P2.S3.T5. Risk matrix and mitigation measures

Purpose: Risk analysis represents an integral part of any response design and implementation, especially in complex environments. Risk analysis and mitigation measures are planned well ahead by programme team and be considered throughout the whole project cycle.

Some risks should be identified and therefore mitigation measures must be applied to minimize them. This tool provides common risks and mitigation measures in ME projects. It is necessary to adjust for each specific project and context. It is very important to develop and share the tool with relevant stakeholders during project implementation. Common understanding of the measures to adopt in different cases should be agreed.

| Risk | Likelihood  (1 Low- 5 High) | Description of impact  on programme  (1 Low – 5 High) | Potential Mitigation Measures |
| --- | --- | --- | --- |
| Contextual risk | | | |
| Governmental regulations/laws |  |  | * Chose processes during the ME project design in line with national regulations and laws (delivery mechanisms approved, for example) * Involve authorities in the project for providing technical inputs, approvals, etc. |
| Security risk to staff/volunteers |  |  | * Provide adequate training about ME project implementation * Communicate intensively with national and local authorities, stakeholders * Ensure that beneficiary targeting is carried out in a transparent and participatory way * Design and implement complaint and feedback mechanism to allow beneficiaries to complain in a peaceful way * Develop a good working relationship with other NGOs working in the same area * Ensure that the community understands the consequences of any threat to security (that the programme could be withdrawn or suspended, if necessary) * Take into consideration external factors that may increase risks when planning cash distribution (e.g. election time) in case of cash grants |
| Risks to beneficiaries |  |  | * Ensure that beneficiary targeting is carried out in a transparent and participatory way, with accurate and identifiable criteria in order to be rigorously followed * Design and implement complaint and feedback mechanism to allow beneficiaries to complain in an easy and peaceful way (including a hotline) * Give beneficiaries some flexibility of dates of the training, when and where to collect their in-kind/ cash (not everyone should be collecting at a specific time or on a specific day) * Ensure that payments are made on time: delays in payment can increase the vulnerability of targeted households * Ensure that distribution/payments are completed in time for beneficiaries to reach their homes during daylight. Encourage beneficiaries to travel in groups and not to keep large sums of cash at home * Consider specific security risks to gender, age, diversity or other factors, and seek community opinion on how best to mitigate or avoid the risks * Consider household impact: avoid tension, decision-making mechanism, contribute to self-reliance, independence and confidence (empowering) * Inform about protection of sensitive data * Inform beneficiaries of the consequences of any security incidents (i.e. the programme will be stopped, etc.) |
| Inflation risk |  |  | * Monitor prices of items in neighbouring markets to check that the market in the project area is not increasing prices unfairly * Work with small batches in a short period of time. * Searching for suppliers and evaluating prices should be done prior to giving cash grants or in-kind support |
| Programmatic Risks | | | |
| Complaints regarding the selection process  Social conflicts related to beneficiary targeting approach |  |  | * Hotline number/ Complaint box will be in place to receive complaints from beneficiaries. * Volunteers should inform beneficiaries that eligibility and selection criteria take place and they will not give any promises that assessed or contacted beneficiaries will receive any support. * Encourage community mobilization and awareness-raising about the purpose of activity and selected beneficiaries. * Beneficiary lists and initiatives must be socialized by CEA Committee. * Criteria must be explained to all community members. * Selected beneficiaries list must be published in local office for any consultation. |
| Large number of beneficiaries end up in selecting same ME during the trainings |  |  | * Field team should engage with beneficiaries ensuring diversity in ME according to the assessment of the opportunities. * It is recommended to select the type of ME based on pre-existing knowledge and skills of the beneficiary and market demands so this cannot be avoided in some cases. |
| The amount of the cash grant is not enough to cover the expenses to run the business. |  |  | * The budgeting for the support and the completion of the agreement need to be review and deciding among stakeholders. * Beneficiaries ‘ profiles should be studied to check the availability of their own funds to contribute to the ME. |
| In case of Cash grants: Money has been spent on other issues (not included in the budget of the business plan).  In case of In-kind support: Delivered items are sold and money is spent for other issues |  |  | * If after X weeks, a visit will be made to study the case to the beneficiary does not spend the money according to the budget. * Unjustified expenditure might result in the termination of the agreement and/or refund of the grant support. |
| Business cannot buy the budgeted items because of availability in the country for the coming months. |  |  | * Searching for suppliers and confirming prices should be done prior to signing the agreement and finalizing the budgeting. |
