

IMRO

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## RISK REGISTER

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## **1. INTRODUCTION**

Ihorere Munyarwanda (IMRO) is a Non-Governmental Organization that was founded in 1999 and legally operating in Rwanda since 2002. It has 17 years of experience implementing interventions in the context of Poverty Alleviation, Gender Equality, Nutrition, GBV, HIV, Education, Environment, Peace Building, Health Promotion, accountability, Advocacy and Networking in order to improve lives of Rwandans Citizen at individual, family and, community levels for sustainable social economic development.

This report is submitted in response to the request by the Executive Board for regular updates on risk management.

## **2. ORGANIZATION-WIDE STRATEGIC RISK MANAGEMENT IN IMRO**

### **2.1. Scope and Purpose**

Risk management is a means of identifying, assessing, prioritizing and controlling risks across an organization, with a coordinated and cost-effective application of resources to minimize, monitor, and control the probability and/or impact of adverse events or to maximize the realization of opportunities. Risk management is not new in IMRO, but attempts to formalize it across the Organization have only been undertaken relatively recently.

### **2.2.A risk management culture**

Risk management is a cultural and behavioral issue and requires substantial effort and investment in advocacy, communication and on-the-job training. It requires changes in managers' attitudes and practices; effective changes in organizational culture stem from the attitudes and practices of senior staff. Facilitating this process will be an important part of the work of the new Compliance, Risk Management and Ethics unit.

### **3. ELEMENTS OF AN ORGANIZATION-WIDE RISK MANAGEMENT FRAMEWORK**

The main elements of the proposed risk management framework are:

1. Identification and categorization of risks;
2. Risk assessment and prioritization;
3. Mitigation;
4. Implementation of risk mitigation;
5. Monitoring and review of the risks.

#### **3.1. Identification and categorization of risks**

##### **3.1.1. Definition of risk**

In IMRO a risk is understood to be an expression of the likelihood and impact of an event that would affect the Organization's ability to achieve its objectives. If it occurs, the event may have a positive (opportunity) or negative (threat) impact on the achievement of the Organization's political, strategic and operational objectives.

The purpose of Organization-wide risk management is to enable IMRO to be better prepared for the potential realization of risks, following an analysis of the impact and management of those risks. For example, awareness of the potential risk to IMRO's reputation caused by allegations of collusion with industry might have helped to guide communications beforehand. An analysis of the risks posed to IMRO offices by natural disasters such as floods or earthquakes, as well as political events, would permit measures to be taken to manage the most likely of those risks.

##### **3.1.2. Participation in risk identification across the different levels of the Organization**

An escalation process is required by which each level of the Organization identifies, evaluates and then prioritizes the risks it faces, and then reports the major risks to the next level up in the Organization. Thus individual risks will need to be identified for each office and unit in IMRO and the major risks reported to the next level up, e.g. department level, where they are reviewed and complemented with the identification and analysis of specific risks at that level. Departments

and country offices will prioritize the risks they face and report the main risks to the cluster or regional office, respectively. The same process will then take place – critical review of the reported risks, prioritization, and complementing with risks specific to the cluster or regional office – and the major risks reported at Organization-wide level. This escalation process must involve top-level, in-depth analysis of risks that might not be identified at the level below, but which often represent the most critical risks for the Organization as a whole.

### **3.1.3. Risk categorization**

Currently, different parts of IMRO use different categories of risk. An Organization-wide risk management framework will require a common understanding of the categories of risk. The following categorization is proposed, which should cover the needs of country offices, regional offices, technical clusters, management and administration, and enable an Organization-wide view to be taken of major risks:

- technical/public health
- financial
- systems and structures
- political/governance
- reputational.

These categories are not mutually exclusive. For example, any major damage to reputation is also likely to become a financial risk because of the loss of donor confidence; a technical error involving an incorrect appreciation of a global health risk might also lead to reputational damage.

### **3.2. Risk assessment and prioritization**

This element consists of a detailed classification, analysis of the likely impact and likelihood of occurrence of a risk. In order to enable comparison and consolidation of the different risk registers in IMRO, a common structure will be needed.

Based on the structures currently used, the following structure for the risk register is proposed:

Risk identification, Risk assessment, Unit Risk Category, Risk Name Description, Risk Owner, Impact Score, Probability Score and Mitigation Escalation.

		<b>Risk Identification</b>		<b>Risk Assessment</b>			
Unit	Risk category	Risk Name	Risk Owner	Impact score	Probability score	Mitigation	Escalation

### **3.3. Mitigation**

The mitigation options described below should be considered for each risk.

- **Tolerate:** accept the risk by keeping activities unchanged. This option may be applied when exposure is tolerable, control is impossible or the cost of control exceeds potential benefit. It may be supplemented by contingency planning for handling the potential impact. The question of whether a particular risk can be tolerated is a key management decision.
- **Treat:** adjust (add or revise) relevant activities.
- **Transfer:** share the risk by involving stakeholders. Transferring risk works especially well for financial risks or risks to assets, and includes taking conventional insurance or paying a third party to take the risk. This option is not possible for reputational risks. The relationship with the third party needs to be carefully managed.
- **Terminate:** avoid or cancel the activities that give rise to the risk, especially when the cost/benefit relationship is in jeopardy.

### **3.4. Implementation of risk mitigation**

Mitigation strategies would be translated into mitigation activities with timelines. For those areas and items for which the risk owner recommends the option “treat”, i.e. mitigate the risk, actions would be taken to reduce the probability of the risk occurring or to reduce the impact of the risk. Mitigation measures would also be linked to the best use of resources. When developing the system further, decisions would have to be taken on where these resources should come from. Management of corporate risks would need to be funded by the Organization.

### **3.5. Monitoring and reviewing the risk**

After the establishment of an initial detailed risk register, each risk will have to be regularly monitored, which will include noting the following:

- any change in the assessment of the risk;
- any suggested changes to the risk mitigation strategy;
- progress made with regard to the detailed plan of action so far.

#### **4. ACTION BY THE EXECUTIVE BOARD**

The Executive Board is invited to provide further guidance

##### **4.1. Preliminary register of top level organization-wide risks**

This initial Organization-wide list of risks contains only the top-level risks. Future versions of this register will be the top level of a much broader Organization-wide pyramid of risks.

##### **4.1.1. Financial**

- Withdrawing or defaulting of major donors
- Foreign exchange currency risk and staff financing risks
- Risks associated with long-term liabilities
- Failure to implement new financing model

##### **4.1.2. Staff, systems and structures**

- Loss of essential infrastructure
- Loss of staff productivity

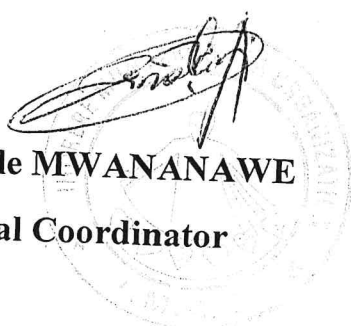
##### **4.1.3. Political/governance**

- Major governing body deadlock or divisive vote
- Failure to implement IMRO governance reform
- Political or economic turmoil at major office location
- Undue external influence on IMRO priorities and activities
- Fraud or corruption in the Organization
- Failure to deliver expected results



**4.2. Assessment Form**

Unit category	Risk category	Risk identification		Risk Owner	Risk Management		Mitigation (Preliminary illustrative score)	Escalation
		Risk Name	Description		Impact	Probably Score		



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