy

Activity	CEL	CRCM	MDA	SNG	IA	SAI	STK
Approve GW-IRM policy & risk appetite	A	C	I	I	C	I	I
Develop GW-IRM framework & guidelines	I	R/A	C	C	C	I	C
Align sector policies with GW-IRM	I	C	R/A	R	C	I	I

2. Risk Identification & Assessment

Activity	CEL	CRCM	MDA	SNG	IA	SAI	STK
Conduct national risk assessment	I	R/A	R	R	C	I	C
Maintain national risk profile	I	R/A	C	C	C	I	I
Identify entity-level risks	I	C	R/A	R/A	C	I	C
Analyse systemic & cascading risks	I	R	C	C	C	I	C

3. Planning, Budgeting & Decision-Making

Activity	CEL	CRCM	MDA	SNG	IA	SAI	STK
Integrate risks into national plans	A	C	R	R	C	I	I
Integrate risks into budgets	A	C	R	R	C	I	I
Use risk information in key decisions	A	C	R	R	C	I	I

4. Risk Treatment & Preparedness

Activity	CEL	CRCM	MDA	SNG	IA	SAI	STK
Develop risk treatment strategies	I	C	R/A	R/A	C	I	C
Establish contingency & continuity plans	I	C	R/A	R/A	C	I	C
Conduct simulations & stress tests	I	R	R	R	C	I	C

5. Crisis Response, Recovery & Reconstruction

Activity	CEL	CRCM	MDA	SNG	IA	SAI	STK
Activate crisis response mechanisms	A	R	R	R	I	I	I
Coordinate inter-agency response	I	R/A	R	R	I	I	C
Lead recovery & reconstruction	A	R	R	R	I	I	C

6. Capacity Building & Systems

Activity	CEL	CRCM	MDA	SNG	IA	SAI	STK
Develop risk management capacity	I	R/A	R	R	C	I	C
Establish risk systems & tools	I	C	R/A	R	C	I	C
Promote peer learning & innovation	I	R	R	R	C	I	C

7. Monitoring, Reporting & Review

Activity	CEL	CRCM	MDA	SNG	IA	SAI	STK
Monitor GW-IRM implementation	I	R/A	R	R	C	I	I
Prepare GW-IRM reports	I	R/A	C	C	C	I	I
Review & update GW-IRM framework	A	R	C	C	C	I	I

8. Assurance & Accountability

Activity	CEL	CRCM	MDA	SNG	IA	SAI	STK
Internal audit of risk management	I	I	C	C	R/A	I	I
External audit & legislative oversight	I	I	I	I	C	R/A	I
Implement audit recommendations	I	C	R/A	R/A	C	I	I

Legend

R – Responsible: Executes the activity

A – Accountable: Ultimately answerable (one per activity)

C – Consulted: Provides input and expertise

I – Informed: Kept apprised of progress or outcomes

Appendix 2 - MONITORING & EVALUATION

Purpose

To provide a high-level, consistent snapshot of the maturity, effectiveness, and impact of government-wide risk management for strategic oversight, accountability, and continuous improvement.

A. Governance & Leadership

Indicator	Status (R/A/G)	Key Evidence
GW-IRM Policy / Framework approved	■	Legal / policy instrument
Central risk coordination mechanism functional	■	Meetings, TORs, staffing
Clear risk ownership across public sector	■	Appointed risk owners
Leadership engagement on national risks	■	Briefings, decisions taken

B. Risk Identification & Assessment

Indicator	Status (R/A/G)	Key Evidence
National risk profile developed & updated	■	Latest assessment
Harmonized risk assessment methodology in use	■	Guidelines / tools
Emerging & systemic risks identified	■	Horizon scanning outputs
Interdependencies & cascading risks analysed	■	Cross-sector analysis

C. Integration with Planning & Budgeting

Indicator	Status (R/A/G)	Key Evidence
Risks integrated into national / sector plans	■	Planning documents
Budget provisions for risk mitigation	■	Budget lines
Risk information informs key decisions	■	Cabinet / Treasury records
Alignment with fiscal risk management	■	Fiscal risk statements

D. Risk Treatment & Preparedness

Indicator	Status (R/A/G)	Key Evidence
High-priority risks have treatment plans	■	Risk registers
Government-wide crisis / contingency plans	■	Approved plans
Crisis simulations / stress tests conducted	■	Exercise reports
Continuity of essential services	■	Service performance

E. Capacity & Systems

Indicator	Status (R/A/G)	Key Evidence
Trained risk management personnel	■	Training records
Dedicated risk management roles / cadres	■	HR structures
Risk management systems & tools in place	■	Platforms / dashboards
Knowledge sharing & peer learning	■	Workshops, forums

F. Stakeholder Engagement & Coordination

Indicator	Status (R/A/G)	Key Evidence
Multi-stakeholder risk engagement mechanisms	■	MoUs, forums
Use of external expertise & research	■	Studies, advisory inputs
Cross-border / regional risk coordination	■	Regional initiatives
Community engagement in risk awareness	■	Outreach activities

G. Monitoring, Reporting & Assurance

Indicator	Status (R/A/G)	Key Evidence
Regular GW-IRM monitoring reports produced	■	Quarterly / annual reports
Risk dashboards / scorecards used	■	Management tools
Internal audit coverage of risk management	■	Audit plans / reports
External audit & oversight engagement	■	SAI / legislative reviews

H. Learning & Continuous Improvement

Indicator	Status (R/A/G)	Key Evidence
Policy / framework periodically reviewed	■	Review reports
Lessons from crises incorporated	■	Updated procedures
Improvement in risk maturity over time	■	Maturity assessments
Reduction in repeat unmanaged risks	■	Trend analysis

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