| Business closing due to losses/ Failure of the business. |  |  | * Conduct initially a detailed assessment of ME opportunities and beneficiaries’ profiles (motivations, skills, experience) to understand the reality of the beneficiary and the business in order to avoid these cases. * Volunteer/staff and other stakeholders will be trained to provide assistance for avoiding these cases as much as possible. * NS should clearly make the beneficiary understand or display that Red Cross does not take responsibility for failure of a ME. Therefore, beneficiary should choose appropriate type ME during training and BP development (considering previous experience, HR, market, cost/benefits) * In case the business closes and the grant is still pending, the case will be analysed and the agreement might be terminated. |
| Illness of the owner who has to close the business. |  |  | * The family will be contacted to see if they can take over the business. * If the family cannot take over and there is a grant pending to be paid out, the agreement will be cancelled. |
| Change of the ME |  |  | * Change of ME in between the project cycle is not recommended. Beneficiary should inform NS about the intention to change and justify to be approved. New business plan should be done and approved. |
| Market did not respond to the product thereby less income and profit |  |  | * NS does not take responsibility for marketing, therefore choosing a ME should be backed by a risk assessment by the household. * Organization of business management training, technical support during monitoring visits must assist the beneficiary in reflecting on possible risks. |
| ME activity sublet to a third party |  |  | * Beneficiary should be advised to focus on the activity and be engaged himself/herself. * Memorandum of Understanding between beneficiary, Project Committee and NS (including roles and responsibilities) must be signed before receiving 1st instalment. |
| Accident or injury during implementation of the ME activity |  |  | * NS should increase the awareness of the beneficiaries that any liability including injury accident or mishap while implementing the ME activity is the responsibility of the beneficiary. Red Cross is not liable under any circumstances. |
| * In case of providing grant for ME as conditional cash grant with different instalments: | | | |
| Abuses and Corruption over beneficiaries when monitoring to approve them for receiving second instalment |  |  | * Memorandum of Understanding between beneficiary, local project committee/local authorities and NS (including roles and responsibilities) must be signed before receiving 1st instalment. * Establish 1 monitoring group per location * Orientation session with all tech. requirements/conditions for approval. * Triangulation on monitoring of the use of first instalment from the team is needed to limit/control undesirable power relations and incorrect approvals of 2nd instalment. * Establish post monitoring activity after 2nd instalment distribution. |
| No compliance of the conditions for cash grant when monitoring |  |  | * + When the agreement (MoU) is signed, the beneficiary will be asked to follow the conditions included (for example: construct a shed for the animals, collect the receipts/invoices for the expenses, etc). |
| After receiving the first instalment, the ME is closed. The beneficiary is not found, he/she does not answer calls or he doesn’t want to continue. |  |  | * Close monitoring will be done to avoid these cases. * Ensuring a good targeting process (review and analysis of application forms, bussiness plans, interviews..) are physical visits are instruments to better understand the reality of the beneficiary and the business in order to avoid these cases. * Unless withdrawal is due to a valid reason justified, the beneficiary will not be considered for a second round |
| Conflicts within the community related to payment of the grant |  |  | * Ensure all finance department staff is aware, that payments are made on time: delays in payment can increase the vulnerability of targeted households and cause tension within the community |
| * In case of a group of beneficiaries managing a ME | | | |
| Conflict among the group members/Group disintegration or separation |  |  | * Advising and solving the problems occurred among the members of the group by the participation of CEA and other stakeholders * Governing through group by-law for taking actions and capacitating the committee and continuing mentoring and coaching * Strong monitoring and support * Conflict resolution training |
| Group member who does not participate in the activities of group as per by-law/plan |  |  | * Monitoring, consultation and punishments based on the by-law that they have agreed and signed. |
| Beneficiary leaves the group |  |  | * Replacing by others based on scoring & governed by-law |
| Institutional risk (financial, reputational and strategic risk) | | | |
| Accountability, fraud and corruption risks |  |  | * Check that financial transactions secure * Identify any large scale fraud possibilities * Identify any reputation risk for the organisation |
| Strategic risks for the National Society /the Movement |  |  | * Ensure ME project steps are compliant with national regulations * Disseminate project design to all involved * Align cash transfer and in-kind control procedures |
| Relationship to other actors |  |  | * Ensure that ME activities are coherent with other key humanitarian actors (transfer value of the grant, delivery mechanism, targeting, trainningd etc.) |
| Others |  |  |  |

Adapted from IFRC, Cash in Emergencies Toolkit, March 2016