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Risks Analysis

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Purpose

This session will

- Risks in the RBM model and tools.
- Present the steps to risk analysis.
- Offer simplified instrument to visualize risk analysis.

Reminder: RBM Toolbox

1. Defining realistic desired OUTCOMES …
   What differences should our work make?

2. Identifying STAKEHOLDERS and their interests
   Who do we serve? Who benefits from our work?

3. Establishing a RESULTS CHAIN
   Will our resources and activity lead to desired results?

4. Identifying and managing RISKS
   What could interfere with our progress?
   How can we reduce this risk?

Reminder: Logical Framework Analysis

Results levels	Narrative summary	Objectively verifiable indicators	Means of verification	Risks and assumptions
Longer term outcomes				
Intermediate outcomes				
Short term outcomes	THEN			
Outputs	IF			AND

What is Risk & Risk Management?

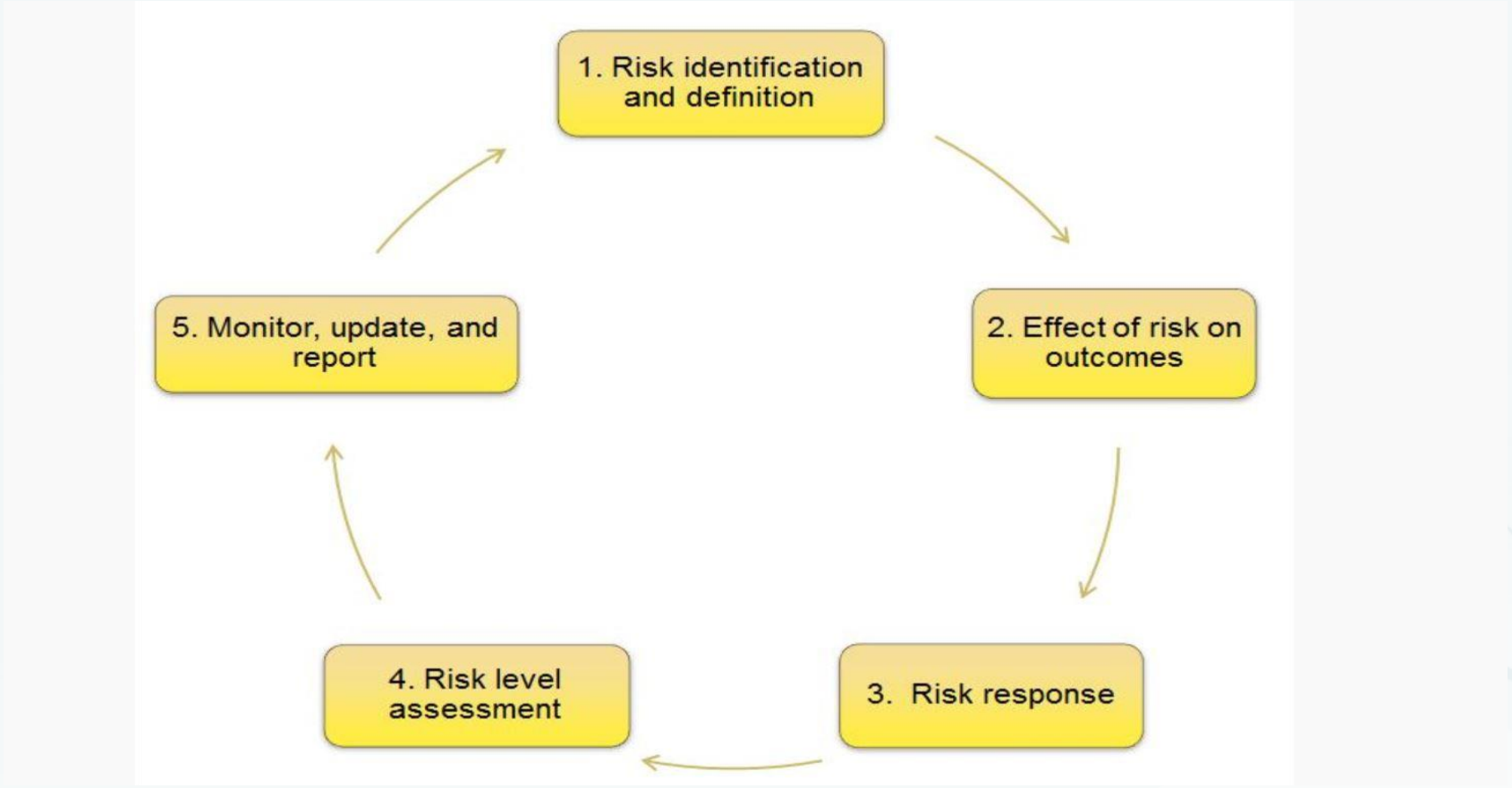
A Risk is a potential event that generally is seen as having a negative effect on the achievement of desired outcomes.

Risk management involves a systematic approach to setting the best course of action under uncertainty by identifying, assessing, understanding, making decisions on, and communicating risk issues.

Integrated risk management is a continuous, proactive and systematic process to understand, manage, and communicate risk across an organization. The process requires making strategic decisions that contribute to the achievement of an organization's overall outcomes.

Unless an intervention is of the level of complexity of a large program, risk analysis should be kept simple, but effective.

