

Rapid Institutional Assessment Tool

for use in engaging private sector partners

To be submitted with the
Partner Agreement Checklist

August 2015

Version 2.0

TABLE OF CONTENTS

RIA: Overview	1
What is a Rapid Institutional Assessment (RIA)?.....	1
What are the Steps in the RIA.....	1
What does the RIA do?.....	1
RIA: Guidance Notes	2
Part 1: Eligibility criteria: what are these?.....	2
What if my identified Partner does not meet the criteria?	2
Part 2: Business Profile?	2
Part 3: Skill profile	2
Part 4: Willingness Profile.....	2
Part 5: Reputational Profile	2
Part 6: Rapid Risk Assessment	2
How Do I calculate the risk level?.....	3
Ratings for 'likelihood' and 'consequence'	3
Drop Down lists	3
I filled in the Form now what do I do?	3
RIA Form	4

Rapid Institutional Assessment

for use in engaging private sector partners

PURPOSE

To provide a tool for PRISMA staff and Co-facilitators to determine the risk profile and therefore suitability of prospective partners as part of the deal making process.

NOTE TO READER

This tool should be used in conjunction with the Guidelines for Engagement with Private Sector Partners and the Deal Making Guidelines for private sector partners.

WHAT IS A RAPID INSTITUTIONAL ASSESSMENT (RIA)?

A RIA is a way for staff to determine if a prospective private sector entity is suitable as an intervention partner. Because PRISMA is a bilateral aid program funded by Australian taxpayer money, there is a level of scrutiny that needs to be met before we can engage with an organisation as a partner. The RIA is a tool that can help staff assess the risk profile, and therefore suitability, of any prospective partner.

WHAT ARE THE STEPS IN THE RIA?

There are 6 main steps in the RIA. These should be undertaken during Stage I of the deal making process (Identify and Assess Potential Partners), which can be found in the Deal Making Guidelines. These include:

1. Eligibility Assessment
2. Business Profile
3. Skill Profile
4. Willingness Profile

5. Reputational Profile

6. Rapid Risk Assessment

Each of the steps are sequential. If a partner does not pass the Eligibility Assessment, for example, then there is no need to continue with the remainder of the RIA.

WHAT DOES THE RIA DO?

It helps you build a picture of the potential partner you have identified to determine if they are appropriate to partner with. It gives you an overview of the overall risk profile of the potential partner on which a decision regarding contracting should be based. The RIA can also assist you in determining the most appropriate contract type for your preferred partner.

The attached RIA form is a checklist to help you make an informed and professional decision regarding engagement. The RIA will be used as a decision-making tool and audit paper trail.



PART 1: ELIGIBILITY CRITERIA: WHAT ARE THESE?

These are the rules set by PRISMA to determine what type of private sector organisations we can contract and which ones we cannot. In all instances the criteria are very clear cut and not usually open for negotiation.

Eligibility criteria for private sector partners

- Organisations are legitimate and registered by the Indonesian government
- The organisation and its director(s) have no linkages to terrorism
- The organisation has a proven track record

WHAT IF MY IDENTIFIED PARTNER DOES NOT MEET THE CRITERIA?

If the partner does not meet the criteria then discuss this with your PRISMA manager before progressing any further.

Check with manager



PRISMA does not encourage partnerships with individuals. It will consider registered sole distributors where that distributor can show:

- a proven track record evidenced by more than 5 year's business,
- strong links to the community, and
- demonstrated good reputation.

If your identified partner does not meet this profile, then you should also discuss this with your manager before progressing any further.

PART 2: BUSINESS PROFILE?

Business Profile



The business profile gives us an indication of the legitimacy of the business and starts to build a picture regarding how influential, and therefore effective, the partnership will be.

You can also use Tool 1 in the Deal Making Guidelines for some further guiding questions to assist you answer this section and to determine if the company will suit the role you see for them in the business model.

PART 3: SKILL PROFILE

Part 3 of the RIA helps give an overall picture of the potential partner in terms of their organisational capacity. This includes their systems, their staffing levels, their financial capability, and their networks. This should paint a sufficiently broad picture to determine their capacity to undertake the role you envisage for them in the business model.

Skills Profile



PART 4: WILLINGNESS PROFILE

Part 4 of the RIA assists you determine how willing the partner is to contribute actively to the change process. The willingness profile should be assessed together with the skill profile. For more information on how to do this refer to Tool 1: Skill and Will Matrix in the Deal Making Guidelines.

Will Profile



PART 5: REPUTATIONAL PROFILE

A potential partner may fulfil the eligibility criteria, have a suitable profile, and show the willingness to partake in the program. However, we also need to ensure that the company has a good reputation with its suppliers, key business partners, and/or customers.

Reputation



PART 6: RAPID RISK ASSESSMENT

The Risk Assessment should only be undertaken once all other sections have been completed and the organisation seems likely to be engaged. Risks can be managed, but only if they are identified. By identifying the risk we can better inform our decision-making

Risk Assessment



processes in the design of the intervention. A high risk profile does not necessarily mean we will not engage with a potential partner. But we need to identify what the risk profile is to design a suitable risk management response.

