

## Project Risks in ProMIS – Guidance Notes

Division Finance and Operations Development (FaOD)

As being central to ensure accountability and quality of programme work, risk management is a mandatory process for all partner projects in CBM and is an integral part of the project cycle.

Risks and related information are recorded in a **Risk Register**.

Since 1<sup>st</sup> July 2023, the 'Risks tab' in ProMIS is available as Risk Register tool to overview, manage and analyse project risks. There are two main phases where a new risk register or its update is required:

- **Development & Approval:**  
A complete Risk Register is required for the approval of a new project.
- **Implementation & Monitoring:**  
An update of the existing Risk Register is required on annual basis latest by end of January of the following year. It is recommended, that all risks are reviewed on a regular basis as the environment of our projects are frequently changing.

### Stakeholders

Risk management needs a wide range of input and should include all members of the project development and implementation teams, e.g., partners, key target groups, donors, CBM teams at Geography and Resource Mobilisation, Programme Delivery, and Initiatives. The Country Office is accountable for the update of the Risk Register in ProMIS.

### Managing Risks in ProMIS

Single risks can be entered via the 'risk form'.

The structure of the risk form in ProMIS follows the logic of general risk management:

- **Identification:** to look ahead and anticipate the range of risk events or situations which, should they occur, would have a negative impact on the project's progress.
- **Rating:** evaluate the severity of the risk. There are different levels of impact. The most critical risks must be identified and prioritisation set.
- **Mitigation:** decide on how to respond to identified risks. Once the risks are identified and evaluated, programme manager should draw up a plan for the steps that they consider need to be taken to address or mitigate the risks.
- **Monitoring:** risks need a regular review and update as the project changes and evolves; defined mitigation measures must be implemented and followed-up by a designed owner.

For each risk, the following fields are to be completed in ProMIS:

Field in risk form	Content	Editable
ID	Sequential number generated by the system.	-
<b>IDENTIFICATION</b>		
Risk category	Select the appropriate category from drop-down menu. - see annex 1	x
Risk type	Select a more detailed classification of the risk from drop-down menu. - see annex 1	x
Risk description	Describe your risk as an uncertain event or situation that, if it occurs, will have a negative impact on at least one project objective.	x
Risk outcome	Describe the negative impact of the risk to the project objectives in case the risk really occurs.	x
<b>RATING (gross)</b>	<b>gross</b> = before any mitigation measures - see annex 2	
Impact (gross)	Consider the potential impact of the risk and assign a score from 1 to 5 from the drop-down menu.	x
Likelihood (gross)	Consider the potential likelihood of the risk and assign a score from 1 to 5 from the drop-down menu.	x
Rating (gross)	Once the impact and likelihood have been selected, the rating appears automatically.	-
<b>MITIGATION</b>		
Mitigation strategy	Decide on your strategy to handle the risk and select from drop-down menu.	x
Mitigation measures	Define measure that would reduce the negative impact to the project objectives.	x
<b>RATING (net)</b>	<b>net</b> = rest risk, after the defined mitigation measures - see annex 2	
Impact	Consider the potential impact of the risk event and assign a score from 1 to 5 from the drop-down menu.	x
Likelihood	Consider the potential likelihood of the risk event and assign a score from 1 to 5 from the drop-down menu.	x
Rating (net)	Once the impact and likelihood have been selected, the rating appears automatically.	-
<b>MONITORING</b>		
Risk owner	Select an individual, responsible for the risk mitigation	x
Review date	Insert the date of the expected completion for the mitigation actions. This ensures that the risk is properly monitored.	x
Updates on review	Optional field to document any comments related to the risk and its update.	x
Status	Set the status on active if the risk is present or select closed if the risk is not valid anymore.	x

## Annex 1: Risk categories and types

CBM's project risks are identified by the following 8 categories and their related types:

Categories	Types
<b>Political</b>	Government stability
	Political events
	Trade regulations
	Other
<b>Economic</b>	Foreign exchange rates
	Inflation
	Tax Policies
	Unemployment Rates
	Economic growth
	Other
<b>Socialcultural</b>	Cultural Practices
	Lifestyle and Trends
	Wealth Distribution
	Other
<b>Safeguarding</b>	Bullying/Extortion
	Exploitation
	Negligence
	Physical abuse
	Verbal/emotional abuse
	Other
<b>Safety and Security</b>	Assault /crime
	Civil unrest
	Media related risks
	Military activity
	Natural disaster
	Terrorism
	Other
<b>Partner Risks</b>	Capacity
	Finance Issues
	Governance
	Programme Issues
	Reputational
	Technical
	Other
<b>Environmental</b>	Accidents and spills
	Emissions
	Environmental protection
	Waste disposal
	Other
<b>Legal</b>	Employment laws
	Health & safety laws
	Labour laws/regulations
	Registration rules
	Other

## Annex 2: Risk rating

To prioritise the identify risks, evaluate them by selecting a score for the impact (table 1) and the likelihood (table 2). The estimate goes from 1-5, whereby 5 is the highest.

Impact score	Impact	If the risk occurred, it would cause...
1	<b>Insignificant</b>	almost no effect on project implementation or the impact can be absorbed through routine operations.
2	<b>Minor</b>	only a small cost and schedule increase. Project objectives would still be achieved.
3	<b>Moderate</b>	moderate cost and schedule increase, but important project results would still be met.
4	<b>Severe</b>	major cost and schedule increase, important project results may not be achieved.
5	<b>Critical</b>	project/program failure (inability to achieve minimum acceptable requirements)

Likelihood score	Likelihood	If the risk ...
1	<b>Rare</b>	is conceivable but only in extreme circumstances
2	<b>Unlikely</b>	has not occurred yet, but could
3	<b>Possible</b>	has occurred in the past, could occur again
4	<b>Very likely</b>	has occurred frequently in the past
5	<b>Almost certain</b>	occurs regularly

Once selected the score for the impact and the likelihood, the risk rating will automatically appear. The formula behind calculates a combined score by multiplying the impact and the likelihood to give a general indication of the severity of the risk:

Score	Risk severity
1-7	<b>Low</b>
8-14	<b>Medium</b>
15-19	<b>Major</b>
20-25	<b>Extreme</b>

**It is required to rate each risk twice:** before any mitigation measures (gross) and after, considering the mitigation measures (net).