Probability and Impact Matrix

- It is a tool used to prioritize risks based on their likelihood of occurrence and their impact on project objectives.

- How it works:

    - Risks are classified based on:

        - **Probability**: How likely is the risk to occur? (Very Low, Low, Medium, High, Very High)

        - **Impact**: What is the severity of the risk? (Negligible, Minor, Moderate, Major, Critical)

        - Each risk is plotted on a **matrix** to determine its overall priority.

- Example:

Impact ↓\Probabilit →	Very Low	Low	Medium	High	Very High
Critical	Medium	High	High	Very High	Very High
Major	Low	Medium	High	High	Very High
Moderate	Low	Medium	Medium	High	High
Minor	Low	Low	Medium	Medium	High
Negligible	Low	Low	Low	Medium	Medium

- Interpretation:
    - **Low priority risks :** Risks that have a low probability and low impact can be monitored but do not require immediate action.
    - **Medium priority risks:** Risks that have moderate probability and impact require further analysis.
    - **High priority risks:** Risks with high probability and high impact need urgent mitigation strategies.