HOW DO I CALCULATE THE RISK LEVEL?

A risk profile for a partner is built by identifying and analysing the risks. The risks need to be identified in the context of the sub-sector in which you are working.

Risks are analysed by determining:

- The likelihood of the risk occurring;
- The consequence if the risk did occur; and
- Identifying controls that are currently in place that could mitigate those risks;

Based on the combination of these factors we can evaluate the level of risk to PRISMA. This will help management determine if the overall risk profile is acceptable or not.

RATINGS FOR 'LIKELIHOOD' AND 'CONSEQUENCE'

To assist you in determining the risk level, Part 6 of the RIA includes a ratings table to help you define the likelihood of a risk occurring the consequence of that risk. The combination of these two factors will give you the overall risk rating.



If you get a risk rating of 'very high' for a particular risk, discuss this with your Manager before progressing. This does not mean the partner will not be accepted. It just means we need to look at potential risk management measures.

DROP DOWN LISTS

The RIA uses drop-down lists to help you fill in the form. To use these click on the text "choose an item" and an arrow will appear on the right hand side of the box. Click on the arrow to see the text choices.

If there is no text "choose an item", then the box is a free form text box.

I FILLED IN THE FORM NOW WHAT DO I DO?

The form is a checklist for you to make a professional judgement as to whether or not a partner is appropriate to engage or not. The RIA will support management's decision on whether or not to enter into a Partnership Agreement. The RIA should accompany any paperwork related to contracting a potential partner as part of the audit paper trail.

Name of Co-Facilitator/ Intervention Leader	
Name of person undertaking the assessment	
Intervention Title	
Geographic location of intervention	Choose an item

Summary Assessment	Choose an item.	
Position Head Of Portfolio	Signed	Dated

 Part 1: Eligibility Assessment		
Criteria	Result	Guidance Notes
Organisational legitimacy	Choose an item	if 'No formal registration' contact PRISMA manager before progressing
Linkages to terrorism	Choose an item	Director and/or company not listed on http://www.dfat.gov.au/sanctions/consolidated-list.html
Proven track record	Choose an item	if 'a new company' contact PRISMA manager before progressing

By filling in the eligibility check list you are certifying that you have undertaken the checks necessary and have verified that the organisation has the formal papers supporting their company status.

 Part 2: Business Profile	
Item	Enter details below (put 'N/A' if not applicable)
Organization's Name	
Director's Name	
Organization's main business address	
Number of branches (if applicable)	
Current annual/monthly sales volume	

Annual turnover (if available)	
Number of employees	
Total number of clients/ supplier base	
Total market share (if available)	
Company Background (for example: sector, history, any pertinent facts)	
Comments:	

Part 3: Skills Profile



Indicator	Verification	Guidance Notes
Does the organisation have existing products/services that match the needs of the target group?	Choose an item	<ul style="list-style-type: none"> ■ If you answered “No” to any of these questions, you need to have a strategy to overcome the capacity weakness. ■ If you do not have a strategy then you should check with the PRISMA manager before progressing. ■ Any items “Not Checked” must be completed prior to contracting an organisation. ■ By filling in the skills profile you are certifying that you have verified all the answers as noted
Do they have the financial resources to make additional investments?	Choose an item.	
Does the organisations have an accounting system?	Choose an item	
Does the organisation have written SOP?	Choose an item	
Does the organization have sufficient staff to support the activity?	Choose an item.	
Is the organization able to hire and train new staff, if required?	Choose an item.	
Are there champions in the organization who have the power and influence to lead the company through the change process?	Choose an item.	
Does the organization’s vision and mission statement align with the work we anticipate them undertaking as part of the intervention?	Choose an item	
Do they have business expansion plan which is in line with proposed business model?	Choose an item.	
Skill Profile Comments: <i>Please describe any other relevant observations regarding the capacity of the organization to undertake the tasks</i>		

outlined in the revised business model (any risks should be noted in Part 6)

Part 4: Willingness Profile



Indicator	Verification	Notes
Does the organisation see, and can articulate, the value of the proposed business model in augmenting their current business activities?	Choose an item.	<ul style="list-style-type: none"> ■ If you answered “No” to any of these questions, you need to have a strategy to overcome the capacity weakness. ■ If you do not have a strategy then you should check with the PRISMA manager before progressing. ■ Any items “Not Checked” must be completed prior to contracting an organisation ■ By filling in the willingness profile you are certifying that you have verified all the answers as noted
Is the organisation willing to co-invest in the proposed business model?	Choose an item.	
Is the organization willing to assign the resources required (staff, facilities, tools, training)?	Choose an item.	
Do they show commitment to work in partnership with the Co-Facilitator?	Choose an item.	
Has it been easy to get follow-up meetings with the relevant people in the organization?	Choose an item.	
Willingness profile comments: Please describe any other relevant observations regarding the willingness of the organization to undertake the tasks outlined in the revised business model (<u>any risks should be noted in Part 6</u>)		

Part 5: Reputation Profile



Indicator	Verification	Guidance Notes
Have you found distributors that have used the organization's product/services?	Choose an item.	<ul style="list-style-type: none"> ■ If you answered “No” to any of these questions, you need to have a strategy to overcome the reputational weakness. ■ If you do not have a strategy then you should check with the PRISMA manager before progressing.
What is the overwhelming response from distributors regarding the organization?	Choose an item.	
Have you found customers that have used the organization's product/services?	Choose an item.	