Risk Management Cycle



Step 1: Identity and Define Risks

- Use the stakeholder analysis and your knowledge of the context to identify key risks that could affect the achievement of the desired outcomes.
- Identification methods
- Objectives-based risk identification

  “Which outcomes could be affected by a specific risk?”
- Scenario-based risk identification

  “Which situations could create a risk?”
- Taxonomy-based risk identification

  “Which types of problems could create a risk?”

Step 2: Determine Effect of Risk on Outcomes

- By carefully examining and analyzing the outcomes, and the assumptions for achieving results, the core question should be, “which outcomes could potentially be affected by a specific risk?”
- The cause-and-effect relationship (if… then) will help determine specific risks.

Step 3: Identify Risk Responses

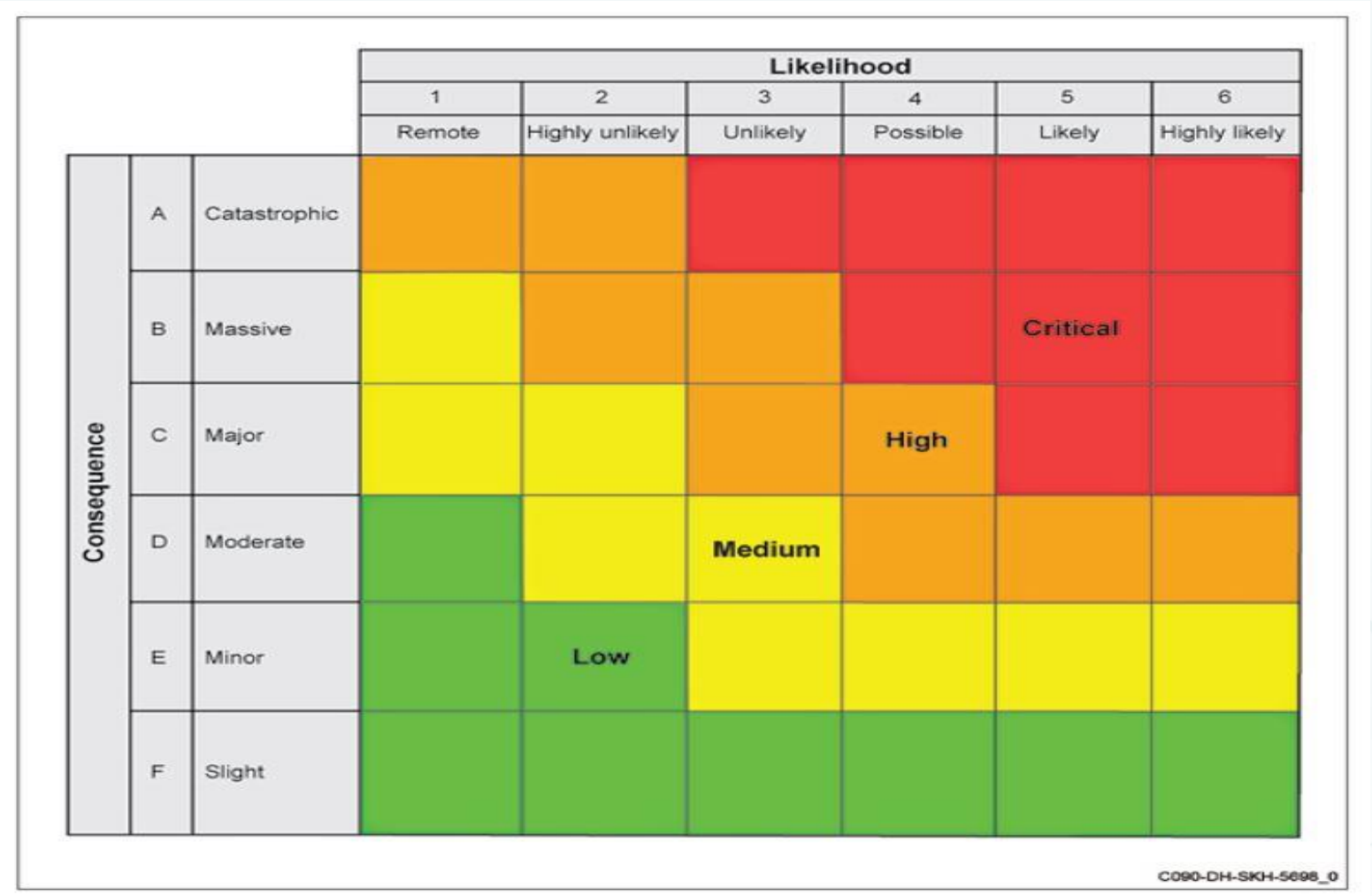
- ***Accept***: Assume awareness of the risk and accept the consequences and exposure.
- ***Avoid****:* Refuse to accept the risk in order to avoid potentially unfavourable results.
- ***Mitigate impact****:* Decrease impact by limiting the extent of possible damage.
- ***Mitigate likelihood****:* Decrease likelihood through risk responses, prevention or anticipation.
- ***Research****:* Obtain better, timelier information through research.
- ***Transfer/Share****:* Treat risks by transferring or sharing exposure to others

Step 4: Assess Level of Risk

- Risks have two dimensions:
  - Likelihood: how likely is the risk to occur in the next year?
  - Impact: what will be the impact if it does occur?
- To identify levels and interaction between the two use a Risk Matrix.

Simple Risk Matrix: WFP Model

Risk Matrix: Environment example



Step 5: Monitor, Update and Report

- Implementing a robust monitoring system, Producing transparent reports, and
- Adjust the risk analysis to a changing context

- Mitigate and prevent negative effects on the outcome achievement.

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