

RISK MANAGEMENT – PSF GUIDANCE

Risk Management Planning

The PSF has a strong commitment to identifying and managing risks to our projects. An applicant’s ability to understand and reduce risk to an acceptable level is considered a major factor for the award of funds. In concept notes, we expect a clear identification of risks, their rating, your mitigation, and a residual rating. A more detailed risk assessment in excel is required at full proposal stage.

Our risks management follows ‘ISO31000’ logic, in which implementing partners are required to:

1. **Identify** the risks to the project
2. **Rate** the likelihood of the risk occurring (even if it is outside of your control)
3. **Rate** the consequence of the risk occurring
4. **Rate** the overall risk without mitigating measures
5. Then, **outline** the mitigating measures that you will use to reduce the risk; and
6. Finally, **re-rate** the overall risks once mitigating measures are in place.

Only residual risks with a rating of MEDIUM, HIGH or EXTREME are to be shown. A suggested format in excel is as follows:

RISK	RISK ANALYSIS (UNTREATED RISK)			MITIGATING MEASURES	RESIDUAL RISK RATING (After Mitigating Measures)
	LIKELIHOOD (= Threat/ Hazard + Vulnerability/ Exposure)	CONSEQUENCE	OVERALL RISK RATING (Untreated Risk)		

The rating criteria for each category is as follows:

		Consequence Criteria					
		1 – Insignificant	2 – Minor	3 – Moderate	4 – Major	5 – Catastrophic	
Likelihood	Almost Certain	The consequence is almost certain to occur in most circumstances	Medium (M)	High (H)	High (H)	Extreme (E)	Extreme (E)
	Likely	The consequence is likely to occur frequently	Medium (M)	Medium (M)	High (H)	High (H)	Extreme (E)
	Possible	Possible and likely for the consequence to occur at some time	Low (L)	Medium (M)	High (H)	High (H)	High (H)
	Unlikely	The consequence is unlikely to occur but could happen	Low (L)	Low (L)	Medium (M)	Medium (M)	High (H)
	Rare	The consequence may occur but only in exceptional circumstances	Low (L)	Low (L)	Medium (M)	Medium (M)	High (H)

If you receive funding, this Risk Assessment will form the basis of an agreed Risk Management Plan, which PSF will jointly review with Implementing Partners. PSF is here to help you understand and apply good risk management in your applications and projects. Please contact a PSF Programme Officer for assistance.