**HEP programme 2023-2026**

**ATTACHMENT 8: Risk management table**

### **Project name:**

**Date/version**

**See instruction below the table.**

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| **Risk category** | **Risk** | **Likeli-hood****(1-4)** | **Impact****(1-4)** | **Level of risk****(Lik x Imp = score)**  | **Risk treatment** |
| **Strategic risks** |  |  |  |  |  |
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| **Operative risks** |  |  |  |  |  |
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| **Economic risks** |  |  |  |  |  |
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| **Accidents as risks** |  |  |  |  |  |
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**Classification of risks**

Each risk is max one sentence but it needs to be clear/identifiable.

***Strategic risks***

Strategy of the agency, contextual factors, financial situation, legal changes, management and organisation, ethical values and principles, communication, representation, external partners.

***Operative risks***

Operational objectives, planning, organisational matters, implementation, personnel, processes, procurement, agreements, quality, clients, premises, tools, technology, information systems, information security.

***Economic risks***

Financing, budgeting, financial planning, utilisation of funds, property, financial responsibilities, financial reporting, financial misuse.

***Accidents***

The security of the premises, equipment, occupational health, occupational hazards, personal safety, travelling, climate hazards.

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| **Likelihood** | **Description** |
| 1. Unlikely
 | Risk materialises only during exceptional circumstances. Usually does not happen at all. |
| 1. Possible
 | Risk materialises sometimes. Similar cases have taken place in this project context or in similar circumstances elsewhere.  |
| 1. Likely
 | Risk materialises often and likely to happen in projects with similar profile.  |
| 1. Very likely, definite
 | Significant likelihood that the risk materializes in this project. |

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| **Impact** | **Description** |
| 1. Very limited
 | If risk materialises, it shall not have any signficant impact on the impact/outcomes of the project.  |
| 1. Limited
 | If risk materialises, it shall have minor impact on the impact/outcomes of the project. |
| 1. Significant
 | If risk materialises, it shall have minor impact on the schedule and, ultimately, results orientation of the project. It may cause major harm or financial costs. It may create problems for personal safety or property. It may cause reputational harm for the project implementing organisation or the MFA.  |
| 1. Critical
 | If risk materialises, it will hinder finalising the project and/or reaching the impact/outcomes of the project. It shall cause major harm or financial cost. Or it is likely to have significant personal, property or reputational impact which have societal impact beyond the project context.  |

***Likelihood multiplied with Impact = level of Risk. T***

**Instructions**

The project document is expected to include a risk management table at project level. The risks relate to the project context and they do not need to have any link to the programme level risk matrix.

***Risk management table: an overview***

Risk management table includes risks defined in clear and straightforward manner: one sentence per risk. For the sake of ensuring adequate coverage as well as the readability of risk table, risks are categories under four headings (e.g. strategic risks). It is important to include all identified risks, even if they do not easily fall easily under the four headings.

Risks are valued in terms of their livelihood and impact. For both criteria, number 1-4 is given, with number 4 as highest. Likelihood x Impact = Level of Risk. Level of Risk is a number between 2-16. (if the score would be 1 x 1 = 1, the risk need not be included in the table). Based on the content of risk and the Level of Risk, mitigating actions are located.

The assessment of the risk is always subjective and different persons within the project team may have different views. It is useful to listen to various views and create a joint understanding on the risks and the mitigating actions.

Risk management table is used slightly differently during project planning and project implementation.

***Project planning: risk management table in the Project Document***

The Project Document is expected to include a Risk Management Table (within the text or as a separate annex). The idea is very simple: during project planning potential risks are analysed and the critical risks are located. The project concept is then updated so that the most critical risks can be avoided. In other words, risk management table is produced gradually during the iterative planning process (i.e. iterative changes between expected results, management and financial arrangements and likely risks) until the most critical risks are eliminated. The final version of risk management table is included in the PD.

The final Risk Management Table of the PD includes only the residual – identified risks which cannot be avoided but can be managed somehow during the project implementation. They are risks worth tolerating.

***Project implementation: risk management table in the annual reporting***

Risk management table is updated annually. New risk items can be added and unnecessary (i.e. very low score) items can be removed.

It is important to update annually the risk assessment for each risk. If the updated Level of Risk - for any identified risk - scores anywhere between 9-16, the risk can be perceived as ***critical risk*** for the project results. Usually it requires immediate action and constant monitoring.

In other words, risk management table is not just a writing exercise. It is expected that it is used to identify emerging or already realised critical risk. ICI project management regulations give possibility for the project leaders, jointly with Project Board, the address any critical risk through adjustments in the project layout.