

Project Risk Management Guidelines

1. Risk Management Objectives

The objectives of the risk management are:

- To focus attention on minimizing threats to achievement of the project objectives.
- To provide an approach for:
 - Identifying and assessing risks.
 - Determining cost-effective risk reduction actions.
 - Monitoring and reporting progress in reducing risk.

The overall goal of this process is to progressively reduce the project's exposure to events that threaten the accomplishment of its objectives by:

- Incorporating approaches into the project plans that minimize or avoid identified risks,
- Developing proactive, contingent risk response actions, and
- Rapidly implementing risk responses based on timely identification of risk occurrence.

2. Risk Management Responsibilities

The Program Managers will conduct risk management activities to address those risks that are pertinent to their projects. It is the responsibility of the Line Managers of the Program Managers to ensure that the Program Managers will conduct the risk management activities defined in here.

The program manager will employ the assistance of members of the project team, Line Manager, departments' managers, and members of the Executive Administration as appropriate.

2.1 Overview of Project Risk Management Activities

The Program Manager will perform the following risk management activities:

- Develop and maintain the project's risks list and mitigation/contingency plan
- Assess and analyze risks
- Incorporate risk responses into the project plans (timeframe, budget, tradeoff analysis)
- Continuously monitor and identify risk occurrence
- Implement risk response contingency plans based on risk occurrence
- Document and report risks assessment, analysis, mitigation plan, and responses using Mercy Hands' Risk Register (Annex -1-)

2.2 Overview of Risk Reporting

- Before the launch of the project, the program manager will submit the Project Risk Register to the Line Manager and Director of Finance for review and approval. The Program Manager reports the final version of the Project Risk Register to the project's donor(s)/ partner(s).
- To provide visibility of risks and progress in mitigating them, the Program Manager will meet with the project team on monthly bases to review and update the Project Risk Register. The Program Manager reports the updated version of the Project Risk Register to the Line Manager, Director of Finance, and the project's donor(s)/ partner(s).
- Any risk occurrences will be immediately reported to the Line Manager and Director of Finance. Risk occurrences and contingency response may be elevated to project donors for their attention, as appropriate.

3. Risk Management Process

The general risk management process is reflected in the Risk Register table. The following is an outline of the process:

3.1 RISK IDENTIFICATION/DESCRIPTION

- Review project proposal and/ or any other planning documents:
 - Deliverables and work processes
 - Milestones and schedule dates
 - Resource estimates/needs/sources
 - Performance requirements
- Talk with appropriate stakeholders, including donors, beneficiaries and the local government, to develop a comprehensive list of risks.
- Investigate the various sources and symptoms of risks to aid in subsequent determination of risk controllability and selection of appropriate risk response actions.

3.2 RISK ANALYSIS

- Describe the impact each risk has on the objectives of the project.
- Risk Rating: Risk rating means assigning numbers to the likelihood and potential impact of risks in order to more systematically and objectively assess and compare them.
 - *Assess impact*
 - Evaluate each risk in terms of its possible impact on the project's baseline of effort/cost, time (schedule), and requirements (scope, performance, acceptance, and quality).
 - Eliminate any risks, which you believe have no, or only trivial impact on the baselines.

- Roughly classify the remaining risks as big or little impact. Try to quantify "big impact" or "little impact" if possible (1= Negligible, 2= Minor, 3= Moderate, 4= Severe, and 5= Critical).
- Assess *likelihood*
 - Eliminate any risks that, on reflection, you believe will not occur.
 - Roughly classify the remaining risks as very likely or not likely to occur. Try to quantify "very likely" and "not likely" if possible (1= Unlikely, 2= Moderately Likely, 3=Likely, 4= Very Likely, and 5= Certain).
- Calculate Risk Rating:
 - Calculate the Risk Rating by multiplying Impact and Likelihood.
 - Another way to measure the risk rating is by using the Risk Rating Table below:

| Likelihood | Impact | | | | |
|-------------------|------------|----------|----------|-----------|--------------|
| | Negligible | Minor | Moderate | Severe | Critical |
| Very likely | Low | Medium | High | Very High | Unacceptable |
| Likely | Low | Medium | High | High | Very High |
| Moderately Likely | Very Low | Low | Medium | High | High |
| Unlikely | Very Low | Low | Low | Medium | Medium |
| Very Unlikely | Very Low | Very Low | Very Low | Low | Low |



- Estimate risk rating before considering the in place mitigation measures (inherent risk rating) and after (residual risk rating).
- Program Criticality: After calculating the residual risk, estimate the Program Criticality of the activity in question as a factor in determining whether the residual risk is acceptable. This is for use when Mercy Hands may have determined that higher risk levels will be accepted for critical (e.g. life-saving) programs.

3.3 RISK MITIGATION STRATEGIES

- The risk analysis steps and risk rating are crucial to developing risk response strategies.
- The choices are: eliminate the cause, reduce the likelihood of occurrence, reduce the impact and accept the risk event. The Program Manager may choose one or a combination.
- Essentially, all risk mitigation strategies have an impact on the time, cost, quality, and external considerations such as the impact on other projects and the organization as a whole.
- To implement the selected strategy(ies) for each potential risk event, resources are needed. Cost estimates and schedule estimates for the implementation must be updated and the differences between the baseline and the additional resources must be accounted for.

3.4 ASSIGNMENTS

- Make specific assignments to individuals. For each risk, put the names of the Risk Owner and Director of Response in the Risk Register.

3.5 MONITOR RISK STATUS

- As work is performed, monitor and assess:
 - Progress in reducing risk,
 - Occurrence of risks that call for initiation of contingent risk responses,
 - Effectiveness of implemented risk reduction actions and any needs to modify these actions.

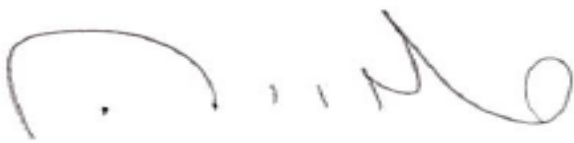
3.6 MAINTAIN THE RISK REGISTER

- Update the Risk Register to reflect the results of monitoring risk status. Also reflect the effect of any project re-planning changes and/or change controls.

ANNEXES

Annex -1-

RISK REGISTER (Attached)



Last updated: October 2019