

Risk analysis

Use

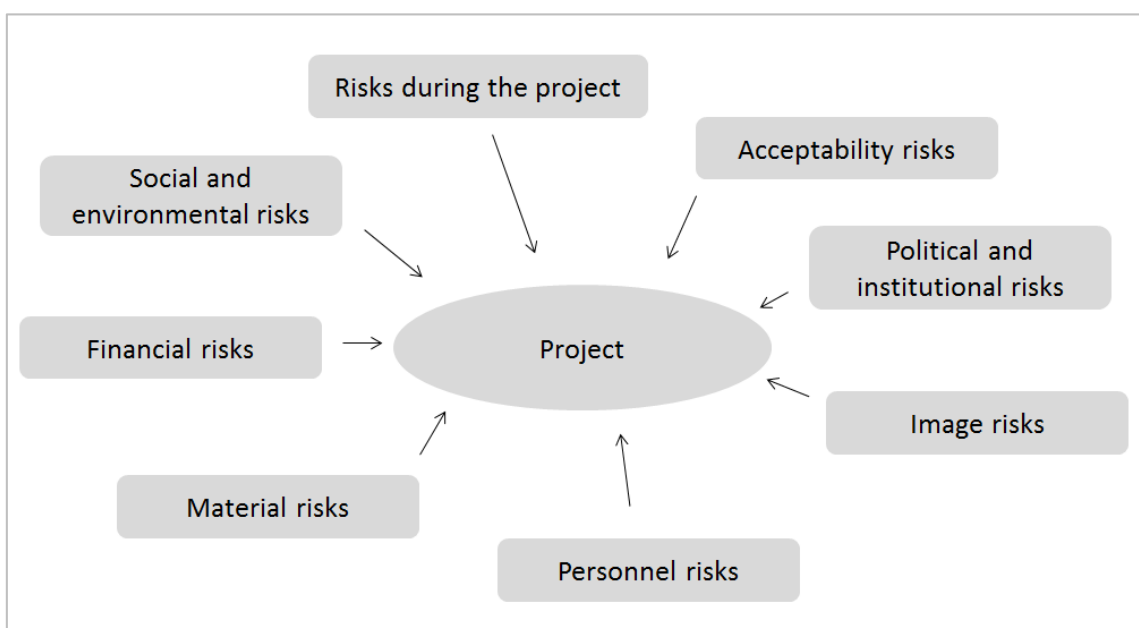
Projects in health promotion and prevention are never carried out in isolation. A project's development may be influenced by legal, political, social, economic and cultural factors as well as by other stakeholders, sometimes to the point that the project cannot go ahead as planned. Target groups, too, have an important influence on the development of a project, especially if there is a high level of participation. Testing new approaches or attempting a project in a new context also involves substantial uncertainty. Projects are thus exposed to external factors that are sometimes unfavorable and can hinder a project's smooth development. Other unforeseeable events such as changes in the project team may also influence a project's advancement.

Such potential obstacles can be identified, described and assessed with a risk analysis, and risk reduction or avoidance measures can be planned accordingly. The risk analysis proposed here has been formulated for projects but is also applicable for programs or in organizations. Ideally, the risk analysis is first carried out individually by each team member (and perhaps other stakeholders), then compared and discussed in a team meeting and finally summarized in consolidated form.

Instruction

I. Identification of risks

The identification of risks that could endanger a project or a program is a crucial first step. Risks are defined as conditions that would pose a problem for a project but which have not yet occurred. Risks can arise from within a project or from the project environment. The following figure gives an overview of possible risks to a project:



Risks during a project: Misjudgments in the planning phase; insufficient participation; non attainment of important targets; negative side effects; etc.

Acceptability risks: opposition to the project; tough competition; little demand etc.

Political and institutional risks: political proposals going against the project's interests; unfavorable change at government level; reallocation of resources, withdrawal of important partners etc.

Image risks: damage to image caused by inappropriate co-operations or financial backers; damage to image or reputation caused by biased press reports, inappropriate behavior of team members or other unpredictable negative developments.

Personnel risks: loss of know-how due to staff departures (contract termination, accident, illness, death); unsuitable staff or wrong appointments; misconduct by employees, etc.

Material risks: damage to buildings, infrastructure or vehicles; equipment breakdown or loss; data loss due to damage or loss of IT infrastructure, etc.

Financial risks: withdrawal of expected funds; cost overruns; back tax demands; insufficient insurance cover, etc.

Social and environmental risks: negative impact on particular population groups; ethical risks such as stigmatization or discrimination; environmental impact and damages.

