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:

<table>
<thead>
<tr>
<th>RISK</th>
<th>LIKELIHOOD (¼ Threat/Hazard + Vulnerability/Exposure)</th>
<th>CONSEQUENCE</th>
<th>OVERALL RISK RATING (Untreated Risk)</th>
<th>MITIGATING MEASURES</th>
<th>RESIDUAL RISK RATING (After Mitigating Measures)</th>
</tr>
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<tbody>
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</table>

The rating criteria for each category is as follows:

<table>
<thead>
<tr>
<th>Consequence Criteria</th>
<th>1 – Insignificant</th>
<th>2 – Minor</th>
<th>3 – Moderate</th>
<th>4 – Major</th>
<th>5 – Catastrophic</th>
</tr>
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<tbody>
<tr>
<td>Likelihood</td>
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<tr>
<td>Almost Certain</td>
<td>Low (L)</td>
<td>Low (L)</td>
<td>Medium (M)</td>
<td>High (H)</td>
<td>High (H)</td>
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<tr>
<td>Likely</td>
<td>Medium (M)</td>
<td>Medium (M)</td>
<td>High (H)</td>
<td>High (H)</td>
<td>Extreme (E)</td>
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<tr>
<td>Possible</td>
<td>Medium (M)</td>
<td>Medium (M)</td>
<td>High (H)</td>
<td>High (H)</td>
<td>Extreme (E)</td>
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<tr>
<td>Unlikely</td>
<td>Low (L)</td>
<td>Low (L)</td>
<td>Medium (M)</td>
<td>Medium (M)</td>
<td>High (H)</td>
</tr>
<tr>
<td>Rare</td>
<td>Low (L)</td>
<td>Low (L)</td>
<td>Medium (M)</td>
<td>Medium (M)</td>
<td>High (H)</td>
</tr>
</tbody>
</table>

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.