What is the overwhelming response from customers regarding the organization?	Choose an item.	<ul style="list-style-type: none">■ Any items “Not Checked” must be completed prior to contracting an organisation■ By filling in the reputation profile you are certifying that you have verified all the answers as noted
Reputation profile comments: <i>Please describe any other relevant observations regarding the reputation of the organization (<u>any risks should be noted in Part 6</u>)</i>		



Part 6: Rapid Risk Assessment

For The Assessment of Risks Associated with Partnering Only. Intervention Risks are to be assessed using the DFAT provided Risk Management Plan

Risk	Existing or Possible Treatment Measures	Likelihood Use the rating tables overleaf to determine the levels	Consequences	Risk Level	Acceptable?
Partner Risks (Delete or add rows as required – make sure you copy the drop down lists)					
Example: The organisation does not have sufficient staff to provide assistance in setting up the demonstration plots leading to potential delays in the pilot phase	Use short term technical assistance for pilot	Almost certain	Minor	Moderate	Yes
		Choose an item.	Choose an item.	Choose an item.	Choose an item.
		Choose an item.	Choose an item.	Choose an item.	Choose an item.
		Choose an item.	Choose an item.	Choose an item.	Choose an item.
		Choose an item.	Choose an item.	Choose an item.	Choose an item.
		Choose an item.	Choose an item.	Choose an item.	Choose an item.
		Choose an item.	Choose an item.	Choose an item.	Choose an item.

Rapid Risk Assessment Key

Likelihood	Consequences				
	Negligible	Minor	Moderate	Major	Severe
Almost Certain	Moderate	Moderate	High	Very High	Very High
Likely	Moderate	Moderate	High	High	Very High
Possible	Low	Moderate	High	High	High
Unlikely	Low	Low	Moderate	Moderate	High
Rare	Low	Low	Moderate	Moderate	High

Likelihood	Description
Almost certain	Expected to occur in most circumstances. It has occurred on an annual basis on IAFCP or similar projects in the past. Circumstances are in train that will cause it to happen.
Likely	Will probably occur in most circumstances. It has occurred in the last few years in IAFCP or recently on similar projects. Circumstances have occurred that will cause it to happen in the next few years.
Possible	Might occur at some time. It has occurred at least once in the history of IAFCP or on similar projects.
Unlikely	Not expected to occur. It has never occurred IAFCP, but has occurred infrequently on similar projects.
Rare	May occur in exceptional circumstances, but has not occurred to date on IAFCP or other similar project.
Consequence	Description
Negligible	<ul style="list-style-type: none"> Consequences can be dealt with by routine meetings between the partners
Minor	<ul style="list-style-type: none"> Minor delays in finalising the deal/program implementation No impact on the proposed business model Can threaten the efficiency or effectiveness of the project but can be dealt with internally Have minor political/community sensitivity Minor dissatisfaction of clients/beneficiaries, partners or other key stakeholders Program/partner suffers minor adverse financial impact
Moderate	<ul style="list-style-type: none"> Moderate delays in the delivery of the services/products May require changes in the business model which may result in delays Have moderate political/community sensitivity resulting in limited adverse publicity or criticism There is likely to be some limited dissatisfaction of clients/beneficiaries, partners, other stakeholders Program/partner suffers moderate adverse financial impact One serious injury or multiple minor injuries
Major	<ul style="list-style-type: none"> Major delays in providing services or achieving key objectives Threaten the continued effective functioning of the intervention/activity Have major political/community sensitivity resulting in significant adverse publicity or criticism Significant dissatisfaction of client/beneficiaries, partners or other key stakeholders, significantly damaging client or PRISMA/GRM's reputation and relationships Program/partner suffers moderate adverse financial impact One life-threatening injury or multiple serious injuries
Severe	<ul style="list-style-type: none"> Critical business failure resulting in non-achievement of key objectives Program/activity subject to unplanned external review/inquiry Have severe political/community sensitivity resulting in extensive adverse publicity or criticism Extensive dissatisfaction of clients/beneficiaries, partners or other key stakeholders, severely damaging client or PRISMA/GRM's reputation and loss of stakeholder/government confidence in or support of DFAT Program/partner suffers severe adverse financial impact A death or multiple life-threatening injuries.