Different risk types are often related. Environmental risks are usually related to image risks, for example.

Risks identified as potential hazards from the onset as well as risks identified at a later stage are all entered into the risk table presented in the template for risk analysis:

Risks	Causes	Effects	Pre-emptive measures	Emergency plan
1.				
2.				
3.				

II. Assessment of causes and possible consequences

First, the cause of each identified risk factor must be determined and possible negative consequences will be discussed.

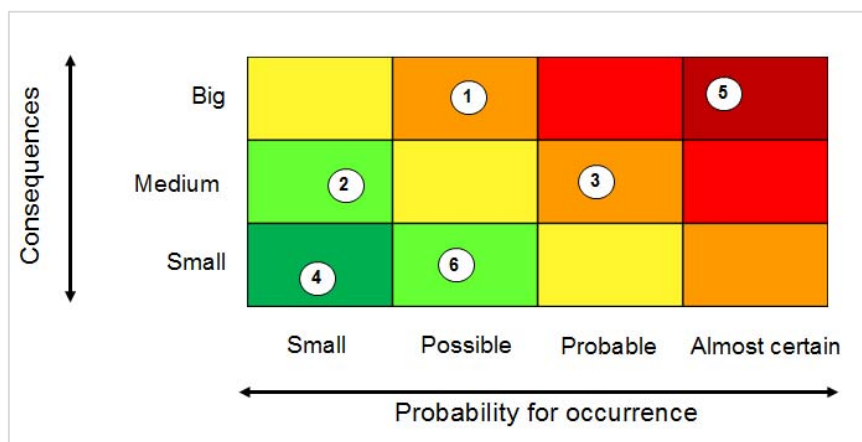
The occurrence of a risk can only be prevented if the cause is known. For example, if image damage through biased reporting is feared, it is important to answer the question why reporting might be one sided and how the media could be encouraged to provide more balanced information.

Risk assessment attempts to evaluate the gravity and the dimensions of a hazard. Who would be affected and how, if a risk actually occurred? The precise assessment of possibly harmful consequences permits the drafting of an emergency plan which then governs the response to an emergency.

III. Assessment of risks

Risk assessment is used to estimate and compare the level of 'dangerousness' of each potential risk factor. On the one hand, this allows quantifying the consequences of each risk factor. The possible harmful impact is expressed as big, medium or small. If possible, quantify the possible impact, i.e. financial losses. On the other hand, the probability of the risk occurring is also estimated. This is expressed as small, possible, probable or almost certain.

Risks with a high certainty of occurrence and big consequences are putting the whole project at risk and have to be dealt with immediately and with high priority. Hazards with a low probability of occurrence and small consequences need not be addressed with any urgency. The table below will help interpreting the identified risks and estimating the need for action.



Major risks	Significant risks	Medium risks	Small risks
Priority A	Priority B	Priority C	Priority D
These hazards are putting the entire project or program at acute risk and must be addressed with utmost priority. Immediate measures must be taken to prevent or reduce the risk. An emergency plan is needed immediately. No effort must be spared to avoid or reduce these risks.	These risks represent a substantial danger to the project or program. Measures for risk prevention or reduction are needed at any rate, and an emergency plan needs to be drawn up. A significant effort is justified in order to avoid or reduce the potential hazards.	These risks do not represent an immediate risk to the project or program. However, appropriate measures to reduce the risk potential ought to be taken. However, the cost and benefit of risk avoidance needs to be examined.	These risks do not call for immediate action. Nevertheless, it is worth checking if, with little effort, these small risks could still be reduced.

IV. Taking pre-emptive measures

Once risks have been assessed, it is time to decide on pre-emptive measures. These measures will become part of the regular project planning. For significant or large risks, an emergency plan needs to be put in place so that immediate and adequate action can be taken should a risk actually occur. For large

risks, the existence of an emergency plan could be existentially important, but an emergency plan does not remove the need for pre-emptive measures. Here, too, prevention is always better than cure!

V. Regular follow-up

The risk analysis and assessments needs to be up-to-date at all times. It is therefore imperative that re-assessments and updates are made on a regular basis, at milestone meetings for example. Significant changes in the project or the project environment also call for reassessment. When re-evaluating risks, the analysis is discussed as a whole. Is the risk rating still the same for each hazard? Have new risk factors appeared? Are risk assessments and priorities still correct?

The team will also discuss any pre-emptive measures. Have such measures already been applied and to what extent have they helped to reduce risk or avert danger to the project?