



## Ocean Innovation Challenge Standard Operating Procedure Risk Management



### 1. Introduction and rationale

UNDP requires frequent and thorough documenting of risk registers for successful risk management. Risks must be documented and updated each quarter as part of the OIC Monitoring and Evaluation Strategy. The risk register is required to so that any threats to successful project implementation are catalogued and that the UNDP OIC Manager is familiar with the risks and can advise on mitigation strategies as necessary.

There are many kinds of risks that must be carefully managed. These include risk to timely project completion risk of over-expenditure or financial risks, risk of failed technology, risk of inability to meet production goals, risks of consultants underperforming, risks of delays due to supply chain disruptions, possible risk of stakeholder dissatisfaction, reputational risk to innovator and UNDP, risk of failure to realize project objectives for a variety of reasons. Risks due to COVID restrictions, including risks that workshops or travel may not be possible, are new risks that must be addressed.

The OIC Manager, OIC Team, and Innovators are all part of the OIC Risk Management Team. As such, we will collaborate, coordinate, and brainstorm together to mitigate risks as much as possible and adapt where it is not possible. In order to do this successfully it is required that each innovation keep and quarterly update their risk registers.

The risk register includes:

- the reference number and date for each identified risk
- description of the risk
- description of the impact should the risk occur
- likelihood of the risk occurring
- impact if the risk occurred
- risk severity (likelihood x impact)
- timeframe and risk status
- mitigation actions for risk

This SOP provides guidance on development and regular updating of the risk register, as per UNDP Monitoring and Evaluation requirements.

***In the event of a pressing immediate risk, the Innovation Team Leader must alert the OIC Manager within 48 hour of becoming aware of the pressing immediate risk.***

## **2. Application and Approach**

The OIC Proposal required risk logs for each innovation. These identified risks can serve as the initial starting point for the risk register. Each Innovation Team Leader should meet with her or his respective team to brainstorm additional risks. This can be done in line with the preparation of the detailed workplan and gantt chart, as often awareness of risks and assumptions arise through this process.

The Risk Register, in the attached template contains the following fields:

- **Reference number and date for each identified risk**

In order to closely identify and track each identified risk a reference number should be assigned to the specific risk and the date for the risk should be noted. As the risk register is being updated the reference number for a particular risk will remain the same, but the date will be amended as it is entered in a new row on a for the corresponding new date.

If a new risk is identified it will be assigned a new reference number with the corresponding date.

- **Description of the risk**

A summary description of the risk is required in order to be aware of what the risk is where it is originating from, and the type of risks. Risk may be operational, technical, financial, logistical, or other types. They should be identified in the risk description.

- **Description of the impact should the risk occur**

The impact of the risk should be described in the risk register, if that impact were to occur. This description requires both creativity and being realistic regarding the likely impacts of this risk. It would be helpful to identify impacted stakeholders, types of impacts on stakeholders, and the scope of impacts should they occur.

- **Likelihood of the risk occurring**

The likelihood of the risk occurring is presented on a scale of 1 to 5 with one being the lowest level of likelihood, and five being the greatest level of likelihood. The determination made of the likelihood of the risk occurring is based on similar risks occurring or the probability of this risk occurring given current or anticipated circumstances.

- **Impact if the risk occurred**

The impact of the risk occurs is also presented on a scale of 1 to 5 for level of severity. The impact with one is very low impact, a level five impact is a very high and serious impact on the on project progress and success, the innovator, UNDP, or other stakeholders.

- **Risk severity (likelihood x impact)**

The risk severity is the combination of the likelihood of the risk occurring multiplied by the impact of the risk occurring. The risk register template provides a color-coded guidelines for low green, medium yellow, high orange, and severe risk red. Please color code the risk severity accordingly in the risk register.

I m p a c t	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
	1	1	2	3	4	5
Likelihood						

- **Timeframe and risk status**

Please enter the timeframe and risk status into the risk register with each update of each risk.

The timeframe categories are: immediate (1 day – 1 month), short term (1-6 months), medium term (6-18 months), long term (18+ months, including post project completion).

Risk status categories are: Emergent, Pending, Active, Resolved

An emergent risk is a risk that has potential to develop or emerge, but currently is unrealized. A pending risk is a situation that has occurred but has not yet posed a direct risk. An active risk is a risk that is currently ongoing, and a resolved risk is any risk that is no longer posing any potential risk threat.

- **Mitigation actions for risk**

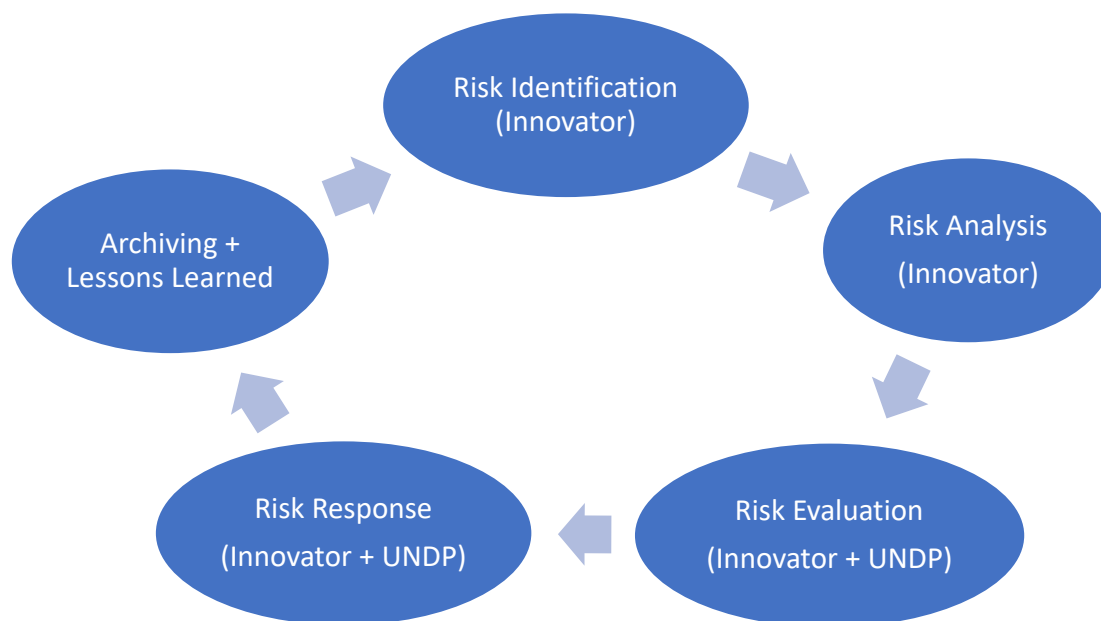
In order to reduce impacts of risk mitigation actions must be outlined and activated as needed. The mitigation actions for risks are those which are feasible, practical, and effective. Risk mitigation should be thought out in advance and mitigation action steps may need to be spelled out as the mitigation risk status, likelihood, and impact evolve. Wherever possible, mitigation should be preemptive to the risk occurring, and should have as little impact on the project processes, stakeholders, and reputation as possible.

It is important to note that the risk register is a living document to be updated regularly, and to serve as guidance for successful project implementation. When new challenges are encountered, as noted in annex two of the quarterly report, these may become additional risks to be entered into the risk register.

The innovator is required to prepare a detailed risk plan that covers the following aspects:

- Environmental risks
- Political risks
- Operational risks
- Social and Environmental Commitment Plans

The above is to be shared with the OIC project manager and to be reviewed (quarterly) and developed (when needed).



### **Risk Assessment Process**

1. Risk Identification
  - 1.1 Collect and organize relevant information
  - 1.2 Identify the Risk
2. Risk Analysis
  - 2.1 Prepare the Risk Assessment report, identifying reasons, occurrence, impact and suggestions.
3. Risk Evaluation
  - 3.1 Discuss with UNDP the possible mitigation solution and their impact.
  - 3.2 Receive the recommendation from UNDP.
4. Risk Response
  - 4.1 Implement the agreed solution.
  - 4.2 Analyze the re-actions and outcomes.
  - 4.3 Provide post-action report to UNDP.
5. Archiving
  - 5.1 Prepare and maintain the risk log.
  - 5.2 Prepare the share future mitigation plans.
  - 5.3 Re-review the risk policy and update it accordingly.

### 3. Roles and Responsibilities

Action	Ocean Innovator	OIC Management Team
Preparation or Risk Register (first month of project)	Prepare the Risk Register for the project in advance of the Inception workshop, share with OIC Manager for approval or comments for revision	Review and recommend revisions or approve Risk Register. Be available for discussion Risk Register with Ocean Innovator as needed.
Inception Workshop	Present risk register with key stakeholders at inception workshop, revise as needed	Approve presentation and revisions as needed
Quarterly report	Update all risks in risk register as part of quarterly reporting	Approve or request revisions as needed
End of project Closure of Risk Register	Finalize risk register, including noting any long-term risks that may warrant further attention	Approve or request revisions as needed

## OIC Risk Register Template (PROJECT NAME and INNOVATOR)

ID & date	Risk Description	Impact description	Likelihood of risk occurring 1-5*	Impact if risk occurred 1-5*	Risk Severity (Likelihood x Impact)	Timeframe & risk status	Mitigation Actions

\*low = 1, high = 5

I m p a c t	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
	1	1	2	3	4	5
	Likelihood					

Timeframe category – immediate, short term (1-6 months), medium term (6-18 months), long term (18+ months, including post project completion)

Risk status categories – Emergent, Pending, Active, Resolved